

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2017**

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

TABLE OF CONTENTS

	PAGE
PART I	
Independent Auditor's Report	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
Financial Statements – Statutory Basis:	EXHIBIT
Current Fund:	
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	A 9
Statements of Operations & Changes in Fund Balance - Regulatory Basis	A-1 11
Statement of Revenues - Regulatory Basis	A-2 13
Statement of Expenditures - Regulatory Basis	A-3 16
Trust Fund:	
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	B 24
General Capital Fund:	
Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	C 25
Payroll Fund:	
Statements of Assets and Liabilities - Regulatory Basis	G 26
General Fixed Assets Account Group:	
Statements of Assets and Reserves - Regulatory Basis	H 27
Notes to Financial Statements	31
Supplemental Exhibits:	
Current Fund:	
Schedule of Cash – Treasurer	A-4 65
Schedule of Taxes Receivable & Analysis of Property Tax Levy	A-5 66
Schedule of Tax Title Liens	A-6 67
Schedule of Revenue Accounts Receivable	A-7 68
Schedule of Deferred Charges N.J.S. 40A:4-55	A-8 70
Schedule of Appropriation Reserves	A-9 71
Schedule of Local District School Tax	A-10 77
Schedule of Regional School Tax	A-11 78

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

TABLE OF CONTENTS

	PAGE
Supplemental Exhibits (continued):	
Current Fund (continued):	
Schedule of County Taxes Payable	A-12 79
Schedule of Municipal Open Space Tax	A-13 79
Schedule of Spending Reserves	A-14 80
Schedule of Interfunds	A-15 81
Schedule of Interfund – Grant Fund	A-16 82
Schedule of Federal and State Grants Receivable	A-17 83
Schedule of Appropriated Reserves	A-18 85
Trust Fund:	
Schedule of Cash - Treasurer	B-1 91
Schedule of Reserve for Animal Control	B-2 92
Schedule of Due State of New Jersey	B-3 92
Schedule of Interfund – Current Fund	B-4 93
Schedule of Miscellaneous Reserves	B-5 94
Schedule of Reserve for Open Space	B-6 95
Schedule of Reserve for Length of Service	
Awards Program (LOSAP) - Unaudited	B-7 95
General Capital Fund:	
Schedule of Cash - Treasurer	C-1 99
Analysis of Capital Cash	C-2 100
Schedule of Deferred Charges to Future Taxation-Funded	C-3 101
Schedule of Deferred Charges to Future Taxation-Unfunded	C-4 102
Schedule of Capital Improvement Fund	C-5 103
Schedule of Grants Receivable	C-6 104
Schedule of Improvement Authorizations	C-7 105
Schedule of NJ Environmental Infrastructure Loans Payable	C-8 106
Schedule of General Serial Bonds	C-9 107
Schedule of Green Trust Loans Payable	C-10 108
Schedule of Bonds Anticipation Notes Payable	C-11 109
Schedule of Bonds and Notes Authorized but not Issued	C-12 110

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

TABLE OF CONTENTS

PAGE

PART II

Independent Auditor's Report on Compliance for Each Major Program: and On Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	113
Schedule of Expenditures of Federal Awards	Schedule 1 117
Schedule of Expenditures of State Financial Assistance	Schedule 2 118
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	119
Schedule of Findings and Questioned Costs	121
Schedule of Findings and Questioned Costs- Part II - Financial Statement Findings	123
Schedule of Findings and Questioned Costs- Part III - Federal Awards & State Financial Assistance Findings & Questioned Costs	125
Summary Schedule of Prior Audit Findings and Questioned Costs	126

PART III

General Comments	129
Other Comments (Findings)	130
Officials in Office and Surety Bonds	132
Appreciation	133

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Berkeley
County of Ocean
Berkeley, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Berkeley as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township'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 accounting principles and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Township of Berkeley on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to 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 Accounting Principles Generally Accepted in the United States of America

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

Basis for Disclaimer of Opinion on LOSAP Trust Fund

The Township’s supporting documents related to the LOSAP Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund as part of our audit of the Township’s basic financial statements as of December 31, 2017 and 2016.

Disclaimer of Opinion on LOSAP Trust Fund

Due to the fact that we were unable to audit the LOSAP Trust Fund for the year ending December 31, 2017 and 2016, we do not express an opinion of the LOSAP Trust Fund financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds regulatory basis of the Current, State and Federal Grant, Trust and Capital Funds and the general fixed assets group of accounts – regulatory basis of the Township as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017 in conformity with accounting principles and practices 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

The supplemental schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of expenditures and federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2018 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
September 14, 2018

This page intentionally left blank.

**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**

Honorable Mayor and Members
of the Township Committee
Township of Berkeley
County of Ocean
Berkeley, 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 Township of Berkeley, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 14, 2018. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of financial statement findings schedule of findings and questioned costs that we consider to be a significant deficiency as Finding No. 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 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 and which are described in the accompanying schedule of financial statement findings schedule of findings and questioned costs as Finding No. s 2017-002.

Township of Berkeley's Response to Findings

The Township of Berkeley's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings findings and questioned costs. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
September 14, 2018

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Exhibit A
Sheet 1 of 2**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	A-4	\$ 9,689,060.66	\$ 6,824,114.70
Cash - Change Fund		3,600.00	3,600.00
		<u>9,692,660.66</u>	<u>6,827,714.70</u>
Federal Emergency Management Receivable		690,661.49	1,365,233.47
		<u>10,383,322.15</u>	<u>8,192,948.17</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	1,030,938.02	1,993,492.55
Tax Title Liens Receivable	A-6	1,091,188.14	1,041,729.40
Property Acquired for Taxes		6,179,600.00	6,590,979.58
Revenue Accounts Receivable	A-7	9,205.24	12,101.02
Due From Municipal Utility Authority		6,227.30	3,354.54
Trailer Fees Receivable		890.00	-
Debris Receivable		4,744.94	-
Interfunds:			
Trust Other Fund	A-15	162,740.97	33,372.60
Payroll	A-15	243,162.45	302,210.20
Grant Fund	A-16	395,602.05	-
		<u>9,124,299.11</u>	<u>9,977,239.89</u>
Deferred Charges:			
FEMA Community Disaster Loan (Memo)	A	5,211,095.89	5,161,095.89
Special Emergency Authorizations (40A:4-55)	A-8	434,920.29	1,889,579.76
		<u>5,646,016.18</u>	<u>7,050,675.65</u>
		<u>25,153,637.44</u>	<u>25,220,863.71</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-16	-	42,021.64
Grants Receivable	A-17	1,854,464.57	965,891.23
		<u>1,854,464.57</u>	<u>1,007,912.87</u>
		<u>\$ 27,008,102.01</u>	<u>\$ 26,228,776.58</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Exhibit A
Sheet 2 of 2**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,9	\$ 537,592.56	\$ 1,648,009.48
Reserve for Encumbrances	A-3,9	465,646.36	572,852.54
Special Emergency Note Payable	A-4	-	1,200,000.00
Prepaid Taxes	A-4	3,725,787.94	1,438,245.38
Sales Tax Payable		1,230.40	1,477.50
Reserve for Garden State Trust Fund	A-4	42,590.00	42,590.00
Reserve for Police Found Money		1,816.28	1,816.28
Accounts Payable		3,379.42	3,382.05
County Taxes Payable	A-12	101,855.11	79,318.57
Tax Overpayments		4,899.65	82,412.34
Reserve for Contractually Required Severance	A-14	34,000.31	248,720.55
Reserve for Storm Damage	A-14	54,976.46	526,753.20
State of New Jersey (P.L. 1971, Ch. 20)		42,317.18	29,772.37
FEMA Community Disaster Loan (Memo)		5,211,095.89	5,161,095.89
Interfunds:			
General Capital Fund	A-15	928.00	928.00
Grant Fund	A-15	-	42,021.64
		<u>10,228,115.56</u>	<u>11,079,395.79</u>
Reserve for Receivables and Other Assets		9,124,299.11	9,977,239.89
Fund Balance	A-1	<u>5,801,222.77</u>	<u>4,164,228.03</u>
		<u>25,153,637.44</u>	<u>25,220,863.71</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-16	395,602.05	-
Reserve for Encumbrances	A-18	84,598.18	100,062.27
Appropriated Reserves	A-18	<u>1,374,264.34</u>	<u>907,850.60</u>
		<u>1,854,464.57</u>	<u>1,007,912.87</u>
		<u>\$ 27,008,102.01</u>	<u>\$ 26,228,776.58</u>

There were deferred school taxes on December 31, 2017 and 2016 of \$25,090,952.88 and \$24,670,506.63, respectively (Exhibits A-10 and A-11).

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Exhibit A-1
Sheet 1 of 2**

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 2,032,750.00	\$ 2,329,129.00
Fund Balance Utilized with Prior Consent of			
Director of Local Government Services	A-2	-	72,000.00
Miscellaneous Revenue Anticipated	A-2	10,797,233.59	10,157,629.31
Receipts from Delinquent Taxes	A-2	2,273,587.85	2,185,070.04
Receipts from Current Taxes	A-2	105,315,779.03	103,711,457.38
Non-Budget Revenues	A-2	910,352.36	189,014.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	1,348,502.19	865,170.21
Expired Tax Sale Premiums	A-4	19,700.00	19,500.00
Miscellaneous Balance Adjustment		-	140.00
Prior Year Cancelled Checks	A-4	3,559.95	305.65
Grant Fund Cancellation of Balances	A-16	318,576.51	104,464.88
Total Income		<u>123,020,041.48</u>	<u>119,633,880.64</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		15,273,052.11	15,543,229.18
Other Expenses		14,881,917.51	15,976,607.22
Deferred Charges and Statutory Expenditures		3,924,842.67	3,856,923.38
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		803,413.99	857,186.57
Other Expenses		2,347,704.12	1,156,119.18
Capital Improvements		509,211.00	400,000.00
Municipal Debt Service		4,507,873.75	3,785,241.76
Deferred Charges		1,454,659.47	1,487,543.82
Judgments		-	26,245.65
	A-3	<u>43,702,674.62</u>	<u>43,089,096.76</u>
Prior Year Senior Citizen Deductions Disallowed		60,315.07	107,116.37
Local District School Taxes	A-10	30,008,575.00	29,326,250.00
Regional School Taxes	A-11	21,821,096.75	21,965,322.48
County Taxes	A-12	21,981,895.46	21,587,910.93
Local Open Space Tax	A-13	513,149.75	513,837.90
Reserve for Miscellaneous Accounts Receivable		-	1,020.90
Grant Fund Cancellation of Balances	A-16	319,221.38	199,338.57
Interfund Loans Advanced		465,922.67	34,281.47
Cancellation of Prior Year Interest		278.40	-
Prior Year Tax Appeals		108,274.72	87,840.44
Cancellation of FEMA Receivable		340,825.72	-
PY Adjustments		28,067.20	-
Total Expenditures		<u>119,350,296.74</u>	<u>116,912,015.82</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Exhibit A-1
Sheet 2 of 2**

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
Excess/(Deficit) in Revenue		\$ 3,669,744.74	\$ 2,721,864.82
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years	A-3	-	260,720.15
Statutory Excess to Fund Balance		<u>3,669,744.74</u>	<u>2,982,584.97</u>
Fund Balance January 1	A	<u>4,164,228.03</u>	<u>3,582,772.06</u>
		7,833,972.77	6,565,357.03
Decreased by:			
Utilization as Anticipated Revenue	A-1,2	<u>2,032,750.00</u>	<u>2,401,129.00</u>
Fund Balance December 31	A	<u>\$ 5,801,222.77</u>	<u>\$ 4,164,228.03</u>

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit A-2
Sheet 1 of 3

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 2,032,750.00	\$ -	\$ 2,032,750.00	\$ -
<u>Miscellaneous Revenues</u>					
Licenses:					
Alcoholic Beverages	A-7	45,375.00	-	46,126.00	751.00
Other	A-7	4,275.00	-	4,840.00	565.00
Fees and Permits	A-7	387,350.00	-	513,498.66	126,148.66
Fines and Costs:					
Municipal Court	A-7	211,300.00	-	167,988.55	(43,311.45)
Interest and Costs on Taxes	A-7	520,350.00	-	485,238.59	(35,111.41)
Interest on Investments and Deposits	A-7	12,350.00	-	16,992.84	4,642.84
Beach Admission Fees	A-7	93,025.00	-	112,154.00	19,129.00
Municipal Golf Course	A-7	538,875.00	-	564,263.71	25,388.71
Water and Cable Franchise Fees	A-7	236,483.82	-	236,483.82	-
Hotel and Motel Occupancy Tax	A-7	27,350.00	-	27,756.08	406.08
State Aid:					
Energy Receipts Tax	A-7	4,213,875.00	-	4,213,875.00	-
Garden State Trust Fund	A-7	42,590.00	-	42,590.00	-
Special Items of Revenue:					
Interlocal Services Agreements:					
Animal Control Services	A-7	11,898.33	-	6,070.09	(5,828.24)
Berkeley Board of Education Fuel Facilities	A-7	57,000.00	-	71,388.55	14,388.55
Central Regional Board of Education Fuel Facilities	A-7	100,000.00	-	127,191.83	27,191.83
Fire Protection	A-7	26,500.00	-	26,500.00	-
Central Regional Board Trash	A-7	42,000.00	-	63,000.00	21,000.00
Public and Private Programs:					
Municipal Alliance on Alcohol and Drug Abuse	A-16	31,388.00	-	31,388.00	-
HDSRF, Public Entity Grant Program	A-16	712,380.00	-	712,380.00	-
Hazard Discharge Site Remediation Municipal Grant Program	A-16	4,364.00	-	4,364.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (South Seaside Park Neighborhood Plan)	A-16	50,000.00	-	50,000.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (Master Plan)	A-16	20,000.00	-	20,000.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (Coastal Neighborhoods Resiliency Plan)	A-16	50,000.00	-	50,000.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (Community Rating System)	A-16	50,000.00	-	50,000.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (Floodplain Management Capital Improvement Plan)	A-16	20,000.00	-	20,000.00	-
State of New Jersey Recycling Tonnage Grant	A-16	62,629.29	-	62,629.29	-
Bulletproof Vest Partnership Grant	A-16	-	4,461.18	4,461.18	-
U.S. Department of Homeland Security-FY2016 Elevation of Private Structure	A-16	-	558,174.56	558,174.56	-
County of Ocean - Ocean County Tourism Grant	A-16	-	833.00	833.00	-
State of New Jersey-Dept. of Law and Public Safety-Division of State Police-FY2018 NJ	A-16	-	26,071.90	26,071.90	-
Drunk Driving Enforcement Grant	A-16	-	10,445.92	10,445.92	-
Body Armor Fund	A-16	-	5,722.43	5,722.43	-
Office of the Attorney General-Det. Matthew L. Torentino Community Service Grant	A-16	-	9,449.00	9,449.00	-

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):					
Public and Private Programs (Continued):					
Cops in Shop - College Summer Shore Initiative 2017 Grant	A-16	\$ -	\$ 1,400.00	\$ 1,400.00	\$ -
CDBG Grant-Roadway and Drainage Improvements for Various Locations	A-16	-	31,000.00	31,000.00	-
NJDEP-Clean Communities Program Grant	A-16	-	126,853.40	126,853.40	-
Click It Or Ticket	A-16	-	5,500.00	5,500.00	-
Office of the Attorney General-2017 Distracted Driving Overtime Enforcement Grant	A-16	-	5,500.00	5,500.00	-
Other Special Items:					
Community Services Officer Program-Ambulance Service Fees	A-7	620,670.00	-	680,443.60	59,773.60
Health Care Coverage - Employee Percentage	A-7	501,500.00	-	705,132.97	203,632.97
Sale of Land	A-7	93,654.00	-	93,654.00	-
Capital Fund Reserve for Cash	A-7	332,212.72	-	332,212.72	-
Senior/Veteran Administration Fee	A-7	33,550.00	-	29,727.57	(3,822.43)
Surplus from the Berkeley Township Sewer Authority	A-7	410,000.00	-	410,000.00	-
Uniform Fire Safety Act	A-7	28,654.23	-	33,932.33	5,278.10
Total Miscellaneous Revenues	A-1	9,591,599.39	785,411.39	10,797,233.59	420,222.81
Receipts from Delinquent Taxes	A-1,2	2,102,000.00	-	2,273,587.85	171,587.85
Subtotal General Revenues		13,726,349.39	785,411.39	15,103,571.44	591,810.66
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	31,566,481.97	-	32,942,059.21	1,375,577.24
Total General Revenues		45,292,831.36	785,411.39	48,045,630.65	1,967,387.90
Non-Budget Revenues	A-1,4	-	-	910,352.36	910,352.36
		\$ 45,292,831.36	\$ 785,411.39	\$ 48,955,983.01	\$ 2,877,740.26
	Ref.	A-3	A-3,16		

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Exhibit A-2
Sheet 3 of 3**

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 105,315,779.03
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12,13	<u>74,745,163.21</u>
Balance for Support of Municipal Budget		
Appropriations		30,570,615.82
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,371,443.39</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	<u><u>\$ 32,942,059.21</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 2,072,630.73
Tax Title Lien Collections	A-6	<u>200,957.12</u>
	A-2	<u><u>\$ 2,273,587.85</u></u>
 <u>Analysis of Non-Budget Revenue</u>		
Cancelled DOT Grant		\$ 82,465.15
Refund of Prior Year Expenses		79,892.74
FEMA Reimbursement-Jonas		318,542.63
2015 Recycling Tonnage Grant		62,293.23
Township Auction Proceeds		1,088.65
Housing Authority PILOT		3,826.00
Recycling		49,615.07
Sale of Land		27,400.00
Non-Federal Share Program-FEMA 10%		278,665.40
Miscellaneous Other		<u>6,563.49</u>
		<u><u>\$ 910,352.36</u></u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
General Administration:					
Salaries and Wages	\$ 136,000.00	\$ 147,628.85	\$ 143,199.98	\$ 4,428.87	\$ -
Other Expenses	38,500.00	40,419.00	37,867.80	2,551.20	-
Human Resources:					
Salaries and Wages	128,449.00	132,190.31	128,685.79	3,504.52	-
Other Expenses	6,975.00	6,975.00	5,005.63	1,969.37	-
Office of the Mayor:					
Salaries and Wages	25,000.00	25,000.00	25,000.00	-	-
Other Expenses	1,600.00	1,600.00	1,589.93	10.07	-
Township Council:					
Salaries and Wages	89,500.00	89,500.00	89,500.00	-	-
Other Expenses	1,400.00	1,700.00	1,461.91	238.09	-
Municipal Clerk:					
Salaries and Wages	220,636.00	222,766.42	222,766.42	-	-
Other Expenses	19,200.00	19,900.00	16,900.09	2,999.91	-
Division of Information Technology:					
Salaries and Wages	55,155.00	54,293.53	54,293.53	-	-
Other Expenses	3,000.00	700.00	412.75	287.25	-
Office of the Treasurer:					
Salaries and Wages	354,058.00	318,057.99	316,720.94	1,337.05	-
Other Expenses	24,500.00	25,000.00	23,358.75	1,641.25	-
Audit Services:					
Other Expenses	55,400.00	54,830.00	53,733.40	1,096.60	-
Revenue Administration (Tax Collection):					
Salaries and Wages	264,459.00	275,313.45	275,313.45	-	-
Other Expenses	68,350.00	55,350.00	55,329.79	20.21	-
Tax Assessment Administration:					
Salaries and Wages	275,264.00	238,637.93	238,637.93	-	-
Other Expenses	16,975.00	17,275.00	17,001.91	273.09	-
Division of Purchasing:					
Salaries and Wages	35,500.00	35,171.70	35,171.70	-	-
Other Expenses	39,925.00	46,925.00	46,120.73	804.27	-
Legal Services:					
Other Expenses	340,000.00	320,000.00	292,302.07	27,697.93	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Engineering Services:					
Other Expenses	160,000.00	192,897.85	186,283.57	6,614.28	-
Economic Development Agencies:					
Salaries and Wages	-	100.00	100.00	-	-
Other Expenses	700.00	800.00	672.13	127.87	-
Senior Citizens Advisory Committee:					
Salaries and Wages	200.00	300.00	300.00	-	-
Veterans Advisory Council:					
Other Expenses	500.00	100.00	-	100.00	-
Waterways Advisory Committee:					
Other Expenses	1,000.00	1,200.00	1,200.00	-	-
Municipal Court:					
Salaries and Wages	243,519.00	227,766.02	226,955.57	810.45	-
Other Expenses	7,900.00	8,900.00	8,746.10	153.90	-
Public Defender (P.L. 1997, c256):					
Other Expenses	25,000.00	34,000.00	27,889.98	6,110.02	-
Land Use Administration					
Planning Board / Director of Planning:					
Other Expenses	125,000.00	140,000.00	135,267.94	4,732.06	-
Planning Board:					
Salaries and Wages	14,626.00	14,485.44	14,485.44	-	-
Other Expenses	71,950.00	73,450.00	73,305.05	144.95	-
Division of Zoning:					
Salaries and Wages	86,774.00	75,774.00	75,723.20	50.80	-
Other Expenses	2,200.00	2,200.00	1,502.56	697.44	-
Zoning Board of Adjustment:					
Salaries and Wages	14,626.00	14,485.24	14,485.24	-	-
Other Expenses	28,400.00	28,400.00	22,587.97	5,812.03	-
Insurances					
General Liability	1,265,500.00	1,210,500.00	1,206,026.50	4,473.50	-
Workers Compensation	248,000.00	218,000.00	169,061.13	48,938.87	-
Employee Group Insurance	7,165,000.00	7,090,468.61	7,090,468.61	-	-
Unemployment Insurance	10,000.00	-	-	-	-

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Public Safety Functions					
Police Department:					
Salaries and Wages	8,271,393.74	8,088,615.64	8,062,989.81	25,625.83	-
Other Expenses	416,500.00	414,500.00	413,337.71	1,162.29	-
Emergency Management:					
Salaries and Wages	1,000.00	1,000.00	981.43	18.57	-
Other Expenses	5,500.00	5,500.00	2,724.26	2,775.74	-
Aid to Volunteer Fire Companies:					
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-
Other Expenses	220,000.00	222,669.83	222,669.83	-	-
First Aid Contribution:					
Other Expenses	125,000.00	125,000.00	125,000.00	-	-
Fire Department:					
Salaries and Wages	114,605.77	88,406.45	88,120.63	285.82	-
Other Expenses	2,700.00	4,610.00	3,773.16	836.84	-
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Salaries and Wages	28,654.23	28,654.23	28,654.23	-	-
Municipal Prosecutor:					
Other Expenses	45,000.00	55,000.00	44,787.50	10,212.50	-
Public Works Functions					
Streets and Roads Maintenance:					
Salaries and Wages	492,711.00	472,711.00	469,381.31	3,329.69	-
Other Expenses	247,250.00	254,750.00	253,658.67	1,091.33	-
Contractual	150,000.00	150,000.00	150,000.00	-	-
Other Public Works Functions/Signs, Maintenance:					
Salaries and Wages	92,020.00	89,520.00	88,686.79	833.21	-
Other Expenses	25,000.00	28,000.00	27,934.07	65.93	-
Other Public Works Functions/ Building Demolition:					
Other Expenses	10,000.00	-	-	-	-
Sanitation/Solid Waste Collection:					
Salaries and Wages	1,877,634.00	1,902,634.00	1,899,348.31	3,285.69	-
Other Expenses	166,000.00	166,000.00	162,039.05	3,960.95	-
Solid Waste Collection/Recycling:					
Salaries and Wages	338,258.71	378,258.71	377,479.73	778.98	-
Other Expenses	19,250.00	19,250.00	15,447.85	3,802.15	-

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Buildings and Grounds:					
Salaries and Wages	259,971.00	216,654.41	216,598.39	56.02	-
Other Expenses	48,450.00	60,450.00	55,702.74	4,747.26	-
Equipment Maintenance:					
Salaries and Wages	457,183.00	437,818.95	437,521.50	297.45	-
Other Expenses	31,250.00	31,250.00	22,363.52	8,886.48	-
Health and Human Services					
Environmental Health Services:					
Other Expenses	750.00	750.00	600.00	150.00	-
Animal Control Services:					
Salaries and Wages	124,198.00	115,198.00	115,198.00	-	-
Other Expenses	250.00	1,850.00	1,783.38	66.62	-
Contribution - Providence House (N.J.S.A. 40:23-8.17)	1,000.00	1,000.00	1,000.00	-	-
Contribution - Community Services Inc. (N.J.S.A. 40:48-9.4)	1,000.00	1,000.00	1,000.00	-	-
Contribution - S.T.E.P.S., Inc. (N.J.S.A. 40:48-9.4)	1,000.00	1,000.00	1,000.00	-	-
Parks and Recreation					
Recreation Services and Programs:					
Salaries and Wages	533,103.00	554,603.00	552,544.26	2,058.74	-
Other Expenses	44,800.00	47,800.00	44,778.12	3,021.88	-
Recreation Services and Programs/Golf Course:					
Salaries and Wages	452,529.00	488,529.00	486,005.40	2,523.60	-
Other Expenses	107,500.00	111,500.00	110,063.93	1,436.07	-
Maintenance of Parks:					
Salaries and Wages	191,077.00	204,077.00	203,876.99	200.01	-
Other Expenses	76,550.00	79,550.00	78,327.08	1,222.92	-
Beach and Boardwalk Operations:					
Salaries and Wages	115,000.00	109,816.84	109,816.84	-	-
Other Expenses	7,000.00	6,997.22	6,997.22	-	-
Utilities and Bulk Purchases					
Utilities:					
Other Expenses	720,000.00	765,000.00	744,957.92	20,042.08	-
Street Lighting:					
Other Expenses	475,000.00	520,000.00	480,007.61	39,992.39	-
Gasoline:					
Other Expenses	500,000.00	560,000.00	542,933.35	17,066.65	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Landfill/Solid Waste					
Landfill/Solid Waste Disposal Costs:					
Other Expenses/Tipping	1,600,000.00	1,650,000.00	1,633,836.50	16,163.50	-
Code Enforcement and Administration					
Other Code Enforcement Functions:					
Salaries and Wages	195,934.00	210,384.00	209,748.16	635.84	-
Other Expenses	4,600.00	4,600.00	4,104.82	495.18	-
Total Operations within Caps	30,282,363.45	30,152,969.62	29,848,215.56	304,754.06	-
Contingent	2,000.00	2,000.00	-	2,000.00	-
Total Operations within Caps including Contingent	30,284,363.45	30,154,969.62	29,848,215.56	306,754.06	-
Detail:					
Salaries and Wages	15,504,038.45	15,273,352.11	15,223,290.97	50,061.14	-
Other Expenses	14,780,325.00	14,881,617.51	14,624,924.59	256,692.92	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
WITHIN CAPS					
Deferred Charges					
Prior Year Bills:					
Gannett 2013	3,949.00	3,949.00	3,949.00	-	-
Gannett 2014	4,617.20	4,617.20	4,617.20	-	-
Gannett 2015	950.25	950.25	950.25	-	-
Van Sant-2014	32.45	32.45	32.45	-	-
Pitney Bowes-2014	360.00	-	-	-	-
Pitney Bowes-2015	180.00	-	-	-	-
Statutory Expenditures					
Contribution to:					
Social Security System	1,254,000.00	1,254,000.00	1,233,759.23	20,240.77	-
Police and Firemen's Retirement System of NJ	1,625,472.00	1,660,310.02	1,660,310.02	-	-
Defined Contribution Retirement Program	2,000.00	2,000.00	1,720.69	279.31	-
Public Employee Retirement System	998,983.75	998,983.75	998,983.75	-	-
Total Deferred Charges and Statutory Expenditures within Caps	3,890,544.65	3,924,842.67	3,904,322.59	20,520.08	-
Total Appropriations within Caps	34,174,908.10	34,079,812.29	33,752,538.15	327,274.14	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Length of Service Awards Program (N.J.A.C. 5:30-14.25):					
Other Expenses	200,000.00	210,884.81	210,884.81	-	-
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc)):					
Salaries and Wages	171,516.00	171,516.00	162,208.60	9,307.40	-
Other Expenses	60,000.00	60,000.00	28,084.36	31,915.64	-
Recycling Enhancement Act (P.L. 2007 c.311):					
Other Expenses	62,629.29	62,629.29	50,325.80	12,303.49	-
<u>Interlocal Municipal Service Agreements</u>					
Central Regional Board of Education - Shared Services:					
Other Expenses	35,000.00	35,000.00	35,000.00	-	-
Ocean County Social Services - Relocation Expenses:					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Fire Protection - South Toms River:					
Other Expenses	26,500.00	26,500.00	26,458.57	41.43	-
Animal Control - Pine Beach, South Seaside Park, Ocean Gate:					
Salaries and Wages	11,898.33	11,898.33	11,898.33	-	-
Berkeley Board of Education - Fuel:					
Other Expenses	57,000.00	57,000.00	57,000.00	-	-
Central Regional Board of Education - Fuel:					
Other Expenses	100,000.00	100,000.00	100,000.00	-	-
Community Service Officer Program:					
Salaries and Wages	511,020.00	511,020.00	367,601.70	143,418.30	-
Other Expenses	109,650.00	109,650.00	97,317.84	12,332.16	-
<u>Public and Private Programs Offset by Revenues</u>					
Clean Communities Grant:					
Salaries and Wages	75,000.00	75,000.00	75,000.00	-	-
Other Expenses	51,853.40	51,853.40	51,853.40	-	-
HDSR Municipal Remedial Grant Program					
NJ Sandy Recovery-So.SSPK Ngrbrhd Plan	4,364.00	4,364.00	4,364.00	-	-
NJEDA HDSRF Public Entity Post Sandy	50,000.00	50,000.00	50,000.00	-	-
NJ Sandy Recovery Plnng. Master Plan	712,380.00	712,380.00	712,380.00	-	-
NJ Sandy Recovery-Coastal Ngrbrhd. Rslncy	20,000.00	20,000.00	20,000.00	-	-
Sandy Recovery Community Rating System	50,000.00	50,000.00	50,000.00	-	-
Sandy Recovery - Floodplain Management	50,000.00	50,000.00	50,000.00	-	-
Sandy Recovery - Floodplain Management	20,000.00	20,000.00	20,000.00	-	-

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
US Dept. of Homeland Sec FY2016-Elev-Cont	558,174.56	558,174.56	558,174.56	-	-
Distracted Driving	5,500.00	5,500.00	5,500.00	-	-
Municipal Alliance Grant - Municipal Share:					
Salaries and Wages	7,847.00	7,847.00	7,847.00	-	-
Municipal Alliance Grant - State Share (Fiscal Year):					
Salaries and Wages	20,768.66	20,768.66	20,768.66	-	-
Other Expenses	10,619.34	10,619.34	10,619.34	-	-
NJOEM FY 2018 966 Grant-Other Expenses	26,071.90	26,071.90	26,071.90	-	-
Matthew Tarentino Grant-S&W	2,400.00	2,400.00	2,400.00	-	-
Matthew Tarentino Grant-Other Expenses	7,049.00	7,049.00	7,049.00	-	-
CDBG Roadway & Drainage-Other Expenses	31,000.00	31,000.00	31,000.00	-	-
DOJ Body Armor 2017	4,461.18	4,461.18	4,461.18	-	-
2017 Body Armor Fund-NJ	5,722.43	5,722.43	5,722.43	-	-
Click It or Ticket 2017	5,500.00	5,500.00	5,500.00	-	-
DDEF FY 2017 Grant	10,445.92	10,445.92	10,445.92	-	-
Ocean County Tourism Grant	833.00	833.00	833.00	-	-
Cops In Shop-Summer College Int.	1,400.00	1,400.00	1,400.00	-	-
State of NJ Recycling Tonnage Grant	62,629.29	62,629.29	62,629.29	-	-
Total Operations excluded from Caps	3,140,233.30	3,151,118.11	2,940,799.69	210,318.42	-
Detail:					
Salaries and Wages	802,413.99	802,413.99	649,688.29	152,725.70	-
Other Expenses	2,337,819.31	2,348,704.12	2,291,111.40	57,592.72	-
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	425,000.00	425,000.00	425,000.00	-	-
Ord #08-10	-	34,211.00	34,211.00	-	-
Ord #10-31	-	50,000.00	50,000.00	-	-
Total Capital Improvements excluded from Caps	425,000.00	509,211.00	509,211.00	-	-
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	3,350,000.00	3,350,000.00	3,350,000.00	-	-
Interest on Bonds	732,005.00	732,005.00	732,005.00	-	-
Interest on Notes	296,899.04	296,899.04	296,592.36	-	306.68
NJEIT:					
Loan Repayments for Principal and Interest	133,094.45	133,094.45	129,276.39	-	3,818.06
Total Municipal Debt Service excluded from Caps	4,511,998.49	4,511,998.49	4,507,873.75	-	4,124.74

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations - 5 Years					
(N.J.S. 40A:4-55)					
Special Emergency Authorizations - From 2012	1,200,000.00	1,200,000.00	1,200,000.00	-	-
Special Emergency Authorizations - From 2013	51,339.12	51,339.12	51,339.12	-	-
Special Emergency Authorizations - From 2014	89,389.71	89,389.71	89,389.71	-	-
Special Emergency Authorizations - From 2015	48,405.36	48,405.36	48,405.36	-	-
Special Emergency Authorizations - From 2016	13,381.25	13,381.25	13,381.25	-	-
Total Deferred Charges excluded from Caps	52,144.03	52,144.03	52,144.03	-	-
Total General Appropriations excluded from Caps	<u>1,454,659.47</u>	<u>1,454,659.47</u>	<u>1,454,659.47</u>		
	9,531,891.26	9,626,987.07	9,412,543.91	210,318.42	4,124.74
Subtotal General Appropriations	43,706,799.36	43,706,799.36	43,165,082.06	537,592.56	4,124.74
Reserve for Uncollected Taxes	2,371,443.39	2,371,443.39	2,371,443.39	-	-
Total General Appropriations	<u>\$ 46,078,242.75</u>	<u>\$ 46,078,242.75</u>	<u>\$ 45,536,525.45</u>	<u>\$ 537,592.56</u>	<u>\$ 4,124.74</u>
Ref.		A-1		A	A-1
Adopted Budget					
Appropriations added by 40A:4-87		\$ 45,292,831.36			
		<u>785,411.39</u>			
Reserve for:	A-3	<u>\$ 46,078,242.75</u>			
Encumbrances			\$ 465,646.36		
Uncollected Taxes			2,371,443.39		
Disbursements			39,450,756.55		
Deferred Charges Raised - Special Emergency Appropriations			1,454,659.47		
Interfunds:					
Grant Fund			1,794,019.68		
	A-3		<u>\$ 45,536,525.45</u>		

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
OTHER TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

Exhibit B

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 343.13	\$ 15.01
<u>Other Trust Fund</u>			
Cash	B-1	7,667,454.61	7,747,456.28
Due From Regional School District	B-5	10,057.50	18,352.50
Due From Local School District	B-5	16,753.75	15,145.00
		<u>7,694,265.86</u>	<u>7,780,953.78</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) (Unaudited):</u>			
Funds Held by Trustee	B-7	2,136,031.42	1,852,945.90
		<u>\$ 9,830,640.41</u>	<u>\$ 9,633,914.69</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Animal Control Trust Fund	B-2	\$ 341.93	\$ 15.01
Due to State of New Jersey	B-3	1.20	-
		<u>343.13</u>	<u>15.01</u>
<u>Other Trust Fund</u>			
Interfunds -			
Current Fund	B-4	162,740.97	33,372.60
Payroll Fund		268,293.65	385,795.30
General Capital		27,500.00	-
Due to State of New Jersey		15,470.00	14,808.00
Reserve for:			
Miscellaneous Reserves	B-5	6,482,188.76	6,560,448.29
Open Space	B-6	738,072.48	786,529.59
		<u>7,694,265.86</u>	<u>7,780,953.78</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) (Unaudited):</u>			
Reserve for LOSAP Fund	B-7	2,136,031.42	1,852,945.90
		<u>\$ 9,830,640.41</u>	<u>\$ 9,633,914.69</u>

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

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

Exhibit C

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	C-1	\$ 5,623,557.64	\$ 5,068,871.12
Deferred Charges to Future Taxation:			
Funded	C-3	28,080,424.15	31,693,227.70
Unfunded	C-4	24,013,821.00	15,619,282.00
Interfund - Current Fund		928.00	928.00
Interfund - Open Space		27,500.00	-
Grants Receivable	C-6	432,668.00	157,668.00
		<u>\$ 58,178,898.79</u>	<u>\$ 52,539,976.82</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-5	\$ 36,483.97	\$ 30,233.97
Reserve for Debt Service	C-1	169,989.61	332,212.72
Improvement Authorizations:			
Funded	C-7	130,147.96	107,384.37
Unfunded	C-7	4,227,656.47	3,833,180.72
Reserve for Encumbrances	C-7	3,907,019.63	2,872,810.34
Bond Anticipation Notes	C-11	21,627,177.00	13,670,927.00
Environmental Infrastructure Trust Fund Loans	C-8	1,479,962.60	1,657,734.10
Serial Bonds	C-9	26,044,000.00	29,394,000.00
Green Trust Loan Payable	C-10	556,461.55	641,493.60
		<u>\$ 58,178,898.79</u>	<u>\$ 52,539,976.82</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$2,386,644.00 and \$1,948,355.00, respectively (Exhibit C-12).

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
PAYROLL FUND
STATEMENTS OF ASSETS AND LIABILITIES -
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

Exhibit G

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash	\$ 144,432.38	\$ 118,784.56
Interfund Receivable - Outside Employment	<u>268,293.65</u>	<u>385,795.30</u>
	<u><u>\$ 412,726.03</u></u>	<u><u>\$ 504,579.86</u></u>
<u>Liabilities</u>		
Interfund Payable - Current Fund	\$ 243,162.45	\$ 302,210.20
Payroll Deductions Payable	<u>169,563.58</u>	<u>202,369.66</u>
	<u><u>\$ 412,726.03</u></u>	<u><u>\$ 504,579.86</u></u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS AND RESERVES -
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

Exhibit H

	<u>2017</u>	<u>2016</u>
General Fixed Assets:		
Land	\$ 6,245,007.50	\$ 6,245,007.50
Buildings and Improvements	7,625,923.00	7,625,923.00
Machinery and Equipment	<u>30,728,679.42</u>	<u>28,954,268.14</u>
	<u><u>\$ 44,599,609.92</u></u>	<u><u>\$ 42,825,198.64</u></u>
Reserve for General Fixed Assets	<u><u>\$ 44,599,609.92</u></u>	<u><u>\$ 42,825,198.64</u></u>

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

This page intentionally left blank.

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This page intentionally left blank.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Township of Berkeley, County of Ocean, New Jersey (hereafter referred to as the "Township"), include every board, body, office or commission supported by and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operation of the Board of Education, first aid organizations, or volunteer fire companies which are subjected to separate audits.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

Payroll Fund – This fund accounts for receipts and disbursements for payroll costs and payroll taxes.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current] Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Inventories and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township’s Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Ocean, and Berkeley Township School District Central Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Berkeley Township School District and Central Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township’s financial statements.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued)

As of December 31, 2017, the Township's bank balance of \$22,659,928.94 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 20,577,064.60
Uninsured and Uncollateralized	<u>2,082,864.34</u>
	<u>\$ 22,659,928.94</u>

Investments

The Township had no investments as of December 31, 2017.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 2.080</u>	<u>\$ 2.069</u>	<u>\$ 2.012</u>
Apportionment of Tax Rate:			
Municipal	0.618	0.618	0.600
Municipal Open Space	0.010	0.010	0.010
County General	0.429	0.419	0.416
Local School	0.587	0.586	0.561
Regional School	0.436	0.436	0.425

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 5,107,714,648.00
2016	5,119,435,600.00
2015	5,102,034,098.00

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3. Property Taxes (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$ 106,734,982.15	\$ 105,315,779.03	98.67%
2016	106,331,265.00	103,711,457.00	97.53%
2015	103,129,564.00	100,540,548.00	97.48%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017	\$ 1,091,188.14	\$ 1,030,938.02	\$ 2,122,126.16	1.99%
2016	1,041,729.00	1,993,493.00	3,035,222.00	2.85%
2015	909,512.00	2,108,170.00	3,017,682.00	2.93%

Note: 4: Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2017	\$ 6,179,600.00
2016	6,590,979.58
2015	6,590,979.58

Note 5. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5. Fund Balances Appropriated (continued)

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2017	\$ 5,801,222.77	\$ 2,645,000.00	45.59%
2016	4,164,228.03	2,032,750.00	48.81%
2015	3,582,772.06	2,329,129.00	65.01%

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 7. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2017:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 801,505.47	\$ 928.00
State and Federal Grant Fund	-	395,602.05
Trust Other Fund	-	458,534.62
Capital Fund	28,428.00	-
Payroll Fund	268,293.65	243,162.45
	<u>\$ 1,098,227.12</u>	<u>\$ 1,098,227.12</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 183,413.92	\$ 113,093.30
Trust Other Fund	54,045.55	183,413.92
Payroll Fund	59,047.75	-
	<u>\$ 296,507.22</u>	<u>\$ 296,507.22</u>

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7. Interfund Receivables, Payables and Transfers (continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land	\$ 6,245,007.50	\$ -	\$ -	\$ 6,245,007.50
Buildings and Improvements	7,625,923.00	-	-	7,625,923.00
Machinery & Equipment	28,954,268.14	1,774,411.28	-	30,728,679.42
	<u>\$ 42,825,198.64</u>	<u>\$ 1,774,411.28</u>	<u>\$ -</u>	<u>\$ 44,599,609.92</u>

Note 9. Pension Obligations

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PERS:

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

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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 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 at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. 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 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. For the year ended December 31, 2017, the Township's contractually required contribution to PERS plan was \$1,006,260.00

Components of Net Pension Liability - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$25,285,294.00. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was .108621% which was an increase of .011656% from its proportion measured as of June 30, 2016.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 8,050,943	\$ 7,721,053
Deferred Inflows of Resources	5,754,860	940,640
Net Pension Liability	25,285,294	28,718,278
Township's portion of the Plan's total net pension Liability	0.10862%	0.09697%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$1,823,784.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,006,260.00 to the plan in 2017.

At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 595,381	\$ -
Changes of Assumptions	5,094,115	5,075,439
Net Difference between Projected and Actual Earnings on Pension Plan Investments	172,176	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>2,189,271</u>	<u>679,421</u>
	<u>\$ 8,050,943</u>	<u>\$ 5,754,860</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2018	\$ 643,115
2019	923,590
2020	712,020
2021	271,991
2022	<u>(254,633)</u>
	 <u><u>\$ 2,296,083</u></u>

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

Inflation	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 Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic 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	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%
	<u>100.00%</u>	

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 31,368,123	\$ 25,285,294	\$ 20,217,543

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 PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount. 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 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. For the year ended December 31, 2017, the Township's contractually required contributions to PFRS plan was \$1,602,971.00.

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

Net Pension Liability and Pension Expense - At December 31, 2017 the Township's proportionate share of the PFRS net pension liability was \$27,961,872.00. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was .1811228%, which was a decrease of .00347137% from its proportion measured as of June 30, 2016.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 4,431,599	\$ 7,747,256
Deferred Inflows of Resources	7,053,751	2,699,016
Net Pension Liability	27,961,872	35,262,227
Township's portion of the Plan's total net pension Liability	0.18112%	0.18459%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2017, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2017 measurement date was \$2,535,948.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,602,971.00 to the plan in 2017.

At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 181,400	\$ 164,113
Changes of Assumptions	3,448,010	4,579,337
Net Difference between Projected and Actual Earnings on Pension Plan Investments	533,578	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>268,611</u>	<u>2,310,301</u>
	<u>\$ 4,431,599</u>	<u>\$ 7,053,751</u>

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2018	\$ (143,348)
2019	525,792
2020	(486,952)
2021	(1,896,480)
2022	<u>(621,164)</u>
	<u><u>\$ (2,622,152)</u></u>

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is \$3,131,965.00 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2017 was .181228%, which was a decrease of .00347137% from its proportion measured as of June 30, 2016, which is the same proportion as the Township's. At December 31, 2017, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 27,961,872
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>3,131,965</u>
	<u><u>\$ 31,093,837</u></u>

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

At December 31, 2017, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2017 measurement date was \$383,110.00.

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

Inflation	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%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
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%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 36,842,069	\$ 27,961,872	\$ 20,665,780
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>4,126,622</u>	<u>3,131,965</u>	<u>2,314,741</u>
	<u><u>\$ 40,968,691</u></u>	<u><u>\$ 31,093,837</u></u>	<u><u>\$ 22,980,521</u></u>

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

Note 10. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt (continued)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 49,707,601.15	\$ 45,364,155.00	\$ 40,943,887.00
Total Debt Issued	49,707,601.15	45,364,155.00	40,943,887.00
Authorized but not issued:			
General:			
Bonds, Notes and Loans	2,386,644.00	1,948,355.00	1,948,355.00
Total Authorized But Not Issued	2,386,644.00	1,948,355.00	1,948,355.00
Total Gross Debt	<u>\$ 52,094,245.15</u>	<u>\$ 47,312,510.00</u>	<u>\$ 42,892,242.00</u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ 169,989.61	\$ 332,213.00	\$ 64,966.00
Open Space Trust (N.J.S.A. 40A:244(h))	738,072.48	788,152.00	851,426.00
Total Deductions	908,062.09	1,120,365.00	916,392.00
Total Net Debt	<u>\$ 51,186,183.06</u>	<u>\$ 46,192,145.00</u>	<u>\$ 41,975,850.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 9,095,000.00	\$ 9,095,000.00	\$ -
Regional School Debt	1,848,000.00	1,848,000.00	-
General Debt	52,094,245.15	908,062.09	51,186,183.06
	<u>\$ 63,037,245.15</u>	<u>\$ 11,851,062.09</u>	<u>\$ 51,186,183.06</u>

Net Debt \$51,186,183.06 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$5,279,887,006.33, equals 0.969%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2017 is calculated as follows:

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt (continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 184,796,045.22
Net Debt	<u>51,186,183.06</u>
Remaining Borrowing Power	<u><u>\$ 133,609,862.16</u></u>

General Debt

General Capital Fund

\$12,745,000 2010 Bonds due in annual installments ranging from \$500,000 to \$995,000 through 2024 at interest rates ranging from 3.00% to 4.00%	\$ 6,695,000
\$9,950,000 2012 Bonds due in annual installments ranging from \$525,000 to \$1,050,000 through 2023 at interest rates ranging from 2.125% to 3.00%	6,300,000
\$3,085,000 2015 Refunding Bonds due in annual installments ranging from \$45,000 to \$720,000 through 2020 at an interest rate of 2%	2,215,000
\$11,409,000 2016 Bonds due in annual installments ranging from \$575,000 to \$1,150,000 through 2028 at an interest rates ranging From 2.00% to 3.00%	<u>10,834,000</u>
	<u>\$ 26,044,000</u>

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	3,330,000.00	655,505.00	3,985,505.00
2019	3,315,000.00	578,217.50	3,893,217.50
2020	3,295,000.00	498,855.00	3,793,855.00
2021	3,095,000.00	407,436.25	3,502,436.25
2022	3,120,000.00	316,867.50	3,436,867.50
2023-2027	8,740,000.00	518,275.00	9,258,275.00
2028-2032	<u>1,149,000.00</u>	<u>11,490.00</u>	<u>1,160,490.00</u>
	<u>\$ 26,044,000.00</u>	<u>\$ 2,986,646.25</u>	<u>\$ 29,030,646.25</u>

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt (continued)

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2017:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2017</u>
Series 2017 A	5/18/2017	5/18/2018	2.000%	<u>\$ 21,627,177.00</u>
				<u><u>\$ 21,627,177.00</u></u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2017, the Township had \$2,386,6443.00 in various General Capital bonds and notes authorized but not issued.

D. Loans Payable

New Jersey Environmental Infrastructure Trust

During 2007, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$1,320,000 for Potters Creek. \$345,000 was funded by a trust loan with interest rates ranging from 3.40% to 5.00%. The remaining \$975,000 was funded by a fund loan with 0.00% interest. The loan matures in 2027.

During 2008, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$814,303 for storm water management, roadway and drainage improvements. \$405,000 was funded by a trust loan with interest rates ranging from 5.00% to 5.50%. The remaining \$409,303 was funded by a fund loan with 0.00% interest. The loan matures in 2021.

During 2010 the Township entered into a loan agreement funded by the New Jersey Environmental Trust in the amount of \$1,005,700 for storm water management. \$250,000 will be funded by a trust loan with interest rates ranging from 3.845% to 4.25%. The remaining \$755,700 will be funded by an interest free fund loan. The loan is payable in installments commencing August 1, 2011 and maturing on August 1, 2029.

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 189,292.53	\$ 24,862.50	\$ 214,155.03
2019	193,792.06	21,612.50	215,404.56
2020	194,823.65	18,462.50	213,286.15
2021	181,109.72	15,012.50	196,122.22
2022	121,516.60	11,412.50	132,929.10
2023-2027	603,938.04	32,987.50	636,925.54
2028-2032	5,444.00	217.76	5,661.76
Deobligated	(9,954.00)	-	(9,954.00)
	<u>\$ 1,479,962.60</u>	<u>\$ 124,567.76</u>	<u>\$ 1,604,530.36</u>

Green Trust Loans

During 2001, the Township entered into a loan agreement funded by the Green Trust in the amount of \$409,630.28 for Veterans' Park Driving Range. The loan bears an interest rate of 2.00% and matures in April 2021.

During 2008, the Township entered into a loan agreement funded by the Green Trust in the amount of \$500,000.00 for Veterans' Park Driving Range. The loan bears an interest rate of 2.00% and matures in March 2027.

During 2008, the Township entered into a loan agreement funded by the Green Trust in the amount of \$289,202.77 for Toms River Park Phase II. The loan bears an interest rate of 2.00% and matures in February 2028.

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 72,668.98	\$ 10,767.70	\$ 83,436.68
2019	74,129.63	9,307.04	83,436.67
2020	75,619.62	7,817.04	83,436.66
2021	60,293.81	6,297.04	66,590.85
2022	44,491.40	5,253.64	49,745.04
2023-2027	220,355.40	12,331.85	232,687.25
2028-2032	8,902.75	89.03	8,991.78
	<u>\$ 556,461.59</u>	<u>\$ 51,863.34</u>	<u>\$ 608,324.93</u>

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt (continued)

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Township is as follows:

	Balance December 31, <u>2016</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2017</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 29,394,000.00	\$ -	\$ 3,350,000.00	\$ 26,044,000.00	\$ -
Bond Anticipation Notes	13,670,927.00	21,627,177.00	13,670,927.00	21,627,177.00	21,627,177.00
Green Trust Loan	641,493.60	-	85,032.05	556,461.55	72,668.98
NJEIT Loans	1,657,734.10	-	177,771.50	1,479,962.60	189,292.53
	<u>\$ 45,364,154.70</u>	<u>\$ 21,627,177.00</u>	<u>\$ 17,283,730.55</u>	<u>\$ 49,707,601.15</u>	<u>\$ 21,889,138.51</u>

Note 11. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2017</u>	2018 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)			
2013 Contractually Required Liabilities	\$ 89,389.00	\$ 89,389.00	\$ -
2014 Contractually Required Liabilities	96,810.72	48,405.36	48,405.36
2015 Contractually Required Liabilities	40,143.74	13,381.25	26,762.49
2016 Contractually Required Liabilities	208,576.12	52,144.03	156,432.09

Note 12. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 12. Deferred School Taxes (continued)

	Balance, December 31,	
<u>Local Taxes</u>	<u>2017</u>	<u>2016</u>
Total Balance of Local Tax	\$ 14,219,411.01	\$ 14,256,786.01
Deferred Taxes	<u>14,219,411.01</u>	<u>14,256,786.01</u>
Local Tax Payable	<u>\$ -</u>	<u>\$ -</u>

	Balance, December 31,	
<u>Regional Tax</u>	<u>2017</u>	<u>2016</u>
Total Balance of Regional Tax	\$ 10,871,541.87	\$ 10,413,720.62
Deferred Taxes	<u>10,871,541.87</u>	<u>10,413,720.62</u>
Regional Tax Payable	<u>\$ -</u>	<u>\$ -</u>

Note 13. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$3,364,037.76 at December 31, 2017.

Note 14. Service Contract – Utility Authorities

The Township adopted an ordinance on April 19, 1961 providing a service contract between the Township and the Berkeley Township Sewerage Authority and also adopted an ordinance on February 16, 1988 providing a service contract between the Township and the Berkeley Township Utilities Authority. The contracts, among other things, obligates the Township to pay to the Authorities such sums of money as may be necessary to provide for deficits which result from failure of the Authorities to provide adequate revenues from their operations.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 15. FEMA Community Disaster Loan

On May 21, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$5,000,000 in relation to Super Storm Sandy losses and expenditures. The Township drew down \$5,000,000 of the total amount in October 2013 and recognized this as revenue in the Current Fund in the year ended December 31, 2013. The Township's accrued interest at December 31, 2017 is \$211,095.89.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case May 30, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed.

The Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and unreimbursed disaster related operating expenses. The Township has submitted application to have a partial cancellation of this loan in the amount of \$3,755,497.97 plus the related accrued interest based on calculation provided by FEMA representatives. As of the date of this report, the Township has not yet received final approval.

Note 16. Contingent Liabilities

Pending Litigation

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

Residents of South Seaside Park have filed a petition with the Township's Planning Board to begin the de-annexation process from the Township of Berkeley. The matter is being heard before the Township's Planning Board and, as of the date of this report, hearings are ongoing and no determination has been made.

Note 17. Subsequent Events

The Township has evaluated subsequent events through September 14, 2018, the date the financial statements were available to be issued.

On January 22, 2018 the Township adopted an ordinance providing for various capital improvements and the acquisition of various capital equipment and appropriating \$9,019,355 therefor and authorizing the issuance of \$8,568,387 in Bonds or Bond Anticipation Notes to finance the same.

On May 2, 2018 the Township issued General Obligation Bonds totaling \$19,955,000. These bonds were issued to refinance a portion of the Township's outstanding bond anticipation notes. These bonds mature on May 15, 2029 with annual principal payments ranging from \$1,150,000 to \$2,300,000 and interest rates ranging from 3.00% to 5.00%.

This page intentionally left blank.

SUPPLEMENTARY EXHIBITS

This page intentionally left blank.

CURRENT FUND

This page intentionally left blank.

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-4

Balance December 31, 2016		\$ 6,824,114.70
Increased by Receipts:		
Taxes Receivable	\$ 104,430,664.38	
Revenue Accounts Receivable	8,921,870.91	
FEMA Receivable	333,746.26	
Tax Overpayments	4,899.65	
State of New Jersey (Ch. 20, P.L. 1971)	1,486,378.74	
Miscellaneous Revenue not Anticipated	910,352.36	
Sales Tax Payable	9,478.91	
Tax Title Liens Receivable	200,957.12	
Prepaid Taxes	3,725,787.94	
Municipal Utility Authority	390,357.44	
Garden State Trust Revenue Reserve	42,590.00	
Operations:		
Expired Tax Sale Premiums	19,700.00	
Prior Year Cancelled Checks	3,559.95	
Change Fund	500.00	
Interfunds:		
Grant Fund	578,377.96	
Other	113,093.30	
	<hr/>	<hr/>
		121,172,314.92
		127,996,429.62
Decreased by Disbursements:		
Budget Appropriations	39,450,756.55	
County Taxes Payable	21,959,358.92	
Regional School Tax	21,821,096.75	
Local School District Tax	30,008,575.00	
Municipal Utility Authority	393,230.20	
Special Emergency Note Payable	1,200,000.00	
Sales Tax Payable	9,726.01	
Appropriation Reserves	872,359.83	
Tax Overpayments Refunded	233,707.31	
Open Space Tax	513,149.75	
Spending Reserves	686,496.98	
Change Fund	500.00	
Interfunds:		
Grant Fund	1,024,493.52	
Other	133,918.14	
	<hr/>	<hr/>
		118,307,368.96
Balance December 31, 2017		\$ <u><u>9,689,060.66</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2017

Year	Balance Dec. 31, 2016	2017 Levy	Added Amounts	Collections		Due from State	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2017
				2017	2016				
Prior to 2014	\$ 3,592.41	-	-	600.00	-	-	-	2,242.41	750.00
2014	430.12	-	250.00	430.12	-	-	-	-	250.00
2015	8,591.28	-	2,966.46	10,155.69	-	-	1,056.66	-	345.39
2016	1,980,878.74	-	124,686.27	2,061,444.92	-	-	22,439.73	15,175.02	6,505.34
	1,993,492.55	-	127,902.73	2,072,630.73	-	-	23,496.39	17,417.43	7,850.73
2017	-	106,734,982.15	-	102,358,033.65	1,438,245.38	1,519,500.00	185,851.73	210,264.10	1,023,087.29
	\$ 1,993,492.55	\$ 106,734,982.15	\$ 127,902.73	\$ 104,430,664.38	\$ 1,438,245.38	\$ 1,519,500.00	\$ 209,348.12	\$ 227,681.53	\$ 1,030,938.02

Analysis of 2017 Property Tax Yield and Tax Levy

Tax Yield:	
General Purpose Tax	\$ 106,240,464.68
Added and Omitted Taxes	494,517.47
	<u>\$ 106,734,982.15</u>

Tax Levy:

Local District School Tax (Abstract)	\$ 29,971,200.00
Regional School Tax (Abstract)	22,278,918.00
County Taxes:	
County Tax (Abstract)	\$ 18,529,087.07
County Library Tax (Abstract)	1,996,122.02
County Health Tax (Abstract)	723,334.68
County Open Space Tax (Abstract)	631,496.58
Due County for Added and Omitted Taxes	101,855.11
Total County Taxes	21,981,895.46
Local Open Space Tax	513,149.75
Local Tax for Municipal Purposes	31,566,481.97
Add: Additional Tax Levied	423,336.97
	<u>32,502,968.69</u>
	<u>\$ 106,734,982.15</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-6

Balance December 31, 2016		\$ 1,041,729.40
Increased by:		
Transfers from Taxes Receivable	\$ 209,348.12	
Interest and Costs Accrued at Tax Sale	3,050.01	
Adjust to Actual	<u>51,575.63</u>	
		<u>263,973.76</u>
		1,305,703.16
Decreased by:		
Receipts	\$ 200,957.12	
Transferred to Debris Lien	<u>13,557.90</u>	
		<u>214,515.02</u>
Balance December 31, 2017		\$ <u><u>1,091,188.14</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit A-7
Sheet 1 of 2

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued</u> <u>in 2017</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Licenses:	\$	\$	\$	\$
Alcoholic Beverages		46,126.00	46,126.00	
Other		4,840.00	4,840.00	
Fees and Permits		513,498.66	513,498.66	
Fines and Costs:				
Municipal Court	12,101.02	167,988.55	170,884.33	9,205.24
Interest and Costs on Taxes		485,238.59	485,238.59	
Interest on Investments and Deposits		16,992.84	16,992.84	
Beach Admission Fees		112,154.00	112,154.00	
Municipal Golf Course		564,263.71	564,263.71	
Water and Cable Franchise Fees		236,483.82	236,483.82	
Hotel and Motel Occupancy Tax		27,756.08	27,756.08	
State Aid:				
Energy Receipts Tax		4,213,875.00	4,213,875.00	
Garden State Trust Fund		42,590.00	42,590.00	
Special Items of Revenue:				
Interlocal Services Agreements:				
Animal Control Services		6,070.09	6,070.09	
Berkeley Board of Education Fuel Facilities		71,388.55	71,388.55	
Central Regional Board of Education Fuel Facilities		127,191.83	127,191.83	
Central Regional Board of Education Trash		63,000.00	63,000.00	
Fire Protection		26,500.00	26,500.00	
Other Special Items:				
Community Services Officer Program-Ambulance Service Fees		680,443.60	680,443.60	
Health Care Coverage - Employee Percentage		705,132.97	705,132.97	
Sale of Land		93,654.00	93,654.00	

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-7
Sheet 2 of 2

	<u>Balance Dec. 31, 2016</u>	<u>Accrued in 2017</u>	<u>Collections</u>	<u>Balance Dec. 31, 2017</u>
Capital Fund Reserve for Cash	\$	\$ 332,212.72	\$ 332,212.72	\$
Senior/Veteran Administration Fee		29,727.57	29,727.57	
Surplus from the Berkeley Township Sewer Authority		410,000.00	410,000.00	
Uniform Fire Safety Act		33,932.33	33,932.33	
	<u>\$ 12,101.02</u>	<u>\$ 9,011,060.91</u>	<u>\$ 9,013,956.69</u>	<u>\$ 9,205.24</u>
Receipts			\$ 8,921,870.91	
Interfunds			49,495.78	
Revenue Reserve Realized-Garden State Trust Fund			<u>42,590.00</u>	
			<u>\$ 9,013,956.69</u>	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Date Authorized</u>	<u>Improvement Description</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance Dec. 31, 2017</u>
12/11/2012	Contractually Required Severance	\$ 256,695.52	\$ 51,339.10	\$ 51,339.12	\$ 51,339.12	\$ -
12/31/2012	Superstorm Sandy	6,000,000.00	1,200,000.00	1,200,000.00	1,200,000.00	-
12/30/2013	Contractually Required Severance	446,948.55	89,389.71	178,779.42	89,389.71	89,389.71
11/24/2014	Contractually Required Severance	242,026.80	48,405.36	145,216.08	48,405.36	96,810.72
12/14/2015	Contractually Required Severance	66,906.24	13,381.25	53,524.99	13,381.25	40,143.74
11/14/2016	Contractually Required Severance	260,750.15	52,150.03	260,720.15	52,144.03	208,576.12
				<u>\$ 1,889,579.76</u>	<u>\$ 1,454,659.47</u>	<u>\$ 434,920.29</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATIONS WITHIN CAPS
General Government Functions

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
General Administration:					
Salaries and Wages	\$ 7,177.37	\$ -	\$ 7,177.37	\$ -	\$ 7,177.37
Other Expenses	8,330.11	3,082.53	11,412.64	3,082.53	8,330.11
Human Resources:					
Salaries and Wages	6,330.15	-	6,330.15	-	6,330.15
Other Expenses	2,835.65	-	2,835.65	-	2,835.65
Office of the Mayor:					
Salaries and Wages	1,031.88	-	-	-	-
Other Expenses	-	-	1,031.88	-	1,031.88
Township Council:					
Salaries and Wages	0.01	-	0.01	-	0.01
Other Expenses	602.00	-	602.00	-	602.00
Municipal Clerk:					
Salaries and Wages	-	-	-	-	-
Other Expenses	4,893.28	1,837.73	6,731.01	1,867.23	4,863.78
Division of Information Technology					
Other Expenses	445.20	-	445.20	355.00	90.20
Financial Administration:					
Salaries and Wages	16,788.78	-	16,788.78	-	16,788.78
Other Expenses	6,777.06	587.30	80,654.19	624.24	80,029.95
Audit Services:					
Other Expenses	1,385.00	-	1,385.00	-	1,385.00
Revenue Administration (Tax Collection):					
Salaries and Wages	304.42	-	304.42	-	304.42
Other Expenses	4,539.19	1,007.36	5,546.55	673.80	4,872.75
Tax Assessment Administration:					
Salaries and Wages	-	-	-	-	-
Other Expenses	596.49	45.50	641.99	45.50	596.49
Division of Purchasing					
Salaries and Wages	11.93	-	11.93	-	11.93
Other Expenses	1,051.66	906.89	1,958.55	832.05	1,126.50
Legal Services:					
Other Expenses	184,458.11	21,708.80	165,666.91	25,730.09	139,936.82

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Balance Dec. 31, 2017</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Engineering Services:					
Other Expenses	\$ 15,380.97	\$ 28,046.41	\$ 73,427.38	\$ 70,091.30	\$ 3,336.08
Economic Development Agencies:					
Salaries and Wages	-	-	-	-	-
Other Expenses	275.00	-	275.00	100.00	175.00
Waterways Advisory Committee:					
Salaries and Wages	-	-	100.00	-	100.00
Other Expenses	200.00	-	200.00	200.00	-
Municipal Court:					
Salaries and Wages	-	-	-	-	-
Other Expenses	3,650.52	1,513.25	5,163.77	1,513.45	3,650.32
Public Defender (P.L. 1997, c256):					
Other Expenses	13,272.54	83.34	13,355.88	2,916.66	10,439.22
<u>Land Use Administration</u>					
Planning Board / Director of Planning:					
Other Expenses	20,000.00	17,456.78	37,456.78	30,908.30	6,548.48
Planning Board:					
Other Expenses	5,196.81	2,214.57	7,411.38	6,509.00	902.38
Division of Zoning:					
Other Expenses	1,496.09	-	1,496.09	1,074.27	421.82
Zoning Board of Adjustment:					
Salaries and Wages	0.01	-	0.01	-	0.01
Other Expenses	2,205.47	488.71	5,694.18	1,157.50	4,536.68
<u>Insurance</u>					
General Liability	69,230.00	-	-	-	-
Workers Compensation	23,975.31	-	41,475.31	41,283.95	191.36
Employee Group Insurance	156,658.84	2,307.80	117,144.88	90,861.05	26,283.83

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>Public Safety Functions</u>					
Police Department:					
Salaries and Wages	\$ 245,643.05	\$ -	\$ 245,643.05	\$ -	\$ 245,643.05
Other Expenses	13,946.95	142,117.82	156,064.77	114,317.68	41,747.09
Emergency Management:					
Salaries and Wages	15,805.35	-	15,805.35	-	15,805.35
Other Expenses	17,126.85	1,324.92	18,451.77	-	18,451.77
Aid to Volunteer Fire Companies:					
Other Expenses	154.39	55,151.29	55,305.68	53,616.32	1,689.36
Fire Department:					
Salaries and Wages	6,855.91	-	6,855.91	-	6,855.91
Other Expenses	2,532.70	-	2,532.70	-	2,532.70
Municipal Prosecutor:					
Other Expenses	7,215.00	490.00	7,705.00	3,150.00	4,555.00
<u>Public Works Functions</u>					
Streets and Roads Maintenance:					
Other Expenses	14,780.01	65,456.28	80,236.29	59,002.41	21,233.88
Contractual	9,938.32	-	9,938.32	-	9,938.32
Other Public Works Functions/ Signs, Maintenance:					
Salaries and Wages	721.03	-	721.03	-	721.03
Other Expenses	2,498.31	6,893.88	9,392.19	4,962.20	4,429.99
Other Public Works Functions/ Building Demolition:					
Other Expenses	10,000.00	-	10,000.00	-	10,000.00
Sanitation/Solid Waste Collection:					
Salaries and Wages	8,228.85	-	8,228.85	-	8,228.85
Other Expenses	2,237.25	19,250.60	21,487.85	10,829.93	10,657.92
Solid Waste Collection/Recycling:					
Salaries and Wages	137.74	-	137.74	-	137.74
Other Expenses	1,370.86	1,626.61	2,997.47	979.25	2,018.22
Buildings and Grounds:					
Salaries and Wages	14,881.23	-	14,881.23	-	14,881.23
Other Expenses	1,870.69	12,204.80	14,075.49	13,431.69	643.80

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Exhibit A-9
Sheet 4 of 6**

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Equipment Maintenance:					
Salaries and Wages	\$ 2,198.68	\$ -	\$ 2,198.68	-	\$ 2,198.68
Other Expenses	19,669.92	1,792.33	21,462.25	2,500.82	18,961.43
<u>Health and Human Services</u>					
Environmental Health Services:					
Other Expenses	350.00	-	350.00	100.00	250.00
Animal Control Services:					
Salaries and Wages	11,403.21	-	11,403.21	-	11,403.21
Other Expenses	422.35	-	422.35	-	422.35
<u>Parks and Recreation</u>					
Recreation Services and Programs:					
Other Expenses	11,959.84	6,500.27	18,460.11	7,010.75	11,449.36
Recreation Services and Programs/Golf Course:					
Salaries and Wages	897.64	-	897.64	-	897.64
Other Expenses	595.13	2,364.90	11,621.96	1,875.34	9,746.62
Maintenance of Parks:					
Salaries and Wages	11,241.11	-	11,241.11	-	11,241.11
Other Expenses	522.86	2,087.29	2,610.15	1,832.18	777.97
Beach and Boardwalk Operations:					
Other Expenses	84.98	-	84.98	-	84.98
<u>Utilities and Bulk Purchases</u>					
Utilities:					
Other Expenses	92,924.42	32,082.81	125,007.23	68,619.75	56,387.48
Street Lighting:					
Other Expenses	11,642.32	76,446.63	88,088.95	46,603.80	41,485.15
Gasoline:					
Other Expenses	229,093.75	22,141.49	251,235.24	98,409.74	152,825.50
<u>Landfill/Solid Waste</u>					
Landfill/Solid Waste Disposal Costs:					
Other Expenses/Tipping	94.03	4,622.00	23,716.03	20,312.91	3,403.12

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Code Enforcement and Administration

Other Code Enforcement Functions:					
Salaries and Wages	\$	595.76	\$	\$	595.76
Other Expenses		85.89		-	85.89
Total Operations within Caps		1,328,826.23		116.69	1,075,286.43
Contingent		2,000.00		533,957.58	2,000.00
Total Operations within Caps including Contingent		1,330,826.23		533,957.58	1,077,286.43

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:					
Social Security System		7,033.11		-	7,033.11
Total Deferred Charges and Statutory Expenditures within Caps		7,033.11		-	7,033.11
Total Appropriations within Caps		1,337,859.34		533,957.58	1,084,319.54

OPERATIONS EXCLUDED FROM CAPS

Length of Service Awards Program (N.J.A.C. 5:30-14.25):					
Other Expenses		21,408.50		21,408.50	-
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc)):					
Salaries and Wages		48,991.93		-	48,991.93
Other Expenses		1,121.49		9,098.22	1,438.88
Recycling Enhancement Act (P.L. 2007 c.311):					
Other Expenses		9,199.55		17,328.92	11,465.99

Interlocal Municipal Service Agreements

Ocean County Social Services-Relocation Expenses:					
Other Expenses		1,000.00		-	1,000.00
Fire Protection - South Toms River:					
Other Expenses		41.00		2,465.52	41.00
Berkeley Board of Education - Fuel:					
Other Expenses		17,821.31		-	17,821.31
Central Regional Board of Education - Fuel:					
Other Expenses		19,164.60		-	19,164.60

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Exhibit A-9
Sheet 6 of 6**

	Balance Dec. 31, 2017	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Community Service Officer Program:					
Salaries and Wages	\$ 120,774.50	\$ -	\$ 120,774.50	\$ -	\$ 120,774.50
Other Expenses	70,627.26	7,418.47	78,045.73	34,561.29	43,484.44
Total Operations excluded from Caps	<u>310,150.14</u>	<u>38,894.96</u>	<u>349,045.10</u>	<u>84,862.45</u>	<u>264,182.65</u>
Total General Appropriations	<u>\$ 1,648,009.48</u>	<u>\$ 572,852.54</u>	<u>\$ 2,220,862.02</u>	<u>\$ 872,359.83</u>	<u>\$ 1,348,502.19</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-10

Balance December 31, 2016:	
School Tax Deferred	\$ 14,256,786.01
Increased by:	
Levy for School Year July 1, 2017	
to June 30, 2018	<u>29,971,200.00</u>
	44,227,986.01
Decreased by:	
Disbursements	<u>30,008,575.00</u>
Balance December 31, 2017:	
School Tax Deferred	\$ <u><u>14,219,411.01</u></u>
<u>2017 Charge to Operations for Local School Tax</u>	
Balance December 31, 2016 - School Tax Deferred	\$ 14,256,786.01
Add: 2017-2018 School Tax Levy	29,971,200.00
Less: Ending Balance December 31, 2017 - School Tax Deferred	<u>(14,219,411.01)</u>
Amount Charged to 2017 Operations	\$ <u><u>30,008,575.00</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-11

Balance December 31, 2016:	
School Tax Deferred	\$ 10,413,720.62
Increased by:	
Levy for School Year July 1, 2017	
to June 30, 2018	<u>22,278,918.00</u>
	32,692,638.62
Decreased by:	
Disbursements	<u>21,821,096.75</u>
Balance December 31, 2017:	
School Tax Deferred	\$ <u><u>10,871,541.87</u></u>
<u>2017 Charge to Operations for Regional School Tax</u>	
Balance December 31, 2016 - School Tax Deferred	\$ 10,413,720.62
Add: 2017-2018 School Tax Levy	22,278,918.00
Less: Ending Balance December 31, 2017 - School Tax Deferred	<u>(10,871,541.87)</u>
Amount Charged to 2017 Operations	\$ <u><u>21,821,096.75</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-12

Balance December 31, 2016		\$ 79,318.57
2017 Tax Levy:		
County Tax (Abstract)	\$ 18,529,087.07	
County Library Tax (Abstract)	1,996,122.02	
County Health Tax (Abstract)	723,334.68	
County Open Space Tax (Abstract)	631,496.58	
Due County for Added and Omitted Taxes	<u>101,855.11</u>	
		<u>21,981,895.46</u>
		22,061,214.03
Decreased by:		
Disbursements		<u>21,959,358.92</u>
Balance December 31, 2017		\$ <u><u>101,855.11</u></u>

**SCHEDULE OF MUNICIPAL OPEN SPACE TAX
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-13

Balance December 31, 2016		\$ -
Increased by:		
Levy Calendar Year 2017		513,149.75
Decreased by:		
Disbursements		<u>513,149.75</u>
Balance December 31, 2017		\$ <u><u>-</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF SPENDING RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit A-14

<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Expended</u>	<u>Balance Dec. 31, 2017</u>
Contractually Required Severance	\$ 248,720.55	\$ 214,720.24	\$ 34,000.31
Storm Damage - Superstorm Sandy	<u>526,753.20</u>	<u>471,776.74</u>	<u>54,976.46</u>
	<u><u>\$ 775,473.75</u></u>	<u><u>\$ 686,496.98</u></u>	<u><u>\$ 88,976.77</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Total (Memo Only)	Other Trust Fund	General Capital Fund	Payroll Fund
Balance December 31, 2016 - (Due From) /Due To	\$ (334,654.80)	\$ (33,372.60)	\$ 928.00	\$ (302,210.20)
Increased by:				
Disbursed	133,918.14	133,918.14	-	-
Anticipated as Current Fund Revenue	49,495.78	49,495.78	-	-
Total Increases	183,413.92	183,413.92	-	-
Total Increases and Balances	<u>(518,068.72)</u>	<u>(216,786.52)</u>	<u>928.00</u>	<u>(302,210.20)</u>
Decreased by:				
Receipts	113,093.30	54,045.55	-	59,047.75
Total Decreases	<u>113,093.30</u>	<u>54,045.55</u>	<u>-</u>	<u>59,047.75</u>
Balance December 31, 2017 - (Due From) /Due To	\$ (404,975.42)	\$ (162,740.97)	\$ 928.00	\$ (243,162.45)

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF INTERFUND
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit A-16

Balance December 31, 2016-Due From		\$	42,021.64
Increased by:			
Appropriated Reserve Expenditures:			
Disbursements	\$	1,024,493.52	
Appropriated Reserves Cancelled		318,576.51	
2017 Revenue Anticipated		<u>1,786,172.68</u>	
			<u>3,129,242.71</u>
			(3,087,221.07)
Decreased by:			
Deposited in Current Fund:			
Grants Receivable		578,377.96	
Grants Receivable Cancelled		319,221.38	
2017 Budget Appropriations		<u>1,794,019.68</u>	
			<u>2,691,619.02</u>
Balance December 31, 2017-Due From		\$	<u><u>(395,602.05)</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017</u> <u>Anticipated</u> <u>Revenue</u>	<u>Realized</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
State of New Jersey 2014 Recycling Tonnage Grant	\$ -	\$ 62,629.29	\$ 62,629.29	-	\$ -
DOJ - Bulletproof Vest Partnership	9,291.12	-	3,923.63	-	5,367.49
Energy Allocation Initiative	215,400.00	-	-	215,400.00	-
Municipal Alliance Grant-2017	-	31,388.00	6,895.84	-	24,492.16
HDSRF,Public Entity Grant Program	-	712,380.00	-	-	712,380.00
Hazardous Discharge Site Remediation	-	4,364.00	4,364.00	-	-
Post Sandy Planning -South Seaside Park	-	50,000.00	49,379.54	-	620.46
Post Sandy Planning-Master Plan	-	20,000.00	18,281.17	-	1,718.83
Post Sandy Planning-Coastal Neighborhood	-	50,000.00	48,266.37	-	1,733.63
Post Sandy Planning-Community Rating System	-	50,000.00	41,758.04	-	8,241.96
Post Sandy Planning-Floodplain Management	-	20,000.00	17,359.50	-	2,640.50
Ocean - Municipal Recycling Grant Program	7,213.00	-	-	-	7,213.00
Post Sandy Planning Assistance Grant	117,635.12	-	49,529.09	-	68,106.03
Post Sandy Planning Assistance Grant	1,252.52	-	-	1,252.52	-
Municipal Alcohol Education Rehabilitation Program - 2015 FY	2,262.52	-	-	2,262.52	-
Clean Communities Grant-2017	-	126,853.40	126,853.40	-	-
Distracted Driving Overtime Enforcement Grant-2017	-	5,500.00	5,500.00	-	-
Click It or Ticket Grant-2017	-	5,500.00	5,500.00	-	-
Hazard Discharge Site - AT&T Property	30,708.00	-	-	-	30,708.00
Hazard Mitigation Grant - Federal Portion - Municipal Building	110,926.00	-	-	-	110,926.00
Hazard Mitigation Grant - Federal Portion - Recreation Building	63,500.00	-	-	-	63,500.00
Hazard Mitigation Grant - Federal Portion - Police Building	83,976.00	-	-	-	83,976.00
Bulletproof Vest Program 2015	7,683.87	-	-	-	7,683.87
NJ Drunk Driving Enforcement Grant	-	10,445.92	10,445.92	-	-
NJ Body Armor -2017	-	5,722.43	5,722.43	-	-
FY2015 Homeland Security Grant	14,000.00	-	-	-	14,000.00
Cops In Shop-College Summer Shore Grant	-	1,400.00	1,400.00	-	-
Ocean County Tourism Grant	-	833.00	833.00	-	-
Municipal Alliance on Alcohol and Drug Abuse	23,812.67	-	23,798.18	14.49	-
U.S. Department of Homeland Security FY 2016-Elevation Grant	-	558,174.56	-	-	558,174.56
NJOEM FY 2018-966 Grant	-	26,071.90	-	-	26,071.90
Office of the Attorney General-Detective	-	-	-	-	-
Matthew L. Tarentino Community Grant	-	9,449.00	-	-	9,449.00

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Anticipated Revenue</u>	<u>Realized</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2017</u>
CDBG Grant-Roadway & Drainage					
Improvements for Various Locations	\$ -	\$ 31,000.00	-	-	\$ 31,000.00
Bulletproof Vest Partnership Grant	-	4,461.18	-	-	4,461.18
FY16 Child Restraint Grant Program	600.00	-	-	-	600.00
NJOEM Grant	304.11	-	-	304.11	-
Zoning Code Enforcement Grant Program	99,679.63	-	-	99,679.63	-
FY 15 EMPG EMMA Grant	7,000.00	-	7,000.00	-	-
Drive Sober or Get Pulled Over Grant-Holiday	-	-	-	-	-
Drive Sober or Get Pulled Over Grant-Labor Day	5,000.00	-	5,000.00	-	-
Cops in Crosswalks Grant	14,400.00	-	14,250.00	-	150.00
Body Worn Camera Assistance Program	36,999.58	-	36,999.58	-	-
Hazard Mitigation Grant	50,535.00	-	-	-	50,535.00
2016 Body Armor	-	-	-	-	-
2016 Bulletproof Vest Partnership	4,715.00	-	-	-	4,715.00
966 Grant	32,997.09	-	32,688.98	308.11	-
FY16 Homeland Security Grant	26,000.00	-	-	-	26,000.00
	<u>\$ 965,891.23</u>	<u>\$ 1,786,172.68</u>	<u>\$ 578,377.96</u>	<u>\$ 319,221.38</u>	<u>\$ 1,854,464.57</u>
Interfund-Current Fund			<u>\$ 578,377.96</u>		
Adopted Budget	\$ 1,000,761.29				
Added by 40A:4-87	<u>785,411.39</u>				
	<u>\$ 1,786,172.68</u>				

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit A-18
Sheet 1 of 3

Grant	Balance Dec. 31, 2016	Transfer from 2017 Budget Appropriation	Reserve for Encumbrances	Expended	Cancelled	Balance Dec. 31, 2017
Body Armor Grant - 2011	\$ 1,711.69	\$ -	\$ -	\$ 1,711.69	-	\$ -
Body Armor Grant - 2013	251.41	-	-	251.41	-	-
Body Armor Grant - 2014	6,826.35	-	-	4,420.90	-	2,405.45
Bullet Proof Vest Partnership 2014	5,972.87	-	1,759.50	3,894.50	-	3,837.87
Clean Communities Program-2014	2,887.96	-	-	-	-	2,887.96
EMAA Allocation - FY 2010	634.77	-	-	634.77	-	-
EMAA Allocation - FY 2011	5,000.00	-	-	5,000.00	-	-
Energy Allocation Initiative	198,602.50	-	-	(16,797.50)	215,400.00	-
Municipal Recycling Grant Program 2014	4,101.66	-	-	-	-	4,101.66
NJ Drunk Driving Enforcement	5,222.91	-	-	3,204.00	-	2,018.91
Post Sandy Planning Assistance Grant	482.36	-	-	73,507.20	-	2,684.86
Post Sandy Planning Assistance Grant	940.52	-	75,709.70	-	940.52	-
State of NJ Department of Health and Senior Services - Hepatitis B	525.00	-	-	-	525.00	-
Hazard Mitigation Grant Program - Town Hall	231.50	-	-	131.80	-	99.70
Hazard Mitigation Grant Program - Town Hall - Federal Share	79,454.29	-	-	2,982.68	-	76,471.61
Alcohol Education & Rehabilitation Grant	235.73	-	-	-	-	235.73
Hazardous Discharge Remediation Grant - AT&T Building	30,708.00	-	-	27,388.16	-	3,319.84
Hazard Mitigation Grant Program - Recreation - Federal Share	40,683.25	-	-	40,683.25	-	-
Hazard Mitigation Grant Program - Police - Local Share	274.00	-	-	-	-	274.00
Hazard Mitigation Grant Program - Police - Federal Share	71,448.15	-	-	1,618.00	-	69,830.15
Body Armor Fund - 2015	10,194.28	-	-	-	-	10,194.28
Bulletproof Vest Partnership 2015	7,683.87	-	-	-	-	7,683.87
Homeland Security Grant - FY 2015	14,000.00	-	-	13,567.80	-	432.20
Clean Communities Grant - 2015	591.16	-	-	-	-	591.16
Municipal Alliance - 2015 Fiscal State Year	2,150.75	-	-	-	2,150.75	-
Municipal Alliance - 2015 Local Match	562.50	-	-	51.98	510.52	-

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

Grant	Balance Dec. 31, 2016	Transfer from 2017 Budget Appropriation	Reserve for Encumbrances	Expended	Cancelled	Balance Dec. 31, 2017
Clean Communities Program	\$ 69,370.95	\$ -	\$ 21,362.35	\$ 85,450.71	\$ -	\$ 5,282.59
Municipal Alliance on Alcohol and Drug Abuse	14,113.48	-	1,230.72	15,329.71	14.49	-
Municipal Alliance on Alcohol and Drug Abuse-Local Match	6,123.50	-	-	6,123.50	-	-
DDEF FY2015 Grant	19,361.48	-	-	1,520.00	-	17,841.48
Bonus Grant Abandoned Tire Recycling Grant	2,685.00	-	-	-	-	2,685.00
Bonus Grant Abandoned Tire Recycling Grant-Local Match	11,000.00	-	-	-	-	11,000.00
Body Armor Fund	6,056.81	-	-	-	-	6,056.81
Federal Emergency Management Agency Assistance Grant	5,000.00	-	-	5,000.00	-	-
NJOEM Grant	304.11	-	-	-	304.11	-
Zoning Code Enforcement Grant Program	98,423.01	-	-	-	98,423.01	-
FY 15 EMPG EMMA Grant	7,000.00	-	-	1,880.00	-	5,120.00
FY 15 EMPG EMMA Grant-Local Match	7,000.00	-	-	-	-	7,000.00
Drive Sober or Get Pulled Over Grant-Holiday	3,750.00	-	-	3,750.00	-	-
Cops in Crosswalks Grant	9,400.00	-	-	9,250.00	-	150.00
Body Worn Camera Assistance Program	36,999.58	-	-	36,999.58	-	-
Hazard Mitigation Grant	50,380.00	-	-	50,380.00	-	-
2016 Body Armor	5,793.11	-	-	-	-	5,793.11
2016 Bulletproof Vest Partnership	4,715.00	-	-	-	-	4,715.00
966 Grant	32,997.09	-	-	32,688.98	308.11	-
FY16 Homeland Security Grant	26,000.00	-	-	-	-	26,000.00
Municipal Alliance on Alcohol and Drug Abuse	-	31,388.00	-	15,219.92	-	16,168.08
Municipal Alliance on Alcohol and Drug Abuse-Local Match	-	7,847.00	-	3,998.50	-	3,848.50
HDSRF, Public Entity Grant Program	-	712,380.00	-	361,818.95	-	350,561.05
Hazardous Discharge Site Remediation Municipal Grant Program	-	4,364.00	-	1,162.50	-	3,201.50
NJ Sandy Recovery-Post Sandy Planning Grant-S. Seaside Pk Neig	-	50,000.00	-	50,000.00	-	-
NJ Sandy Recovery-Post Sandy Planning Grant-Master Plan	-	20,000.00	-	20,000.00	-	-
Post Sandy Planning-Coastal Neighborhood	-	50,000.00	-	50,000.00	-	-
Post Sandy Planning-Community Rating System	-	50,000.00	-	42,416.25	-	7,583.75
Post Sandy Planning-Floodplain Management	-	20,000.00	-	18,374.94	-	1,625.06
State of New Jersey 2014 Recycling Tonnage Grant	-	62,629.29	-	-	-	62,629.29
Ocean County Tourism Grant	-	833.00	-	-	-	833.00

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Transfer from 2017 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
Cops In Shop-College Summer Shore Grant	\$ -	\$ 1,400.00	\$ -	\$ 1,400.00	-	\$ -
U.S. Department of Homeland Security FY 2016-Elevation Grant	-	558,174.56	-	-	-	558,174.56
NJ Drunk Driving Enforcement Grant	-	10,445.92	-	-	-	10,445.92
CDBG Grant-Roadway & Drainage Improvements for Various Loc	-	31,000.00	-	-	-	31,000.00
NJOEM FY 2018-966 Grant	-	26,071.90	-	-	-	26,071.90
NJ Body Armor -2017	-	5,722.43	-	-	-	5,722.43
Bulletproof Vest Partnership Grant	-	4,461.18	-	-	-	4,461.18
Click It or Ticket Grant-2017	-	5,500.00	-	5,500.00	-	-
Distracted Driving Overtime Enforcement Grant-2017	-	5,500.00	-	5,500.00	-	-
Clean Communities Grant	-	126,853.40	-	113,628.52	-	13,224.88
Matthew L. Tarentino Grant	-	9,449.00	-	9,449.00	-	-
	<u>\$ 907,850.60</u>	<u>\$ 1,794,019.68</u>	<u>\$ 100,062.27</u>	<u>\$ 1,109,091.70</u>	<u>\$ 318,576.51</u>	<u>\$ 1,374,264.34</u>
Interfund-Current Fund				<u>\$ 1,024,493.52</u>		
Reserve for Encumbrances				<u>84,598.18</u>		
				<u>\$ 1,109,091.70</u>		

Adopted Budget
Added by 40A:4-87

\$ 1,008,608.79
785,410.89

\$ 1,794,019.68
1,794,019.68

This page intentionally left blank.

TRUST FUND

This page intentionally left blank.

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit B-1

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2016	\$ 15.01	\$ 7,747,456.28
Increased by Receipts:		
Animal Control License Fees	\$ 41,180.35	\$ -
Miscellaneous Reserves	-	7,171,719.40
Reserve For Open Space	-	513,656.74
Due to State of New Jersey	5,505.00	69,120.97
Interfunds-		
Current Fund	6,000.00	134,089.27
Payroll Fund	-	386,731.65
	<u>52,685.35</u>	<u>8,275,318.03</u>
	52,700.36	16,022,774.31
Decreased by Disbursements:		
Expenditures Under R.S. 4:19-15.11	40,853.43	-
Miscellaneous Reserves	-	7,249,978.93
Reserve for Open Space	-	534,613.85
Due to State of New Jersey	5,503.80	68,458.97
Interfunds-		
Current Fund	6,000.00	2,342.15
Payroll Fund	-	499,925.80
	<u>52,357.23</u>	<u>8,355,319.70</u>
Balance December 31, 2017	\$ 343.13	\$ 7,667,454.61

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL
TRUST FUND EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2017**

Exhibit B-2

Balance December 31, 2016		\$ 15.01
Increased by:		
Animal Control License Fees Collected		<u>41,180.35</u>
		41,195.36
Decreased by:		
Expenditures Under R.S. 4:19-15.11	\$ <u>40,853.43</u>	
		<u>40,853.43</u>
Balance December 31, 2017		\$ <u><u>341.93</u></u>

License and Penalty Fees Collected

<u>Year</u>	<u>Amount</u>
2016	\$ <u>32,953.50</u>
2015	<u>50,719.72</u>
	\$ <u><u>83,673.22</u></u>

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit B-3

Balance December 31, 2016		\$ -
Increased by:		
2017 Animal License Fees		<u>5,505.00</u>
		5,505.00
Decreased by:		
Fees Paid to State		<u>5,503.80</u>
Balance December 31, 2017		\$ <u><u>1.20</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
OTHER TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit B-4

Balance December 31, 2016 - Due To		\$ 33,372.60
Increased by:		
Receipts	\$ 134,089.27	
		<u>134,089.27</u>
		167,461.87
Decreased by:		
Reserve for Open Space	2,378.75	
Disbursements	<u>2,342.15</u>	
		<u>4,720.90</u>
Balance December 31, 2017 - Due To		\$ <u><u>162,740.97</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
OTHER TRUST FUND
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit B-5

Balance December 31, 2016	\$ 6,560,448.29
Increased by:	
Receipts	\$ 7,144,908.15
Due From Regional School District	10,057.50
Due From Local School District	<u>16,753.75</u>
	7,171,719.40
	<u>13,732,167.69</u>
Decreased by:	
Disbursements	<u>7,249,978.93</u>
Balance December 31, 2017	<u><u>\$ 6,482,188.76</u></u>

Analysis of Balance

Reserve for:	
Law Enforcement	\$ 80,486.27
Allied Risk Management (PMA)	21,803.80
Sanitary Landfill	12,964.85
Unemployment Compensation	8,604.48
Construction Code	47,463.68
Tree Inspection Fees	6,197.03
Tax Map Maintenance	3,412.05
Developer Application Review	23,884.50
Recreation Fees Trust	26,140.28
Founders Day (Special Events Activities)	13,425.91
Drainage Improvements	131,331.62
Affordable Housing	636,731.55
Uniform Fire Safety Act - Penalty Monies	2,272.42
Fire Prevention Donations	1,774.07
Street Opening	41,396.75
DARE	13,508.34
Fire Donations	4,050.00
Tree Planting Donations	1,017.02
Developers Road Impact	143,975.75
Public Defender	2,922.29
Tax Sale Premium	2,299,750.00
POAA	198.89
Disposal of Forfeited Property	4,082.39
Third Party Liens	243,726.22
Developers Escrow	2,056,164.65
Outside Employment - Off Duty Police	15,296.35
Inspection Fees - Grading	763.89
Snow Removal	104,864.25
Planning/Zoning Board Escrow	158,528.32
Reserve for ABC	63.00
Reserve for Berkeley Estates	315,672.28
Municipal Alliance Donations	5,961.14
Foreclosure	11,112.88
Inspection Holly Park	3,141.84
Recreation - Open Space	<u>39,500.00</u>
	<u><u>\$ 6,482,188.76</u></u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
OTHER TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit B-6

Balance December 31, 2016		\$ 786,529.59
Increased by:		
2017 Tax Levy - Open Space	\$ 513,149.75	
Interest on Deposits	<u>506.99</u>	
		<u>513,656.74</u>
		1,300,186.33
Decreased by:		
Due to Capital Fund	27,500.00	
Disbursements	<u>534,613.85</u>	
		<u>562,113.85</u>
Balance December 31, 2017		\$ <u><u>738,072.48</u></u>

**SCHEDULE OF RESERVE FOR LENGTH OF SERVICE
AWARDS PROGRAM (LOSAP) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit B-7

Balance December 31, 2016		\$ 1,852,945.90
Increased by:		
Gains	\$ 208,486.72	
Contributions	229,954.00	
Interest Earned	11,765.07	
Adjustments	<u>244.83</u>	
		<u>450,450.62</u>
		2,303,396.52
Decreased by:		
Distributions		<u>167,365.10</u>
Balance December 31, 2017		\$ <u><u>2,136,031.42</u></u>

This page intentionally left blank.

GENERAL CAPITAL FUND

This page intentionally left blank.

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit C-1

Balance December 31, 2016		\$ 5,068,871.12
Increased by:		
Budget Appropriation:		
Capital Improvement Fund	\$ 425,000.00	
Unfunded Ordinance #08-10	34,211.00	
Unfunded Ordinance #10-31	50,000.00	
Bond Anticipation Notes	7,956,250.00	
Reserve for Payment of Debt	<u>169,989.61</u>	
		<u>8,635,450.61</u>
		13,704,321.73
Decreased by:		
Improvement Authorizations	7,748,551.37	
Utilized as Current Fund Anticipated Revenue:		
Reserve for Payment of Debt	<u>332,212.72</u>	
		<u>8,080,764.09</u>
Balance December 31, 2017		\$ <u><u>5,623,557.64</u></u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2017**

[illegible]

Capital Improvement Fund
Grants Receivable
Interfund - Current Fund
Interfund - Open Space Fund
Reserve for Encumbrances
Reserve for Debt Service

Improvement Authorizations:

Ordinance Number	Improvement Description
01-03	Various Capital Improvements
06-31	Various Capital Improvements
08-10	Various Capital Improvements
09-11, 09-26	Various Capital Improvements
10-31	Various Capital Improvements
11-18	Various Capital Improvements
12-14	Various Capital Improvements
13-26	Various Capital Improvements
14-03	Various Capital Improvements
15-01	Various Capital Improvements
16-01	Various Capital Improvements
17-09	Various Capital Improvements
17-21	Various Capital Improvements

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit C-3

Balance December 31, 2016		\$ 31,693,227.70
Decreased by:		
Budgeted Principal Reductions:		
Serial Bonds	\$ 3,350,000.00	
NJEIT Loans	177,771.51	
Green Trust Loans	<u>85,032.06</u>	
		<u>3,612,803.57</u>
Balance December 31, 2017		\$ <u><u>28,080,424.13</u></u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	2017 Budget	Balance Dec. 31, 2017	Notes Payable	Analysis of Balance	
							Expended Balance	Unexpended Balance
08-10	Various Capital Improvements	\$ 34,211.00	\$ -	\$ 34,211.00	\$ -	\$ -	\$ -	\$ -
10-31	Various Capital Improvements	50,000.00	-	50,000.00	-	-	-	-
12-14	Various Capital Improvements	282,116.00	-	-	282,116.00	-	157,429.31	124,686.69
13-26	Various Capital Improvements	1,382,027.00	-	-	1,382,027.00	-	1,372,485.76	9,541.24
14-03	Various Capital Improvements	200,000.50	-	-	200,000.50	-	153,825.79	46,174.71
15-01	Various Capital Improvements	6,240,977.50	-	-	6,240,977.50	6,240,977.00	-	0.50
16-01	Various Capital Improvements	7,429,950.00	-	-	7,429,950.00	7,429,950.00	-	-
17-09	Various Capital Improvements	-	7,956,250.00	-	7,956,250.00	7,956,250.00	-	-
17-21	Turf Fields	-	522,500.00	-	522,500.00	-	-	522,500.00
		<u>\$ 15,619,282.00</u>	<u>\$ 8,478,750.00</u>	<u>\$ 84,211.00</u>	<u>\$ 24,013,821.00</u>	<u>\$ 21,627,177.00</u>	<u>\$ 1,683,740.86</u>	<u>\$ 702,903.14</u>
Improvement Authorizations - Unfunded								
Less: Unexpended Proceeds of Bond Anticipation Notes								\$ 4,227,656.47
Ordinance Number	Improvement Description							
15-01	Various Capital Improvements							
16-01	Various Capital Improvements							
17-09	Various Capital Improvements							
								<u>3,524,753.33</u>
								<u>\$ 702,903.14</u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit C-5

Balance December 31, 2016	\$ 30,233.97
Increased by:	
Budget Appropriation	<u>425,000.00</u>
	455,233.97
Decreased by:	
Appropriations to Finance Improvement	
Authorizations	<u>418,750.00</u>
Balance December 31, 2017	\$ <u><u>36,483.97</u></u>
.	

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit C-6

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Grants Utilized</u>	<u>Balance Dec. 31, 2017</u>
09-29, 09-11	NJ DEP Green Acres - Manitou Park	\$ 116,250.00	\$ -	\$ 116,250.00
11-18	US Department of Homeland Security - FEMA	41,418.00	-	41,418.00
17-09	NJ DOT-LAIF-John F. Kennedy Blvd	<u>-</u>	<u>275,000.00</u>	<u>275,000.00</u>
		<u>\$ 157,668.00</u>	<u>\$ 275,000.00</u>	<u>\$ 432,668.00</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit C-7

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2016		2017 Authorizations	Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2017	
				Funded	Unfunded				Funded	Unfunded
01-03	Various Capital Improvements	03/13/01	\$ 1,744,800.00	\$ -	\$ -	-	\$ 3,627.45	\$ 3,627.45	\$ -	\$ -
06-31	Various Capital Improvements	05/23/06	5,849,102.00	98,907.78	-	-	-	-	98,907.78	-
09-11, 09-26	Various Capital Improvements	04/28/09	6,209,795.00	290.10	-	-	6,996.65	7,286.75	-	-
10-31	Various Capital Improvements	10/12/10	2,650,000.00	-	-	-	13,000.93	13,000.93	-	-
11-18	Various Capital Improvements	07/12/11	2,941,418.00	8,186.49	-	-	40,089.38	44,535.69	3,740.18	-
12-14	Various Capital Improvements	07/20/12	5,081,600.00	-	229,989.20	-	86,671.91	191,974.42	-	124,686.69
13-26	Various Capital Improvements	06/24/13	6,311,783.00	-	3,405.39	-	491,846.01	485,710.16	-	9,541.24
14-03	Various Capital Improvements	02/24/14	6,421,430.00	-	102,706.22	-	104,341.86	160,873.37	-	46,174.71
15-01	Various Capital Improvements	01/26/15	6,569,450.00	-	1,452,174.79	-	138,535.06	1,183,217.52	-	407,492.33
16-01	Various Capital Improvements	01/25/16	7,821,000.00	-	2,044,905.12	-	1,987,701.09	3,239,631.39	-	792,974.82
17-09	Various Capital Improvements	02/27/17	8,650,000.00	-	-	8,650,000.00	-	6,325,713.32	-	2,324,286.68
17-21	Turf Fields (Open Space)	08/21/17	550,000.00	-	-	550,000.00	-	-	27,500.00	522,500.00
			\$	107,384.37	\$ 3,833,180.72	\$ 9,200,000.00	\$ 2,872,810.34	\$ 11,655,571.00	\$ 130,147.96	\$ 4,227,656.47
	Deferred Charges - Unfunded					\$ 8,478,750.00				
	Due From Open Space					27,500.00				
	Grants Receivable					275,000.00				
	Capital Improvement Fund					418,750.00				
						\$ 9,200,000.00				
	Disbursements							\$ 7,748,551.37		
	Reserve for Encumbrances							3,907,019.63		
								\$ 11,655,571.00		

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Purpose</u>	<u>Year Issued</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2017</u>
NJ Fund Loan	2007	\$ 975,000.00	0.00%	\$ 553,151.78	\$ 46,902.06	\$ 506,249.72
NJ Trust Loan	2007	345,000.00	3.40% to 5.00%	235,000.00	15,000.00	220,000.00
NJ Fund Loan	2008	390,046.00	0.00%	143,930.72	32,444.03	111,486.69
NJ Trust Loan	2008	390,046.00	5.00% to 5.50%	180,046.00	35,000.00	145,046.00
NJ Trust Loan	2010	250,000.00	3.845% to 4.260%	155,444.00	10,000.00	145,444.00
NJ Fund Loan	2010	755,700.00	0.00%	390,161.60	38,425.41	351,736.19
				<u>\$ 1,657,734.10</u>	<u>\$ 177,771.50</u>	<u>\$ 1,479,962.60</u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2016	Paid by Budget Appropriation	Balance Dec. 31, 2017
			Outstanding	Dec. 31, 2017 Amount				
General Obligation Bonds	01/07/10	\$ 12,745,000.00	01/15/18	\$ 950,000.00	3.000%			
			01/15/19	950,000.00	3.250%			
			01/15/20	950,000.00	3.500%			
			01/15/21	950,000.00	3.625%			
			01/15/22	950,000.00	3.750%			
			01/15/23	950,000.00	4.000%			
			01/15/24	995,000.00	4.000%	\$ 7,645,000.00	\$ 950,000.00	\$ 6,695,000.00
General Obligation Bonds	10/11/12	9,950,000.00	10/15/18-20	1,050,000.00	2.000%			
			10/15/21	1,050,000.00	2.125%			
			10/15/22	1,050,000.00	2.250%			
			10/15/23	1,050,000.00	3.000%	7,350,000.00	1,050,000.00	6,300,000.00
General Obligation Refunding Bonds	05/28/15	3,085,000.00	07/01/18	755,000.00	2.000%			
			07/01/19	740,000.00	2.000%			
			07/01/20	720,000.00	2.000%	2,990,000.00	775,000.00	2,215,000.00
General Obligation Bonds	05/24/16	11,409,000.00	05/15/18-20	575,000.00	2.000%			
			05/15/21	1,095,000.00	3.000%			
			05/15/22	1,120,000.00	3.000%			
			05/15/23	1,145,000.00	3.000%			
			05/15/24-27	1,150,000.00	2.000%			
			05/15/28	1,149,000.00	2.000%	11,409,000.00	575,000.00	10,834,000.00
						\$ 29,394,000.00	\$ 3,350,000.00	\$ 26,044,000.00

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Purpose</u>	<u>Year</u>	<u>Original Issue</u>	<u>Maturities of Loans</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2017</u>
			<u>Outstanding Date</u>	<u>Dec. 31, 2017 Amount</u>				
Recreation Acquisition	2001	\$ 185,825.17	5/01/2017 to 11/01/2017 Level Debt Payments	\$ 7,001.07	2.00%	\$ 13,794.93	\$ 13,794.93	\$ -
Veterans' Park Driving Range	2001	409,630.28	4/26/2017 to 4/26/2021 Level Debt Payments	16,845.81	2.00%	144,301.53	30,959.63	113,341.90
Toms River Park	2008	500,000.00	3/21/2017 to 3/21/2027 Level Debt Payments	15,880.75	2.00%	299,462.99	25,901.10	273,561.89
Toms River Park Phase II	2008	289,202.77	2/19/2017 to 2/19/2028 Level Debt Payments	8,991.78	2.00%	183,934.15	14,376.39	169,557.76
						\$ 641,493.60	\$ 85,032.05	\$ 556,461.55

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Improvement Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Issued for Cash	Balance Dec. 31, 2017
15-01	Various Capital Improvements	05/23/17	05/17/18	2.00%	\$ 6,240,977.00	\$ -	\$ 6,240,977.00
16-01	Various Capital Improvements	05/23/17	05/17/18	2.00%	7,429,950.00	-	7,429,950.00
17-09	Various Capital Improvements	05/23/17	05/17/18	2.00%	-	7,956,250.00	7,956,250.00
					<u>\$ 13,670,927.00</u>	<u>\$ 7,956,250.00</u>	<u>\$ 21,627,177.00</u>

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2017**

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	Authorized	Debt Issued	Paid By Budget Appropriation	Balance Dec. 31, 2017
08-10	Various Capital Improvements	\$ 34,211.00	\$ -	-	\$ 34,211.00	\$ -
10-31	Various Capital Improvements	50,000.00	-	-	50,000.00	-
12-14	Various Capital Improvements	282,116.00	-	-	-	282,116.00
13-26	Various Capital Improvements	1,382,027.00	-	-	-	1,382,027.00
14-03	Various Capital Improvements	200,000.50	-	-	-	200,000.50
15-01	Acquisition of Real Property for Open Space	0.50	-	-	-	0.50
17-09	Various Capital Improvements	-	7,956,250.00	7,956,250.00	-	-
17-21	Various Capital Improvements	-	522,500.00	-	-	522,500.00
		<u>\$ 1,948,355.00</u>	<u>\$ 8,478,750.00</u>	<u>\$ 7,956,250.00</u>	<u>\$ 84,211.00</u>	<u>\$ 2,386,644.00</u>

TOWNSHIP OF BERKELEY

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2017

This page intentionally left blank.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable Mayor and Members
of the Township Council
Township of Berkeley
County of Ocean
Berkeley, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Berkeley's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Township's major federal and state programs for the year ended December 31, 2017. The Township's major federal and state 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township's major federal and state 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures 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 and state program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Township of Berkeley 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 and state programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Township of Berkeley 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 Township's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, 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 Township'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 or state 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 or state 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 or state 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 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 to be 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 that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
September 14, 2018

This page intentionally left blank.

TOWNSHIP OF BERKELEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S #/ FEDERAL GRANT #	PROGRAM EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	TOTAL EXPENDITURES
Department of Transportation:					
Pass-Through Program From:					
State of NJ Department of Law & Public Safety:					
Highway Safety Cluster:					
Occupant Protection	20.616	66-1160-100-155	\$ 5,500.00	\$ -	\$ 5,500.00
Distracted Driving Incentive	20.616	66-1160-100-158	5,500.00	-	5,500.00
Cops in Shops-Summer Initiative	20.616	66-1400-100-025	1,400.00	-	1,400.00
Total Highway Safety Cluster			12,400.00	-	12,400.00
Total Department of Transportation			12,400.00	-	12,400.00
Department of Justice					
Direct Programs:					
Bulletproof Vest Partnership Program	16.607	Not Available	3,894.50	-	3,894.50
Body Worn Camera Policy and Implementation	16.835	Not Available	36,999.58	-	36,999.58
Total Department of Justice			40,894.08	-	40,894.08
Department of Housing and Urban Development:					
Pass-Through Program From:					
State of NJ Department of Community Affairs:					
CDBG Disaster Recovery Grant Pub L. No. 113-2 Cluster					
Hurricane Sandy Community Development					
Block Grant Disaster Recovery Grants	14.269	022-8022-100-004	459,456.59	-	459,456.59
Total CDBG Disaster Recovery Grant Pub L. No. 113-2 Cluster			459,456.59	-	459,456.59
Department of Housing and Urban Development:			459,456.59	-	459,456.59
Department of Homeland Security					
Pass-Through Program From:					
State of NJ Department of Law & Safety:					
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	066-1200-100-B80	318,542.63	-	318,542.63
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	066-1200-100-A92	229,728.63	-	229,728.63
Subtotal - CFDA #97.036			548,271.26	-	548,271.26
Emergency Management Performance Grants	97.042	066-1200-100-726	7,514.77	-	7,514.77
Direct Programs:					
Homeland Security Grant Program	97.067	Not Available	15,087.80	-	15,087.80
Total Department of Homeland Security			570,873.83	-	570,873.83
Total Federal Awards			\$ 1,083,624.50	\$ -	\$ 1,083,624.50

The Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this Statement.

SCHEDULE 2

**TOWNSHIP OF BERKELEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

STATE PROGRAM	STATE ACCOUNT NUMBER OR GRANT NUMBER	GRANT PERIOD	CURRENT EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	TOTAL EXPENDITURES	CUMULATIVE EXPENDITURES
Department of Transportation:						
Highway Planning and Construction:						
NJ DOT Grant	Not Available	01/01/17 - 12/31/17	\$ 275,000.00	-	\$ 275,000.00	\$ 275,000.00
Total Highway Planning and Construction			275,000.00	-	275,000.00	275,000.00
Total Department of Transportation			275,000.00	-	275,000.00	275,000.00
Department of Environmental Protection:						
Clean Communities Act	765-042-4900-004	01/01/17 - 12/31/17	113,628.52	-	113,628.52	113,628.52
Clean Communities Act	765-042-4900-005	01/01/15 - 12/31/15	85,450.71	-	85,450.71	95,926.75
Hazardous Discharge Site Remediation	P #41090	01/01/17 - Open	362,981.45	-	362,981.45	362,981.45
Hazardous Discharge Remediation Grant - AT&T Building	P #43580	01/01/17 - Open	27,388.16	-	27,388.16	27,388.16
Total Department of Environmental Protection			589,448.84	-	589,448.84	599,924.88
Department of Law & Public Safety:						
Body Armor Grant	718-066-1020-001	01/01/17 - 12/31/17	6,384.00	-	6,384.00	6,384.00
Drunk Driving Enforcement Fund	100-066-6400-078	01/01/17 - 12/31/17	3,204.00	-	3,204.00	3,204.00
Drive Sober or Get Pulled Over Grant-Holiday	Not Available	01/01/17 - 12/31/17	3,750.00	-	3,750.00	3,750.00
Cops in Crosswalks Grant	Not Available	01/01/17 - 12/31/17	9,250.00	-	9,250.00	9,250.00
Matthew L. Tarentino Grant	Not Available	01/01/17 - 12/31/17	9,449.00	-	9,449.00	9,449.00
Total Department of Law & Public Safety			32,037.00	-	32,037.00	32,037.00
Department of Office of Emergency Management:						
Emergency Assistance Grant	100-066-1200-634	01/01/17 - Open	32,688.98	-	32,688.98	32,688.98
Total Department of Judiciary			32,688.98	-	32,688.98	32,688.98
Department of Health:						
Passed-Through from the Ocean County Board of Health:						
Municipal Alliance on Alcoholism	Not Available	01/01/16 - 12/31/16	15,329.71	-	15,329.71	32,604.23
Municipal Alliance on Alcoholism	Not Available	01/01/17 - 12/31/17	15,219.92	-	15,219.92	15,219.92
Total Department of Health			30,549.63	-	30,549.63	47,824.15
Total State Financial Assistance			\$ 959,724.45	\$ -	\$ 959,724.45	\$ 987,475.01

The Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this Statement.

TOWNSHIP OF BERKELEY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Township of Berkeley. The Township is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of federal awards and state financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

The amounts shown as current year expenditures represent only the federal or state grant portion of the program costs. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Township did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Note 3. Relationship to Basic Financial Statements

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

TOWNSHIP OF BERKELEY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3. Relationship to Basic Financial Statements (continued)

	State	Federal	Total
Current Fund	\$ -	\$ 652,765.53	\$ 652,765.53
State & Federal Grant Fund	684,724.45	430,858.97	1,115,583.42
General Capital Fund	<u>275,000.00</u>	<u>-</u>	<u>275,000.00</u>
Total	<u>\$ 959,724.45</u>	<u>\$ 1,083,624.50</u>	<u>\$ 2,043,348.95</u>

Note 4. Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal and state financial reports vary by federal and state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying Schedules, which is prepared on the modified accrual basis of accounting as explained in Note 2.

Note 5. Federal and State Loans Outstanding

The Township had no loan balances outstanding at December 31, 2017.

Note 6. Contingencies

Each of the grantor agencies reserves the right to conduct additional audits of the Township's grant program for economy, efficiency and program results. However, the Township administration does not believe such audits would result in material amounts of disallowed costs.

Note 7. Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

Section I - Summary of Auditor's Results

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	<u> </u> yes	<u> x </u> no	
2) Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported	
Noncompliance material to financial statements noted?	yes	x	no

Internal control over major programs:

1) Material weakness(es) identified?	_____ yes	<u> x </u> no
2) Significant deficiency(ies) identified?	_____ yes	<u> x </u> none reported

Type of auditor's report issued on compliance for major programs

_____ Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?

_____ yes	<u> x </u> no
-----------	-----------------

Identification of major programs:

Dollar threshold used to determine Type A programs	<u>\$750,000.00</u>		
Auditee qualified as low-risk auditee?	yes	x	no

Section I - Summary of Auditor's Results (continued)

TOWNSHIP OF BERKELEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding 2017-001:

Criteria of Specific Requirement:

Effective internal controls over cash include the preparation of timely and accurate bank reconciliations on a monthly basis.

Condition:

Cash reconciliations for two bank accounts were not prepared timely or accurately.

Cause:

Cash reconciliations were not reconciled to the general ledger and/or subsidiary ledgers.

Effect or Potential Effect:

Could lead to improper reporting of cash balances.

Recommendation:

That the Township completes bank reconciliation on a monthly basis and all unreconciled items are identified and resolved.

View of Responsible Officials and Corrective Action Plan:

The responsible officials agree with this finding and will address the matter as part of their corrective action plan.

Finding 2017-002:

Criteria of Specific Requirement:

P.L. 2011 c. 78 requires that local units must contribute to their employee benefits according to statutory calculations and those calculations must be updated based on the cost of the chosen plan and the employee's compensation.

Condition:

The Township did not properly calculate employee contributions for health benefits for two employees for the year ended December 31, 2017.

Cause:

The Township did not recalculate and adjust the withholdings after changes were made during the year to employee health benefit plan coverage or changes in salary.

**TOWNSHIP OF BERKELEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section II – Financial Statement Findings (continued)

Finding 2017-002 (continued):

Effect or Potential Effect:

Two employees did not have the proper amount withheld from their compensation.

Recommendation:

That the Township should implement controls to ensure employee withholding rates are properly recalculated as changes in coverage or compensation occur.

View of Responsible Officials and Corrective Action Plan:

The responsible officials agree with this finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF BERKELEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

TOWNSHIP OF BERKELEY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

Finding No. 2016-001:

Condition:

The Township did not calculate employee contributions for health benefits for the year ended December 31, 2016.

Current Status:

This finding has not been fully corrected. See Finding 2017-002.

FEDERAL AWARDS

N/A - No single audit performed in prior year.

STATE FINANCIAL ASSISTANCE

N/A - No single audit performed in prior year.

TOWNSHIP OF BERKELEY

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This page intentionally left blank.

Honorable Mayor and Members
of the Township Committee
Township of Berkeley
County of Ocean
Berkeley, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2017.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding 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 in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2017.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 4, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Mayor and Township Committee of the Township of Berkeley, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Mayor and Township Committee of the Township of Berkeley, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

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

OTHER COMMENTS (FINDINGS):

Finding 2017-01 (*Finding 2017-001 in the Schedule of Findings and Recommendations section*)

Cash reconciliations for two bank accounts were not prepared timely or accurately.

Finding 2017-02 * (*Finding 2017-002 in the Schedule of Findings and Recommendations section*)

The Township did not properly calculate employee contributions for health benefits for two employees for the year ended December 31, 2017.

*Denotes Prior Year Finding.

RECOMMENDATIONS:

Finding 2017-01

That the Township completes bank reconciliation on a monthly basis and all unreconciled items are identified and resolved.

Finding 2017-02

That the Township should implement controls to ensure employee withholding rates are properly recalculated as changes in coverage or compensation occur.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

<u>Name</u>	<u>Title</u>
Carmen F. Amato, Jr.	Mayor
Sophia Gingrich	Council President
John Bacchione	Council Member
Keith Buscio	Council Member
James J. Byrnes	Council Member
L. Thomas Grosse, Jr.	Council Member
Angelo Guadagno	Council Member
Judy Noonan	Council Member
John Camera	Township Administrator
Frederick Ebenau	Chief Financial Officer
Beverly M. Clark	Township Clerk
Maureen Cosgrove	Tax Collector
James J. Gluck	Municipal Court Judge
Jessica L. Jenkins	Municipal Court Administrator

All employees are covered by a Blanket Bond of \$1,000,000 of which \$950,000 is provided as part of the Ocean County Joint Insurance Fund and \$50,000 through the Municipal Excess Liability Joint Insurance Fund.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
September 14, 2018