

BOROUGH OF DEAL

COUNTY OF MONMOUTH

NEW JERSEY

REPORT OF AUDIT

YEARS ENDED DECEMBER 31, 2017 AND 2016

BOROUGH OF DEAL, NJ

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BOROUGH OF DEAL, NJ

COUNTY OF MONMOUTH

PART I

CURRENT FUND

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Commissioners
Borough of Deal
Deal, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Borough of Deal, State of New Jersey, 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 funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 financial statements, the financial statements are prepared by the Borough of Deal, State of New Jersey 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 the State 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 each fund of the Borough of Deal, State of New Jersey as of December 31, 2017 and 2016, or changes in the financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2017 and 2016, stated as \$121,757,201.00 and \$121,429,401.00.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in “Basis for Qualified Opinion on Regulatory Basis Accounting Principles” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Deal’s basic financial statements. The supplementary information listed in the table of contents and the general comments and recommendations section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents and the schedule of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The general comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 Deal’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 Deal’s internal control over financial reporting and compliance.



Allen B. Shechter, R.M.A. #509
ALVINO & SHECHTER, L.L.C.
Certified Public Accountants

Borough of Deal, NJ
Current Fund
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2017 and 2016

A
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	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash and Investments	A-4	9,131,345.25	4,907,279.35
Change and Petty Cash Fund	A-6	250.00	250.00
Notes Receivable - General Capital Fund	C-7	1,333,777.02	1,397,736.30
Contract Receivable - Shared Service Agreement	A-22	<u>49,833.33</u>	<u>.00</u>
		<u>10,515,205.60</u>	<u>6,305,265.65</u>
<u>Receivables With Full Reserves</u>			
Delinquent Property Taxes Receivable	A-8	304,005.26	351,834.05
Tax Title Liens Receivable	A-16	496.96	240.46
Revenue Accounts Receivable	A-11	19,084.73	19,543.81
Due from Sewer Operating Fund	D-30:A-24	<u>.00</u>	<u>74,000.00</u>
		<u>323,586.95</u>	<u>445,618.32</u>
<u>Federal and State Grants</u>			
Due from Current Fund	A-27	<u>121,162.14</u>	<u>66,971.31</u>
<u>Total Assets</u>		<u>\$10,959,954.69</u>	<u>6,817,855.28</u>

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

Borough of Deal, NJ
Current Fund
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2017 and 2016

A
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	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Liabilities</u>			
Appropriation Reserves	A-3:A-13	1,137,734.77	1,155,789.06
Reserve for Encumbrances	A-3:A-13	.00	.00
Contracts Payable	A	18,881.89	18,881.89
Easement Escrow Agreement - Blk. #14, Lot #16	A	15,000.00	15,000.00
County Taxes Payable	A-18	26,569.64	54,027.41
Prepaid Taxes	A-25	2,824,828.96	684,121.64
Prepaid Beach Revenues	A-26	558,583.02	292,225.00
Tax Overpayments	A-14	39,205.92	46,441.78
Due to State of N.J. - Senior Citizens and Veterans	A-7	1,750.00	1,750.00
Local District School Taxes Payable	A-19	752,618.46	752,618.46
Due to Federal and State Grant Fund	A-27	121,162.14	66,971.31
Due to Sewer Operating Fund	A-24:D-30	172,522.31	.00
		<u>5,668,857.11</u>	<u>3,087,826.55</u>
Reserve for Receivables	A	323,586.95	445,618.32
Fund Balance	A-1	<u>4,846,348.49</u>	<u>3,217,439.10</u>
		<u>10,838,792.55</u>	<u>6,750,883.97</u>
<u>Federal and State Grant Fund</u>			
Appropriated Reserves for Grants	A-29	92,147.14	49,078.03
Unappropriated Reserves	A-30	<u>29,015.00</u>	<u>17,893.28</u>
		<u>121,162.14</u>	<u>66,971.31</u>
<u>Total Liabilities, Reserves and Fund Balance</u>		<u>\$10,959,954.69</u>	<u>6,817,855.28</u>

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

Borough of Deal, NJ

Current Fund

Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis

A-1

For the Years Ended December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-1	820,000.00	820,000.00
Miscellaneous Revenue Anticipated	A-2	4,269,128.12	4,083,177.93
Receipts from Delinquent Taxes	A-2	343,763.88	277,692.61
Receipts from Current Taxes	A-2	14,537,042.29	13,646,818.56
Non-Budget Revenue	A-2:A-1	277,792.49	692,244.23
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	863,777.61	411,401.60
Interfund Receivables Realized:			
Sewer Operating Fund	A-1	<u>74,000.00</u>	<u>.00</u>
<u>Total Income</u>		<u>21,185,504.39</u>	<u>19,931,334.93</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	3,847,202.00	3,666,752.00
Other Expenses	A-3	4,042,676.94	3,948,263.36
Capital Improvements	A-3	150,000.00	200,000.00
Municipal Debt Service	A-3	1,198,099.68	1,196,591.00
Deferred Charges and Statutory Expenditures	A-3	1,143,783.11	860,298.70
County Taxes	A-18	6,360,561.63	6,128,233.23
County Share of Added and Omitted Taxes	A-18	21,399.22	37,547.33
Local District School Taxes	A-19	1,967,702.00	1,967,702.00
Cancellation of Assistance to Firefighters Grant	A-1	.00	2,875.00
Due to County Added/Omitted Assessments	A-1:A-18	5,170.42	16,480.08
Refunds of Prior Year Taxes	A-1	.00	2,195.55
Interfund Advanced - Sewer Operating Fund	A-24:D-30	<u>.00</u>	<u>74,000.00</u>
<u>Total Expenditures</u>		<u>18,736,595.00</u>	<u>18,100,938.25</u>
<u>Excess (Deficit) in Revenue</u>		2,448,909.39	1,830,396.68
<u>Adjustments to Income Before Fund Balance</u>			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Years	A-1	<u>.00</u>	<u>.00</u>
<u>Statutory Excess in Revenue</u>		2,448,909.39	1,830,396.68
<u>Fund Balance</u>			
Balance - January 1	A:A-1	<u>3,217,439.10</u>	<u>2,207,042.42</u>
<u>Decreased by</u>		5,666,348.49	4,037,439.10
Utilized as Anticipated Revenue	A-1	<u>820,000.00</u>	<u>820,000.00</u>
<u>Fund Balance - December 31</u>	A	<u>\$ 4,846,348.49</u>	<u>3,217,439.10</u>

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

Borough of Deal, NJ
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

A-2
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	<u>Ref.</u>	<u>Budget</u>	<u>N.J.S.</u> <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>Deficit *</u>
<u>Fund Balance Appropriated</u>	A-1	820,000.00	.00	820,000.00	.00
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages	A-11	4,750.00	.00	5,186.00	436.00
Other	A-11	5,000.00	.00	5,538.00	538.00
Fees and Permits					
Uniform Construction Code	A-11	130,000.00	.00	287,224.00	157,224.00
Other	A-11	6,000.00	.00	7,298.00	1,298.00
Fines - Municipal Court	A-11	160,000.00	.00	153,224.28	6,775.72*
Interest and Costs on Taxes	A-4	58,000.00	.00	84,716.01	26,716.01
Energy Receipts Tax	A-11	455,315.00	.00	455,315.00	.00
Interest on Investments and Deposits	A-11	7,500.00	.00	65,628.86	58,128.86
Beach Revenues	A-11	1,600,000.00	.00	2,260,426.03	660,426.03
Shared Police Services - Borough of Interlaken	A-4	596,432.00	.00	596,432.00	.00
Shared Police Services-Village of Loch Arbour	A-4	159,995.00	.00	159,995.00	.00
Shared Municipal Court Services - Village of Loch Arbour	A-4	9,107.00	.00	9,107.00	.00
Shard Public Work Services - Village of Loch Arbour	A-4	117,153.00	.00	117,153.00	.00
Reserve for Clean Communities Program	A-28	8,151.10	.00	8,151.10	.00
Reserve for Municipal Court Alcohol, Education & Rehabilitation Fund	A-28	1,299.28	.00	1,299.28	.00
Reserve for Body Armor Fund	A-28	1,863.38	.00	1,863.38	.00
Reserve for Recycling Tonnage Grant	A-28	5,067.83	.00	5,067.83	.00
Reserve for Drunk Driving Enforcement Fund	A-28	4,300.00	.00	4,300.00	.00
Drunk Driving Enforcement Fund	A-28	38,003.35	.00	38,003.35	.00
Over the Limit Under Arrest	A-28	3,200.00	.00	3,200.00	.00
<u>Total Miscellaneous Revenue</u>		<u>3,371,136.94</u>	<u>.00</u>	<u>4,269,128.12</u>	<u>897,991.18</u>
<u>Receipts From Delinquent Taxes</u>	A-1	<u>275,000.00</u>	<u>.00</u>	<u>343,763.88</u>	<u>68,763.88</u>
<u>Amount to be Raised by Taxes for</u> <u>Support of Municipal Budget -</u>					
Local Tax for Municipal Purposes	A-2	<u>6,455,237.40</u>	<u>.00</u>	<u>6,721,421.31</u>	<u>266,183.91</u>
<u>Budget Totals</u>	A-3	10,921,374.34	.00	12,154,313.31	1,232,938.97
<u>Non-Budget Revenue</u>	A-1:A-2	<u>.00</u>	<u>.00</u>	<u>277,792.49</u>	<u>277,792.49</u>
		<u>\$10,921,374.34</u>	<u>.00</u>	<u>12,432,105.80</u>	<u>1,510,731.46</u>
	<u>Ref.</u>	A-3			

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

Borough of Deal, NJ
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017
Analysis of Realized Income

A-2
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<u>Allocation of Current Tax Collections</u>	<u>Ref.</u>	
Revenue from Collections	A-1:A-8	14,537,042.29
Allocated to School and County Taxes	A-8	<u>8,354,833.27</u>
Support of Municipal Budget Appropriations		6,182,209.02
Add Appropriation Reserve for Uncollected Taxes	A-3	<u>539,212.29</u>
Realized for Support of Municipal Budget Appropriations	A-2	<u>\$ 6,721,421.31</u>

Analysis of Non-Budget Revenue

Senior Citizens & Veterans Administrative Fee	150.00	
Street Opening Deposits	2,000.00	
Monmouth County JIF Insurance Dividend	20,655.80	
NJ DMV Inspection Fees & Fines	6,770.00	
Police Overtime - Borough Share	17,415.00	
Fire Safety Rebates	2,475.85	
Recycling	3,169.79	
Polling Place Rent	400.00	
Auction Proceeds	15,858.53	
Public Works - Village of Loch Arbour	21,346.75	
Police Discoveries & Reports	745.69	
NSF Fees Collected	260.00	
Cell Tower Rentals	85,075.06	
Credit Card Revenue	11,716.36	
Prior Year Refund - Form NJ-927	8,919.00	
Prior Year Refund - Form NJ-927 Interest	193.25	
Homestead Rebate Administrative Fee	28.20	
Copy Charges - Clerk's Office	11.20	
Shipping Refund	363.19	
NJ Community Affairs Super - Storm Sandy Aid	36,009.28	
NJ Emergency Management Aid - Severe Winter Storm	25,511.88	
Miscellaneous Revenues & Refunds	568.34	
Dog License Fees	207.00	
Municipal Court Reimbursements	2,963.00	
Voided Checks - Municipal Court	80.52	
Reimbursement for Ammunition Purchase	450.00	
Sale of Jet Vac	500.00	
Electric Bill Concession Reimbursement - Deal Casino	1,516.70	
Vehicle Repair Reimbursements	748.76	
US Treasury Refund - Prior Year Form 941	201.68	
Boat Removal - Deal Casino	1,140.00	
Revenue Accounts Receivable		
Cable TV Fees	A-11	<u>10,341.66</u>

\$277,792.49

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

Borough of Deal, NJ
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Cancelled	Overexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
<u>GENERAL GOVERNMENT FUNCTIONS</u>							
Administrative and Executive							
Salaries and Wages	180,000.00	180,000.00	172,383.82	.00	7,616.18	.00	.00
Other Expenses	96,780.00	96,780.00	89,382.17	.00	7,397.83	.00	.00
Human Resources							
Other Expenses	5,000.00	5,000.00	.00	.00	5,000.00	.00	.00
Director's Office - Public Affairs and Public Safety							
Salaries and Wages	3,000.00	3,000.00	3,000.00	.00	.00	.00	.00
Other Expenses	1,400.00	1,400.00	295.00	.00	1,105.00	.00	.00
Director's Office - Revenue and Finance							
Salaries and Wages	2,501.00	2,501.00	2,500.08	.00	.92	.00	.00
Other Expenses	500.00	500.00	.00	.00	500.00	.00	.00
Director's Office - Public Works, Parks & Public Property							
Salaries and Wages	2,501.00	2,501.00	2,500.08	.00	.92	.00	.00
Other Expenses	500.00	500.00	.00	.00	500.00	.00	.00
Municipal Clerk							
Other Expenses	5,000.00	5,000.00	1,011.00	.00	3,989.00	.00	.00
Elections							
Other Expenses	14,700.00	14,700.00	500.62	.00	14,199.38	.00	.00
Financial Administration							
Salaries and Wages	9,000.00	9,000.00	8,859.12	.00	140.88	.00	.00
Other Expenses	800.00	800.00	190.00	.00	610.00	.00	.00
Audit Services							
Other Expenses	55,000.00	55,000.00	51,070.00	.00	3,930.00	.00	.00
Collection of Taxes							
Salaries and Wages	32,000.00	32,000.00	31,599.96	.00	400.04	.00	.00
Other Expenses	10,425.00	10,425.00	8,699.65	.00	1,725.35	.00	.00
Assessment of Taxes							
Salaries and Wages	17,100.00	17,100.00	16,979.28	.00	120.72	.00	.00
Other Expenses	41,400.00	41,400.00	40,605.52	.00	794.48	.00	.00
Legal Services and Costs							
Other Expenses	78,600.00	78,600.00	70,801.37	.00	7,798.63	.00	.00
Engineering Services and Costs							
Other Expenses	<u>20,000.00</u>	<u>20,000.00</u>	<u>15,705.00</u>	<u>.00</u>	<u>4,295.00</u>	<u>.00</u>	<u>.00</u>
	<u>576,207.00</u>	<u>576,207.00</u>	<u>516,082.67</u>	<u>.00</u>	<u>60,124.33</u>	<u>.00</u>	<u>.00</u>

Borough of Deal, NJ
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Cancelled	Overexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
<u>LAND USE ADMINISTRATION</u>							
Planning Board							
Salaries and Wages	36,000.00	36,000.00	34,921.53	.00	1,078.47	.00	.00
Other Expenses	9,200.00	9,200.00	7,474.57	.00	1,725.43	.00	.00
Zoning Board							
Salaries and Wages	30,000.00	30,000.00	28,830.12	.00	1,169.88	.00	.00
Other Expenses	4,600.00	4,600.00	2,084.00	.00	2,516.00	.00	.00
	<u>79,800.00</u>	<u>79,800.00</u>	<u>73,310.22</u>	<u>.00</u>	<u>6,489.78</u>	<u>.00</u>	<u>.00</u>
<u>INSURANCE</u>							
General Liability	117,000.00	117,000.00	114,600.00	.00	2,400.00	.00	.00
Workers Compensation	153,000.00	153,000.00	136,566.69	.00	16,433.31	.00	.00
Employee Group Health	1,080,000.00	1,080,000.00	894,842.88	.00	185,157.12	.00	.00
Health Benefit Waiver	10,000.00	10,000.00	7,174.12	.00	2,825.88	.00	.00
	<u>1,360,000.00</u>	<u>1,360,000.00</u>	<u>1,153,183.69</u>	<u>.00</u>	<u>206,816.31</u>	<u>.00</u>	<u>.00</u>
<u>PUBLIC SAFETY FUNCTIONS</u>							
Police							
Salaries and Wages	1,560,000.00	1,560,000.00	1,470,187.01	.00	89,812.99	.00	.00
Other Expenses	217,300.00	217,300.00	181,016.43	.00	36,283.57	.00	.00
Emergency Management Services							
Other Expenses	2,500.00	2,500.00	.00	.00	2,500.00	.00	.00
First Aid Organizations Contribution	5,000.00	5,000.00	1,200.00	.00	3,800.00	.00	.00
Fire							
Salaries and Wages	335,000.00	335,000.00	317,769.47	.00	17,230.53	.00	.00
Other Expenses							
Fire Hydrant Service	80,000.00	80,000.00	74,415.00	.00	5,585.00	.00	.00
Miscellaneous Other Expenses	48,100.00	48,100.00	17,778.97	.00	30,321.03	.00	.00
Municipal Prosecutor							
Salaries and Wages	28,100.00	28,100.00	28,050.00	.00	50.00	.00	.00
Other Expenses	300.00	300.00	.00	.00	300.00	.00	.00
	<u>2,276,300.00</u>	<u>2,276,300.00</u>	<u>2,090,416.88</u>	<u>.00</u>	<u>185,883.12</u>	<u>.00</u>	<u>.00</u>
<u>PUBLIC WORKS FUNCTIONS</u>							
Street and Roads							
Road Repairs and Maintenance							
Salaries and Wages	461,000.00	461,000.00	234,618.99	.00	226,381.01	.00	.00
Other Expenses	94,700.00	94,700.00	91,841.82	.00	2,858.18	.00	.00
Traffic Signal Maintenance							
Other Expenses	5,000.00	5,000.00	4,330.10	.00	669.90	.00	.00
Garbage and Trash Removal							
Salaries and Wages	205,000.00	205,000.00	172,357.72	.00	32,642.28	.00	.00
Other Expenses	14,500.00	14,500.00	12,462.77	.00	2,037.23	.00	.00

Borough of Deal, NJ
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Cancelled</u>	<u>Overexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>		
<u>PUBLIC WORKS FUNCTIONS (Cont'd)</u>							
Public Buildings and Grounds							
Other Expenses	51,400.00	51,400.00	46,910.94	.00	4,489.06	.00	.00
Vehicle Maintenance							
Other Expenses	95,000.00	95,000.00	47,752.75	.00	47,247.25	.00	.00
Deal Lake Weed Control							
Other Expenses	<u>1,750.00</u>	<u>1,750.00</u>	<u>1,750.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
	<u>928,350.00</u>	<u>928,350.00</u>	<u>612,025.09</u>	<u>.00</u>	<u>316,324.91</u>	<u>.00</u>	<u>.00</u>
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>							
Board of Health (Ch. 329 P.L. 1975)							
Other Expenses	25,500.00	25,500.00	25,017.75	.00	482.25	.00	.00
Dog Regulation							
Other Expenses	7,000.00	7,000.00	5,254.50	.00	1,745.50	.00	.00
Aid to Health Care Facilities (N.J.S.A. 44:5.2)	<u>500.00</u>	<u>500.00</u>	<u>.00</u>	<u>.00</u>	<u>500.00</u>	<u>.00</u>	<u>.00</u>
	<u>33,000.00</u>	<u>33,000.00</u>	<u>30,272.25</u>	<u>.00</u>	<u>2,727.75</u>	<u>.00</u>	<u>.00</u>
<u>PARK AND RECREATION FACILITIES</u>							
Recreation							
Other Expenses	1,400.00	1,400.00	.00	.00	1,400.00	.00	.00
Parks and Playgrounds							
Other Expenses	5,000.00	5,000.00	4,999.00	.00	1.00	.00	.00
Beach Front Recreation Facilities							
Salaries and Wages	685,000.00	685,000.00	613,473.16	.00	71,526.84	.00	.00
Other Expenses	<u>149,900.00</u>	<u>149,900.00</u>	<u>125,080.49</u>	<u>.00</u>	<u>24,819.51</u>	<u>.00</u>	<u>.00</u>
	<u>841,300.00</u>	<u>841,300.00</u>	<u>743,552.65</u>	<u>.00</u>	<u>97,747.35</u>	<u>.00</u>	<u>.00</u>
Municipal Court							
Salaries and Wages	125,000.00	125,000.00	114,941.76	.00	10,058.24	.00	.00
Other Expenses	<u>32,500.00</u>	<u>32,500.00</u>	<u>29,920.59</u>	<u>.00</u>	<u>2,579.41</u>	<u>.00</u>	<u>.00</u>
	<u>157,500.00</u>	<u>157,500.00</u>	<u>144,862.35</u>	<u>.00</u>	<u>12,637.65</u>	<u>.00</u>	<u>.00</u>
Public Defender							
Other Expenses	<u>4,000.00</u>	<u>4,000.00</u>	<u>3,994.19</u>	<u>.00</u>	<u>5.81</u>	<u>.00</u>	<u>.00</u>
<u>Uniform Construction Code - Appropriations Offset</u>							
<u>By Dedicated Revenues (N.J.A.C.5:23-4.17)</u>							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	103,000.00	103,000.00	92,541.63	.00	10,458.37	.00	.00
Other Expenses	12,500.00	12,500.00	12,219.51	.00	280.49	.00	.00

Borough of Deal, NJ
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Cancelled</u>	<u>Overexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>		
<u>Uniform Construction Code - Appropriations Offset</u>							
<u>By Dedicated Revenues (N.J.A.C.5:23-4.17 (Cont'd))</u>							
Sub-Code Officials							
Plumbing Inspector							
Salaries and Wages	12,000.00	12,000.00	11,746.97	.00	253.03	.00	.00
Other Expenses	200.00	200.00	190.00	.00	10.00	.00	.00
Fire Sub-Code Official							
Salaries and Wages	8,000.00	8,000.00	6,995.52	.00	1,004.48	.00	.00
Other Expenses	400.00	400.00	392.00	.00	8.00	.00	.00
Electrical Inspector							
Salaries and Wages	13,000.00	13,000.00	12,496.39	.00	503.61	.00	.00
Other Expenses	200.00	200.00	195.00	.00	5.00	.00	.00
	<u>149,300.00</u>	<u>149,300.00</u>	<u>136,777.02</u>	<u>.00</u>	<u>12,522.98</u>	<u>.00</u>	<u>.00</u>
<u>UNCLASSIFIED</u>							
Accumulated Leave Compensation	<u>1,000.00</u>	<u>1,000.00</u>	<u>.00</u>	<u>.00</u>	<u>1,000.00</u>	<u>.00</u>	<u>.00</u>
<u>UTILITY EXPENSES AND BULK PURCHASES</u>							
Electricity	65,000.00	65,000.00	51,822.30	.00	13,177.70	.00	.00
Street Lighting	65,000.00	65,000.00	60,364.64	.00	4,635.36	.00	.00
Telephone	37,000.00	37,000.00	34,828.34	.00	2,171.66	.00	.00
Water	23,000.00	23,000.00	15,173.16	.00	7,826.84	.00	.00
Gas	30,000.00	30,000.00	16,659.40	.00	13,340.60	.00	.00
Sewerage Processing and Disposal	39,000.00	39,000.00	38,000.00	.00	1,000.00	.00	.00
Gasoline	120,000.00	120,000.00	63,890.84	.00	56,109.16	.00	.00
	<u>379,000.00</u>	<u>379,000.00</u>	<u>280,738.68</u>	<u>.00</u>	<u>98,261.32</u>	<u>.00</u>	<u>.00</u>
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>	<u>145,000.00</u>	<u>145,000.00</u>	<u>140,751.73</u>	<u>.00</u>	<u>4,248.27</u>	<u>.00</u>	<u>.00</u>
<u>Total Operations Within "CAPS"</u>	<u>6,930,757.00</u>	<u>6,930,757.00</u>	<u>5,925,967.42</u>	<u>.00</u>	<u>1,004,789.58</u>	<u>.00</u>	<u>.00</u>
<u>Contingent</u>	<u>2,500.00</u>	<u>2,500.00</u>	<u>2,500.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<u>Total Operations Including Contingent - Within "CAPS"</u>	<u>6,933,257.00</u>	<u>6,933,257.00</u>	<u>5,928,467.42</u>	<u>.00</u>	<u>1,004,789.58</u>	<u>.00</u>	<u>.00</u>
<u>Detail</u>							
Salaries and Wages	3,847,202.00	3,847,202.00	3,376,752.61	.00	470,449.39	.00	.00
Other Expenses	3,086,055.00	3,086,055.00	2,551,714.81	.00	534,340.19	.00	.00
<u>Deferred Charges and Statutory Expenditures - Municipal within "CAPS"</u>							
<u>Deferred Charges</u>							
Emergency Authorizations	.00	.00	.00	.00	.00	.00	.00
Overexpenditure of Budget Appropriations Reserves	.00	.00	.00	.00	.00	.00	.00

Borough of Deal, NJ
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Cancelled	Overexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
<u>Deferred Charges and Statutory Expenditures - Municipal within "CAPS" (Cont'd)</u>							
<u>Statutory Expenditures</u>							
Contribution to:							
Public Employees' Retirement System	154,285.00	154,285.00	154,285.00	.00	.00	.00	.00
Social Security System (O.A.S.I.)	215,000.00	215,000.00	185,129.48	.00	29,870.52	.00	.00
Police & Firemen's Retirement System of N.J.	485,964.00	485,964.00	485,964.00	.00	.00	.00	.00
State Disability Insurance	2,500.00	2,500.00	2,131.64	.00	368.36	.00	.00
<u>Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"</u>	<u>857,749.00</u>	<u>857,749.00</u>	<u>827,510.12</u>	<u>.00</u>	<u>30,238.88</u>	<u>.00</u>	<u>.00</u>
<u>Total General Appropriations for Municipal Purposes - Within "CAPS"</u>	<u>7,791,006.00</u>	<u>7,791,006.00</u>	<u>6,755,977.54</u>	<u>.00</u>	<u>1,035,028.46</u>	<u>.00</u>	<u>.00</u>
<u>Operations - Excluded from "CAPS"</u>							
<u>Shared Service Agreements</u>							
Police Mandated 911 Emergency Service	10,000.00	10,000.00	7,009.10	.00	2,990.90	.00	.00
Ocean Township Tactical Team Fee-SWAT	1,050.00	1,050.00	1,000.00	.00	50.00	.00	.00
Reverse 911 Emergency Service	1,000.00	1,000.00	150.00	.00	850.00	.00	.00
Department of Public Affairs & Public Safety							
Police Services - Borough of Interlaken	596,432.00	596,432.00	596,427.14	.00	4.86	.00	.00
Police Services - Village of Loch Arbour	159,995.00	159,995.00	159,994.78	.00	.22	.00	.00
Municipal Court Services - Village of Loch Arbour	9,107.00	9,107.00	8,659.28	.00	447.72	.00	.00
Department of Public Works, Parks & Public Property							
Public Works Services - Village of Loch Arbour	117,153.00	117,153.00	18,790.39	.00	98,362.61	.00	.00
<u>Total Interlocal Municipal Service Agreements</u>	<u>894,737.00</u>	<u>894,737.00</u>	<u>792,030.69</u>	<u>.00</u>	<u>102,706.31</u>	<u>.00</u>	<u>.00</u>
<u>Public and Private Programs Off-Set By Revenues</u>							
Reserve for Municipal Court Alcohol, Education & Rehabilitation Fund	1,299.28	1,299.28	1,299.28	.00	.00	.00	.00
Reserve for Clean Communities Program	8,151.10	8,151.10	8,151.10	.00	.00	.00	.00
Reserve for Body Armor Fund	1,863.38	1,863.38	1,863.38	.00	.00	.00	.00
Reserve for Recycling Tonnage Grant	5,067.83	5,067.83	5,067.83	.00	.00	.00	.00
Reserve for Drunk Driving Enforcement Fund	4,300.00	4,300.00	4,300.00	.00	.00	.00	.00
Drunk Driving Enforcement Fund	38,003.35	38,003.35	38,003.35	.00	.00	.00	.00
Over the Limit Under Arrest	3,200.00	3,200.00	3,200.00	.00	.00	.00	.00
<u>Total Public and Private Programs Off-Set By Revenues</u>	<u>61,884.94</u>	<u>61,884.94</u>	<u>61,884.94</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<u>Total Operations - Excluded From "CAPS"</u>	<u>956,621.94</u>	<u>956,621.94</u>	<u>853,915.63</u>	<u>.00</u>	<u>102,706.31</u>	<u>.00</u>	<u>.00</u>
<u>Detail</u>							
Salaries and Wages	.00	.00	.00	.00	.00	.00	.00
Other Expenses	956,621.94	956,621.94	853,915.63	.00	102,706.31	.00	.00

Borough of Deal, NJ
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

A-3.6
 (Page 6 of 6)

	Appropriations		Expended			Unexpended Balance Cancelled	Overexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
Capital Improvements - Excluded From "CAPS"							
Down Payments on Improvements	.00	.00	.00	.00	.00	.00	.00
Capital Improvement Fund	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Capital Improvements - Excluded From "CAPS"	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Anticipation Notes and Capital Notes	1,190,000.00	1,190,000.00	1,190,000.00	.00	.00	.00	.00
Interest on Notes	<u>8,500.00</u>	<u>8,500.00</u>	<u>8,099.68</u>	<u>.00</u>	<u>.00</u>	<u>400.32</u>	<u>.00</u>
Total Municipal Debt Service - Excluded From "CAPS"	<u>1,198,500.00</u>	<u>1,198,500.00</u>	<u>1,198,099.68</u>	<u>.00</u>	<u>.00</u>	<u>400.32</u>	<u>.00</u>
Deferred Charges - Municipal - Excluded From "CAPS"							
Deferred Charges:							
Deferred Charges to Future Taxation - Unfunded							
Ordn. #1091 - Construction of a Sea Wall at Roosevelt Ave	81,387.75	81,387.75	81,387.75	.00	.00	.00	.00
Ordn. #1090 - Construction of Roseld Ave Recreational Facility	1,623.75	1,623.75	1,623.75	.00	.00	.00	.00
Ordn. #1107 - Construction & Improvements to Deal Casino Beach Cabanas	75,763.64	75,763.64	75,763.64	.00	.00	.00	.00
Ordn. #1109 - Various Improvements to Deal Casino & Conover Pavilion Beach Clubs	30,449.59	30,449.59	30,449.59	.00	.00	.00	.00
Ordn. #1113 - Various Improvements to Municipal Buildings	50,850.00	50,850.00	50,850.00	.00	.00	.00	.00
Ordn. #1133 - Various Improvements to Streets & Drains	<u>45,959.38</u>	<u>45,959.38</u>	<u>45,959.38</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Deferred Charges - Municipal - Excluded From "CAPS"	<u>286,034.11</u>	<u>286,034.11</u>	<u>286,034.11</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total General Appropriations Excluded From "CAPS"	<u>2,591,156.05</u>	<u>2,591,156.05</u>	<u>2,488,049.42</u>	<u>.00</u>	<u>102,706.31</u>	<u>400.32</u>	<u>.00</u>
Sub-Total General Appropriations	10,382,162.05	10,382,162.05	9,244,026.96	.00	1,137,734.77	400.32	.00
Reserve for Uncollected Taxes	<u>539,212.29</u>	<u>539,212.29</u>	<u>539,212.29</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total General Appropriations	<u>\$10,921,374.34</u>	<u>10,921,374.34</u>	<u>9,783,239.25</u>	<u>.00</u>	<u>1,137,734.77</u>	<u>400.32</u>	<u>.00</u>
	Ref.	A-2		A	A		
Reserve for Uncollected Taxes	A-2		539,212.29				
Cash Disbursed	A-4		8,641,922.02				
Reserve for Municipal Court Alcohol, Education & Rehabilitation Fund	A-29		1,299.28				
Reserve for Clean Communities Program	A-29		8,151.10				
Reserve for Body Armor Fund	A-29		1,863.38				
Reserve for Recycling Tonnage Grant	A-29		5,067.83				
Reserve for Drunk Driving Enforcement Fund	A-29		4,300.00				
Drunk Driving Enforcement Fund	A-29		38,003.35				
Over the Limit Under Arrest	A-29		3,200.00				
Payment of Bond Anticipation Notes	C-7		<u>540,220.00</u>				
			<u>\$9,783,239.25</u>				

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

TRUST FUND

Borough of Deal, NJ
Trust Fund
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2017 and 2016

B

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
<u>Dog License Fund</u>			
Cash	B-1	<u>358.80</u>	<u>303.60</u>
<u>Other Trust Funds</u>			
Cash - Law Enforcement Trust Fund	B-1	10,456.80	9,247.15
Cash - Unemployment Compensation Funds	B-1	16,990.26	12,848.47
Cash - Street Opening Deposits	B-1	3,100.00	2,000.00
Cash - Miscellaneous Trust Funds	B-1	<u>613,604.94</u>	<u>724,070.81</u>
		<u>644,152.00</u>	<u>748,166.43</u>
<u>Total Assets</u>		<u>\$644,510.80</u>	<u>748,470.03</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Dog License Fund</u>			
Reserve for Dog Fund Expenditures	B-5	<u>358.80</u>	<u>303.60</u>
<u>Other Trust Funds</u>			
Reserve for Law Enforcement Trust Fund	B:B-1	10,456.80	9,247.15
Reserve for Unemployment Compensation Funds	B-6	16,990.26	12,848.47
Reserve for Street Opening Deposits	B-4	3,100.00	2,000.00
Reserve for Miscellaneous Trust Funds	B-7	<u>613,604.94</u>	<u>724,070.81</u>
		<u>644,152.00</u>	<u>748,166.43</u>
<u>Total Liabilities, Reserves and Fund Balance</u>		<u>\$644,510.80</u>	<u>748,470.03</u>

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

GENERAL CAPITAL FUND

Borough of Deal, NJ
General Capital Fund
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2017 and 2016

C

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	C-2	2,636,967.46	610,320.55
Deferred Charges to Future Taxation -			
Funded	C	.00	.00
Unfunded	C-5	<u>3,883,562.56</u>	<u>4,751,596.67</u>
<u>Total Assets</u>		<u>\$6,520,530.02</u>	<u>5,361,917.22</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-7	1,333,777.02	2,047,516.30
Improvement Authorizations -			
Funded	C-8	229,523.83	366,656.04
Unfunded	C-8	2,569,622.64	2,437,883.36
Capital Improvement Fund	C-6	165,082.85	147,082.85
Fund Balance	C-1	<u>2,222,523.68</u>	<u>362,778.67</u>
<u>Total Liabilities, Reserves and Fund Balance</u>		<u>\$6,520,530.02</u>	<u>5,361,917.22</u>

Note: There were bonds and notes authorized but not issued of \$2,549,785.54 on December 31, 2017 (C-12).

Statement of Fund Balance - Regulatory Basis

C-1

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2016	C	362,778.67
<u>Increased by</u>		
State Grant Received - Over Financed Ordinance #1075	C-2	150,000.00
State Grant Received - Over Financed Ordinance #1076	C-2	50,000.00
FEMA Revenue Received - Over Financed Ordinance #1070/1074	C-2	<u>1,659,745.01</u>
		1,859,745.01
<u>Balance</u> - December 31, 2017	C	<u>\$2,222,523.68</u>

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

SEWER UTILITY FUND

Borough of Deal, NJ
Sewer Utility Fund
Comparative Balance Sheet - Regulatory Basis
As of December 31, 2017 and 2016

D

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Operating Fund</u>			
Cash	D-8	2,330,421.79	2,034,126.81
Notes Receivable - Sewer Capital Fund	D-54	134,303.50	40,000.00
Due from Current Fund	D-30:A-24	<u>172,522.31</u>	<u>.00</u>
Receivables with Full Reserves		<u>2,637,247.60</u>	<u>2,074,126.81</u>
Sewer Rental Receivables	D-14	<u>64,513.87</u>	<u>72,495.70</u>
<u>Total Operating Fund</u>		<u>2,701,761.47</u>	<u>2,146,622.51</u>
<u>Capital Fund</u>			
Cash	D-8	61,828.16	61,083.08
Fixed Capital Authorized and Uncompleted	D-29	4,450,000.00	4,200,000.00
Fixed Capital	D-28	<u>2,278,888.25</u>	<u>2,278,888.25</u>
<u>Total Capital Fund</u>		<u>6,790,716.41</u>	<u>6,539,971.33</u>
<u>Total Assets</u>		<u>\$9,492,477.88</u>	<u>8,686,593.84</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Liabilities			
Utility Rent Overpayments	D-38	8,103.98	1,909.33
Appropriation Reserves	D-5:D-34	320,642.37	286,717.69
Due to Current Fund	A-24:D-30	.00	74,000.00
Accounts Payable	D-35	<u>716,913.47</u>	<u>716,913.47</u>
		1,045,659.82	1,079,540.49
Reserves for Receivables	D	64,513.87	72,495.70
Fund Balance	D-1	<u>1,591,587.78</u>	<u>994,586.32</u>
<u>Total Operating Fund</u>		<u>2,701,761.47</u>	<u>2,146,622.51</u>
<u>Capital Fund</u>			
Bond Anticipation Notes	D-54	134,303.50	40,000.00
Improvement Authorizations - Funded	D-43	7,500.00	.00
Improvement Authorizations - Unfunded	D-43	517,956.48	414,759.98
Capital Improvement Fund	D-45	37,500.00	50,000.00
Reserve for Amortization	D-49	2,278,888.25	2,278,888.25
Deferred Reserve for Amortization	D-50	3,797,740.02	3,739,494.94
Fund Balance	D-3	<u>16,828.16</u>	<u>16,828.16</u>
<u>Total Capital Fund</u>		<u>6,790,716.41</u>	<u>6,539,971.33</u>
<u>Total Liabilities, Reserves and Fund Balance</u>		<u>\$9,492,477.88</u>	<u>8,686,593.84</u>

There were bonds and notes authorized but not issued of \$517,956.48 on December 31, 2017 (D-56).

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

Borough of Deal, NJ

Sewer Utility Fund

Comparative Statement of Operations and Change in Operating Fund Balance - Regulatory Basis D-1
For the Years Ended December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	D-1:D-4	.00	35,000.00
Sewer Rentals	D-4	1,183,797.64	1,152,328.93
Interest on Investments	D-4	19,087.08	5,566.65
Interest on Delinquent Accounts	D-4	7,395.84	6,872.98
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-34	284,644.68	457,632.02
Miscellaneous Revenue Not Anticipated	D-30:D-8	191,271.30	320.51
Reserve to Pay Debt Proceeds - Ordn. #1071	D-1	.00	37,276.17
<u>Total Income</u>		<u>1,686,196.54</u>	<u>1,694,997.26</u>
<u>Expenditures</u>			
Operating	D-5	1,000,650.00	993,650.00
Capital Improvements	D-5	.00	.00
Debt Service	D-5	40,000.00	175,758.81
Deferred Charges and Statutory Expenditures	D-5	48,545.08	63,863.99
<u>Total Expenditures</u>		<u>1,089,195.08</u>	<u>1,233,272.80</u>
<u>Excess in Revenue</u>		597,001.46	461,724.46
<u>Adjustments to Income Before Fund Balance</u>			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	D	.00	.00
<u>Statutory Excess to Operating Fund Balance</u>		597,001.46	461,724.46
<u>Operating Fund Balance</u>			
Balance - January 1	D-1	994,586.32	567,861.86
		<u>1,591,587.78</u>	<u>1,029,586.32</u>
<u>Decreased by</u>			
Utilized as Anticipated Revenue in Sewer Utility Fund Budget	D-1	.00	35,000.00
<u>Balance</u> - December 31	D	<u>\$1,591,587.78</u>	<u>994,586.32</u>

Statement of Fund Balance
Sewer Capital Fund - Regulatory Basis

D-3

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2017 and December 31, 2016	D	<u>\$16,828.16</u>
No Change in 2017		

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

Borough of Deal, NJ
Sewer Utility Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017
Sewer Operating Fund

D-4

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance	D-1	.00	.00	.00
Sewer Rents	D-1:D-14	1,080,000.00	1,183,797.64	103,797.64
Interest on Investments	D-1	4,195.08	19,087.08	14,892.00
Interest on Delinquent Accounts	D-1:D-8	5,000.00	7,395.84	2,395.84
		<u>\$1,089,195.08</u>	<u>1,210,280.56</u>	<u>121,085.48</u>
Analysis of Realized Revenue:	<u>Ref.</u>	D-5		
Rents/Consumer Accounts Receivable:				
Collected	D-8:D-14		1,181,888.31	
Overpayments Applied	D-14		1,909.33	
			<u>\$1,183,797.64</u>	
Interest on Investments:				
Cash Received - Sewer Capital Fund	D-31:D-8		374.51	
Cash Received - Sewer Operating Fund	D-8		18,712.57	
			<u>\$19,087.08</u>	

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

D-5

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>Operating</u>						
Salaries and Wages	229,000.00	229,000.00	204,180.72	.00	24,819.28	.00
Other Expenses	771,650.00	771,650.00	478,170.62	.00	293,479.38	.00
<u>Debt Service</u>						
Payment of Bond Anticipation Notes	40,000.00	40,000.00	40,000.00	.00	.00	.00
<u>Deferred Charges</u>						
Cost of Improvements Authorized	5,745.08	5,745.08	5,745.08	.00	.00	.00
<u>Statutory Expenditures</u>						
Public Employees' Retirement System	25,000.00	25,000.00	25,000.00	.00	.00	.00
Social Security System	17,800.00	17,800.00	15,456.29	.00	2,343.71	.00
	<u>\$1,089,195.08</u>	<u>1,089,195.08</u>	<u>768,552.71</u>	<u>.00</u>	<u>320,642.37</u>	<u>.00</u>
	<u>Ref.</u>	D-4			D	
Cash Disbursed	D-8		728,552.71			
Notes Receivable	D-54:D-50		40,000.00			
			<u>\$768,552.71</u>			

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

GENERAL FIXED ASSETS ACCOUNT GROUP

Borough of Deal, NJ
General Fixed Assets Account Group
Comparative Statement of General Fixed Assets - Regulatory Basis
As of December 31, 2017 and 2016
(Unaudited)

E

	<u>2017</u>	<u>2016</u>
<u>General Fixed Assets</u>		
Land and Improvements	107,612,700.00	107,612,700.00
Building and Improvements	9,041,200.00	9,041,200.00
Vehicles and Equipment	<u>5,103,301.00</u>	<u>4,775,501.00</u>
<u>Investment in General Fixed Assets</u>	<u>\$121,757,201.00</u>	<u>121,429,401.00</u>

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

NOTES TO FINANCIAL STATEMENTS

Borough of Deal, NJ
Notes to Financial Statements
Year Ended December 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Deal include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Deal, as required by N.J.S. 40A:5-5.

B. Description of Funds

The Governmental Accounting Standards Board (“GASB”) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America.

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

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

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

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

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

General Fixed Assets Account Group - to account for all fixed assets of the Borough. The Borough’s infrastructure is not reported in the group.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and Sewer Operating Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund

Trust Funds

Sewer Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 1 - (continued)

The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017, the Governing Body did not amend the original Current Fund budget through line item transfers and expenditures did not exceed budgeted appropriations.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The amounts of the first and second installments are determined as one half of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15, and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on November 11 in the current year, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 1 - (continued)

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

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

General Fixed Assets - The Borough of Deal has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets for vehicles and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available, and at values used for insurance purposes. Fixed assets for land and improvements, and buildings and improvements are valued at assessed valuation for such real properties.

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

No depreciation has been provided for in the financial statements.

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

Accounting for utility fund "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

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

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 1 - (continued)

Departures from Generally Accepted Accounting Principles - The accounting principles and practices followed by the Borough of Deal differ in some respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

Taxes and other receivables are fully reserved.

Interfund receivables in the Current Fund are fully reserved and recognized as revenue in the year of liquidation.

Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding year's operations.

No provision is made for accumulated vested vacation and sick leave.

Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Depreciation expense is not calculated on fixed assets.

Encumbrances are reported as a liability in the financial statement.

Net pension liabilities and deferred inflows and outflows related to the pensions are not reported.

It was not practicable to determine the effect of such differences.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agency of the United States that insures deposits. N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are protected from loss under the provisions of the Government Unit Deposit Protection Act ("GUDPA"), which is a multiple financial institution collateral pool. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds;
or

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 2 - (continued)

The Borough's deposits and investments held at December 31, 2017, and reported at cost or fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Cost/ Fair Value</u>
Deposits:			
Demand deposits			14,166,251.81
Investments:			
Investment trust fund	See minimum credit ratings- Concentration of	Less than 1 year	<u>5,737.18</u>
Total deposits and investments	Credit Risk below		<u>\$14,171,988.99</u>

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough's deposits may not be returned or; for investments is the risk that the Borough will not be able to recover the value of investment or collateral securities in the possession of an outside party.

Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$14,171,988.99 at December 31, 2017. Of the bank balance \$250,000.00 was fully insured by depository insurance protected by the Federal Deposit Insurance Corporation (FDIC) and \$13,921,988.99 was secured by a collateral pool held by the bank, but not in the Borough's name, as required by the New Jersey statutes protected from loss under the provisions of the GUDPA.

As of December 31, 2017, the Borough had investments in the State of New Jersey Cash Management Fund, which is available on a voluntary basis for investment by State and certain "Other-than-State" participants including counties, municipalities and school districts, and the agencies or authorities created by such entities. The Fund is managed and administered by the Division of Investment, Department of the Treasury, State of New Jersey and is considered to be an investment trust fund as defined in Governmental Accounting Standards Board (GASB) Statement No. 34. The operations of the Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund. The fair value or carrying amount of investment in this Fund is provided in the above schedule.

Investment Interest Rate Risk - Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2017, are provided in the above schedule.

Investment Credit Risk - The Borough has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 397 days from the date of purchase.
- c. Bonds or other obligations of the Borough or bonds or other obligations of the Borough school district.
- d. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units.
- e. Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 2 - (continued)

f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in N.J.S.A. 40A:5-15.1(a).

g. Certificates of deposit at federally insured banks.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Borough's investment in a single issuer. The Borough places no limit on the amount it may invest in any one issuer. However, the Borough's sole investment in the State of New Jersey Cash Management Fund as of December 31, 2017, under New Jersey State statutes provides for a State Investment Council (Council) that issues regulations which establish guidelines for permissible investments in the fund which include obligations of the U.S. Treasury and government agencies, Canadian government and provinces and corporations. Such investments may be in the form of fixed income securities, commercial paper, certificates of deposit, repurchase agreements and money market funds. Canadian and corporate obligations must be payable in United States dollars. The Fund places no restrictions on the amount that can be invested in U.S. Treasury and government agency obligations. The Council regulations require minimum credit ratings for all other categories of fixed income obligations and limit the amount that can be invested in any one issuer or issue, as measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's), Standard & Poor's Corporation (S&P), and Fitch Ratings (Fitch).

At June 30, 2017 these credit ratings and limits are as follows:

<u>Category</u>	<u>Minimum rating</u>			<u>Limitation of issuer's outstanding debt</u>	<u>Limitation of issue</u>	<u>Other limitations</u>
	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>			
Canadian Government obligations (U.S. Dollar denominated)	Aa3	AA-	AA-	25%	25%	Not more than 5% of the Fund can be invested in one issuer.
Certificates of deposit						
Domestic	A3/P-1	A-/A-1	A-/F-1	N/A	N/A	Split ratings allowable. Cannot exceed 10% of issuer's primary capital. Not more than 5% of Fund can be invested in any one issuer and affiliated entities.
International	Aa3/P-1	AA-/A-1	AA-/F-1	N/A	N/A	
Collateralized notes and mortgages	Baa3	BBB-	BBB-	N/A	25%	Not more than 5% of the Fund can be invested in one issue. Not more than 10% of the Fund can be invested in this category. Not more than 5% of Fund can be invested in any one issuer and affiliated entities.
Commercial paper	P-1	A-1	F-1	N/A	N/A	Split ratings allowable. Not more than 5% of Fund can be invested in any one issuer and affiliated entities.
Corporate obligations (U.S. Dollar denominated)	Baa3	BBB-	BBB-	10%	N/A	Not more than 5% of Fund can be invested in any one issuer and affiliated entities.
Money market funds	N/A	N/A	N/A	N/A	N/A	Not more than 10% of the Fund can be invested in money market funds; limited to 5% of shares or units outstanding.
Mortgage Backed Securities	N/A	N/A	N/A	N/A	25%	Not more than 5% of Fund can be invested in one issue.
Repurchase Agreements:						None
Bank or Trust Company	N/A	N/A	N/A	N/A	N/A	
Broker	P-1	A-1	F-1	N/A	N/A	

N/A - Not applicable

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

NOTE 3 BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2017 statutory budget included a reserve for uncollected taxes in the amount of \$539,212.29. The amount of fund balance budgeted to balance the 2017 statutory budget was \$820,000.00.

Inter department budget transfers are not permitted prior to November 1. After November 1 budget transfers can be made in the form of a resolution and approved by the Borough Board of Commissioners.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2017, there were no special items of revenue and appropriations inserted into the budget.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2017, there was no item of emergency authorization inserted into the budget.

NOTE 4 GENERAL FIXED ASSETS (UNAUDITED)

The following schedule is a summary of changes in the general fixed assets account group for the year 2017.

	Balance <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>Dec. 31, 2017</u>
Land and Improvements	107,612,700.00	.00	.00	107,612,700.00
Buildings and Improvements	9,041,200.00	.00	.00	9,041,200.00
Vehicles and Equipment	<u>4,775,501.00</u>	<u>337,800.00</u>	<u>10,000.00</u>	<u>5,103,301.00</u>
	<u>\$ 121,429,401.00</u>	<u>337,800.00</u>	<u>10,000.00</u>	<u>121,757,201.00</u>

NOTE 5 MUNICIPAL DEBT

The Local Bond law governs the issuance of bonds and notes to finance capital expenditures. No general obligation bonds have been issued for the general capital fund. Bond anticipation notes, which are issued to temporarily finance Capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT - (EXCLUDING CURRENT AND OPERATING DEBT AND CHAPTER 6 SCHOOL DEBT)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued</u>			
General			
Bonds and Notes	1,333,777.02	2,047,516.30	1,989,749.68
Sewer Utility			
Bonds and Notes	<u>134,303.50</u>	<u>40,000.00</u>	<u>174,782.00</u>
<u>Net Debt Issued</u>	<u>1,468,080.52</u>	<u>2,087,516.30</u>	<u>2,164,531.68</u>
<u>Authorized But Not Issued</u>			
General			
Bonds and Notes	2,549,785.54	2,704,080.37	3,698,066.67
Sewer Utility			
Bonds and Notes	<u>517,956.48</u>	<u>420,505.06</u>	<u>481,869.05</u>
<u>Total Authorized But Not Issued</u>	<u>3,067,742.02</u>	<u>3,124,585.43</u>	<u>4,179,935.72</u>
<u>Net Bonds and Notes Issued and Authorized But Not Issued</u>	<u>\$4,535,822.54</u>	<u>5,212,101.73</u>	<u>6,344,467.40</u>

There was no current debt authorized but not issued.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 5 - (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .181%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	.00	.00	.00
Sewer Utility Debt	652,259.98	652,259.98	.00
General Debt	<u>3,883,562.56</u>	<u>.00</u>	<u>3,883,562.56</u>
	<u>\$4,535,822.54</u>	<u>652,259.98</u>	<u>3,883,562.56</u>

Net debt \$3,883,562.56 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,151,356,964.67 = .181%.

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

3 ½% of Average Equalized Valuation Basis of Real Property	75,297,493.76
Net Debt	<u>3,883,562.56</u>
Remaining Borrowing Power	<u>\$71,413,931.20</u>

BORROWING POWER AVAILABLE UNDER N.J.S. 40A:2-7(f)

ACCUMULATED BORROWING POWER UNDER R.S. 40:1-16(d) (WHICH IS AVAILABLE ONLY WHEN THE PERCENTAGE OF NET DEBT EXCEEDS 3 ½%)

Balance of Debt Incurring Capacity as of December 31, 2016 under R.S. 40:1-16(d) as shown on Annual Debt Statement	None
Deduct: Net amount authorized in 2017	<u>None</u>
Remaining balance of debt incurring capacity under R.S. 40:1-16(d) at December 31, 2017	<u>\$None</u>

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

Total Cash Receipts from fees, rents or other charges for year	1,229,029.55
Deductions	
Operating and Maintenance Costs	1,043,450.00
Debt Service per Sewer Account	<u>85,107.49</u>
Total Deductions	<u>1,128,557.49</u>
Excess in Revenues	<u>\$ 100,472.06</u>

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

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

General Capital Fund	
Bonds and Notes	\$2,549,785.54
Sewer Utility Fund	
Bonds and Notes	\$517,956.48

There is no current or utility operating debt authorized but not issued.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

NOTE 6 FUND BALANCES (SURPLUS) APPROPRIATED

Fund balances (surplus) at December 31, 2017 which were appropriated and included as anticipated revenue for the year ending December 31, 2018 were as follows:

Current Fund	\$820,000.00
Sewer Utility Fund	\$657,500.00

NOTE 7 DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2017 consist of the following:

<u>\$172,522.31</u>	Due to Sewer Operating Fund from Current Fund.
<u>\$121,162.14</u>	Due to Federal and State Grant Fund from Current Fund.

The purpose of these interfunds was short-term borrowings.

It is anticipated that all interfunds will be liquidated during the calendar year.

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

There were no deferred charges in the Current Fund at December 31, 2017 that were required to be raised in subsequent budgets.

NOTE 9 LOCAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Deal has elected to defer school taxes as follows:

	<u>Balance, December 31</u>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	983,851.96	983,851.96
Deferred	<u>231,233.50</u>	<u>231,233.50</u>
Tax Payable	<u>\$752,618.46</u>	<u>752,618.46</u>

NOTE 10 DISCOUNTS ARE NOT ALLOWED ON PREPAID TAXES

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

NOTE 11 PENSION PLANS

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS). New Jersey municipalities 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 Financial Statements.

A. Public Employees' Retirement System (PERS)

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

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

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in the State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The Borough's contributions to PERS amounted to \$179,285.00 for 2017, \$166,402.00 for 2016 and \$175,602.00 for 2015.

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

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 11 - (continued)

A. Public Employees' Retirement System (PERS) (cont'd)

Pension Liabilities and Pension Expense - Although the Borough does not report net pension liability related to PERS, at December 31, 2017, the Borough's liability was \$4,007,262.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability 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 members, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0172145046%, which was a decrease of 0.0027459694% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized actual pension expense in the amount of \$179,285.00.

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 was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age
Investment Rate of Return	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a one-year static projection based on mortality improvement. The RP-2000 Disabled Mortality Tables (setback 3 years for males and set forward 1 year for females) are used to value disabled retirees.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 11 - (continued)

A. Public Employees' Retirement System (PERS) (cont'd)

Long-Term Expected Rate of Return (cont'd) - 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non - U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate - PERS - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the pension 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 pension 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.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the collective net pension liability as of December 31, 2017 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Year Ended December 31, 2017</u>		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
Borough's proportionate share of the Net Pension Liability	\$4,807,747.00	\$4,007,262.00	\$3,341,223.00

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 11 - (continued)

A. Public Employees' Retirement System (PERS) (cont'd)

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

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

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

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

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

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

The Borough's contributions to PFRS amounted to \$485,964.00 for 2017, \$491,183.00 for 2016 and \$475,571.00 for 2015.

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

Borough contributions to PFRS amounted to \$485,964.00 for the year ended December 31, 2017. During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$51,536.00 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$126,070.00.

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

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 11 - (continued)

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

Pension Liabilities and Pension Expense - At December 31, 2017, the Borough's liability for its proportionate share of the net pension liability was \$9,201,437.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability 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 members, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0576022597%, which was a decrease of 0.0020003167% from its proportion measured as of June 30, 2016. The Borough has rolled forward the net pension liability to December 31, 2017 with no adjustments.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$1,030,638.00 as of December 31, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the State's proportion was 0.0576022597%, which was a decrease of 0.0020003167% from its proportion measured as of June 30, 2016 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 9,201,437.00
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>1,030,638.00</u>
Total Net Pension Liability	<u>\$10,232,075.00</u>

For the year ended December 31, 2017, the Borough recognized total pension expense of \$485,964.00.

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 was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.00%

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

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.

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

Note 11 - (continued)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) 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. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 is summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non - U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate - PFRS - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the pension 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 pension 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 Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate - The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of December 31, 2017 calculated using the discount rate as disclosed below, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Year Ended December 31, 2017</u>		
	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$13,201,917.00	\$10,232,075.00	\$7,792,741.00

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

Borough of Deal, NJ
Notes to Financial Statements (Continued)
Year Ended December 31, 2017

NOTE 12 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.

Property and Liability Insurance - The Borough maintains commercial insurance coverage for property, liability, accident and surety bonds.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. A schedule of the Unemployment Compensation Fund can be found in the Trust Fund section of the Financial Statements.

NOTE 13 DEFERRED COMPENSATION PROGRAM

The Borough offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986, as amended. The deferred compensation is not available to employees or beneficiaries until termination of employment, retirement, death or occurrence of an unforeseeable emergency. Earnings of the Plan and contributions by employees are invested and are exempt from income taxes until distributed to the participating employees.

The "Small Business Job Protection Act of 2000" changed Section 457 of the Federal Internal Revenue Code to require that all funds deferred be held in trust, custodial account or annuity contract for the exclusive benefit of the plan participants and their beneficiaries. The plan assets would not be subject to the employer's creditors.

This requirement has been translated into New Jersey law with an amendment to N.J.S.A.43:15B-5 which now requires that the funds be held in trust, custodial account or annuity contract for the exclusive benefit of participating employees and their beneficiaries. This condition applies to all plans implemented subsequent to August 20, 1999. For plans in existence prior to August 20, 2000, the local government units had until January 1, 2001 to implement the "exclusive benefit" requirement of the Code revisions. However, until the revisions were made, the assets deferred were still subject to the local government's general creditors.

Plan assets and the related liability are not included in the balance sheet of the trust fund of the Borough.

The plan administrator and amount of funds are as follows:

	<u>2017</u>	<u>2016</u>
The Variable Annuity Life Insurance Company (VALIC)	\$888,069.69	\$703,928.29

NOTE 14 CONTINGENT OR OTHER LIABILITIES

There are no liabilities, contingent or otherwise, which would not be covered by appropriation or insurance protection except as follows: The contingent liability for unused sick, vacation time and compensated absences is \$230,177.01 for December 31, 2017 and \$345,096.14 for 2016. The amounts due have not been fully funded. Payments are made as required. The above amounts are not required to be recorded on the financial statements per requirements prescribed by the Division of Local Government Services, Division of Community Affairs, State of New Jersey.

NOTE 15 SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 29, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY INFORMATION

Borough of Deal, NJ

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Names</u>	<u>Title</u>	<u>Corporate Surety</u>
Samuel M. Cohen	Mayor and Commissioner - Director of Public Affairs and Public Safety; Class I Member of Planning Board	
Morris Ades	Commissioner - Director of Revenue and Finance; Class III Member of Planning Board Commissioner	
David Simhon	Commissioner - Department of Public Works, Parks and Public Property	
Stephen R. Carasia	Borough Clerk & Borough Administrator, Zoning Officer and Registrar of Vital Statistics; Public Agency Compliance Officer; Officer for Searches for Municipal Improvements Authorized but not Issued; Monmouth County Community Development Program Representative; Municipal Cross-Acceptance Representative; Municipal Liaison to the Monmouth County Transportation Council	
Thomas X. Seaman	Chief Financial Officer	
Michael W. Egan	Deputy Borough Clerk; Secretary to Planning/Zoning Board; Deputy Registrar of Vital Statistics; Monmouth County Community Development Program Alternate	
Theresa M. Davis	Tax Collector - Treasurer; Tax Search Officer - *Pol. #MEL01170187 Examiner for Unpaid Tax Liens	\$1,000,000.00
Alison Gavin	Administrative Clerk	
Peter J. Barnett	Tax Assessor	
William Doolittle	Building Sub-Code Official (Resigned 07/01/17)	
Ronald Vigliotti	Building Sub-Code Official (Appointed 07/01/17)	
Joseph Ciccone	Building Inspector; Construction Code Official and Fire Sub-Code Official	
Robert Simmen	Fire Official and Housing Inspector	
Martin Barger	Borough Attorney	
Gluck Walrath, LLP	Bond Counsel (Appointed January 6, 2017)	
Paul Fericola	Planning/Zoning Board Attorney	
Jason Shamy	Prosecutor	
James Carton	Prosecutor - Substitute	

Borough of Deal, NJ

OFFICIALS IN OFFICE AND SURETY BONDS - (Continued)

<u>Names</u>	<u>Title</u>	<u>Corporate Surety</u>
David Gardner	Prosecutor - Substitute	
Paul Granick	Prosecutor - Substitute	
Scott J. Basen	Borough Magistrate - *Pol. #MON160401-87 & MEL01170187	\$1,000,000.00
Peter Avakian	Borough Engineer; Municipal Cross-Acceptance Representative	
Joseph Santorelli	Superintendent of Public Works	
Matthew Sharin	Deputy Emergency Management Coordinator	
Brian Egan	Deputy Emergency Management Coordinator	
John Anastasia	Superintendent of Beaches	
Joseph A. Martone	Operator of Deal Pump Station	
Elliot Chera	Deal Lake Commission Representative	
John Palmer	Plumbing Sub-Code Official	
Eric Sudia	Electrical Sub-Code Official	
Eric Casriel	Public Defender	
Ronen Neuman	Chief of Police; Emergency Management Coordinator; Custodian of Records for Police Department	
Matthew Tomo	Manager of Conover Pavilion - 2017 Season	
Carrie Sniffen	Manager of Deal Casino - 2017 Season	
Mary Ellen Supon	Court Administrator - *Pol.#MON160401-87 & MEL01170187	\$1,000,000.00
Robin K. Deibert	Deputy Court Administrator - *Pol. #MON160401-87 & MEL01170187	\$1,000,000.00
Patricia M. Weaver	Deputy Court Administrator - *Pol. #MON160401-87 & MEL01170187	\$1,000,000.00

* Public Employee Dishonesty & Faithful Performance Coverage is provided by the Monmouth County Municipal Joint Insurance Fund & the Municipal Excess Liability Joint Insurance Fund.

All surety bonds were properly executed.

Borough of Deal, NJ
Current Fund
Schedule of Current Fund Cash and Investments
Collector and Treasurer

A-4

	<u>Ref.</u>	<u>Regular</u>	
<u>Balance</u> - December 31, 2016	A		4,907,279.35
<u>Increased by</u>			
Prepaid Taxes	A-25	2,824,828.96	
Shared Police Services - Borough of Interlaken	A-2:A-22	546,598.67	
Shared Police Services - Village of Loch Arbour	A-2	159,995.00	
Shared Municipal Court Services - Village of Loch Arbour	A-2	9,107.00	
Shared Public Works Services - Village of Loch Arbour	A-2	117,153.00	
Interest and Costs on Taxes	A-2	84,716.01	
Miscellaneous Revenue Not Anticipated	A-2	277,792.49	
Senior Citizens and Veterans Deductions	A-7	7,500.00	
Taxes Receivable	A-8	14,170,533.89	
Revenue Accounts Receivable	A-11	2,947,615.17	
Change and Petty Cash Funds	A-6	1,800.00	
Prepaid Beach Revenues	A-26	558,583.02	
Tax Overpayments	A-14	14,712.65	
Reserve for Municipal Court Alcohol, Education and Rehabilitation Fund	A-30:A-4	2,219.73	
Reserve for Drunk Driving Enforcement	A-30:A-4	45,675.44	
Due To or From Sewer Operating Fund	D-30:A-24	246,522.31	
Due To or From General Capital Fund	A-23:C-9	69,100.87	
Reserve for Clean Communities Grant	A-30:A-4	6,924.88	
Reserve for Body Armor Fund	A-30:A-4	4,176.06	
Reserve for Recycling Tonnage Grant	A-30:A-4	3,182.24	
Reserve for Over the Limit Under Arrest	A-30:A-4	3,200.00	
Reserve for Distracted Driving Grant	A-30:A-4	4,840.00	
Contra	A-4	<u>36,643.55</u>	
			<u>22,143,420.94</u>
			27,050,700.29
<u>Decreased by</u>			
County Taxes	A-18	6,414,589.04	
Local District School Taxes	A-19	1,967,702.00	
2016 Appropriation Reserves	A-13	292,011.45	
Change and Petty Cash Funds	A-6	1,800.00	
Appropriations - 2017	A-3	8,641,922.02	
Due To or From General Capital Fund	A-23:C-9	545,361.59	
Reserve for Body Armor	A-4:A-29	2,201.04	
Refund of Tax Overpayments	A-14	3,297.87	
Click It or Ticket Grant	A-4:A-29	240.00	
Over The Limit Under Arrest Grant	A-4:A-29	100.00	
Clean Communities Grant	A-4:A-29	2,297.48	
Drunk Driving Enforcement Fund	A-4:A-29	11,189.00	
Contra	A-4	<u>36,643.55</u>	
			<u>17,919,355.04</u>
<u>Balance</u> - December 31, 2017	A		<u>\$9,131,345.25</u>

Borough of Deal, NJ
Current Fund
Schedule of Change and Petty Cash Funds

A-6

	<u>Balance</u> Dec. 31 <u>2016</u>	<u>Received</u> From <u>Treasurer</u>	<u>Returned</u> To <u>Treasurer</u>	<u>Balance</u> Dec. 31 <u>2017</u>
<u>Office</u>				
Beach Club - Change	.00	1,800.00	1,800.00	.00
Court Administrator - Change	100.00	.00	.00	100.00
Municipal Clerk - Change	50.00	.00	.00	50.00
Finance - Change	<u>100.00</u>	<u>.00</u>	<u>.00</u>	<u>100.00</u>
	<u>\$250.00</u>	<u>1,800.00</u>	<u>1,800.00</u>	<u>250.00</u>
<u>Ref.</u>	A	A-4	A-4	A

Schedule of Due to State of New Jersey

A-7

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2016	A	1,750.00
<u>Increased by</u>		
Received in Cash from State	A-4	7,500.00
Senior Citizens Deductions Disallowed by Tax Collector	A-8	<u>500.00</u>
		<u>8,000.00</u>
		9,750.00
<u>Decreased by</u>		
Senior Citizens Deductions Per Tax Billings	A-8	1,500.00
Veterans' Deductions Per Tax Billings	A-8	<u>6,500.00</u>
		<u>8,000.00</u>
<u>Balance</u> - December 31, 2017	A	<u>\$1,750.00</u>

Borough of Deal, NJ

Current Fund

Schedule of Taxes Receivable and Analysis of Property Tax Levy

A-8

<u>Year</u>	<u>Balance</u> <u>Dec. 31</u>	<u>Levied 2017</u>	<u>Added &</u> <u>Omitted</u> <u>Taxes</u>	<u>Collected</u>		<u>State Share of</u> <u>Veterans' - Senior</u> <u>Citizens' Exemptions</u>	<u>Overpayments</u> <u>Applied</u>	<u>Cancelled</u>	<u>Transferred</u> <u>To Tax</u> <u>Title Liens</u>	<u>Balance</u> <u>Dec. 31</u>
	<u>2016</u>			<u>2017</u>	<u>2016</u>					<u>2017</u>
2016	351,834.05	.00	.00	343,763.88	.00	.00	.00	8,070.17	.00	.00
2017	.00	14,854,270.67	.00	13,826,770.01	684,121.64	7,500.00	18,650.64	12,966.62	256.50	304,005.26
	<u>\$351,834.05</u>	<u>14,854,270.67</u>	<u>.00</u>	<u>14,170,533.89</u>	<u>684,121.64</u>	<u>7,500.00</u>	<u>18,650.64</u>	<u>21,036.79</u>	<u>256.50</u>	<u>304,005.26</u>
<u>Ref.</u>	A	A-8		A-4	A-25	A-7	A-14		A	A

Tax Yield

Ref.

General Property Tax		14,787,408.87	
Business Property Tax		5,410.11	
Added Taxes	A-8	<u>61,451.69</u>	
	A-8		<u>\$14,854,270.67</u>

Tax Levy

Local District School Tax (Abstract)	A-19	1,967,702.00	
County Tax (Abstract)	A-18	5,634,723.97	
County Library Tax (Abstract)	A-18	394,823.79	
County Open Space Tax (Abstract)	A-18	331,013.87	
County Taxes - Added	A-8:A-18	<u>26,569.64</u>	
			8,354,833.27
Local Tax for Municipal Purposes (Abstract)	A-2	6,455,237.40	
Local Tax for Municipal Purposes Added/Omitted	A-8	34,882.05	
Excess in Yield	A-8	<u>9,317.95</u>	
			<u>6,499,437.40</u>
			<u>\$14,854,270.67</u>

Borough of Deal, NJ
Current Fund
Schedule of Revenue Accounts Receivable

A-11

		Balance Dec. 31 <u>2016</u>	2017 <u>Accrued</u>	2017 <u>Collected</u>	Balance Dec. 31 <u>2017</u>
	<u>Ref.</u>				
<u>Anticipated Revenue</u>					
Alcoholic Beverage Licenses	A-2	.00	5,186.00	5,186.00	.00
Other Licenses:					
Mercantile Licenses	A-2	.00	4,850.00	4,850.00	.00
Marriage Licenses	A-2	.00	488.00	488.00	.00
Raffle Licenses	A-2	.00	200.00	200.00	.00
Fees and Permits					
Uniform Construction Code					
Fire Subcode	A-2	.00	8,232.00	8,232.00	.00
Miscellaneous	A-2	.00	24,485.00	24,485.00	.00
Electrical Permits	A-2	.00	36,157.00	36,157.00	.00
Building Permits	A-2	.00	155,442.00	155,442.00	.00
Plumbing and Heating Permits	A-2	.00	43,930.00	43,930.00	.00
Certificate of Occupancy	A-2	.00	18,978.00	18,978.00	.00
Other					
Steno Fees	A-2	.00	3,500.00	3,500.00	.00
Dumpster Permits	A-2	.00	1,450.00	1,450.00	.00
Variance Fees	A-2	.00	1,620.00	1,620.00	.00
Zoning Permits	A-2	.00	620.00	620.00	.00
Sign Permits	A-2	.00	80.00	80.00	.00
Firearm Permits	A-2	.00	28.00	28.00	.00
Municipal Court - Fines and Costs	A-2	9,202.15	151,711.58	153,224.28	7,689.45
Interest on Investments	A-2	.00	65,628.86	65,628.86	.00
Energy Receipts Tax	A-2	.00	455,315.00	455,315.00	.00
Beach Revenues	A-2	.00	2,260,426.03	2,260,426.03	.00
Revenues not Anticipated:					
Cable TV Fees	A-2	<u>10,341.66</u>	<u>11,395.28</u>	<u>10,341.66</u>	<u>11,395.28</u>
		<u>\$19,543.81</u>	<u>3,249,722.75</u>	<u>3,250,181.83</u>	<u>19,084.73</u>
	<u>Ref.</u>				
Miscellaneous Revenue:	A				A
Not Anticipated	A-2			10,341.66	
Cash	A-4			2,947,615.17	
Prepaid Beach Revenues	A-26			<u>292,225.00</u>	
				<u>\$3,250,181.83</u>	

Borough of Deal, NJ
Current Fund
Schedule of 2016 Appropriation Reserves

A-13
(Page 1 of 3)

	<u>Balance Dec. 31 2016</u>	<u>Balance After Transfers</u>	<u>Paid In 2017</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
<u>General Government Functions</u>					
Administrative and Executive					
Salaries and Wages	31,068.94	31,068.94	.00	31,068.94	.00
Other Expenses	13,899.29	13,899.29	1,357.10	12,542.19	.00
Director's Office - Public Affairs & Public Safety					
Other Expenses	1,105.00	1,105.00	500.00	605.00	.00
Director's Office - Revenue & Finance					
Salaries and Wages	.92	.92	.00	.92	.00
Other Expenses	500.00	500.00	.00	500.00	.00
Director's Office - Public Works, Parks & Public Property					
Salaries and Wages	.93	.93	.00	.93	.00
Other Expenses	500.00	500.00	.00	500.00	.00
Municipal Clerk					
Other Expenses	4,292.00	4,292.00	285.00	4,007.00	.00
Elections					
Other Expenses	8,608.47	8,608.47	450.00	8,158.47	.00
Financial Administration					
Salaries and Wages	21.76	21.76	.00	21.76	.00
Other Expenses	800.00	800.00	165.99	634.01	.00
Audit Services					
Other Expenses	5,365.00	5,365.00	.00	5,365.00	.00
Collection of Taxes					
Salaries and Wages	133.31	133.31	.00	133.31	.00
Other Expenses	2,860.82	2,860.82	.00	2,860.82	.00
Assessment of Taxes					
Salaries and Wages	353.60	353.60	.00	353.60	.00
Other Expenses	4,438.50	4,438.50	3,280.00	1,158.50	.00
Legal Services and Costs					
Other Expenses	52,040.88	52,040.88	49,230.67	2,810.21	.00
Engineering Services and Costs					
Other Expenses	15,042.00	15,042.00	.00	15,042.00	.00
Human Resources					
Other Expenses	5,000.00	5,000.00	.00	5,000.00	.00
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	897.54	897.54	.00	897.54	.00
Other Expenses	2,504.36	2,504.36	1,400.00	1,104.36	.00
Zoning Board					
Salaries and Wages	1,041.60	1,041.60	.00	1,041.60	.00
Other Expenses	3,705.42	3,705.42	55.00	3,650.42	.00
<u>Insurance</u>					
General Liability	2,353.97	2,353.97	.00	2,353.97	.00
Workers Compensation	16,353.97	16,353.97	.00	16,353.97	.00
Employee Group Health	214,952.03	214,952.03	41,165.88	173,786.15	.00
Health Benefit Waiver	211.44	211.44	.00	211.44	.00

Borough of Deal, NJ
Current Fund
Schedule of 2016 Appropriation Reserves

A-13
(Page 2 of 3)

	Balance Dec. 31 <u>2016</u>	Balance After <u>Transfers</u>	Paid <u>In 2017</u>	Balance <u>Lapsed</u>	Over- <u>Expended</u>
<u>Public Safety Functions</u>					
Police					
Salaries and Wages	71,996.27	71,996.27	45,533.39	26,462.88	.00
Other Expenses	65,722.15	65,722.15	51,887.26	13,834.89	.00
Emergency Management Services					
Other Expenses	2,500.00	2,500.00	.00	2,500.00	.00
First Aid Organizations Contribution	1,562.69	1,562.69	.00	1,562.69	.00
Fire					
Salaries and Wages	7,511.62	7,511.62	.00	7,511.62	.00
Other Expenses					
Fire Hydrant Service	5,585.00	5,585.00	5,584.00	1.00	.00
Miscellaneous Other Expenses	27,200.50	27,200.50	16,856.20	10,344.30	.00
Municipal Prosecutor					
Salaries and Wages	933.47	933.47	.00	933.47	.00
Other Expenses	300.00	300.00	.00	300.00	.00
<u>Public Works Functions</u>					
Streets and Roads					
Road Repairs and Maintenance					
Salaries and Wages	55,564.37	55,564.37	737.24	54,827.13	.00
Other Expenses	3,816.34	3,816.34	109.58	3,706.76	.00
Traffic Signal Maintenance					
Other Expenses	5,000.00	5,000.00	1,805.29	3,194.71	.00
Garbage & Trash Removal					
Salaries and Wages	33,204.87	33,204.87	.00	33,204.87	.00
Other Expenses	6,124.41	6,124.41	1,184.15	4,940.26	.00
Public Buildings and Grounds					
Other Expenses	15,636.85	15,636.85	6,662.78	8,974.07	.00
Vehicle Maintenance					
Other Expenses	22,540.97	22,540.97	4,179.89	18,361.08	.00
<u>Health and Human Services Functions</u>					
Board of Health					
Other Expenses	755.25	755.25	357.25	398.00	.00
Dog Regulation					
Other Expenses	1,858.00	1,858.00	1,625.00	233.00	.00
Aid to Health Care Facilities	500.00	500.00	.00	500.00	.00
<u>Park and Recreation Facilities</u>					
Recreation					
Other Expenses	1,400.00	1,400.00	.00	1,400.00	.00
Parks and Playgrounds					
Other Expenses	40.00	40.00	.00	40.00	.00
Beach Front Recreational Facilities					
Salaries and Wages	77,841.61	77,841.61	.00	77,841.61	.00
Other Expenses	43,348.22	43,348.22	623.27	42,724.95	.00
Municipal Court					
Salaries and Wages	11,140.38	11,140.38	.00	11,140.38	.00
Other Expenses	4,531.97	4,531.97	168.85	4,363.12	.00
Public Defender					
Other Expenses	461.15	461.15	.00	461.15	.00

Schedule of 2016 Appropriation Reserves

	Balance Dec. 31 2016	Balance After Transfers	Paid In 2017	Balance Lapsed	Over- Expended
<u>Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17)</u>					
Construction Official					
Salaries and Wages	14,746.35	14,746.35	70.00	14,676.35	.00
Other Expenses	441.07	441.07	.00	441.07	.00
Sub-Code Officials					
Plumbing Inspector					
Salaries and Wages	555.60	555.60	.00	555.60	.00
Other Expenses	97.00	97.00	.00	97.00	.00
Fire Sub-Code Official					
Salaries and Wages	4.48	4.48	.00	4.48	.00
Other Expenses	94.00	94.00	.00	94.00	.00
Electrical Inspector					
Salaries and Wages	814.09	814.09	.00	814.09	.00
Other Expenses	150.00	150.00	.00	150.00	.00
<u>Unclassified</u>					
Accumulated Leave Compensation	1,000.00	1,000.00	.00	1,000.00	.00
<u>Utility Expenses and Bulk Purchases</u>					
Electricity	7,976.21	7,976.21	3,161.25	4,814.96	.00
Street Lighting	22,856.83	22,856.83	14,392.86	8,463.97	.00
Telephone	248.07	248.07	188.58	59.49	.00
Water	10,987.22	10,987.22	725.67	10,261.55	.00
Gas	12,448.10	12,448.10	4,850.26	7,597.84	.00
Sewerage Processing and Disposal	1,000.00	1,000.00	.00	1,000.00	.00
Gasoline	65,828.16	65,828.16	2,763.87	63,064.29	.00
<u>Landfill/Solid Waste Disposal Costs</u>	18,855.39	18,855.39	5,074.75	13,780.64	.00
<u>Contingent</u>	2,500.00	2,500.00	.00	2,500.00	.00
<u>Statutory Expenditures</u>					
Contribution To:					
Social Security System	31,509.31	31,509.31	.00	31,509.31	.00
State Disability Insurance	520.82	520.82	.00	520.82	.00
<u>Operations - Excluded From "CAPS"</u>					
Shared Service Agreements					
Police Mandated 911 Emergency Service	2,990.90	2,990.90	.00	2,990.90	.00
Ocean Township Tactical Team Fee - SWAT	50.00	50.00	.00	50.00	.00
Reverse 911 Emergency Service	772.08	772.08	.00	772.08	.00
Department of Public Affairs & Public Safety:					
Police Services - Borough of Interlaken	5.03	5.03	.00	5.03	.00
Police Services - Village of Loch Arbour	27,438.86	27,438.86	25,580.42	1,858.44	.00
Municipal Court Services - Village of Loch Arbour	3.67	3.67	.00	3.67	.00
Department of Public Works, Parks & Public Property: Public Works Services - Village of Loch Arbour	76,767.98	76,767.98	.00	76,767.98	.00
Total General Appropriations	<u>\$1,155,789.06</u>	<u>1,155,789.06</u>	<u>292,011.45</u>	<u>863,777.61</u>	<u>.00</u>
	<u>Ref.</u>		A-4	A-1	
Appropriation Reserves	A	1,155,789.06			
Reserve for Encumbrances	A	.00			
		<u>\$1,155,789.06</u>			

Borough of Deal, NJ
Current Fund
Schedule of Tax Overpayments

A-14

	<u>Ref.</u>		
Balance - December 31, 2016	A		46,441.78
Increased by			
Overpayments in 2017	A-4		<u>14,712.65</u>
			61,154.43
Decreased by			
Refunds	A-4	3,297.87	
Applied to Taxes Receivable	A-8	<u>18,650.64</u>	
			<u>21,948.51</u>
Balance - December 31, 2017	A		<u>\$39,205.92</u>

Schedule of Tax Title Liens

A-16

	<u>Ref.</u>		
Balance - December 31, 2016	A		240.46
Increased by			
Transfers from Taxes Receivable	A-8		<u>256.50</u>
Balance - December 31, 2017	A		<u>\$496.96</u>

Schedule of County Taxes Payable

A-18

	<u>Ref.</u>		
Balance - December 31, 2016	A		54,027.41
Increased by			
2017 Tax Levy:			
General County Tax	A-8	5,634,723.97	
County Library Tax	A-8	394,823.79	
County Open Space Tax	A-8	331,013.87	
2017 Added County Taxes	A-8	21,399.22	
2016 Added & Omitted Added County Taxes	A-8	<u>5,170.42</u>	
			<u>6,387,131.27</u>
			6,441,158.68
Decreased by			
Payments	A-4		<u>6,414,589.04</u>
Balance - December 31, 2017	A		<u>\$ 26,569.64</u>

Borough of Deal, NJ
Current Fund
Schedule of Local District School Taxes Payable

A-19

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016			
School Tax Payable	A	752,618.46	
School Tax Deferred		<u>231,233.50</u>	
			983,851.96
<u>Increased by</u>			
School Tax Levy - Fiscal Year July 1, 2017 to June 30, 2018	A-8		1,967,702.00
			<u>2,951,553.96</u>
<u>Decreased by</u>			
Payment - 2017	A-4		1,967,702.00
School Tax Payable	A	752,618.46	
School Tax Deferred		<u>231,233.50</u>	
<u>Balance</u> - December 31, 2017			\$ <u>983,851.96</u>

2017 Liability for Local District School Tax

	<u>Ref.</u>		
Net Tax Paid	A-19		1,967,702.00
Tax Payable - December 31, 2017	A-19		<u>752,618.46</u>
			2,720,320.46
Less: Tax Payable - December 31, 2016	A-19		<u>752,618.46</u>
Amount Charged to 2017 Operations	A-1		<u>\$1,967,702.00</u>

Schedule of Contract Receivable - Shared Service Agreement

A-22

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31</u> <u>2016</u>	<u>Revenue</u> <u>Anticipated</u>	<u>Received</u> <u>in 2017</u>	<u>Balance</u> <u>Dec. 31</u> <u>2017</u>
Shared Police Services - Borough of Interlaken	\$ <u>.00</u>	<u>596,432.00</u>	<u>546,598.67</u>	<u>49,833.33</u>
<u>Ref.</u>	A	A-2	A-4	A

Schedule of Due To or From General Capital Fund

A-23

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016	A		.00
<u>Increased by</u>			
Cash Received from General Capital Fund		A-4:C-2:C-4	69,100.87
Bond Anticipation Notes Issued by General Capital Fund		C-7	<u>476,260.72</u>
			545,361.59
			<u>545,361.59</u>
<u>Decreased by</u>			
Interest Earned by General Capital Fund		A-4:C-2	5,141.59
Cash Disbursed to General Capital Fund		A-4:C-2:C-4	<u>540,220.00</u>
			545,361.59
<u>Balance</u> - December 31, 2017	A		\$ <u>.00</u>

Borough of Deal, NJ
Current Fund
Schedule of Due To or From Sewer Operating Fund

A-24

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2016 (Due From Sewer Operating Fund)	A	74,000.00
<u>Decreased by</u>		
Cash Received from Sewer Operating Fund	A-4	74,000.00
Due to Sewer Operating Fund - Miscellaneous Revenues Not Anticipated (N.J. Sewer Grants Received)	A-4	<u>172,522.31</u>
		<u>246,522.31</u>
<u>Balance</u> - December 31, 2017 (Due To Sewer Operating Fund)	A	<u>\$172,522.31</u>

Schedule of Prepaid Taxes

A-25

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2016	A	684,121.64
<u>Increased by</u>		
Collected in 2017	A-4	<u>2,824,828.96</u>
		3,508,950.60
<u>Decreased by</u>		
Applied to Taxes Receivable	A-8	<u>684,121.64</u>
<u>Balance</u> - December 31, 2017	A	<u>\$2,824,828.96</u>

Schedule of Prepaid Beach Revenues

A-26

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2016	A	292,225.00
<u>Increased by</u>		
Collected in 2017	A-4	<u>558,583.02</u>
		850,808.02
<u>Decreased by</u>		
Applied to Beach Revenues	A-11	<u>292,225.00</u>
<u>Balance</u> - December 31, 2017	A	<u>\$558,583.02</u>

Borough of Deal, NJ
Current Fund
Schedule of Interfunds - Federal and State Grant Fund

A-27

<u>Fund</u>	Due From/(To) Balance Dec. 31, 2016	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance Dec. 31, 2017
Current Fund	<u>\$66,971.31</u>	<u>70,218.35</u>	<u>16,027.52</u>	<u>121,162.14</u>
<u>Ref.</u>	A	A-28:A-30	A-29	A

Schedule of Grants Receivable - Federal and State Grant Fund

A-28

<u>Grant</u>	Balance Dec. 31, 2016	Budget Revenue	Appropriation by 40A:4-87	Received	Cancelled	Transfer from <u>Unappropriated Reserves</u> Budget	Appropriation by 40A:4-87	Balance Dec. 31, 2017
Clean Communities Program	.00	8,151.10	.00	.00	.00	8,151.10	.00	.00
Recycling Tonnage Grant	.00	5,067.83	.00	.00	.00	5,067.83	.00	.00
Body Armor Fund	.00	1,863.38	.00	.00	.00	1,863.38	.00	.00
Municipal Court Alcohol, Education & Rehabilitation Fund	.00	1,299.28	.00	.00	.00	1,299.28	.00	.00
Drunk Driving Enforcement Fund	.00	42,303.35	.00	.00	.00	42,303.35	.00	.00
Over the Limit Under Arrest	<u>.00</u>	<u>3,200.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>3,200.00</u>	<u>.00</u>	<u>.00</u>
	<u>\$.00</u>	<u>61,884.94</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>61,884.94</u>	<u>.00</u>	<u>.00</u>
<u>Ref.</u>	A	A-2		A-27		A-30		A

Borough of Deal, NJ
Current Fund
Schedule of Appropriated Reserves for Grants - Federal and State Grant Fund

A-29

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Budget</u>	<u>Transfer from</u> <u>2017 Budget Appropriations</u> <u>Appropriation</u> <u>by 40A:4-87</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Municipal Court Alcohol, Education & Rehabilitation Fund	2,059.62	1,299.28	.00	.00	.00	3,358.90
Recycling Tonnage Grant	3,727.56	5,067.83	.00	.00	2,788.31	6,007.08
Clean Communities Program	21,468.40	8,151.10	.00	2,297.48	.00	27,322.02
Body Armor Fund	337.66	1,863.38	.00	2,201.04	.00	.00
Click It or Ticket Grant	240.20	.00	.00	240.00	.00	.20
Over the Limit Under Arrest	104.80	3,200.00	.00	100.00	.00	3,204.80
Secure Our Schools Grant	399.07	.00	.00	.00	.00	399.07
Post Sandy Planning Assistance	1,065.60	.00	.00	.00	.00	1,065.60
Drunk Driving Enforcement Fund	<u>19,675.12</u>	<u>42,303.35</u>	<u>.00</u>	<u>11,189.00</u>	<u>.00</u>	<u>50,789.47</u>
	<u>\$49,078.03</u>	<u>61,884.94</u>	<u>.00</u>	<u>16,027.52</u>	<u>2,788.31</u>	<u>92,147.14</u>
<u>Ref.</u>	A	A-3		A-27:A-4	A-30	A

Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund

A-30

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Received</u>	<u>Budget</u>	<u>Transfer to</u> <u>Appropriated Reserves</u> <u>Appropriation</u> <u>by 40A:4-87</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Over the Limit Under Arrest	.00	3,200.00	3,200.00	.00	.00	.00
Distracted Driving Grant	.00	4,840.00	.00	.00	.00	4,840.00
Clean Communities Program	8,151.10	6,924.88	8,151.10	.00	.00	6,924.88
Recycling Tonnage Grant	2,279.52	3,182.24	5,067.83	.00	2,788.31	3,182.24
Body Armor Fund	1,863.38	4,176.06	1,863.38	.00	.00	4,176.06
Municipal Court Alcohol, Education & Rehabilitation Fund	1,299.28	2,219.73	1,299.28	.00	.00	2,219.73
Drunk Driving Enforcement Fund	<u>4,300.00</u>	<u>45,675.44</u>	<u>42,303.35</u>	<u>.00</u>	<u>.00</u>	<u>7,672.09</u>
	<u>\$17,893.28</u>	<u>70,218.35</u>	<u>61,884.94</u>	<u>.00</u>	<u>2,788.31</u>	<u>29,015.00</u>
<u>Ref.</u>	A	A-27:A-4	A-28		A-29	A

Borough of Deal, NJ
Trust Fund
Schedule of Trust Cash - Treasurer

B-1

	<u>Ref.</u>	<u>Dog License Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Street Opening Deposits</u>	<u>Law Enforcement Trust Fund</u>	<u>Misc. Trust Funds</u>
Balance - December 31, 2016	B	<u>303.60</u>	<u>12,848.47</u>	<u>2,000.00</u>	<u>9,247.15</u>	<u>724,070.81</u>
Increased by						
Contra	B-1:B-6:B-7	.00	1,573.02	.00	.00	30,370.94
Law Enforcement Trust Fund	B-1	.00	.00	.00	1,126.40	.00
Miscellaneous Trust Funds	B-1:B-7	.00	.00	.00	.00	251,098.39
Payroll Deductions and Budget Appropriation	B-1:B-6	.00	16,527.34	.00	.00	.00
Dog License Fees	B-5	262.20	.00	.00	.00	.00
Street Opening Deposits	B-4	.00	.00	3,100.00	.00	.00
Due to State of New Jersey	B-1	34.80	.00	.00	.00	.00
Interest Earned	B-3:B-4: B-6:B-7	4.36	168.24	27.23	83.25	5,395.93
Exchange - Payroll Account	B-1	.00	.00	.00	.00	700.00
		<u>301.36</u>	<u>18,268.60</u>	<u>3,127.23</u>	<u>1,209.65</u>	<u>287,565.26</u>
		<u>604.96</u>	<u>31,117.07</u>	<u>5,127.23</u>	<u>10,456.80</u>	<u>1,011,636.07</u>
Decreased by						
Contra	B-1:B-6:B-7	.00	1,573.02	.00	.00	30,370.94
Interest Earned to Current Fund	B-1	4.36	168.24	27.23	.00	5,395.93
Due to State of New Jersey	B-1:B-6	34.80	12,385.55	.00	.00	.00
Miscellaneous Trust Funds	B-1:B-7	.00	.00	.00	.00	362,264.26
Due To/From Current Fund	B-1:B-3	<u>207.00</u>	<u>.00</u>	<u>2,000.00</u>	<u>.00</u>	<u>.00</u>
		<u>246.16</u>	<u>14,126.81</u>	<u>2,027.23</u>	<u>.00</u>	<u>398,031.13</u>
Balance - December 31, 2017	B	<u>\$358.80</u>	<u>16,990.26</u>	<u>3,100.00</u>	<u>10,456.80</u>	<u>613,604.94</u>

Schedule of Amount Due To or From Current Fund

B-3

	<u>Ref.</u>		<u>Dog License Fund</u>
Balance - December 31, 2016	B		.00
Increased by			
Interest Earned - Dog License Fund	B-1	4.36	
Statutory Excess in Dog Fund Reserve	B-5	<u>207.00</u>	
			<u>211.36</u>
			211.36
Decreased by			
Deposits to Current Fund	B-1		<u>211.36</u>
Balance - December 31, 2017	B		<u>\$.00</u>

Borough of Deal, NJ
Trust Fund
Schedule of Reserve for Street Opening Deposits

B-4

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016	B		2,000.00
<u>Increased by</u>			
Deposits Received	B-1	3,100.00	
Interest Earned	B-1	<u>27.23</u>	
			3,127.23
			<u>5,127.23</u>
<u>Decreased by</u>			
Deposits to Current Fund	B-1	2,000.00	
Interest Earned to Current Fund	B-1	<u>27.23</u>	
			<u>2,027.23</u>
<u>Balance</u> - December 31, 2017	B		<u>\$3,100.00</u>

Schedule of Reserve for Dog Fund Expenditures

B-5

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016	B		303.60
<u>Increased by</u>			
Dog License Fees Collected	B-1		<u>262.20</u>
			565.80
<u>Decreased by</u>			
Statutory Excess Due to Current Fund	B-3		<u>207.00</u>
<u>Balance</u> - December 31, 2017	B		<u>\$358.80</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	179.40
2016	<u>179.40</u>
	<u>\$358.80</u>

Borough of Deal, NJ
Trust Fund
Schedule of Reserve for Unemployment Compensation Funds

B-6

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016	B		12,848.47
<u>Increased by</u>			
Interest Earned	B-1	168.24	
Payroll Deductions and Budget Appropriation	B-1	16,527.34	
Contra	B-1	<u>1,573.02</u>	
			<u>18,268.60</u>
			31,117.07
<u>Decreased by</u>			
Payments to the State of New Jersey	B-1	12,385.55	
Interest Earned to Current Fund	B-1	168.24	
Contra	B-1	<u>1,573.02</u>	
			<u>14,126.81</u>
<u>Balance</u> - December 31, 2017	B		<u>\$16,990.26</u>

Schedule of Reserve for Miscellaneous Trust Funds

B-7

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016	B		724,070.81
<u>Increased by</u>			
Interest Earned	B-1	5,395.93	
Miscellaneous Trust Funds Receipts	B-1	251,098.39	
Contra	B-1	30,370.94	
Exchange - Payroll Account	B-1	<u>700.00</u>	
			<u>287,565.26</u>
			1,011,636.07
<u>Decreased by</u>			
Miscellaneous Trust Funds Disbursements	B-1	362,264.26	
Interest Earned to Current Fund	B-1	5,395.93	
Contra	B-1	<u>30,370.94</u>	
			<u>398,031.13</u>
<u>Balance</u> - December 31, 2017	B		<u>\$ 613,604.94</u>

Borough of Deal, NJ
General Capital Fund
Analysis of General Capital Cash

	Balance Dec. 31 2016	Receipts	Disbursements		Transfers		Balance Dec. 31 2017
			Improvement Authorizations	Other	To	From	
Construction of the Roseld Avenue Recreational Facility - Ord. #1090	(1,623.75)	1,623.75	4,618.60	.00	4,618.60	.00	.00
Construction of a Sea Wall at Roosevelt Avenue - Ord. #1091	(81,387.75)	81,387.75	.00	.00	.00	.00	.00
Purchase of & Improvement to Sanitation Equipment - Ord. #1092	832.41	.00	832.41	.00	.00	.00	.00
Purchase of & Improvement to Fire Department Equipment - Ord. #1093	35,437.90	.00	.00	.00	.00	.00	35,437.90
Purchase of Scott Air Packs for the Fire Department - Ord. #1094	11,905.00	.00	.00	.00	.00	.00	11,905.00
Construction & Improvements to Deal Casino Beach Cabanas - Ord. #1107	(75,763.64)	75,763.64	34,654.35	.00	34,654.35	.00	.00
Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs - Ord. #1109	(30,449.59)	30,449.59	15,033.83	.00	15,033.83	.00	.00
Purchase of & Improvements to Sanitation Equipment - Ord. #1110	3,750.00	.00	16,488.75	.00	12,738.75	.00	.00
Purchase of & Improvements to DPW Equipment - Ord. #1111	100,000.00	.00	100,000.00	.00	.00	.00	.00
Various Improvements to Municipal Buildings - Ord. #1113	(50,850.00)	50,850.00	715.00	.00	715.00	.00	.00
Improvements to the Brighton Avenue Drainage - Ord. #1115	70,145.00	.00	.00	.00	.00	.00	70,145.00
Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs - Ord. #1127	7,500.00	.00	150,000.00	.00	142,500.00	.00	.00
Purchase of & Improvements to Sanitation Equipment - Ord. #1128	3,750.00	.00	.00	.00	.00	.00	3,750.00
Various Improvements to Municipal Buildings - Ord. #1129	100,000.00	.00	100,000.00	.00	.00	.00	.00
Various Improvements to Streets & Drains - Ord. #1133	(45,959.38)	45,959.38	144,040.62	.00	144,040.62	.00	.00
Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs - Ord. #1145	.00	.00	42,782.70	.00	42,782.70	.00	.00
Purchase of & Improvements to DPW Equipment - Ord. #1146	.00	.00	9,858.00	.00	9,858.00	.00	.00
Various Improvements to Municipal Buildings - Ord. #1147	.00	.00	13,222.14	.00	100,000.00	.00	86,777.86
Various Improvements to Streets & Drains - Ord. #1148	.00	.00	52,794.52	.00	52,794.52	.00	.00
Purchase of & Improvements to DPW Equipment - Ord. #1079	.00	.00	10,159.85	.00	10,159.85	.00	.00
Purchase of & Improvements to DPW Equipment - Ord. #1095	.00	.00	26,500.00	.00	26,500.00	.00	.00
Improvements to the Marine Place Drainage - Ord. #1114	.00	.00	2,364.50	.00	2,364.50	.00	.00
Purchase of & Improvements to Sanitation Equipment - Ord. #1159	.00	.00	.00	.00	9,500.00	.00	9,500.00
	<u>\$610,320.55</u>	<u>2,841,140.71</u>	<u>745,392.93</u>	<u>69,100.87</u>	<u>608,260.72</u>	<u>608,260.72</u>	<u>2,636,967.46</u>
<u>Ref.</u>	C	C-2	C-2:C-8	C-2:C-9	C-4	C-4	C

Borough of Deal, NJ
General Capital Fund
Schedule of Deferred Charges to Future Taxation - Unfunded

Ordinance Number	Improvement Description	Balance		State and	Notes	D.C.F.T.		Balance	Financed		Unexpended
		Dec. 31 2016	2017 Authorizations	Municipal Aid	Funded By Budget Appropriation	Funded By Budget Appropriation	Authori- zations Cancelled	Dec. 31 2017	By Bond Anticipation Notes	Expenditures	Improvement Authorizations
1070/1074	Various Improvements to the Conover Pavilion & the Deal Casino Beach Clubs & Phillips Avenue Pier	649,780.00	.00	.00	649,780.00	.00	.00	.00	.00	.00	.00
1075	Construction of the Roseld Avenue Recreational Facility	150,000.00	.00	.00	150,000.00	.00	.00	.00	.00	.00	.00
1076	Various Improvements to Streets & Drains - Atlantic Avenue	134,052.50	.00	.00	.00	.00	.00	134,052.50	134,052.50	.00	.00
1077	Construction of a Sea Wall at Roosevelt Avenue	332,500.00	.00	.00	309,622.25	.00	.00	22,877.75	.00	.00	22,877.75
1079	Purchase & Improvements to DPW Equipment	10,159.85	.00	.00	.00	.00	.00	10,159.85	10,159.85	.00	.00
1090	Construction of the Roseld Avenue Recreational Facility	6,242.35	.00	.00	.00	1,623.75	.00	4,618.60	4,618.60	.00	.00
1091	Construction of a Sea Wall at Roosevelt Avenue	95,000.00	.00	.00	.00	81,387.75	.00	13,612.25	.00	.00	13,612.25
1095	Purchase of & Improvements to DPW Equipment	26,500.00	.00	.00	.00	.00	.00	26,500.00	26,500.00	.00	.00
1107	Construction & Improvement to Deal Casino Beach Cabanas	110,417.99	.00	.00	.00	75,763.64	.00	34,654.35	34,654.35	.00	.00
1108	Repaving of the Conover Pavilion Parking Lot	42,005.50	.00	.00	.00	.00	.00	42,005.50	.00	.00	42,005.50
1109	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	45,483.42	.00	.00	.00	30,449.59	.00	15,033.83	15,033.83	.00	.00
1110	Purchase of & Improvements to Sanitation Equipment	71,250.00	.00	.00	.00	.00	.00	71,250.00	12,738.75	.00	58,511.25
1112	Various Improvements to Streets & Drains	152,890.06	.00	.00	.00	.00	.00	152,890.06	152,890.06	.00	.00
1113	Various Improvements to Municipal Buildings	51,565.00	.00	.00	.00	50,850.00	.00	715.00	715.00	.00	.00
1114	Improvements to the Marine Place Drainage	1,045,000.00	.00	.00	80,597.75	.00	.00	964,402.25	572,938.24	.00	391,464.01
1115	Improvements to the Brighton Avenue Drainage	1,425,000.00	.00	.00	.00	.00	.00	1,425,000.00	.00	.00	1,425,000.00
1127	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	142,500.00	.00	.00	.00	.00	.00	142,500.00	142,500.00	.00	.00
1128	Purchase of & Improvements to Sanitation Equipment	71,250.00	.00	.00	.00	.00	.00	71,250.00	.00	.00	71,250.00
1133	Various Improvements to Streets & Drains	190,000.00	.00	.00	.00	45,959.38	.00	144,040.62	144,040.62	.00	.00
1145	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	.00	142,500.00	.00	.00	.00	.00	142,500.00	35,282.70	.00	107,217.30
1146	Purchase of & Improvements to DPW Equipment	.00	95,000.00	.00	.00	.00	.00	95,000.00	4,858.00	.00	90,142.00
1148	Various Improvements to Streets & Drains	.00	190,000.00	.00	.00	.00	.00	190,000.00	42,794.52	.00	147,205.48
1159	Purchase of & Improvements to Sanitation Equipment	.00	180,500.00	.00	.00	.00	.00	180,500.00	.00	.00	180,500.00
		<u>\$4,751,596.67</u>	<u>608,000.00</u>	<u>.00</u>	<u>1,190,000.00</u>	<u>286,034.11</u>	<u>.00</u>	<u>3,883,562.56</u>	<u>1,333,777.02</u>	<u>.00</u>	<u>2,549,785.54</u>

Ref. C C-8 C-7 C-2 C C-7

Improvement Authorizations - Unfunded	C-8	2,569,622.64
Less: Unexpended Proceeds of Bond Anticipation Notes Issued - Ordn. #1066 & 1094		<u>(19,837.10)</u>
		<u>\$2,549,785.54</u>

**Borough of Deal, NJ
General Capital Fund
Schedule of Capital Improvement Fund**

C-6

Balance - December 31, 2016	<u>Ref.</u> C	147,082.85
Increased by		
2017 Budget Appropriation	C-2:A-3	<u>150,000.00</u> 297,082.85
Decreased by		
Financed Improvement Authorizations	C-8	<u>132,000.00</u>
Balance - December 31, 2017	C	<u>\$165,082.85</u>

Schedule of Bond Anticipation Notes

C-7

Ordinance Number	Description	Original Date	Present Issue Date	Due Date	Interest Rate	Balance Dec. 31, 2016	Issued	Paid	Balance Dec. 31, 2017	
1070/1074	Various Improvements to the Conover Pavilion & the Deal Casino Beach Clubs & Phillips Avenue Pier	12/05/13	09/30/16	09/29/17	1.25%	649,780.00	.00	649,780.00	.00	
1075	Construction of the Roseld Avenue Recreational Facility	12/31/15	12/30/16	12/29/17	None	150,000.00	.00	150,000.00	.00	
1076	Various Improvements to Streets & Drains - Atlantic Avenue	12/14/16	12/14/17	12/13/18	None	134,052.50	.00	.00	134,052.50*	
1077	Construction of a Sea Wall at Roosevelt Avenue	12/14/16	12/14/16	12/13/17	None	309,622.25	.00	309,622.25	.00	
1112	Various Improvements to Streets & Drains	12/14/16	12/14/17	12/13/18	None	152,890.06	.00	.00	152,890.06*	
1114	Improvements to the Marine Place Drainage	12/14/16	12/14/17	12/13/18	None	651,171.49	.00	80,597.75	570,573.74*	
1090	Construction of the Roseld Avenue Recreational Facility	12/14/17	12/14/17	12/13/18	None	.00	4,618.60	.00	4,618.60*	
1107	Construction & Improvement to the Deal Casino Beach Cabanas	12/14/17	12/14/17	12/13/18	None	.00	34,654.35	.00	34,654.35*	
1109	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	12/14/17	12/14/17	12/13/18	None	.00	15,033.83	.00	15,033.83*	
1110	Purchase of & Improvements to Sanitation Equipment	12/14/17	12/14/17	12/13/18	None	.00	12,738.75	.00	12,738.75*	
1113	Various Improvements to Municipal Buildings	12/14/17	12/14/17	12/13/18	None	.00	715.00	.00	715.00*	
1127	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	12/14/17	12/14/17	12/13/18	None	.00	142,500.00	.00	142,500.00*	
1133	Various Improvements to Streets & Drains	12/14/17	12/14/17	12/13/18	None	.00	144,040.62	.00	144,040.62*	
1145	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	12/14/17	12/14/17	12/13/18	None	.00	35,282.70	.00	35,282.70*	
1146	Purchase of & Improvements to DPW Equipment	12/14/17	12/14/17	12/13/18	None	.00	4,858.00	.00	4,858.00*	
1148	Various Improvements to Streets & Drains	12/14/17	12/14/17	12/13/18	None	.00	42,794.52	.00	42,794.52*	
1079	Purchase of & Improvements to DPW Equipment	12/14/17	12/14/17	12/13/18	None	.00	10,159.85	.00	10,159.85*	
1095	Purchase of & Improvements to DPW Equipment	12/14/17	12/14/17	12/13/18	None	.00	26,500.00	.00	26,500.00*	
1114	Improvements to the Marine Place Drainage	12/14/17	12/14/17	12/13/18	None	.00	2,364.50	.00	2,364.50*	
						<u>\$2,047,516.30</u>	<u>476,260.72</u>	<u>1,190,000.00</u>	<u>1,333,777.02*</u>	
						<u>Ref.</u>	C	C-9	A-3:C-5	C

*Due to Current Fund

Borough of Deal, NJ
General Capital Fund
Schedule of Improvement Authorizations

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	2017 Authorizations							Balance December 31, 2017	
				Balance December 31, 2016		Capital Improvement Fund	Down Payment on Improvements	Deferred Charges		Paid or Charged	Funded	Unfunded
				Funded	Unfunded			To Future Taxation- Unfunded	Unfunded			
1062	Purchase & Restoration of Fire Department Equipment	05/08/12	50,000.00	30,889.29	.00	.00	.00	.00	21,327.66	9,561.63	.00	
1066	Purchase of a Fire Engine with Associated Equipment	08/15/12	350,000.00	.00	7,932.10	.00	.00	.00	.00	.00	7,932.10	
1077	Construction of a Sea Wall at Roosevelt Avenue	05/10/13	350,000.00	.00	22,877.75	.00	.00	.00	.00	.00	22,877.75	
1078	Purchase of & Improvements to Fire Department Equipment	05/10/13	35,000.00	14,351.44	.00	.00	.00	.00	.00	14,351.44	.00	
1079	Purchase of & Improvements to DPW Equipment	05/10/13	35,000.00	.00	10,159.85	.00	.00	.00	10,159.85	.00	.00	
1090	Construction of the Roseld Avenue Recreational Facility	04/29/14	100,000.00	.00	4,618.60	.00	.00	.00	4,618.60	.00	.00	
1091	Construction of a Sea Wall at Roosevelt Avenue	04/29/14	100,000.00	.00	13,612.25	.00	.00	.00	.00	.00	13,612.25	
1092	Purchase of & Improvements to Sanitation Equipment	04/29/14	75,000.00	832.41	.00	.00	.00	.00	832.41	.00	.00	
1093	Purchase of & Improvements to Fire Department Equipment	04/29/14	50,000.00	35,437.90	.00	.00	.00	.00	.00	35,437.90	.00	
1094	Purchase of Scott Air Packs for the Fire Department	04/29/14	238,100.00	.00	11,905.00	.00	.00	.00	.00	.00	11,905.00	
1095	Purchase of & Improvements to DPW Equipment	04/29/14	100,000.00	.00	26,500.00	.00	.00	.00	26,500.00	.00	.00	
1107	Construction & Improvements to Deal Casino Beach Cabanas	04/24/15	400,000.00	.00	34,654.35	.00	.00	.00	34,654.35	.00	.00	
1108	Repaving of the Conover Pavilion Parking Lot	04/24/15	225,000.00	.00	42,005.50	.00	.00	.00	.00	.00	42,005.50	
1109	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	04/24/15	150,000.00	.00	15,033.83	.00	.00	.00	15,033.83	.00	.00	
1110	Purchase of & Improvements to Sanitation Equipment	04/24/15	75,000.00	3,750.00	71,250.00	.00	.00	.00	16,488.75	.00	58,511.25	
1111	Purchase of & Improvements to DPW Equipment	04/24/15	100,000.00	100,000.00	.00	.00	.00	.00	100,000.00	.00	.00	
1113	Various Improvements to Municipal Buildings	04/24/15	75,000.00	.00	715.00	.00	.00	.00	715.00	.00	.00	
1114	Improvements to the Marine Place Drainage	04/24/15	1,100,000.00	.00	393,828.51	.00	.00	.00	2,364.50	.00	391,464.01	
1115	Improvements to the Brighton Avenue Drainage	04/24/15	1,500,000.00	70,145.00	1,425,000.00	.00	.00	.00	.00	70,145.00	1,425,000.00	
1127	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	05/13/16	150,000.00	7,500.00	142,500.00	.00	.00	.00	150,000.00	.00	.00	
1128	Purchase of & Improvements to Sanitation Equipment	05/13/16	75,000.00	3,750.00	71,250.00	.00	.00	.00	.00	3,750.00	71,250.00	
1129	Various Improvements to Municipal Buildings	05/13/16	100,000.00	100,000.00	.00	.00	.00	.00	100,000.00	.00	.00	
1133	Various Improvements to Streets & Drains	07/27/16	200,000.00	.00	144,040.62	.00	.00	.00	144,040.62	.00	.00	
1145	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	05/10/17	150,000.00	.00	.00	7,500.00	.00	142,500.00	42,782.70	.00	107,217.30	
1146	Purchase of & Improvements to DPW Equipment	05/10/17	100,000.00	.00	.00	5,000.00	.00	95,000.00	9,858.00	.00	90,142.00	
1147	Various Improvements to Municipal Buildings	05/10/07	100,000.00	.00	.00	100,000.00	.00	.00	13,222.14	86,777.86	.00	
1148	Various Improvements to Streets & Drains	05/10/17	200,000.00	.00	.00	10,000.00	.00	190,000.00	52,794.52	.00	147,205.48	
1159	Purchase of & Improvements to Sanitation Equipment	11/08/17	190,000.00	.00	.00	9,500.00	.00	180,500.00	.00	9,500.00	180,500.00	
				<u>\$366,656.04</u>	<u>2,437,883.36</u>	<u>132,000.00</u>	<u>.00</u>	<u>608,000.00</u>	<u>745,392.93</u>	<u>229,523.83</u>	<u>2,569,622.64</u>	
		<u>Ref.</u>		C	C	C-6		C-5	C-2:C-4	C	C	

Borough of Deal, NJ
General Capital Fund
Schedule of Interfund Due To or From Current Fund

C-9

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016	C		.00
<u>Increased by</u>			
Interest Earned by General Capital Fund	C-2:C-9:A-4	5,141.59	
Cash Received from Current Fund	C-2:A-4	<u>540,220.00</u>	
			<u>545,361.59</u>
			545,361.59
<u>Decreased by</u>			
Cash Disbursed to Current Fund	C-2:C-4:C-9	69,100.87	
Bond Anticipation Notes Issued by General Capital Fund	C-7	<u>476,260.72</u>	
			<u>545,361.59</u>
<u>Balance</u> - December 31, 2017	C		\$ <u><u>.00</u></u>

Borough of Deal, NJ
General Capital Fund
Schedule of Bonds and Notes Authorized But Not Issued

C-12

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Notes Issued	Funded By Budget Appropriation			Balance Dec. 31, 2017
					State and Municipal Aid	DCFT - Unfunded	Authorizations Cancelled	
1077	Construction of a Sea Wall at Roosevelt Avenue	22,877.75	.00	.00	.00	.00	.00	22,877.75
1079	Purchase of & Improvements to DPW Equipment	10,159.85	.00	10,159.85	.00	.00	.00	.00
1090	Construction of the Roseld Avenue Recreational Facility	6,242.35	.00	4,618.60	.00	1,623.75	.00	.00
1091	Construction of a Sea Wall at Roosevelt Avenue	95,000.00	.00	.00	.00	81,387.75	.00	13,612.25
1095	Purchase of & Improvements to DPW Equipment	26,500.00	.00	26,500.00	.00	.00	.00	.00
1107	Construction & Improvements to Deal Casino Beach Cabanas	110,417.99	.00	34,654.35	.00	75,763.64	.00	.00
1108	Repaving of the Conover Pavilion Parking Lot	42,005.50	.00	.00	.00	.00	.00	42,005.50
1109	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	45,483.42	.00	15,033.83	.00	30,449.59	.00	.00
1110	Purchase of & Improvements to Sanitation Equipment	71,250.00	.00	12,738.75	.00	.00	.00	58,511.25
1113	Various Improvements to Municipal Buildings	51,565.00	.00	715.00	.00	50,850.00	.00	.00
1114	Improvements to the Marine Place Drainage	393,828.51	.00	2,364.50	.00	.00	.00	391,464.01
1115	Improvements to the Brighton Avenue Drainage	1,425,000.00	.00	.00	.00	.00	.00	1,425,000.00
1127	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	142,500.00	.00	142,500.00	.00	.00	.00	.00
1128	Purchase of & Improvements to Sanitation Equipment	71,250.00	.00	.00	.00	.00	.00	71,250.00
1133	Various Improvements to Streets & Drains	190,000.00	.00	144,040.62	.00	45,959.38	.00	.00
1145	Various Improvements to the Deal Casino & Conover Pavilion Beach Clubs	.00	142,500.00	35,282.70	.00	.00	.00	107,217.30
1146	Purchase of & Improvements to DPW Equipment	.00	95,000.00	4,858.00	.00	.00	.00	90,142.00
1148	Various Improvements to Streets & Drains	.00	190,000.00	42,794.52	.00	.00	.00	147,205.48
1159	Purchase of & Improvements to Sanitation Equipment	.00	180,500.00	.00	.00	.00	.00	180,500.00
		<u>\$2,704,080.37</u>	<u>608,000.00</u>	<u>476,260.72</u>	<u>.00</u>	<u>286,034.11</u>	<u>.00</u>	<u>2,549,785.54</u>
	<u>Ref.</u>	Footnote C 2016	C-5:C-8	C-7		C-5		Footnote C 2017

Borough of Deal, NJ
Sewer Utility Fund
Schedule of Sewer Utility Cash

D-8

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
<u>Balance</u> - December 31, 2016	D	<u>2,034,126.81</u>	<u>61,083.08</u>
<u>Increased by Receipts</u>			
Interest on Investments	D-4	19,087.08	.00
Sewer Rental Receivables	D-4:D-14	1,181,888.31	.00
Interest on Delinquent Accounts	D-4	7,395.84	.00
Utility Rent Overpayments	D-38	8,103.98	.00
Miscellaneous Revenue Not Anticipated	D-1	18,748.99	.00
Interfund with Sewer Operating Fund	D-31:D-13	.00	140,374.51
Interfund with Sewer Capital Fund	D-31	5,696.50	.00
Deferred Charges - Cost of Improvements Authorized	D-5:D13	<u>.00</u>	<u>5,745.08</u>
		<u>1,240,920.70</u>	<u>146,119.59</u>
<u>Decreased by Disbursements</u>			
Budget Appropriations	D-5	728,552.71	.00
2016 Appropriation Reserves	D-34	2,073.01	.00
Improvement Authorizations	D-43:D-13	.00	139,303.50
Interfund with Sewer Operating Fund	D-31:D-13	.00	6,071.01
Interfund with Sewer Capital Fund	D-31	140,000.00	.00
Interfund with Current Fund	D-30	<u>74,000.00</u>	<u>.00</u>
		<u>944,625.72</u>	<u>145,374.51</u>
<u>Balance</u> - December 31, 2017	D	<u>\$2,330,421.79</u>	<u>61,828.16</u>

Borough of Deal, NJ
Sewer Utility Fund
Analysis of Sewer Capital Cash

D-13

	Balance	Cash	Cash	Transfers		Balance	
	Dec. 31	Receipts	Disbursements	From	To	Dec. 31	
	<u>2016</u>					<u>2017</u>	
Fund Balance	16,828.16	.00	.00	.00	.00	16,828.16	
Interfund with Sewer Operating Fund	.00	140,374.51	6,071.01	134,303.50	.00	.00	
Capital Improvement Fund	50,000.00	.00	.00	12,500.00	.00	37,500.00	
Improvement Authorizations							
Improvement of Sanitary Sewers - Ordn. #1054	(597.58)	597.58	947.50	.00	947.50	.00	
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1096	(5,147.50)	5,147.50	.00	.00	.00	.00	
Various Improvements to Sanitary Sewers - Ordn. #1149	.00	.00	.00	.00	7,500.00	7,500.00	
Purchase of & Improvements to Sanitary Sewer Equipment - Ordn. #1150	.00	.00	18,633.00	.00	18,633.00	.00	
Improvements to Sewer Utility Vehicles - Ordn. #1055	.00	.00	3,271.00	.00	3,271.00	.00	
Various Improvements to Sanitary Sewers - Ordn. #1064	.00	.00	29,602.00	.00	29,602.00	.00	
Purchase of Sanitary Sewer Equipment - Ordn. #1065	.00	.00	86,850.00	.00	86,850.00	.00	
	<u>\$61,083.08</u>	<u>146,119.59</u>	<u>145,374.51</u>	<u>146,803.50</u>	<u>146,803.50</u>	<u>61,828.16</u>	
	<u>Ref.</u>	D	D-8	D-8	D-13	D-13	D

-19-

Schedule of Consumer Accounts Receivable

D-14

	<u>Ref.</u>	
Balance - December 31, 2016	D	72,495.70
Increased by		
Sewer Rent Charges in 2017	D-14	<u>1,175,870.00</u>
		1,248,365.70
Decreased by		
Collections	D-4:D-8	1,181,888.31
Overpayments Applied	D-4:D-38	1,909.33
Cancelled	D-14	<u>54.19</u>
		<u>1,183,851.83</u>
Balance - December 31, 2017	D	<u>\$ 64,513.87</u>

**Borough of Deal, NJ
Sewer Utility Fund
Statement of Fixed Capital**

D-28

<u>Improvement Description</u>	Balance Dec. 31 <u>2016</u>	<u>Additions</u>	Balance Dec. 31 <u>2017</u>
Upgrading of Sewer Lines - Ordn. #755	28,388.25	.00	28,388.25
Purchase of Backhoe - Ordn. #814	53,500.00	.00	53,500.00
Control of Infiltration into Woodford Road Sanitary Sewer System - Ordn. #813	42,000.00	.00	42,000.00
Conversion and Construction of Sewer Pumping System - Ordn. #671	1,200,000.00	.00	1,200,000.00
Improvement of Sanitary Sewerage System - Ordn. #710	120,000.00	.00	120,000.00
Reconstruction & Improvement of the Sanitary Sewer Utility Lines - Ordn. #846	100,000.00	.00	100,000.00
Reconstruction & Improvement of the Sewer Utility Pumping Station - Ordn. #847	75,000.00	.00	75,000.00
Improvements to Poplar Brook Sanitary Sewer - Ordn. #864	150,000.00	.00	150,000.00
Improvements to the Sewer Pumping Station - Ordn. #879	110,000.00	.00	110,000.00
Improvements to the Sanitary Sewer System in Brighton Avenue - Ordn. #880	300,000.00	.00	300,000.00
Improvements to the Sanitary Sewer System in Brighton Avenue - Ordn. #886	<u>100,000.00</u>	<u>.00</u>	<u>100,000.00</u>
	<u>\$2,278,888.25</u>	<u>.00</u>	<u>2,278,888.25</u>
	Ref. D		D

**Sewer Utility Fund
Schedule of Fixed Capital Authorized and Uncompleted**

D-29

<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>		<u>Cost to Fixed Capital</u>	<u>Authorizations Cancelled</u>	<u>Balance Dec. 31, 2017</u>
				<u>Deferred Charges to Amortization</u>	<u>Deferred Charges to Future Revenue</u>			
Improvements to the Sanitary Sewer in Poplar Avenue - Ordn. #902	05/14/02	350,000.00	350,000.00	.00	.00	.00	.00	350,000.00
Improvements to the Sanitary Sewer Pumping Station - Ordn. #903	05/14/02	100,000.00	100,000.00	.00	.00	.00	.00	100,000.00
Various Improvements to Sanitary Sewers - Ordn. #904	05/14/02	50,000.00	50,000.00	.00	.00	.00	.00	50,000.00
Improvements to the Sanitary Sewer Pumping Station - Ordn. #921	04/08/03	100,000.00	100,000.00	.00	.00	.00	.00	100,000.00
Various Improvements to Sanitary Sewers - Ordn. #922	04/08/03	150,000.00	150,000.00	.00	.00	.00	.00	150,000.00
Various Improvements to Sanitary Sewers - Ordn. #927	12/23/03	150,000.00	150,000.00	.00	.00	.00	.00	150,000.00
Improvements to Sanitary Sewer Utility Pumping Station - Ordn. #937	03/23/04	250,000.00	250,000.00	.00	.00	.00	.00	250,000.00
Various Improvements to Sanitary Sewers - Ordn. #938	03/23/04	100,000.00	100,000.00	.00	.00	.00	.00	100,000.00
Various Improvements to Sanitary Sewers - Ordn. #953	04/05/05	200,000.00	200,000.00	.00	.00	.00	.00	200,000.00
Various Improvements to Sanitary Sewers - Ordn. #959	11/22/05	50,000.00	50,000.00	.00	.00	.00	.00	50,000.00
Various Improvements to Sanitary Sewers - Ordn. #969	04/11/06	200,000.00	200,000.00	.00	.00	.00	.00	200,000.00
Improvements to Sanitary Sewer Utility Pumping Station - Ordn. #970	04/11/06	150,000.00	150,000.00	.00	.00	.00	.00	150,000.00
Various Improvements to Sanitary Sewers - Ordn. #991	03/28/07	200,000.00	200,000.00	.00	.00	.00	.00	200,000.00
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #992	03/28/07	200,000.00	200,000.00	.00	.00	.00	.00	200,000.00
Various Improvements to Sanitary Sewers - Ordn. #1009	04/22/08	150,000.00	150,000.00	.00	.00	.00	.00	150,000.00
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1010	04/22/08	100,000.00	100,000.00	.00	.00	.00	.00	100,000.00
Purchase of Sewer Utility Vehicle - Ordn. #1011	04/22/08	50,000.00	50,000.00	.00	.00	.00	.00	50,000.00
Improvement of Sanitary Sewers - Ordn. #1054	11/30/11	200,000.00	200,000.00	.00	.00	.00	.00	200,000.00
Improvement of Sewer Utility Vehicles - Ordn. #1055	11/30/11	50,000.00	50,000.00	.00	.00	.00	.00	50,000.00
Various Improvements to Sanitary Sewers - Ordn. #1064	05/08/12	150,000.00	150,000.00	.00	.00	.00	.00	150,000.00
Purchase of Sanitary Sewer Equipment - Ordn. #1065	05/08/12	100,000.00	100,000.00	.00	.00	.00	.00	100,000.00
Reconstruction & Various Repairs & Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1071	03/01/13	1,000,000.00	1,000,000.00	.00	.00	.00	.00	1,000,000.00
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1096	04/29/14	150,000.00	150,000.00	.00	.00	.00	.00	150,000.00
Various Improvements to Sanitary Sewers - Ordn. #1149	05/10/17	150,000.00	.00	7,500.00	142,500.00	.00	.00	150,000.00
Purchase of & Improvements to Sanitary Sewer Equipment - Ordn. #1150	05/10/17	100,000.00	.00	5,000.00	95,000.00	.00	.00	100,000.00
			<u>\$4,200,000.00</u>	<u>12,500.00</u>	<u>237,500.00</u>	<u>.00</u>	<u>.00</u>	<u>4,450,000.00</u>
			Ref. D	D-43	D-43			D

Borough of Deal, NJ
Sewer Utility Fund
Schedule of Interfund With Current Fund
Sewer Operating Fund

D-30

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016 (Due To Current Fund)	D		74,000.00
<u>Decreased by</u>			
Cash Disbursement to Current Fund	D-8:A-4	74,000.00	
Due from Current Fund - Miscellaneous Revenue Not Anticipated (NJ Sewer Grants Received)	D-1:A-4	<u>172,522.31</u>	
			<u>246,522.31</u>
<u>Balance</u> - December 31, 2017 (Due From Current Fund)	D		<u>\$172,522.31</u>

Schedule of Interfund With Sewer Operating Fund
Sewer Capital Fund

D-31

	<u>Ref.</u>		
<u>Balance</u> - December 31, 2016	D		.00
<u>Increased by</u>			
Interest Collected by Sewer Capital Fund	D-4:D-8	374.51	
Cash Received from Sewer Operating Fund	D-8	<u>140,000.00</u>	
			<u>140,374.51</u>
			140,374.51
<u>Decreased by</u>			
Transfer of Interest Collected to Sewer Operating Fund	D-8:D-13	374.51	
Bond Anticipation Notes Issued by Sewer Operating Fund	D-54	134,303.50	
Cash Disbursed to Sewer Operating Fund	D-8:D-13	<u>5,696.50</u>	
			<u>140,374.51</u>
<u>Balance</u> - December 31, 2017	D		<u>\$.00</u>

Borough of Deal, NJ
Sewer Utility Fund
Schedule of 2016 Appropriation Reserves

D-34

	<u>Balance Dec. 31 2016</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages	478.80	478.80	.00	478.80
Other Expenses	279,886.16	279,886.16	2,073.01	277,813.15
Social Security System	<u>6,352.73</u>	<u>6,352.73</u>	<u>.00</u>	<u>6,352.73</u>
	<u>\$286,717.69</u>	<u>286,717.69</u>	<u>2,073.01</u>	<u>284,644.68</u>
<u>Ref.</u>	D		D-8	D-1

Schedule of Accounts Payable - Sewer Operating Fund

D-35

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2017 and December 31, 2016	D	<u>\$716,913.47</u>
No Change in 2017		

Schedule of Sewer Utility Rent Overpayments

D-38

	<u>Ref.</u>	
<u>Balance</u> - December 31, 2016	D	1,909.33
<u>Increased by</u>		
Overpayments in 2017	D-8	<u>8,103.98</u> 10,013.31
<u>Decreased by</u>		
Application to Consumer Account Receivable	D-14	<u>1,909.33</u>
<u>Balance</u> - December 31, 2017	D	<u>\$ 8,103.98</u>

Borough of Deal, NJ
Sewer Utility Fund
Schedule of Improvement Authorizations

D-43

Improvement Description	Date	Amount	2017 Authorizations							Balance	
			December 31, 2016		Down Payment Or Capital Improvement Fund	Deferred Charges to Future Revenue	Paid or Charged	Authorizations Cancelled	December 31, 2017		
			Funded	Unfunded					Funded	Unfunded	
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station-Ordn. #992	03/28/07	200,000.00	.00	10,568.91	.00	.00	.00	.00	.00	10,568.91	
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station-Ordn. #1010	04/22/08	100,000.00	.00	23,821.81	.00	.00	.00	.00	.00	23,821.81	
Improvement of Sanitary Sewers - Ordn. #1054	11/30/11	200,000.00	.00	113,600.44	.00	.00	947.50	.00	.00	112,652.94	
Improvement of Sewer Utility Vehicles - Ordn. #1055	11/30/11	50,000.00	.00	3,271.00	.00	.00	3,271.00	.00	.00	.00	
Various Improvements to Sanitary Sewers - Ordn. #1064	05/08/12	150,000.00	.00	56,364.31	.00	.00	29,602.00	.00	.00	26,762.31	
Purchase of Sanitary Sewer Equipment - Ordn. #1065	05/08/12	100,000.00	.00	86,850.00	.00	.00	86,850.00	.00	.00	.00	
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn.#1096	04/29/14	150,000.00	.00	120,283.51	.00	.00	.00	.00	.00	120,283.51	
Various Improvements to Sanitary Sewers - Ordn. #1149	05/10/17	150,000.00	.00	.00	7,500.00	142,500.00	.00	.00	7,500.00	142,500.00	
Purchase of & Improvements to Sanitary Sewer Equipment - Ordn. #1150	05/10/17	100,000.00	.00	.00	5,000.00	95,000.00	18,633.00	.00	.00	81,367.00	
			\$.00	414,759.98	12,500.00	237,500.00	139,303.50	.00	7,500.00	517,956.48	
		<u>Ref.</u>	D	D	D-29;D-45; D-50	D-29	D-8		D	D	

Schedule of Sewer Capital Improvement Fund

D-45

	<u>Ref.</u>	
Balance - December 31, 2016	D	50,000.00
Decreased by		
Financed Improvement Authorizations	D-43	12,500.00
Balance - December 31, 2017	D	<u>\$37,500.00</u>

Schedule of Reserve for Amortization

D-49

	<u>Ref.</u>	
Balance - December 31, 2017 and December 31, 2016	D	<u>\$2,278,888.25</u>

No Change in 2017

Borough of Deal, NJ
Sewer Utility
Schedule of Deferred Reserve for Amortization

D-50

Improvement Description	Date of Ordinance	Balance Dec. 31, 2016	Improvement Authorizations	State Aid Insurance Proceeds	Paid From Operating Budget		To Reserve for Amortization Fixed Capital	Balance Dec. 31, 2017
					Cost of Improvements Authorized	Bonds and Notes		
Improvements to the Sanitary Sewer in Poplar Avenue - Ordn. #902	05/14/02	350,000.00	.00	.00	.00	.00	.00	350,000.00
Improvements to the Sanitary Sewer Pumping Station - Ordn. #903	05/14/02	100,000.00	.00	.00	.00	.00	.00	100,000.00
Various Improvements to Sanitary Sewers - Ordn. #904	05/14/02	50,000.00	.00	.00	.00	.00	.00	50,000.00
Improvements to the Sanitary Sewer Pumping Station - Ordn. #921	04/08/03	100,000.00	.00	.00	.00	.00	.00	100,000.00
Various Improvements to Sanitary Sewers - Ordn. #922	04/08/03	150,000.00	.00	.00	.00	.00	.00	150,000.00
Various Improvements to Sanitary Sewers - Ordn. #927	12/23/03	150,000.00	.00	.00	.00	.00	.00	150,000.00
Improvements to Sanitary Sewer Utility Pumping Station - Ordn. #937	03/23/04	250,000.00	.00	.00	.00	.00	.00	250,000.00
Various Improvements to Sanitary Sewers - Ordn. #938	03/23/04	100,000.00	.00	.00	.00	.00	.00	100,000.00
Various Improvements to Sanitary Sewers - Ordn. #953	04/05/05	200,000.00	.00	.00	.00	.00	.00	200,000.00
Various Improvements to Sanitary Sewers - Ordn. #959	11/22/05	50,000.00	.00	.00	.00	.00	.00	50,000.00
Various Improvements to Sanitary Sewers - Ordn. #969	04/11/06	200,000.00	.00	.00	.00	.00	.00	200,000.00
Improvements to Sanitary Sewer Utility Pumping Station - Ordn. #970	04/11/06	150,000.00	.00	.00	.00	.00	.00	150,000.00
Various Improvements to Sanitary Sewers - Ordn. #991	03/28/07	200,000.00	.00	.00	.00	.00	.00	200,000.00
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #992	03/28/07	189,431.09	.00	.00	.00	.00	.00	189,431.09
Various Improvements to Sanitary Sewers - Ordn. #1009	04/22/08	150,000.00	.00	.00	.00	.00	.00	150,000.00
Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1010	04/22/08	76,178.19	.00	.00	.00	.00	.00	76,178.19
Purchase of Sewer Utility Vehicle - Ordn. #1011	04/22/08	50,000.00	.00	.00	.00	.00	.00	50,000.00
Improvement of Sanitary Sewers - Ordn. #1054	11/30/11	50,076.98	.00	.00	597.58	35,725.00	.00	86,399.56
Improvement of Sewer Utility Vehicles - Ordn. #1055	11/30/11	46,729.00	.00	.00	.00	.00	.00	46,729.00
Various Improvements to Sanitary Sewers - Ordn. #1064	05/08/12	93,635.69	.00	.00	.00	.00	.00	93,635.69
Purchase of Sanitary Sewer Equipment - Ordn. #1065	05/08/12	13,150.00	.00	.00	.00	.00	.00	13,150.00
Reconstruction & Various Repairs & Improvements to the Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1071	03/01/13	1,000,000.00	.00	.00	.00	.00	.00	1,000,000.00
Various Improvements to the Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1096	04/29/14	20,293.99	.00	.00	5,147.50	4,275.00	.00	29,716.49
Various Improvements to Sanitary Sewers - Ordn. #1149	05/10/17	.00	7,500.00	.00	.00	.00	.00	7,500.00
Purchase of & Improvements to Sanitary Sewer Equipment - Ordn. #1150	05/10/17	.00	5,000.00	.00	.00	.00	.00	5,000.00
		<u>\$3,739,494.94</u>	<u>12,500.00</u>	<u>.00</u>	<u>5,745.08</u>	<u>40,000.00</u>	<u>.00</u>	<u>3,797,740.02</u>
	<u>Ref.</u>	D	D-43		D-5:D-56	D-54		D

Borough of Deal, NJ
Sewer Utility
Schedule of Bond Anticipation Notes

D-54

Ordinance Number	Improvement Description	Original Date	Present Issue Date	Due Date	Interest Rate	Balance			Balance Dec. 31, 2017	
						Dec. 31, 2016	Issued	Paid		Cancelled
1054	Improvement of Sanitary Sewers	12/14/16	12/14/16	12/13/17	None	35,725.00	.00	35,725.00	.00	.00
1096	Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station	12/14/16	12/14/16	12/13/17	None	4,275.00	.00	4,275.00	.00	.00
1054	Improvements to Sanitary Sewers	12/14/17	12/14/17	12/13/18	None	.00	947.50	.00	.00	947.50*
1150	Purchase of & Improvements to Sanitary Sewer Equipment	12/14/17	12/14/17	12/13/18	None	.00	13,633.00	.00	.00	13,633.00*
1055	Improvements to Sewer Utility Vehicles	12/14/17	12/14/17	12/13/18	None	.00	3,271.00	.00	.00	3,271.00*
1064	Various Improvements to Sanitary Sewers	12/14/17	12/14/17	12/13/18	None	.00	29,602.00	.00	.00	29,602.00*
1065	Purchase of Sanitary Sewer Equipment	12/14/17	12/14/17	12/13/18	None	.00	86,850.00	.00	.00	86,850.00*
						<u>\$40,000.00</u>	<u>134,303.50</u>	<u>40,000.00</u>	<u>.00</u>	<u>134,303.50</u>
<u>Ref.</u>						D	D-31:D-56	D-5:D-50		D

*Due to Sewer Operating Fund

Schedule of Bonds and Notes Authorized But Not Issued

D-56

Date of Ordinance	Improvement Description	Balance Dec. 31, 2016	Authorizations	State and Municipal Aid	Paid from		Balance Dec. 31, 2017
					Bond Anticipation Notes Issued	Operating Budget Cost of Improvements Authorized	
03/28/07	Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #992	10,568.91	.00	.00	.00	.00	10,568.91
04/22/08	Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1010	23,821.81	.00	.00	.00	.00	23,821.81
11/30/11	Improvement of Sanitary Sewers - Ordn. #1054	114,198.02	.00	.00	947.50	597.58	112,652.94
11/30/11	Improvement of Sewer Utility Vehicles - Ordn. #1055	3,271.00	.00	.00	3,271.00	.00	.00
05/08/12	Various Improvements to Sanitary Sewers - Ordn. #1064	56,364.31	.00	.00	29,602.00	.00	26,762.31
05/08/12	Purchase of Sanitary Sewer Equipment - Ordn. #1065	86,850.00	.00	.00	86,850.00	.00	.00
04/29/14	Various Improvements to Roosevelt Ave. Sanitary Sewer Pumping Station - Ordn. #1096	125,431.01	.00	.00	.00	5,147.50	120,283.51
05/10/17	Various Improvements to Sanitary Sewers	.00	142,500.00	.00	.00	.00	142,500.00
05/10/17	Purchase of & Improvements to Sanitary Sewer Equipment	.00	95,000.00	.00	13,633.00	.00	81,367.00
		<u>\$420,505.06</u>	<u>237,500.00</u>	<u>.00</u>	<u>134,303.50</u>	<u>5,745.08</u>	<u>517,956.48</u>
<u>Ref.</u>		Footnote D 2016	D-43		D-54	D-5:D-50	Footnote D 2017

COMPARATIVE DATA

Borough of Deal, NJ
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND
BALANCE - REGULATORY BASIS - CURRENT FUND

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenue (Cash Basis)				
Fund Balance Utilized	820,000.00	3.87	820,000.00	4.12
Miscellaneous - From other than				
Local Property Tax Levies	5,484,698.22	25.89	5,186,823.76	26.02
Collection of Delinquent Taxes and				
Tax Title Liens	343,763.88	1.62	277,692.61	1.39
Collection of Current Tax Levy	<u>14,537,042.29</u>	<u>68.62</u>	<u>13,646,818.56</u>	<u>68.47</u>
Total Funds	<u>\$21,185,504.39</u>	<u>100.00</u>	<u>19,931,334.93</u>	<u>100.00</u>
Expenditures (Accrual Basis)				
Budget Expenditures				
Municipal Purposes	10,381,761.73	55.41	9,871,905.06	54.54
County Taxes	6,381,960.85	34.06	6,165,780.56	34.06
Local School Taxes	1,967,702.00	10.50	1,967,702.00	10.87
Other Expenditures	<u>5,170.42</u>	<u>.03</u>	<u>95,550.63</u>	<u>.53</u>
Total Expenditures	18,736,595.00	<u>100.00</u>	18,100,938.25	<u>100.00</u>
Less: Expenditures to be Raised by Future Taxes	<u>.00</u>		<u>.00</u>	
Total Adjusted Expenditures	<u>18,736,595.00</u>		<u>18,100,938.25</u>	
Excess in Revenue	2,448,909.39		1,830,396.68	
Fund Balance - January 1	<u>3,217,439.10</u>		<u>2,207,042.42</u>	
	5,666,348.49		4,037,439.10	
Less: Utilized as Anticipated Revenue	<u>820,000.00</u>		<u>820,000.00</u>	
Fund Balance - December 31	<u>\$ 4,846,348.49</u>		<u>3,217,439.10</u>	

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

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenue (Cash Basis)				
Fund Balance Utilized	.00	.00	35,000.00	2.07
Collection of Sewer Rents	1,183,797.64	70.21	1,152,328.93	67.98
Miscellaneous - From other than Sewer Rents	<u>502,398.90</u>	<u>29.79</u>	<u>507,668.33</u>	<u>29.95</u>
Total Funds	<u>1,686,196.54</u>	<u>100.00</u>	<u>1,694,997.26</u>	<u>100.00</u>
Expenditures (Accrual Basis)				
Budget Expenditures				
Operating	1,000,650.00	91.87	993,650.00	80.57
Capital Improvements	.00	.00	.00	.00
Debt Service	40,000.00	3.67	175,758.81	14.25
Deferred Charges and				
Statutory Expenditures	<u>48,545.08</u>	<u>4.46</u>	<u>63,863.99</u>	<u>5.18</u>
Total Expenditures	1,089,195.08	<u>100.00</u>	1,233,272.80	<u>100.00</u>
Less: Expenditures to be Raised				
By Future Revenue	<u>.00</u>		<u>.00</u>	
Total Adjusted Expenditures	<u>1,089,195.08</u>		<u>1,233,272.80</u>	

Borough of Deal, NJ
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND
BALANCE - REGULATORY BASIS - SEWER UTILITY OPERATING FUND - (Continued)

	Year 2017		Year 2016	
	Amount	%	Amount	%
Excess in Revenue	597,001.46		461,724.46	
Fund Balance - January 1	994,586.32		567,861.86	
	1,591,587.78		1,029,586.32	
Less: Utilized as Anticipated Revenue in Sewer Utility Fund	.00		35,000.00	
Fund Balance - December 31	\$1,591,587.78		994,586.32	

COMPARISON OF TAX RATE INFORMATION

<u>Tax Rate</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
(Adjusted) General Per \$100 of Assessed Valuation	<u>.70</u>	<u>.70</u>	<u>.72</u>
<u>Apportionment of Tax Rate</u>			
Municipal	<u>.31</u>	<u>.29</u>	<u>.29</u>
County	<u>.30</u>	<u>.31</u>	<u>.33</u>
Local School	<u>.09</u>	<u>.10</u>	<u>.10</u>
<u>Assessed Valuations</u>			
2017	<u>\$2,122,355,600</u>		
2016		<u>1,995,347,855</u>	
2015			<u>1,969,805,619</u>

COMPARISON OF TAX LEVIES AND COLLECTION

A study of the tabulation will 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>Collections</u>	<u>Percentage of Collection</u>
2017	\$14,854,270.67	14,537,042.29	97.86%
2016	14,016,967.38	13,646,818.56	97.36%
2015	14,091,734.20	13,817,173.96	98.05%

Borough of Deal, NJ

COMPARISON OF 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 including 2017.

<u>Dec. 31</u> <u>Year</u>	<u>Amount of</u> <u>Tax Title</u> <u>Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage of</u> <u>Tax Levy</u>
2017	496.96	304,005.26	304,502.22	2.05%
2016	240.46	351,834.05	352,074.51	2.51%
2015	.00	252,210.49	252,210.49	1.79%

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Current Fund</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>	<u>Sewer</u> <u>Utility</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>
2017	4,846,348.49	820,000.00	1,591,587.78	657,500.00
2016	3,217,439.10	820,000.00	994,586.32	.00
2015	2,207,042.42	820,000.00	567,861.86	35,000.00
2014	1,730,086.60	820,000.00	452,040.41	.00
2013	1,023,994.95	820,000.00	534,715.06	64,000.00

BOROUGH OF DEAL, NJ

COUNTY OF MONMOUTH

PART II

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

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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

To the Honorable Mayor and Council
Borough of Deal
County of Monmouth
Manasquan, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Borough of Deal, in the County of Monmouth, State of New Jersey; (herein referred to as "the Borough"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 29, 2018. In that report we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and a qualified opinion on the regulatory basis since we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We noted certain matters that we have reported to the management of the Borough of Deal in the accompanying 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Allen B. Shechter, R.M.A. #509

ALVINO & SHECHTER, L.L.C.

Certified Public Accountants

Neptune, New Jersey
June 29, 2018

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Council
Borough of Deal
County of Monmouth
Manasquan, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Borough of Deal's, in the County of Monmouth, State of New Jersey (the "Borough") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2017. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedure as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Allen B. Shechter R.M.A. #509

Alvino & Shechter, L.L.C.

Certified Public Accountants

June 29, 2018
Neptune, New Jersey

Borough of Deal, NJ
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Schedule A

<u>Federal Grantor/Pass -Through Grantor/Program Title</u>	<u>Federal C.F.D.A./ Number</u>	<u>Grantor Number</u>	<u>Grant Period From/To</u>	<u>Program or Award Amount</u>	<u>MEMO Cash Receipts</u>	<u>Program Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
U.S. Department of Housing and Urban Development:							
N.J. Department of Community Affairs:							
Hurricane Sandy Community Development Block Grant Disaster Recovery	14.269	N/A	2013 - Completion	2,500.00	250.00	250.00	2,500.00
Hurricane Sandy Community Development Block Grant Disaster Recovery	14.269	N/A	2013 - Completion	347,242.33	27,597.48	27,597.48	283,101.48
Hurricane Sandy Community Development Block Grant Disaster Recovery	14.269	N/A	2013 - Completion	25,866.41	25,866.41	25,866.41	25,866.41
Hurricane Sandy Community Development Block Grant Disaster Recovery	14.269	N/A	2013 - Completion	88,168.15	8,161.80	8,161.80	82,273.02
Total Department of Housing and Urban Development					<u>61,875.69</u>	<u>61,875.69</u>	<u>393,740.91</u>
U.S. Department of Homeland Security:							
N.J. Department of Law & Public Safety:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	2013 - Completion	232,797.72	164,987.89	164,987.89	232,797.72
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	2013 - Completion	2,014,557.22	1,659,745.01	1,659,745.01	2,011,927.47
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	01/01/16 - 12/31/16	25,511.88	25,511.88	25,511.88	25,511.88
Total Disaster Grants - Public Assistance					<u>1,850,244.78</u>	<u>1,850,244.78</u>	<u>2,270,237.07</u>
National Priority Safety Programs	20.616	N/A	01/01/12 - 12/31/12	5,000.00	.00	100.00	4,995.20
National Priority Safety Programs	20.616	N/A	01/01/17 - 12/31/17	3,200.00	3,200.00	.00	.00
National Priority Safety Programs	20.616	N/A	01/01/17 - 12/31/17	4,840.00	4,840.00	.00	.00
Total National Priority Safety Programs					<u>8,040.00</u>	<u>100.00</u>	<u>4,995.20</u>
Total Department of Homeland Security					<u>1,858,284.78</u>	<u>1,850,344.78</u>	<u>2,275,232.27</u>
Total Federal Awards					<u>\$1,920,160.47</u>	<u>1,912,220.47</u>	<u>2,668,973.18</u>

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The accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Borough of Deal, NJ
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

NOTE 1 GENERAL

The accompanying schedule of expenditures of federal awards present the activity of all federal award programs of the Borough of Deal, County of Monmouth, State of New Jersey. The Borough is defined in Note 1 to the Borough's statements. All federal awards received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Governments Services, which is described in the Notes to the Financial Statements, Note 1. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal expenditures presented in the schedule of expenditures of federal awards, the Borough of Deal did not provide any awards to sub-recipients.

The Borough of Deal has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements. Expenditures from awards are reported in the Borough's 2017 financial statements as follows:

	<u>Total</u>
Current Fund	61,521.16*
Sewer Operating Fund	190,854.30*
Grant Fund	100.00
General Capital Fund	<u>1,659,745.01*</u>
	<u>\$1,912,220.47</u>

* Federal monies in current fund, sewer operating fund and general capital fund, represent \$1,850,244.78 in FEMA monies and \$61,875.69 in Community Development Block Grant monies received in 2017 for prior year expenditures. In accordance with the Federal Emergency Management Agency, expenditures for Disaster Grants are recorded only when funds have been released to the Municipality.

NOTE 4 OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedule.

NOTE 5 MAJOR PROGRAMS

Major programs are identified in the Schedule of Findings and Questioned Costs section.

Borough of Deal, NJ
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended December 31, 2017

Section I - Summary of Auditor's Report

Financial Statements

Type of auditor's report issued:

Qualified -
Regulatory Basis

Internal control over financial reporting

- | | | |
|---|-----------|----------------------------|
| 1) Material weakness(es) identified? | _____ yes | <u> X </u> no |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | _____ yes | <u> X </u> none reported |

Noncompliance material to general-purpose financial statements noted?	_____ yes	<u> X </u> no
---	-----------	-----------------

Federal Awards

Dollar threshold used to distinguish between type A and B programs:	\$750,000.00
---	--------------

Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no
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Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
---	-------------------

Internal Control over major programs:

- | | | |
|---|-----------|----------------------------|
| 1) Material weakness(es) identified? | _____ yes | <u> X </u> no |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | _____ yes | <u> X </u> none reported |

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance and listed in Section III on this schedule?	_____ yes	<u> X </u> no
---	-----------	-----------------

Identification of major programs:

Federal CFDA Number(s)
97.036

Name of Federal Program
Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

Section II - Financial Statement Findings

None Reported

Section III - Schedule of Findings and Questioned Costs

A) Federal Awards

None Reported

Borough of Deal, NJ
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2016

STATUS OF PRIOR YEAR AUDIT FINDINGS

Not Applicable

BOROUGH OF DEAL, NJ

COUNTY OF MONMOUTH

PART III

**GENERAL COMMENTS &
RECOMMENDATIONS**

Borough of Deal, NJ
General Comments

Year Ended December 31, 2017

An audit of the financial accounts and transactions of the Borough of Deal, in the County of Monmouth, for the year ended December 31, 2017, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered the financial transactions of the Chief Financial Officer's office, the activities of the Mayor and Commissioners and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

Cash balances were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with generally accepted auditing standards and in compliance with the requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and Government Auditing Standards, issued by the Comptroller General of the United States. Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$40,000.00 (with Qualified Purchasing Agent), except by contract or agreement".

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the limits 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:

- Purchase of Two 2017 Chevrolet Caprice Police Vehicles
- Purchase of Replacement Windows for the Municipal Building
- Construction of Three Additional Beach Cabanas
- Paving and Improvements for Phillips Avenue

The minutes and vouchers indicate compliance with the Local Public Contract Law N.J.S. 40A:11-6.1 for the purchase of materials and services between \$6,000 (with Qualified Purchasing Agent) and the bid limit.

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

Borough of Deal, NJ
General Comments - (Continued)

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed and my examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid limit "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously adopted under the provision of N.J.S.40A:11-6.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body adopted a resolution on January 6, 2017 authorizing interest to be charged on delinquent taxes at the rate of eight (8%) percent per annum computed on the first \$1,500.00 of such delinquency and at the rate of eighteen (18%) percent per annum computed on any amount of such delinquency in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on taxpayers that fail to pay the delinquency prior to the end of the calendar year. In addition thereto no interest shall be charged on any installment of taxes which is paid by cash, check or money order within ten (10) days after the date upon which said installment of taxes became payable.

It appears from an examination of the Collector's records on a test-check basis that interest was collected in accordance with the foregoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Number Of Liens</u>
2017	1
2016	1
2015	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.

TAX TITLE LIENS

There was one lien on December 31, 2017.

Borough of Deal, NJ
General Comments - (Continued)

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2017	\$.00
2016	.00
2015	.00

Every effort should be made to return any of the above such properties to a tax paying basis.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR THE NEXT FIVE YEARS FOR BONDED DEBT ISSUED AND OUTSTANDING

<u>Year</u>	<u>General</u>	<u>Utilities</u>
2018	.00	.00
2019	.00	.00
2020	.00	.00
2021	.00	.00
2022	.00	.00

Borough of Deal, NJ
Recommendations

Year Ended December 31, 2017

Chief Financial Officer's Office

During the course of the audit we noted the following:

2017-1 *Interfunds existed at year end.

We recommend:

2017-1 That interfund receivables and payables be eliminated wherever possible by the transfer of cash funds.

*This reportable condition existed in prior year audit.

Borough of Deal, NJ
Status of Prior Year's Audit Findings and Recommendations

A review was performed on all prior year's recommendations. Corrective action was not taken on the following prior year recommendations:

That interfund receivables and payables be eliminated wherever possible by the transfer of cash funds.

The problems and weaknesses noted in this review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

Appreciation

We wish to express our appreciation of the assistance and courtesies rendered by the Borough officials during the course of the audit.

Very truly yours,



Allen B. Shechter, R.M.A. #509
ALVINO & SHECHTER, L.L.C.

Neptune, New Jersey
June 29, 2018