

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 3, 2015

NEW ISSUE – Book-Entry-Only

RATINGS: Bonds: S&P: “A+”

Notes: Not Rated

In the opinion of Fleishman Daniels Law Offices, LLC, Northfield, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions existing as of the date hereof and assuming continuing compliance by the City of Brigantine with certain covenants described herein, interest on the Bonds and Notes (as defined below) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) such interest will not be treated as a preference item under Section 57 of the Code for the purpose of calculating the federal alternative minimum tax; such interest, however, will be included in the adjusted current earnings of a corporation for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and Notes and any gain on the sale of the Bond or Notes are not includable in gross income under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof. See "TAX MATTERS" herein.

\$6,850,000

CITY OF BRIGANTINE

**IN THE COUNTY OF ATLANTIC, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2015
(NON-CALLABLE)**

Dated: Date of Delivery

Due: December 1, as shown on the inside front cover

CITY OF BRIGANTINE

IN THE COUNTY OF ATLANTIC, NEW JERSEY

**\$1,182,000 TAX APPEAL REFUNDING NOTES OF 2015, SERIES A,
\$748,000 BOND ANTICIPATION NOTES OF 2015, SERIES B, and
\$3,800,000 SCHOOL NOTES OF 2015, SERIES C
(NON-CALLABLE)**

Dated: Date of Delivery

Due: December 2, 2016

The \$6,850,000 General Obligation Bonds, Series 2015 (the "Bonds") are valid and legally binding general obligations of the City of Brigantine, in the County of Atlantic, State of New Jersey (the "City") and are secured by a pledge of the full faith and credit of the City for the payment of the principal thereof and interest thereon. The principal of and interest on the Bonds are payable, if not paid from other sources, from ad valorem taxes to be levied upon all the taxable property within the City without limitation as to rate or amount.

The \$1,182,000 Tax Appeal Refunding Notes of 2015, Series A ("Tax Appeal Refunding Notes"); \$748,000 Bond Anticipation Notes of 2015, Series B (the "Bond Anticipation Notes"); and \$3,800,000 School Notes of 2015, Series C (the "School Notes"); and together with the Tax Appeal Refunding Notes and the Bond Anticipation Notes being hereafter referred to as the "Notes") are also general obligations of the City, payable from ad valorem taxes levied upon all the taxable property within the City for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein.

The Bonds and the Notes will be issued as fully-registered bonds and notes in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Bonds and Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Beneficial Owners of the Bonds and Notes will not receive certificates representing their interests in the Bonds and Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Bonds and Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Principal of the Bonds is payable on December 1 in each of the years set forth on the inside front cover page hereof. Interest on the Bonds is payable initially on June 1, 2016 and semiannually thereafter on December 1 and June 1 of each year until maturity. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made by the City directly to DTC or its nominee, Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding May 15 and November 15 (the "Record Dates" for the payment of interest on the Bonds). Principal of and interest on the Notes will be payable by the City or a duly designated paying agent at the date of maturity. While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

The Notes will bear interest at the rate per annum indicated on the inside front cover, commencing from their date of delivery. Interest on the Notes will be payable at maturity, as indicated above.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision

The Bonds and Notes are offered when, as and if issued, and delivered to the Underwriters, as defined herein, subject to withdrawal or modification of the offer without notice, to the prior approval of legality by the law firm of Fleishman Daniels Law Offices, LLC, Northfield, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its Attorney, Parker McCay P.A., Atlantic City, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey served as Financial Advisor to the City in connection with the Bonds and Notes. It is expected that delivery of the Bonds and Notes in book-entry only form will be made at DTC in New York, New York on or about December 3, 2015.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY AT 11:00 A.M. ON NOVEMBER 10, 2015.

**FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT
WWW.PROSPECTUSHUB.COM.**

**TELECOPIED BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE FOR THE NOTES, WILL
BE RECEIVED BY THE CITY'S FINANCIAL ADVISOR, ON BEHALF OF THE CITY, UNTIL 11:15 AM ON NOVEMBER 10,**

TELECOPIER: (609) 266-3823.

This is a Preliminary Official Statement, complete with the exception of the specific information to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The City has authorized distribution of this Preliminary Official Statement to prospective purchasers and others for informational purposes only. The City will deliver a final Official Statement in accordance with Rule 15c2-12. These Bonds and Notes may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful under the laws of such jurisdiction.

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS

\$6,850,000 GENERAL OBLIGATION BONDS, SERIES 2015

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIPs</u>
2016	\$400,000	%	%	
2017	620,000			
2018	640,000			
2019	680,000			
2020	720,000			
2021	720,000			
2022	720,000			
2023	750,000			
2024	800,000			
2025	800,000			

\$1,182,000

TAX APPEAL REFUNDING NOTES OF 2015, SERIES A

COUPON __% YIELD __% CUSIP _____

\$748,000

BOND ANTICIPATION NOTES OF 2015, SERIES B

COUPON __% YIELD __% CUSIP _____

\$3,800,000

SCHOOL NOTES OF 2015, SERIES C

COUPON __% YIELD __% CUSIP _____

**CITY OF BRIGANTINE, IN THE
COUNTY OF ATLANTIC, NEW JERSEY**

MAYOR

Philip J. Guenther

CITY COUNCIL

Karen Bew, Council Ward 1
Lisa McClay, Council Ward 2
Joseph M. Picardi, Council Ward 3
Rick DeLucry, Council Ward 4
Andrew Simpson, Council At-Large
Vince Sera, Council At-Large

CITY CHIEF FINANCIAL OFFICER

Roxanne Tosto

CITY MANAGER

Edward Stinson

CITY CLERK

Lynn Sweeney, RMC

CITY SOLICITOR

Parker McCay P.A.
Atlantic City, New Jersey

CITY AUDITOR

Ford, Scott & Associates, L.L.C.
Ocean City, New Jersey

BOND COUNSEL

Fleishman Daniels Law Offices, LLC
Northfield, New Jersey

FINANCIAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

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

Upon issuance, the Bonds and Notes will not be registered under the Securities Act of 1933, as amended, will not be listed on the stock or other securities exchange and neither the Securities and Exchange Commission or any other federal, state, municipal or other governmental entity, other than the City, will have passed upon the accuracy or adequacy of the Official Statement.

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

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OFFICIAL STATEMENT
Relating to

CITY OF BRIGANTINE
IN THE COUNTY OF ATLANTIC, STATE OF NEW JERSEY

\$6,850,000 GENERAL OBLIGATION BONDS, SERIES 2015

and

\$1,182,000 TAX APPEAL REFUNDING NOTES OF 2015, SERIES A,
\$748,000 BOND ANTICIPATION NOTES OF 2015, SERIES B, and
\$3,800,000 SCHOOL NOTES OF 2015, SERIES C

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and the appendices attached hereto, has been prepared by the City of Brigantine (the “City”), in the County of Atlantic (the “County”), in the State of New Jersey (the “State”) in connection with the sale and issuance of: (i) \$6,850,000 General Obligation Bonds, Series 2015 (the “Bonds”); (ii) \$1,182,000 Tax Appeal Refunding Notes of 2015, Series A (the “Tax Appeal Refunding Notes”); (iii) \$748,000 Bond Anticipation Notes of 2015, Series B (the “Bond Anticipation Notes”); and (iv) \$3,800,000 School Notes of 2015, Series C (the “School Notes”; and together with the Tax Appeal Refunding Notes and Bond Anticipation Notes being hereafter referred to collectively as the “Notes”). This Official Statement has been executed by and on behalf of the City by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds and Notes described herein.

This Official Statement contains specific information relating to the Bonds and Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the City.

This Official Statement is “deemed final”, as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”).

THE BONDS

General Description

The Bonds shall be dated and shall bear interest from their date of delivery, and will mature on December 1 in each of the years and in the amounts set forth on the inside front cover page hereof. The Bonds shall bear interest, which is payable semiannually on the first (1st) day of June and December in each year (each constituting an “Interest Payment Date”), commencing June 1, 2016, at the interest rates set forth on the inside front cover page hereof. The record dates for payment of the interest on the Bonds shall be May 15 and November 15 next preceding the interest payment dates. The Bonds may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple thereof, except where necessary, also in the amount of \$1,000, through book-entries made on the books and the records of The Depository Trust Company, New York, New York (“DTC”) and its participants. See “Book-Entry Only-System”. The City will act as the “Bond Registrar/Paying Agent” for the Bonds.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are being issued to provide funds, which will be used to: (i) refund, on a current basis, a \$5,700,000 portion of the \$6,466,000 Bond Anticipation Notes, Series 2014C of the City maturing December 9, 2015 (the “2014 C Notes”); (ii) finance the cost of various general improvements in and by the City in the amount of \$1,150,000; and (iii) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, amount of the 2014 C Notes being refunded with the Bonds, and amount of new money. The bond ordinances are:

Bond Ordinances

Ordinance Number	Description and Date of Final Adoption	Amount of 2014 C Notes Being Refunded With The Bonds	Amount of New Money
14-2010	Temporarily finance various roadway improvements, construction of storm sewer systems, upgrades to computer and security systems, construction of improvements to the City’s fields and public grounds and the purchase of a new street sweeper, adopted September 1, 2010.	\$1,425,000	\$0

Bond Ordinances

Ordinance Number	Description and Date of Final Adoption	Amount of 2014 C Notes Being Refunded With The Bonds	Amount of New Money
27-2010	Temporarily finance various improvements to the City's storm water sewer system, adopted December 15, 2010.	\$475,000	0
10-2013	Various capital improvements within the City, including improvements to various roadways, storm sewer improvements, bulkhead improvements, renovations and improvements to various recreation facilities, purchases of new vehicles and equipment for Fire and Police Departments, and purchases of miscellaneous vehicles for City use, finally adopted on September 18, 2013.	\$3,800,000	0
21-2006	Various capital improvements within the City, including roadway improvements, storm sewer improvements, replacement of bulkheads, recreation improvements, renovations to municipal buildings and various equipment purchases, adopted on August 16, 2006.	0	\$200,000
19-2012	Municipal Beach Replenishment Project, Groin Construction and "Back Passing" Projects, and purchase of material and equipment incidental thereto, adopted on June 20, 2012.	<u>0</u>	<u>\$950,000</u>
TOTAL:		<u>\$5,700,000</u>	<u>\$1,150,000</u>
TOTAL BONDS:			<u>\$6,850,000</u>

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their date of delivery, and will mature on the date and in the amounts shown on the front cover page hereof. The Notes shall bear interest, payable at maturity, at the rates shown on the inside front cover page hereof.

The Notes may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple thereof, except where necessary, also in the amount of \$1,000, or any integral multiple thereof, through book-entries made on the books and the records of The Depository Trust Company, New York, New York (“DTC”) and its participants. See “Book-Entry-Only System”. The City will act as the “Note Registrar/Paying Agent” for the Notes.

AUTHORIZATION AND PURPOSE OF THE NOTES

(A) TAX APPEAL REFUNDING NOTES

The Tax Appeal Refunding Notes, along with other available funds of the City, are being issued pursuant to the Local Bond Law of the State (N.J.S.A. 40A:2-1 et seq.) to provide funds for the current refunding of the Tax Appeal Refunding Notes, Series 2014A (the “2014 Series A Notes”) in the original principal amount of \$1,998,000 and maturing on December 9, 2015 (a portion of the 2014 Series A Notes in the amount of \$816,000 is being paid from a budget appropriation by the City). The 2014 Series A Notes was issued for the temporary financing of (i) revenue losses arising from the settlement or adjudication of numerous tax appeals; and (ii) revenue losses associated with tax credits granted to taxpayers for overpayments in previous quarters. The Tax Appeal Refunding Notes, and the improvements or purposes for which the Tax Appeal Refunding Notes are to be issued, have been authorized pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and by bond ordinances duly adopted by the City Council as set forth below and published as required by law:

<u>Ordinance No.</u>	<u>Description and Date of Final Adoption</u>	<u>Principal Amount of Tax Appeal Refunding Notes to be Issued</u>
29-2012	Temporarily finance revenue losses arising from the settlement or adjudication of numerous tax appeals in 2012 that will be applied to successful taxpayers in the form of credits on their 2012 Fourth Quarter tax bills, adopted November 7, 2012.	\$450,000
14-2013	Temporarily finance revenue losses associated with tax credits granted to taxpayers for overpayments in previous quarters in 2013, adopted November 6, 2013.	<u>\$732,000</u>
Total Tax Appeal Refunding Notes:		<u>\$1,182,000</u>

(B) BOND ANTICIPATION NOTES

The Bond Anticipation Notes, along with other available funds of the City, are being issued pursuant to the Local Bond Law of the State and the Local Budget Law (N.J.S.A. 40A:4-54 et seq.) to provide funds for the current refunding of a \$766,000 portion of the 2014 Series C Notes maturing on December 9, 2015 (a portion of the 2014 Series C Notes in the amount of \$18,000 is being paid from a budget appropriation by the City and \$5,700,000 is being paid with the proceeds of the Bonds). The 2014 Series C Notes were issued for the temporary financing of various capital improvements in the City. The Bond Anticipation Notes, and the improvements or purposes for which the Bond Anticipation Notes are to be issued, have been authorized by the ordinances adopted by the City Council as set forth below:

<u>Ordinance No.</u>	<u>Description and Date of Final Adoption</u>	<u>Principal Amount of Bond Anticipation Notes to be Issued</u>
32-2006	Temporarily finance golf course utility improvements which include the acquisition of new maintenance equipment, upgrades to the golf course, acquisition of new food and beverage equipment and clubhouse improvements, adopted December 20, 2006.	\$482,000
06-2013	Temporarily finance for golf course utility capital improvements and other related expenses, adopted August 7, 2013.	<u>\$266,000</u>
Total Bond Anticipation Notes:		<u>\$748,000</u>

(C) SCHOOL NOTES

The School Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto; Title 18A, Education of the New Jersey Statutes, as amended and supplemented; and the ordinance of the City set forth below.

<u>Ordinance No.</u>	<u>Description and Date of Final Adoption</u>	<u>Principal Amount of School Notes to be Issued</u>
08-2015	Temporarily finance various school improvements, adopted May 22, 2015.	<u>\$3,800,000</u>

Total School Notes: **\$3,800,000**

Book-Entry-Only System*

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers,

* Source: The Depository Trust Company

banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and Notes unless authorized by a Direct Participant in accordance with

DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

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

Discontinuance of Book-Entry Only System

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

Redemption

The Bonds and Notes are not subject to redemption prior to maturity.

SECURITY AND SOURCE OF PAYMENT

Taxing Power

The Bonds and Notes are valid and binding general obligations of the City, and the City has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds and Notes. The Bonds and Notes are direct obligations of the City and, unless paid from other sources, the City is required by law to levy ad valorem taxes upon all the real property taxable within the City for the payment of the principal of and the interest on the Bonds and Notes without limitation as to rate or amount. Enforcement of a claim for the payment of principal of or interest on bonds or notes of the City is subject to applicable provisions of federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Bonds and Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission.

The Bonds and Notes are not a debt or obligation, legal, moral or otherwise, of the State or any county, municipality or any political subdivision thereof, other than the City.

The City

The City is located along the northeast border of Atlantic County, New Jersey and is bound by the Atlantic Ocean, Brigantine Inlet, Absecon Inlet and other inland waterways. See Appendix “A” for demographic and statistical information concerning the City.

SUPERSTORM SANDY

On October 29, 2012, Superstorm Sandy, then a Category 1 post-tropical cyclone according to the National Weather Service, struck the coast of New Jersey (the “Storm”). The resulting storm surge and winds caused catastrophic damage to many coastal and riverfront communities, as well as widespread physical damage (including downed trees and branches and loss of electrical power and other utilities) throughout the State. In the days following the Storm, most schools and businesses – and many roads, bridges and public transportation systems – were closed.

The City sustained significant sand and debris damage due to the Storm’s winds and resulting floods. The City lost electrical power, transportation was temporarily disrupted due to displaced sand and debris, and many properties had substantial water damage as a result of the Storm. In total, approximately 2,700 of the City’s 8,895 total properties (representing 30% of all properties) were impacted by the Storm. Of these 2,700 structures, approximately 250 were severely damaged. Most of the impacted residential properties have been repaired or are in the process of rebuilding. Nearly all of the commercial properties impacted by the Storm were repaired and reopened in time for the summer of 2013.

To finance the costs resulting from flood damage, wind damage and overtime expense for debris removal, the City issued a \$2,200,000 Special Emergency Note on December 20, 2012 (the “2012 Sandy Special Emergency Note”). The 2012 Sandy Special Emergency Note was issued pursuant to the Local Budget Law which permits governmental entities in the State to borrow to pay for certain extraordinary expenses caused by natural disasters, such as the Storm. In 2013 and 2014, the City paid the statutorily required principal reduction payments on the 2012 Sandy Special Emergency Note. The City has included funds in its 2015 budget, and has cash on hand, to pay, in full, upon maturity on December 9, 2015, the remaining balance of the 2012 Sandy Special Emergency Note.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the City are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the City has not exceeded its statutory debt limit as of December 31, 2014.

Exceptions to Debt Limits - Extensions of Credit

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

Short Term Financing

The City may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be

amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

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

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

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

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

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

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local

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

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

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

An additional exception, set forth at N.J.S.A. 40A:4-54, provides that the municipality may adopt a resolution authorizing a special emergency appropriation to cover the cost of extraordinary expenses for the repair, reconstruction of streets, roads and bridges or other public property damaged by flood or hurricane where such expense was not foreseen at the time of the adoption of the budget, such as with the Storm.

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

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

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

Additionally, new legislation constituting P.L. 2007, c.62, effective April 3, 2007, imposes a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board may approve waivers for certain extraordinary costs identified by the statute, and voters may approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A.

40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the City to levy ad valorem taxes upon all taxable real property within the City to pay debt service on its bonds or notes.

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the local school district, regional school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located with the special districts.

Tax bills are mailed annually in June by the City’s Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year’s total tax liability. The preliminary taxes are due February 1 and May 1 of the succeeding year, and are based upon one-half of the current year’s total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

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

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: “The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year.”

N.J.S.A. 40A:4-41 provides with regard to current taxes that: “Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount with is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year.”

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the “reserve for uncollected taxes”) be added to the tax levy required to balance the budget so that when the percentage of the prior year’s tax collection is applied to the combined total, the revenue will at least be equal to the tax levy required to balance the budget.

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

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

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2014 for the local unit is on file with the Clerk and is available for review during business hours.

Operation of Utilities

Municipal public utilities are supported by the revenue generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the State shall provide for the maintenance and support of a thorough and efficient ("T&E") system of free public schools for the instruction of all children between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department") which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, inter alia, to adopt rules and regulations that have the effect of law and that are binding upon school districts, to acquire land and other property and to decide appeals from decisions of the Commissioner (as hereinafter defined) on matters of school law or State Board regulations.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the

Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63 approved April 3, 2007 (A4), the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally classified in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate. The board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, and approves all fiscal matters. **The School District (as hereinafter defined) is a Type I school district;**

(2) Type II, in which the registered voters within a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters within the school district

elect members of the board of education and vote upon all fiscal matters. Regional school districts may be “All Purpose Regional School Districts” or “Limited Purpose Regional School Districts”;

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves all fiscal matters; or

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district.

Under the Uniform Services and Consolidation Act, the Executive County Superintendent is required to eliminate and has, as of July 1, 2009, eliminated certain non-operating school districts and to recommend consolidation of existing school districts to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes if such certified budget is less than or equal to the maximum T&E budget and may appeal to the Commissioner if such certified budget amount is in excess of the maximum T&E budget. *See* "SUMMARY OF STATE AID TO SCHOOL DISTRICTS" herein.

In a Type II district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing body of the constituent municipality must develop the school budget by May 19 of each year. Should the governing body be unable to do so, the Commissioner establishes the local school budget.

SCHOOL DISTRICT

The City of Brigantine School District (the “School District”) is coterminous with the City. The School District provides elementary and middle school education to residents of the City at the Brigantine North School. The School District is governed by the Brigantine Board of Education (the “School Board”) and operates as a Type I school district under the statutory provisions of Title 18A of the New Jersey Statutes, as amended and supplemented. The School Board consists of seven members who are appointed by the Mayor, the Council and the City Manager and serve staggered five-year terms. The School District provides a wide range of educational services appropriate to the grade levels of Kindergarten (K) through grade eight (8).

MEMBERS OF THE BOARD OF EDUCATION

<u>Members</u>	<u>Title</u>
Frank Koch	President
Helen Coffman	Vice President
Nancy Barbin	Member
Stephen Bonanni	Member
David Borrone	Member
Matthew Doran	Member
James Mackey	Member

SCHOOL OFFICIALS

Superintendent of Schools

Brian M. Pruitt

Business Administrator/Board Secretary

Jonathan Houdart

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts which are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the district has adequately implemented within the budget the Core Curriculum Content Standards (as defined herein) required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitations was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (the "QEA") (now repealed), also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (the "CEIFA"), as amended by P.L. 2004, c. 732 effective July 1, 2004 and P.L. 2010, c. 44, effective July 13, 2010, which followed QEA, also limits the annual

increase in a school district's general fund tax levy which does not exceed the school district's adjusted tax levy, defined as the amount raised by property taxation for the purposes of the school district, excluding any debt service payments (the "Adjusted Tax Levy"). The CEIFA limited the amount school districts can increase their annual current expenses and capital outlay budgets. Generally, budgets could increase either two and one-half percent (2.5%) or the consumer price index, whichever is greater. Prior amendments to the CEIFA decreased the budget cap to two and one-half percent (2.5%) from three percent (3%). As a result of recent amendments to CEIFA, the budget presented for the voters may not have an increase in the adjusted tax levy that exceeds the pre-budget year adjusted tax levy and an adjustment for enrollment by two percent (2%). See the description of the New Cap Law (as defined herein), below. A school district shall submit, as applicable, to the board of school estimate or to the voters of the district at the annual school budget election, a general fund tax levy which does not exceed the school district's adjusted tax levy as calculated by N.J.S.A. 18A:7F-38 and 39. Any school district may also submit at the annual school budget election, a separate proposal or proposals for additional funds, including interpretive statements, specifically identifying the program purposes for which the proposed funds shall be used. The executive county superintendent of schools may prohibit the submission of such a separate proposal if he or she determines that the district has not implemented all potential efficiencies in the administrative operations of the district, which efficiencies would eliminate the need for such additional funds. Parts of the CEIFA have been found to be unconstitutional. See "SUMMARY OF STATE AID TO SCHOOL DISTRICTS" herein.

P.L. 2010, c. 44, effective July 13, 2010 (the "New Cap Law"), further provides limitations on a school district spending by limiting the amount a school district can raise for school district purposes through the property tax levy by two percent (2%) over the prior year's tax levy. See "SUMMARY OF STATE AID TO SCHOOL DISTRICTS" herein. The New Cap Law provides for certain adjustments to the tax levy cap for specific circumstances relating to enrollment increases, health care cost increases and increases in amounts for certain normal and accrued liability pension contributions.

The New Cap Law provides that school districts may submit to voters during April school elections or on other dates set by regulation of the Commissioner, a proposal or proposals to increase the adjusted tax levy by more than the allowable amount authorized pursuant to N.J.S.A. 18A:7F-38. The proposal or proposals to increase the adjusted tax levy shall be approved if a majority of the people voting shall vote affirmatively. For school districts with boards of school estimates, the additional adjusted tax levy shall be authorized only if a quorum is present for the vote and a majority of those board members who are present vote affirmatively to authorize the adjusted tax levy.

Debt service on bonds or notes, such as the School Notes, is not limited either by the Spending Growth Limitations or the two percent (2%) cap on the tax levy increase imposed by the New Cap Law.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years, (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district), and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant no later than five (5) months after the end of the school fiscal year. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five (5) years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000 repeals the authorization to enter into facilities leases in excess of five (5) years. The payment of rent on an equipment lease and on a five (5) year and under facilities lease is treated as a current expense and within the cap on the school district's budget. Under the CEIFA, lease purchase payments on leases in excess of five (5) years issued under prior law, are treated as debt service payments and, therefore, will receive debt service aid if the school

district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a Kindergarten (K) through grade eight (8) school district, the City, on behalf of the School District, can borrow up to three percent (3%) of the average equalized valuation of taxable property in the School District. As of December 31, 2014, the City has not exceeded its three percent (3%) debt limit.

Exceptions to Debt Limitation

A Type I school district may authorize debt in excess of this limit if (i) the municipality comprised within the district adopts, by the recorded roll call an affirmative vote of two thirds of the full membership of the governing body, an ordinance authorizing the issuance of said bonds in accordance with N.J.S.A. 18A:24-22; or (ii) such ordinance is adopted by less than a two-thirds affirmative vote of such full membership and subsequently a proposition confirming said ordinance is approved by the legally qualified voters of the municipality upon its submission to them at a municipal or general election or at a special election held for the purpose pursuant to N.J.S.A. 18A:24-29. A Type I school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Energy Saving Obligations

Under P.L. 2009, c. 4, approved January 21, 2009 and effective 60 days thereafter, school districts may issue "energy savings obligations" without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the amount of the savings will cover the cost of the improvements.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") ruled in *Robinson v. Cahill*, that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A 1 et seq., P.L. 1975, c. 212 (the "Public School Education Act") (as amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, as amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts ("Abbott Districts") were significantly disadvantaged under that

school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

The School District is not an “Abbott District”.

The legislative response to *Abbott v. Burke*, was the passage of the QEA (now repealed). The QEA established a new formula for the distribution of State aid for public education, beginning with the 1991-92 fiscal year. The QEA provided a formula that took into account property values and personal income to determine a school district's capacity to raise money for public education. A budgetary limitation, or "CAP" on expenditures, was also provided in the law. The "CAP" was intended to control the growth in local property taxes. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

On July 12, 1994, the Court declared the school aid formula under the QEA unconstitutional on several grounds as it was applied to the 28 Abbott Districts in the ongoing litigation commonly known as *Abbott v. Burke II*. No specific remediation was ordered, but the Court ultimately held that the Legislature and the Governor were required to have a new funding formula in effect by December 31, 1996 so that any new formula would be implemented during the 1997-98 fiscal period and thereafter.

In keeping with the Court's deadline, the Governor signed the CEIFA into law on December 20, 1996. The CEIFA departed from other funding formulas adopted in the State by defining what constituted a "thorough and efficient" education, as is required by the Constitution of the State. The CEIFA further established the costs necessary to provide each student with such an education.

In defining what constitutes a "thorough" education, the State Board adopted a set of Core Curriculum Content Standards (the “Core Curriculum Content Standards”). The purpose of the Core Curriculum Content Standards is to provide all students with the knowledge and skills that will enable them to be productive citizens when they graduate from any State high school, regardless of the school's location or socioeconomic condition. The CEIFA provided State funding assistance in the form of Core Curriculum Content Standards Aid based on a school district's financial ability to raise sufficient tax revenue for its students to achieve the Core Curriculum Content Standards.

On May 14, 1997, the Court held that the CEIFA was unconstitutional as applied to the Abbott Districts because (1) its funding provisions failed to assure that students in such districts would receive a thorough and efficient education and (2) supplemental programs to increase student performance in such districts were neither adequately identified nor funded. The Court recognized the Core Curriculum Content Standards as a valid means of identifying a "thorough and efficient" education under the State Constitution, but found that the State did not adequately determine or provide the adequate funding level to allow those standards to be met in the Abbott Districts. To bridge the gap between Abbott Districts and non-special needs districts, the Court

ordered the parity remedy, designed as an interim remedy whereby the State would provide parity aid and supplemental funding to Abbott Districts. The CEIFA has not been used to calculate State aid for public schools since the 2001-02 school year.

Pursuant to the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the “EFCFA”), which became law on July 18, 2000, the State provides aid to school facilities projects. Under the EFCFA, the State provides one hundred percent (100%) State funding for school facilities projects undertaken by Abbott Districts; for non-Abbott Districts, the State provides aid in an amount equal to the greater of the district aid percentage or forty percent (40%) times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of the aid is established prior to the authorization of the project.

The School Funding Reform Act of 2008

The School Funding Reform Act of 2008 (the “SFRA”) was signed into law in January 2008 and is a five-year product of the State’s latest effort to craft a redesigned school funding formula that satisfies the constitutional standard. While the SFRA maintains the Core Curriculum Content Standards established by the CEIFA, it repeals the provisions of the CEIFA which established State Aid formulas for programs to support the Core Curriculum Content Standards and has established new formulas. Essentially, the SFRA provides State aid to school districts while also requiring certain levels of local funding. It is a weighted school funding formula which identifies a base cost associated with the education of an elementary pupil without any particular special needs. Once the per-pupil amount is identified, the amount is increased to reflect factors that increase the cost of education, such as (i) grade level, and whether the pupil is (ii) an at-risk pupil (eligible for free or reduced-price lunch), (iii) a Limited English Proficiency (“LEP”) pupil, or (iv) a special education student of mild, moderate or severe classification.

The formula is further comprised of several funding mechanisms, the central component being the Adequacy Budget, a wealth equalized budget based on the school district’s ability to provide funding through local resources (the “Adequacy Budget”). The Adequacy Report (the “Adequacy Report”) establishes the base pupil cost necessary to provide the thorough and efficient education for an elementary student. Such amount will be adjusted to reflect the differing cost of education a student at the middle and high school levels and various other factors as set forth in the SFRA. Based upon the school district’s property and personal income wealth, a local share of such Adequacy Budget is determined. State aid will be provided for that portion of the Adequacy Budget which cannot be supported locally. The SFRA guarantees a minimum two percent (2%) increase in State aid for each school district.

The Department must provide an Adequacy Report every three (3) years addressing the weighted factors that comprise the Adequacy Budget and the various additional components of the SFRA: equalization aid, categorical aid, preschool aid, extraordinary aid, adjustment aid and education adequacy aid. Under the SFRA, the base per pupil amount for 2008-2009 was \$9,649

and was adjusted by the Consumer Price Index (“CPI”) for the next two (2) years (2009-2010 and 2010-2011).

The constitutionality of the SFRA was challenged and was held to be constitutional by the Court on May 28, 2009.

On May 24, 2011, the Court held that funding to the Abbott districts in 2011-2012 must be calculated and provided in accordance with the SFRA. Specifically, the Court ordered that the State must provide approximately \$500 million to the 31 Abbott districts in order to comply with the SFRA. Relief was limited to the Abbott districts.

Recent Developments in State Aid

The State provides aid to school districts in accordance with amounts provided annually in the State budget. Such aid includes equalization aid, special education categorical aid, transportation aid, preschool education aid, supplemental core curriculum standards aid, choice aid, education adequacy aid, security aid, adjustment aid and other aid as determined in the discretion of the Commissioner.

The State has reduced debt service aid by 15% for fiscal years 2011, 2012, 2013, 2014 and 2015. As a result of the debt service aid reduction, school districts received approximately eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the “EDA”) will be assessed an amount in their 2011, 2012, 2013, 2014 and 2015 budgets representing 15% of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Elementary and Secondary Education Act of 1965, as amended and restated by the No Child Left Behind Act of 2001, 20 U.S.C.A. § 6301 et seq., is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

TAX MATTERS

General

Applicable federal tax law provides that interest on obligations such as the Bonds and Notes is not included in gross income for federal income tax purposes only if certain requirements are met. In its Arbitrage and Tax Certificate (the "Tax Certificate"), which will be delivered in connection with the issuance of the Bonds and Notes and pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), the City will represent that the City expects and intends to be able to comply with, and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Tax Certificate and do and perform all acts and things necessary or desirable in order to assure that, under the Code as presently in effect, interest on the Bonds and Notes be and remain excluded from gross income for federal income tax purposes.

In the opinion of Fleishman Daniels Law Offices, LLC, Bond Counsel to the City ("Bond Counsel"), under existing statutes, regulations, administrative pronouncements and judicial decisions, and assuming compliance by the City with certain tax covenants described in the Tax Certificate, interest on the Bonds and Notes is not included in the gross income of the owners thereof for federal income tax purposes pursuant to the Code and is not an item of tax preference to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax imposed with respect to individuals and corporations. Interest on the Bonds and Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of the inclusion of interest on the Bonds and Notes in "adjusted current earnings." Except as provided above, no opinion is expressed regarding any other federal tax consequences arising with respect to ownership of the Bonds and Notes.

New Jersey Gross Income Tax

In the opinion of Bond Counsel to be delivered simultaneously with the delivery of the Bonds and Notes, under existing law as enacted and construed on the date hereof, interest on the Bonds and Notes and any gain on the sale of the Bonds and Notes are not includable in gross income under the existing New Jersey Gross Income Tax Act. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds and Notes.

Certain Federal Tax Consequences Relating to Bonds and Notes

Although interest on the Bonds and Notes is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds and Notes may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds and Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance

companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds and Notes.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Bonds and Notes so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Bonds and Notes. Each purchaser of the Bonds and Notes should consult his or her own advisor regarding any changes in the status of pending or proposed federal tax legislation.

See Appendix "C" for the complete text of the proposed form of Bond Counsel approving legal opinion with respect to the Bonds and Appendices D-1 through D-3 for the complete text of the proposed forms of Bond Counsel approving legal opinions with respect to the Notes.

ALL POTENTIAL PURCHASERS OF THE BONDS AND NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS AND NOTES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).

LEGALITY FOR INVESTMENT

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

SECONDARY MARKET DISCLOSURE

Notes

As the Notes have a maturity date of less than eighteen (18) months, and in order to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, the City has covenanted to file notices of the occurrence of certain Listed Events as detailed and defined in the Continuing Disclosure Certificate (the "Notes Disclosure Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in Appendix "F" hereto, such Notes Disclosure Certificate to be delivered concurrently with the delivery of the Notes. This covenant is being made by the City to assist the purchaser of the Notes in complying with the Rule.

Bonds

The City has covenanted for the benefit of Bondholders to provide certain financial information and operating data of the City to comply with the provisions of the Rule, as detailed in the Continuing Disclosure Certificate to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in Appendix “E” annexed hereto (the “Bond Disclosure Certificate”), such Bond Disclosure Certificate to be delivered concurrently with the delivery of the Bonds. The covenant is being made by the City to assist the Underwriter of the Bonds in complying with the Rule.

The City previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) its adopted budgets for the fiscal years ending December 31, 2010, 2011, 2012 and 2014; (ii) operating data for the fiscal years ending December 31, 2010, 2011 and 2013; and (iii) annual financial statements for the fiscal years ending December 31, 2010, 2011 and 2013. Additionally, the City acknowledges that it previously failed to file material event notices and late filing notices in connection with (i) its timely filings of annual financial information; and (ii) certain rating changes. Such notices of material events and late filings have been filed with EMMA as of the date of this Official Statement. The City has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

LITIGATION

To the knowledge of Parker McCay P.A., Atlantic City, New Jersey (the “City Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds and Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds and Notes, or in any manner questioning the authority of the proceedings for the issuance of the Bonds and Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. A certificate to such effect will be executed by the City Attorney and delivered to the purchaser of the Bonds and Notes at the closing.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, *et seq.* (the “Bankruptcy Code”), as amended by Public Law 94-260, approved April 8, 1976 and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file

with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

Reference to the Bankruptcy Code or the State statute should not create any implication that the City expects to utilize the benefits of their provisions.

PREPARATION OF OFFICIAL STATEMENT

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

Ford, Scott & Associates, L.L.C., Ocean City, New Jersey (the "Auditor") assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

The City Attorney has not participated in the preparation of the information contained in this Official Statement, nor have they verified the accuracy, completeness, or fairness thereof, and, accordingly, express no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled “LITIGATION” and express no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

All other information has been obtained from sources which the City considers to be reliable and they make no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

RATINGS

Bonds

Standard & Poor’s Ratings Services, Standard & Poor’s Financial Services LLC business (“Rating Agency”) has assigned its rating of “A+” to the Bonds, based upon the creditworthiness of the City.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The City forwarded to the Rating Agency certain information and materials concerning the Bonds and the City. There can be no assurance that the rating will be maintained for any given period of time or that the rating may not be raised, lowered or withdrawn entirely, if in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of such rating, may have an adverse effect on the marketability or market price of the Bonds.

Notes

The Notes have not been rated.

UNDERWRITING

Bonds

The Bonds have been purchased from the City at a public sale by _____, _____, _____, (the “Bonds Underwriter”) at a price of \$_____ (the “Bonds Purchase Price”). The Bonds Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds Purchase Price reflects a par amount of the Bonds of \$_____ plus a bid premium of \$_____.

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

Tax Appeal Refunding Notes

The Tax Appeal Refunding Notes have been purchased from the City at a public sale by _____, _____, _____, (the “Tax Appeal Refunding Notes Underwriter”) at a price of \$_____ (the “Tax Appeal Refunding Notes Purchase Price”). The Tax Appeal Refunding Notes Purchase Price reflects a par amount of \$_____ plus a bid premium of \$_____.

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

Bond Anticipation Notes

The Bond Anticipation Notes have been purchased from the City at a public sale by _____, _____, _____, (the “Bond Anticipation Notes Underwriter”) at a price of \$_____ (the “Bond Anticipation Notes Purchase Price”). The Bond Anticipation Notes Purchase Price reflects a par amount of \$_____ plus a bid premium of \$_____.

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

School Notes

The School Notes have been purchased from the City at a public sale by _____, _____, _____, (the “School Notes Underwriter”; and together with the Bonds Underwriter, Tax Appeal Refunding Notes Underwriter and Bond Anticipation Notes Underwriter, the “Underwriters”) at a price of \$_____ (the “School Notes Purchase Price”). The School Notes Purchase Price reflects a par amount of \$_____ plus a bid premium of \$_____.

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

FINANCIAL ADVISOR

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

FINANCIAL STATEMENTS

The condensed financial statements of the City for the year ended December 31, 2014, together with the notes to Financial Statements are presented in Appendix B to this Official Statement.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and Notes are subject to the approval of Bond Counsel whose approving legal opinions will be delivered with the Bonds and Notes substantially in the forms set forth as Appendices “C” and “D-1 through D-3”. Certain legal matters will be passed on for the City by the City Attorney.

CERTIFICATES OF THE CITY

Upon the delivery of the Bonds and Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or contemplated by this Official Statement. In addition, the original purchaser(s) of the Bonds and Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and Notes and receipt of payment therefore, and a certificate dated as of the date of the delivery of the Bonds and Notes and signed by the officers who signed the Bonds and Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds and Notes or the levy or collection of taxes to pay the Bonds and Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds and Notes, are issued, and that neither

the corporate existence or boundaries of the City, nor the title of any of the said officers to the respective offices, is being contested.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Roxanne Tosto, Chief Financial Officer, City of Brigantine, 1417 West Brigantine Avenue, Brigantine, New Jersey, (609) 266-7600, extension 213 or the Financial Advisor, 4 West Park Street, Bordentown, New Jersey (609) 291-0130 or Bond Counsel, 1001 Tilton Road, Suite 203, Northfield, New Jersey (609) 272-1266.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

MISCELLANEOUS

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

THE CITY OF BRIGANTINE

By: _____
Roxanne Tosto,
Chief Financial Officer

Dated: November __, 2015

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

INFORMATION REGARDING THE CITY¹

The following material presents certain economic and demographic information of the City of Brigantine (the “City”), in the County of Atlantic (the “County”), State of New Jersey (the “State”).

General Information

Early records indicate that Brigantine Island was used by the indigenous Leni-Lenape Indians as a vacation area. The first recorded European sighting of the island was by Henry Hudson after the Half Moon had returned from what is now Hudson Bay, as recorded in the ship’s log of September 2, 1608. During the late 1600’s Brigantine was at various times under Dutch and English jurisdiction, and was for a time a whaling center. In the 1700’s, the island was owned by several families whose large landholdings were known as “plantations”.

By the mid-1800’s, Brigantine had become a resort; several large hotels were constructed and were frequented by many New Jersey and Pennsylvania public figures. Several attempts were made during the late 1800’s to develop Brigantine on a significant scale. In connection with one of these attempts, made by the Brigantine Improvement Company, the island’s name was changed for a time to “North Atlantic City”. In 1917 the City had only 54 full-time residents and an operating budget of \$5,400.

During the 1920’s, with the advent of automobile access to the island, Brigantine became the object of a large scale development effort by the Island Development Company, which had succeeded to title to most of the island from the Brigantine Land and Transportation Company. In 1924, a bridge was constructed linking Atlantic City and Brigantine, and a land boom ensued. The City undertook a variety of improvements, such as streets and sewage and water facilities, for which it issued bonds. With the onset of the Great Depression and the consequent cessation of demand for homes on the island, the Island Development Company ceased operating, deeding its remaining properties to the City. As described elsewhere in this Official Statement, the City then experienced financial reserves. See “Financial History” herein.

Development of the City revived after World War II. Since then, Brigantine has been characterized by stable growth patterns in resort population, year-round population, housing construction and assessed valuation, all relatively independent of changes in the economy of Atlantic City. The maintenance of controlled, primarily residential, development of the City is mandated by the City’s 1992 Master Plan and by state control of types of development in barrier islands such as Brigantine. See “Land Utilization” herein. The advent of legalized casino gambling in Atlantic City has caused an increase in certain of these trends, but in the experience of City officials the basic pattern of orderly growth has continued.

The City is bounded by the Atlantic Ocean, Brigantine Inlet, Absecon Inlet and inland waterways, with Brigantine Boulevard and a modern high-rise 4-lane connecting bridge, completed in 1972, providing passage over Absecon Inlet to Atlantic City. The island is 6.39 square miles in area, half of which is owned by the State of New Jersey under the Green Acres

¹ Source: The City, unless otherwise indicated.

Program as described herein. The Brigantine National Wildlife Refuge, a 20,000-acre national park, lies three miles northwest of the City.

Form of Government

The City is governed by the Council-Manager form of government under the Faulkner Act with a City Council, composed of six Council members and the Mayor, who are elected to serve staggered four-year terms. The Mayor is elected at large and presides over the meetings of City Council. The functions of the Council are, among others, to adopt the municipal budget and to enact ordinances to promote and ensure the security, health, government and protection of the City and its residents.

The City Manager, is the chief executive and administrative official of the City. The manager's duties are to execute all laws and ordinances of the City, to negotiate all contracts for the City, to recommend the nature and location of improvements and to execute said improvements, and to report to Council as to the City's operations and financial condition and to perform such duties as required by Council.

The City Chief Financial Officer and Treasurer maintains records of all financial transactions of the City and has custody of all public moneys.

The City Clerk, assists with administering the affairs of the City, including attending Council meetings and providing for the taking and preparation of minutes thereof; compilation, preservation, indexing and publication of all ordinances and resolutions; and any other duties which Council may assign. The Clerk also acts as liaison between the public and Council, administers and records oaths of office; maintains custody of the City seal; attests to signatures of City officers and officials and maintains receipt of service of legal documents; acts as notary for all City documents as required by law.

Services

A number of services are provided by the City and paid for from general revenues. Among them are police and fire protection, street lighting, road and park maintenance, recreation and playgrounds, snow removal, trash collection, building and zoning protection and any emergency service affecting the community.

Solid Waste Disposal

Pursuant to the Atlantic County Solid Waste Management Plan, all of the City's municipal waste is taken for disposal to the facilities of the Atlantic County Utility Authorities ("ACUA"), the agency designated by Atlantic County as the implementing agency for the solid waste management district comprised by the County.

The City's residential waste is collected and transported to ACUA's facilities by employees of the ACUA, pursuant to a one-year shared services contract, at annual rates. These collection fees are to remove, haul and dispose of residential waste generated from single family

residences. The City also reimburses the multi-unit dwellings, such as condominiums, at the lesser rate that the condo units contract or the city's average rate. The City's commercial entities pay private haulers for such service.

Water and Sewer Service

Residents of the City are furnished with water service by a City-owned and operated system. The City currently operates seven wells, which can provide an output of approximately 5.6 million gallons per day and three additional storage tanks with a combined 2.25 million gallon capacity.

Residents pay a semiannual water service charge for which each resident is permitted a consumption of 80,000 gallons per year. Excess-use charges are levied for consumption beyond 80,000 gallons per year. A connection fee is charged for connecting to the public water system.

Sanitary sewer service is provided to City residents by a City-owned and operated collection system which consists of collection lines and pumping stations, most of which were installed during the period 1970-1980. Since that period all pumping stations have been upgraded and sewer mains are replaced as needed. Sewage treatment is provided by the Atlantic County Utilities Authority under service contract with the City, pursuant to which the City pays the Authority directly for such service. Residents do not receive a separate bill from the Authority.

Property owners in the City currently pay a semiannual charge for sewer rents. New connections to the sanitary sewer system also pay connection fees.

All parts of Brigantine have fully developed water and sanitary sewer facilities.

Retirement Systems

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

Pension Information²

Employees, who are eligible to participate in a pension plan, are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The City's share of pension costs in 2015, which is based upon the annual billings received from the State, amounted to \$511,190 for PERS and \$1,692,487 for PFRS.

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>City</u>				
2014	4,886	4,441	445	9.1%
2013	5,031	4,520	511	10.2%
2012	5,160	4,595	565	10.9%
2011	5,262	4,586	676	12.8%
2010	5,691	5,102	589	10.3%
<u>County</u>				
2014	133,130	119,313	13,817	10.4%
2013	137,310	121,444	15,866	11.6%
2012	140,704	122,905	17,799	12.6%
2011	139,616	122,184	17,432	12.5%
2010	140,597	123,329	17,268	12.3%
<u>State</u>				
2014	4,518,715	4,218,423	300,277	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%

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

Income (as of 2000)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$63,119	\$54,559	\$71,180
Median Family Income	80,197	67,301	86,779
Per Capita Income	36,871	27,227	35,768

Source: US Bureau of the Census

Population

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

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2000	12,594	10.92	252,552	12.58	8,414,350	8.85
1990	11,354	36.50	224,327	15.56	7,730,188	4.96
1980	8,318	23.39	194,119	10.90	7,365,001	2.75
1970	6,741	60.46	175,043	8.80	7,168,164	18.15

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

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2015</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Brigantine Town Assoc.	\$15,511,100	0.48%
Celebrity Resorts of NJ LLC	10,769,900	0.33%
NJ Brigantine LLC % CVS	5,926,000	0.18%
La Sammana Ventures LLC	5,780,200	0.18%
Brigantine Point Properties	5,730,000	0.18%
Sand Coast Joint Venture	5,339,600	0.17%
Taxpayer #1	5,285,300	0.16%
Taxpayer #2	4,224,300	0.13%
Taxpayer #3	4,125,800	0.13%
Taxpayer #4	<u>4,047,600</u>	<u>0.13%</u>
Total	<u>\$66,739,800</u>	<u>2.07%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2014	\$55,257,100	\$54,504,687	98.64%
2013	55,713,742	53,694,108	96.37%
2012	53,555,456	50,608,373	94.50%
2011	53,270,374	50,849,916	95.46%
2010	51,071,562	49,496,108	96.92%

Source: Annual Audit Reports of the City

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2014	\$35,947	\$607,410	\$643,357	1.16%
2013	5,221	524,232	529,453	0.95%
2012	5,952	630,976	636,929	1.19%
2011	5,499	595,133	600,633	1.13%
2010	4,970	628,928	633,897	1.24%

Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2014	\$308,862
2013	308,862
2012	308,862
2011	308,862
2010	308,862

Source: Annual Audit Reports of the City

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total Taxes</u>
2015	\$0.710	\$0.522	\$0.541	\$1.773
2014R	0.711	0.521	0.475	1.707
2013	0.522	0.413	0.373	1.308
2012	0.488	0.400	0.315	1.203
2011	0.446	0.388	0.325	1.159

R=Revaluation

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2015	\$3,231,377,000	\$3,423,794,236	94.38%	\$0	\$3,423,794,236
2014R	3,229,220,200	3,321,217,937	97.23	0	3,229,220,200
2013	4,252,531,800	3,529,950,859	120.47	1,570,162	4,254,101,962
2012	4,444,441,800	3,655,269,183	121.59	1,761,220	4,446,203,020
2011	4,588,922,100	3,974,124,968	115.47	1,764,264	4,590,686,364

R=Revaluation

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2015	\$63,428,600	\$3,077,052,000	\$0	\$88,177,400	\$0	\$2,719,000	\$3,231,377,000
2014R	60,685,200	3,077,615,100	0	88,200,900	0	2,719,000	3,229,220,200
2013	71,758,800	4,082,642,200	0	94,821,800	0	3,309,000	4,252,531,800
2012	74,996,400	4,268,649,800	0	97,486,600	0	3,309,000	4,444,441,800
2011	79,386,100	4,414,725,100	0	91,501,900	0	3,309,000	4,588,922,100

R=Revaluation

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

Financial Operations

The following table summarizes the City's Current Fund budget for the fiscal years ended December 31, 2011 through 2015. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Fund Balance	\$1,530,000	\$783,500	\$700,000	\$1,400,000	\$1,500,000
Miscellaneous Revenues	4,686,667	3,550,892	5,611,679	5,629,269	3,719,685
Receipts from Delinquent Taxes	475,000	475,000	500,000	500,000	500,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>22,038,367</u>	<u>23,262,204</u>	<u>23,835,011</u>	<u>24,005,731</u>	<u>24,101,060</u>
Total Revenue:	<u>\$28,730,034</u>	<u>\$28,071,596</u>	<u>\$30,646,691</u>	<u>\$31,535,000</u>	<u>\$29,820,745</u>
<u>Appropriations</u>					
General Appropriations	\$21,040,494	\$21,566,946	\$21,079,550	\$23,108,139	\$22,706,537
Operations	552,148	321,672	1,747,318	849,630	375,800
Deferred Charges and Statutory Expenditures	150,000	172,000	1,227,796	696,538	415,458
Local School District Purposes	1,561,718	1,561,228	1,640,869	1,228,188	1,218,313
Capital Improvement Fund	0	50,000	1,000	489,555	50,000
Municipal Debt Service	3,929,993	2,826,756	3,393,963	3,794,545	3,708,212
Reserve for Uncollected Taxes	<u>1,495,682</u>	<u>1,572,494</u>	<u>1,556,195</u>	<u>1,368,406</u>	<u>1,346,425</u>
Total Appropriations:	<u>\$28,730,034</u>	<u>\$28,071,096</u>	<u>\$30,646,691</u>	<u>\$31,535,000</u>	<u>\$29,820,745</u>

Source: Annual Adopted Budgets of the City

Fund Balance

Current Fund

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

Fund Balance - Current Fund

	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2014	\$3,606,770	\$1,500,000
2013	3,267,956	1,400,000
2012	2,642,404	700,000
2011	1,505,234	783,500
2010	2,593,738	1,530,000

Source: Annual Audit Reports of the City

Water & Sewer Utility Operating Fund

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

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2014	\$398,712	\$330,313
2013	923,807	535,000
2012	1,324,948	329,800
2011	1,157,480	178,000
2010	609,901	493,000

Source: Annual Audit Reports of the City

Golf Course Utility Operating Fund

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

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2014	\$204,090	\$143,000
2013	204,090	0
2012	569,749	365,350
2011	817,449	247,700
2010	995,858	210,800

Source: Annual Audit Reports of the City

City Indebtedness as of December 31, 2014

General Purpose Debt

Serial Bonds	\$13,680,000
Bond Anticipation Notes	7,698,000
Bonds and Notes Authorized but Not Issued	1,445,000
Other Bonds, Notes and Loans	<u>421,827</u>
Total:	\$23,244,827

Local School District Debt

Serial Bonds	\$5,700,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$5,700,000

Self-Liquidating Debt

Serial Bonds	\$4,395,000
Bond Anticipation Notes	766,000
Bonds and Notes Authorized but Not Issued	13,050,731
Other Bonds, Notes and Loans	<u>6,557,325</u>
Total:	\$24,769,056

TOTAL GROSS DEBT

\$53,713,883

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	5,700,000
Self-Liquidating Debt	<u>24,769,056</u>
Total:	\$30,469,056

TOTAL NET DEBT

\$23,244,827

Source: Annual Debt Statement of the City

Overlapping Debt (as of December 31, 2014)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>City Percentage</u>	<u>City Share</u>
Local School District	\$5,700,000	100.00%	\$5,700,000
County	146,874,191	8.60%	<u>12,633,376</u>
Net Indirect Debt			\$18,333,376
Net Direct Debt			<u>23,244,827</u>
Total Net Direct and Indirect Debt			<u>\$41,578,203</u>

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

Debt Limit

Average Equalized Valuation Basis (2012, 2013, 2014)	\$3,561,909,915
Permitted Debt Limitation (3 1/2%)	124,666,847
Less: Net Debt	<u>23,244,827</u>
Remaining Borrowing Power	<u>\$101,422,020</u>
Percentage of Net Debt to Average Equalized Valuation	0.65%
 Gross Debt Per Capita based on 2000 population of 12,594	 \$4,265
Net Debt Per Capita based on 2000 population of 12,594	\$1,846

Source: Annual Debt Statement of the City

APPENDIX B

**AUDITED FINANCIAL DATA OF THE CITY AS OF DECEMBER 31, 2014
AND FOR THE YEAR THEN ENDED**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Brigantine
County of Atlantic, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Brigantine, as of December 31, 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The financial statements of the City of Brigantine as of and for the year ended December 31, 2013 were audited by other auditors whose report dated August 5, 2014 expressed an adverse opinion on those statements in accordance with Generally Accepted Principles and an unmodified opinion on those statements in conformity with the Regulatory Basis of Accounting as described in Note 1.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Brigantine as of December 31, 2014, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brigantine's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2015 on our consideration of the City of Brigantine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brigantine's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 15, 2015

EXHIBIT - A
CURRENT FUND

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 8,322,647.23	6,928,776.89
Change and Petty Cash Funds	1,375.00	975.00
Total Cash	<u>8,324,022.23</u>	<u>6,929,751.89</u>
Receivables and Other Assets with Full Reserves:		
Due from Local School District	526.70	12,572.66
Delinquent Property Taxes Receivable	607,409.73	524,231.78
Tax Title and Other Liens	35,947.35	5,220.80
Property Acquired for Taxes - at Assessed Valuation	308,862.00	308,862.00
Revenue Accounts Receivable	6,237.71	7,673.26
Interfund Receivable:		
Due Federal and State Grant Fund	-	516,343.31
Due Animal Control Fund	3,624.00	1,418.20
Due Golf Utility Operating Fund	-	964.36
Due Water/Sewer Utility Operating Fund	333,037.59	-
Due General Capital Fund	227,762.10	-
Total Receivables and Other Assets	<u>1,523,407.18</u>	<u>1,377,286.37</u>
Deferred Charges:		
Special Emergency Authorizations (40A:4-53)	1,044,051.74	1,740,589.35
Overexpenditure of Appropriation Reserves	750.00	-
Total Deferred Charges	<u>1,044,801.74</u>	<u>1,740,589.35</u>
Total Regular Fund	<u>10,892,231.15</u>	<u>10,047,627.61</u>
Federal and State Grant Fund:		
Cash	112,881.54	91,710.98
Federal and State Grants Receivable	498,575.35	1,123,344.36
Due from Current Fund	197,710.92	-
Total Federal and State Grant Fund	<u>809,167.81</u>	<u>1,215,055.34</u>
Total Current Fund	<u>\$ 11,701,398.96</u>	<u>11,262,682.95</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,829,962.77	374,926.91
Reserve for Encumbrances	520,316.08	264,820.35
Prepaid Taxes	889,399.52	783,103.49
Overpaid Taxes	46,748.18	156,979.20
Payroll Taxes Payable	93,344.45	31,816.12
County Tax Payable	37,495.97	19,631.52
Contracts Payable - Revaluation	79,311.00	131,479.85
Special Emergency Notes	1,051,139.39	1,938,385.00
Due to State:		
Marriage Licenses	475.00	675.00
Senior Citizens & Vets	23,099.46	22,349.46
State Training Fees	4,163.00	5,635.00
Interfund Payable:		
Tourism Commission	1,310.00	1,310.00
Federal and State Grant Fund	197,710.92	-
Trust Other Fund	4,945.55	1,338.20
Golf Utility Operating Fund	273,969.54	-
Golf Utility Capital Fund	70,103.93	77,336.00
Water - Sewer Utility Operating Fund	-	55,625.00
Other		
Recreation	-	50,000.00
Tax Map and Property Revaluation	300,019.00	300,019.00
Master Plan	20,065.02	20,065.02
FEMA Proceeds Pledged to 2012 Emergencies	-	408,860.61
Future Capital Projects - Insurance Proceeds	318,474.86	758,029.86
	<u>5,762,053.64</u>	<u>5,402,385.59</u>
Reserve for Receivables and Other Assets	1,523,407.18	1,377,286.37
Fund Balance	<u>3,606,770.33</u>	<u>3,267,955.65</u>
Total Regular Fund	<u>10,892,231.15</u>	<u>10,047,627.61</u>
Federal and State Grant Fund:		
Unappropriated Reserves	55,863.02	30,033.57
Appropriated Reserves	611,241.66	541,487.17
Encumbrances Payable	133,066.32	118,194.48
Due to Current Fund	-	516,343.31
Due Water-Sewer Utility Operating Fund	8,996.81	8,996.81
	<u>809,167.81</u>	<u>1,215,055.34</u>
Total Federal and State Grant Fund	<u>809,167.81</u>	<u>1,215,055.34</u>
Total Current Fund	<u>\$ 11,701,398.96</u>	<u>11,262,682.95</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 1,400,000.00	700,000.00
Miscellaneous Revenue Anticipated	6,041,018.51	5,760,631.13
Receipts from Delinquent Taxes	473,471.57	638,491.09
Receipts from Current Taxes	54,504,687.39	53,694,108.42
Non Budget Revenue	494,988.93	149,437.45
Other Credits to Income:		
Premium on Emergency Notes	6,085.91	-
Statutory Excess Animal Control Fund	-	1,418.20
Unexpended Balance of Appropriation Res.	328,563.95	473,761.05
Proceeds from Tax Appeal Refunding Note Issued	-	1,465,000.00
Cancellation of Grant Funds	10,407.19	-
Reserves Liquidated:		
Interfunds Returned	29,353.63	-
Due from Animal Control Fund	-	399.74
Total Income	<u>63,288,577.08</u>	<u>62,883,247.08</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	11,377,407.93	12,348,615.00
Other Expenses	7,549,035.36	6,247,385.00
Deferred Charges & Statutory Expenditures		
Appropriations Within "CAPS"	3,728,125.70	3,059,435.00
Operations Excluded from "CAPS"		
Salaries and Wages	277,328.00	287,500.00
Other Expenses	657,589.62	1,582,026.83
Capital Improvements - Excluded from "CAPS"	489,555.00	1,000.00
Municipal Debt Service - Excluded from "CAPS"	3,794,918.59	3,393,367.84
Deferred Charges and Statutory Expenditures		
Municipal Excluded from "CAPS"	696,537.61	1,227,795.65
Transferred to Board of Education for Use of Local Schools	1,228,187.50	1,640,682.36
Local District School Tax	15,769,415.00	15,964,539.00
Senior Citizens' Deductions Disallowed by Collector -		
Prior Year Taxes	35,625.00	6,250.00
County Tax	15,346,275.63	15,838,498.46
County Share of Added Tax	37,495.97	19,631.52
Creation of Reserve for :		
Interfunds Created	563,015.49	-
Due from Federal and State Grant Fund	-	516,343.31
Due from Golf Operating Fund	-	964.36
Due from Local School District	-	12,045.96
Total Expenditures	<u>61,550,512.40</u>	<u>62,146,080.29</u>
Excess in Revenue	<u>1,738,064.68</u>	<u>737,166.79</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	750.00	588,385.00
Total Adjustments	<u>750.00</u>	<u>588,385.00</u>
Statutory Excess to Fund Balance	<u>1,738,814.68</u>	<u>1,325,551.79</u>
Fund Balance January 1	<u>3,267,955.65</u>	<u>2,642,403.86</u>
	5,006,770.33	3,967,955.65
Decreased by:		
Utilization as Anticipated Revenue	<u>1,400,000.00</u>	<u>700,000.00</u>
Fund Balance December 31	<u>\$ 3,606,770.33</u>	<u>3,267,955.65</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,400,000.00		1,400,000.00	-
Total Fund Balance Anticipated	1,400,000.00	-	1,400,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	12,175.00		12,000.00	(175.00)
Other	11,500.00		26,651.00	15,151.00
Fees and Permits	116,700.00		121,803.99	5,103.99
Fines and Costs:				
Municipal Court	134,000.00		118,555.36	(15,444.64)
Interest and Costs on Taxes	139,200.00		154,578.66	15,378.66
Beach Fees	540,000.00		514,078.00	(25,922.00)
Beach Vehicles Permits	610,000.00		620,225.00	10,225.00
Cable Franchise	69,470.00		69,473.31	3.31
County Share of Library Costs	50,000.00		40,001.00	(9,999.00)
Emergency Medical Services	250,000.00		251,815.62	1,815.62
Lease of City Property	203,600.00		399,867.22	196,267.22
Total Section A: Local Revenues	2,136,645.00	-	2,329,049.16	192,404.16
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	657,130.00		657,130.00	-
Open Space Pilot Aid (Garden State Trust)	15,570.00		15,570.00	-
Type I School Debt Service Aid	154,234.00		154,234.00	-
Total Section B: State Aid Without Offsetting Appropriations	826,934.00	-	826,934.00	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	225,000.00		381,298.00	156,298.00
Total Section C: Uniform Construction Code Fees	<u>225,000.00</u>	<u>-</u>	<u>381,298.00</u>	<u>156,298.00</u>
Section D: Special Items of General Revenue Anticipated				
None	-		-	-
Total Section D: Special Items of General Revenue Anticipated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Section E: Special Items of General Revenue Anticipated With With Prior Written Consent of Director of Local Government Services - Additional Revenues				
Fire Prevention Inspection Fees	275,800.00		262,660.00	(13,140.00)
Total Section E: Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services - Additional Revenues	<u>275,800.00</u>	<u>-</u>	<u>262,660.00</u>	<u>(13,140.00)</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Municipal Alliance on Alcoholism and Drug Abuse	7,790.00	16,319.00	24,109.00	-
FY2012 Assistance to Firefighters	230,040.00		230,040.00	-
Traffic Crash & Mapping Project	6,000.00		6,000.00	-
Post Sandy Planning Assistance Grants	30,000.00	15,000.00	45,000.00	-
Bulletproof Vest Partnership		8,348.04	8,348.04	-
Clean Communities Program		36,620.58	36,620.58	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	<u>273,830.00</u>	<u>76,287.62</u>	<u>350,117.62</u>	<u>-</u>

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Utility Operating Surplus of Prior Year	255,000.00		255,000.00	-
Atlantic County Debt Service Aid - 800MHz System	28,415.32		28,415.32	-
Minature Golf Receipts	20,100.00		20,000.00	(100.00)
Recreation Reserve	50,000.00		50,000.00	-
FEMA Superstorm Sandy Proceeds	408,860.61		408,860.61	-
ACUA FEMA Reimbursement	39,128.80		39,128.80	-
Reserve for Future Capital Projects - Insurance Proceeds	439,555.00		439,555.00	-
General Capital Surplus	150,000.00		150,000.00	-
Liquidation of Interfund - Federal/State - County Atlantic - Brigantine Blvd.	500,000.00		500,000.00	-
Total Section G: Other Special Items	1,891,059.73	-	1,890,959.73	(100.00)
Total Miscellaneous Revenues:	5,629,268.73	76,287.62	6,041,018.51	335,462.16
Receipts from Delinquent Taxes	500,000.00		473,471.57	(26,528.43)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	22,931,777.77		23,645,953.00	714,175.23
Addition to Local District School Tax	1,073,953.50		1,073,953.50	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	24,005,731.27	-	24,719,906.50	714,175.23
Budget Totals	31,535,000.00	76,287.62	32,634,396.58	1,023,108.96
Non- Budget Revenues:				
Other Non- Budget Revenues:	-	-	494,988.93	494,988.93
	31,535,000.00	76,287.62	33,129,385.51	1,518,097.89

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	54,504,687.39
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Less: Reserve for Tax Appeals Pending	-
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Net Revenue from Collections	54,504,687.39
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Allocated to:

School, County and Other Taxes	31,153,186.60
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Balance for Support of Municipal Budget Appropriations	23,351,500.79
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,368,405.71
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Amount for Support of Municipal Budget Appropriations	24,719,906.50
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	473,471.57
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Tax Title Lien Collections	-
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Total Receipts from Delinquent Taxes	473,471.57
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Collector Receipts	16,244.47
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Administrative Fee - Senior Citizens and Veterans Deductions	2,590.00
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Restitution	25.00
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Zoning Fees	6,800.00
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Street Opening Permits	23,600.00
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Sidewalk Permits	3,850.00
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Auction	3,078.00
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Special Events Permits	7,095.00
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Dune Maintenance Permits	2,100.00
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Dog Park Permits	3,130.00
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Dog Fund Statutory Excess	1,905.80
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Horseback Riding Permits	200.00
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Copy/Notary Fees	663.23
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Bulkhead Permits	33,271.35
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List of Owners	735.25
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Homeland Security	300,000.00
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Community Center Lease	7,675.00
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Lieu of Taxes State Property	1.00
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Insurance Refunds	38,619.00
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Planning Board	6,254.71
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Miscellaneous	37,151.12
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Total Miscellaneous Revenue Not Anticipated:	494,988.93
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 93,700.00	93,700.00	91,216.08		2,483.92	-
Other Expenses	31,400.00	31,400.00	20,962.27	10,059.60	378.13	-
Mayor and Council						
Salaries and Wages	62,918.00	62,918.00	62,918.00		-	-
Other Expenses	19,000.00	19,000.00	4,321.85	2,812.94	11,865.21	-
Municipal Clerk						
Salaries and Wages	66,169.00	66,169.00	65,842.36		326.64	-
Other Expenses	55,845.00	55,845.00	28,699.02	1,090.77	26,055.21	-
Financial Administration						
Salaries and Wages	97,294.00	97,294.00	97,294.00			-
Other Expenses	39,000.00	42,000.00	39,029.57	2,970.43	-	0.00
Audit Services						
Other Expenses	46,750.00	46,750.00	14,389.66		32,360.34	-
Revenue Administration (Tax Collector)						
Salaries and Wages	64,870.00	64,870.00	63,970.40		899.60	-
Other Expenses	23,900.00	23,900.00	15,457.64	240.00	8,202.36	-
Tax Assessment Administration						
Salaries and Wages	166,629.00	156,629.00	156,172.57		456.43	-
Other Expenses	26,300.00	21,300.00	5,077.27	2,561.81	13,660.92	-
Legal Services						
Other Expenses	360,000.00	510,000.00	410,851.19	69,300.51	29,848.30	-
Engineering Services and Costs						
Other Expenses	35,000.00	35,000.00	24,800.88	5,399.12	4,800.00	-
Emergency Medical Services - Billing						
Other Expenses	22,500.00	22,500.00	12,501.79	2,753.69	7,244.52	-
Ethics Board						
Other Expenses	100.00	100.00	-		100.00	-
Municipal Court						
Salaries and Wages	143,995.00	143,995.00	142,585.87		1,409.13	-
Other Expenses	18,700.00	18,700.00	5,536.49	92.80	13,070.71	-
Public Defender						
Other Expenses	8,000.00	8,000.00	6,900.00	400.00	700.00	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	2,975.00	2,975.00	1,332.69		1,642.31	-
Other Expenses	48,500.00	38,500.00	24,511.12	602.48	13,386.40	-
CODE ENFORCEMENT AND ADMINISTRATION						
Environmental Commission (N.J.S.A. 40:56-A-1)						
Other Expenses	100.00	100.00	-		100.00	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
General Liability and Other Insurance	219,632.00	222,632.00	218,891.94	368.00	3,372.06	-
Workers Compensation Insurance	371,504.00	371,504.00	371,504.00	-	-	-
Employee Group Health	1,985,000.00	2,370,309.00	2,070,722.12		299,586.88	-
Health Benefits Waiver						
Salaries and Wages	100,000.00	100,000.00	68,843.40		-	31,156.60
PUBLIC SAFETY						
Director						
Salaries and Wages	95,000.00	37,491.00	37,490.22		-	0.78
Other Expenses	10,000.00	1,000.00	963.36		-	36.64
Fire Department						
Salaries and Wages	3,818,895.00	3,618,895.00	3,212,348.94		306,546.06	100,000.00
Other Expenses	193,032.00	193,032.00	150,238.89	42,349.04	444.07	-
Police Department						
Salaries and Wages	4,762,442.00	4,494,442.00	4,260,958.74		133,483.26	100,000.00
Other Expenses	145,650.00	145,650.00	62,741.57	82,721.96	186.47	-
Office of Emergency Management						
Salaries and Wages	6,000.00	6,000.00	5,516.68		-	483.32
Other Expenses	17,200.00	12,200.00	2,557.00	5,300.00	4,343.00	-
PUBLIC WORKS						
Streets and Roads Maintenance						
Salaries and Wages	418,932.00	398,932.00	389,170.53		9,761.47	-
Other Expenses	113,500.00	138,500.00	98,487.92	19,082.26	20,929.82	-
Snow Removal - Contractual	20,000.00	20,000.00		7,074.84	12,925.16	-
Solid Waste Collection						
Other Expenses	1,482,000.00	1,482,000.00	1,234,448.96	97,175.91	150,375.13	-
Recycling Program						
Salaries and Wages	230,530.00	228,530.00	221,075.94		7,454.06	-
Other Expenses	7,500.00	13,500.00	6,479.21		7,020.79	-
Department of Public Works						
Salaries and Wages	91,398.00	91,398.00	90,133.35		1,264.65	-
Other Expenses	10,000.00	10,000.00	5,000.00	410.00	4,590.00	-
Public Buildings and Grounds						
Salaries and Wages	523,048.00	521,048.00	510,635.25		10,412.75	-
Other Expenses	175,000.00	210,000.00	185,427.32	15,402.20	9,170.48	-
Demolition						
Other Expenses	75,000.00	75,000.00		75,000.00	-	-
HEALTH AND HUMAN SERVICES						
Dog Regulation						
Salaries and Wages	7,500.00	10,500.00	7,485.33		3,014.67	-
Other Expenses	7,500.00	7,500.00	6,975.00		525.00	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PARKS AND RECREATION						
Beach Patrol and Maintenance						
Salaries and Wages	688,500.00	688,500.00	657,120.38		-	11,379.62
Other Expenses	47,000.00	47,000.00	38,310.30	5,678.31	3,011.39	-
Beach Fee Program						
Salaries and Wages	112,200.00	111,400.00	111,374.25		-	25.75
Other Expenses	21,500.00	21,500.00	7,721.05	5,371.20	8,407.75	-
Parks and Playgrounds						
Salaries and Wages	290,000.00	280,000.00	258,719.39		21,280.61	-
Other Expenses	48,650.00	48,650.00	34,650.70	7,922.90	6,076.40	-
Cultural Arts						
Other Expenses	5,000.00	5,000.00	5,000.00		-	-
UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	364,768.00	364,768.00	334,823.24		29,944.76	-
Other Expenses	18,000.00	18,000.00	11,158.02	3,844.69	2,997.29	-
UNCLASSIFIED						
Accumulated Leave Compensation	300,000.00	300,000.00	300,000.00		-	-
Maintenance Agreements - Contractual	135,000.00	135,000.00	118,636.16	16,344.91	18.93	-
UTILITY EXPENSES AND BULK PURCHASES						
Electric	252,000.00	252,000.00	222,650.40	29,349.60	-	0.00
Street Lighting	202,500.00	202,500.00	183,363.42		19,136.58	-
Telephone	87,500.00	87,500.00	87,159.49		340.51	-
Gas	55,000.00	55,000.00	53,298.27		1,701.73	-
Fuel	230,500.00	230,500.00	37,465.29	7,915.24	185,119.47	-
TOTAL OPERATIONS WITHIN "CAPS"	19,178,026.00	19,169,026.00	16,973,916.75	519,595.21	1,432,431.33	243,082.71
Contingent	500.00	500.00		440.87	59.13	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	19,178,526.00	19,169,526.00	16,973,916.75	520,036.08	1,432,490.46	243,082.71
Detail:						
Salaries and Wages	12,207,763.00	11,620,454.00	10,847,027.61	-	530,380.32	243,046.07
Other Expenses	6,970,763.00	7,549,072.00	6,126,889.14	520,036.08	902,110.14	36.64
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Prior Year's Bills:						
Peterson Refund Escrow - 1998	5,000.00	5,000.00	5,000.00		-	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Deficit - Golf Course Utility						
Statutory Expenditures:	765,256.18	765,256.18	663,768.70	-	-	101,487.48
Contributions to:						
Public Employees' Retirement System	473,242.00	473,242.00	473,242.00	-	-	-
Social Security System (O.A.S.I.)	980,000.00	980,000.00	859,329.17	-	20,670.83	100,000.00
Police and Firemen's Retirement System	1,591,115.00	1,591,115.00	1,591,115.00	-	-	-
Unemployment Compensation Insurance	90,000.00	90,000.00	29,589.19	-	60,410.81	-
Defined Contribution Retirement Program	5,000.00	5,000.00	1,679.63	-	3,320.37	-
Lifeguard Pension	20,000.00	20,000.00	20,000.00	-	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>3,929,613.18</u>	<u>3,929,613.18</u>	<u>3,643,723.69</u>	<u>-</u>	<u>84,402.01</u>	<u>201,487.48</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>23,108,139.18</u>	<u>23,099,139.18</u>	<u>20,617,640.44</u>	<u>520,036.08</u>	<u>1,516,892.47</u>	<u>444,570.19</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Reserve for Tax Appeals	300,000.00	300,000.00			300,000.00	-
Fire Prevention Inspections	268,328.00	277,328.00	266,128.63		11,199.37	-
Salaries and Wages	7,472.00	7,472.00	5,321.07	280.00	1,870.93	-
Other Expenses						
	<u>575,800.00</u>	<u>584,800.00</u>	<u>271,449.70</u>	<u>280.00</u>	<u>313,070.30</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance - County Share	7,790.00	7,790.00	7,790.00		-	-
Municipal Alliance		16,319.00	16,319.00		-	-
FY2012 Assistance to Firefighters	230,040.00	230,040.00	230,040.00		-	-
Traffic Crash & Mapping Project	6,000.00	6,000.00	6,000.00		-	-
Post Sandy Planning Assistance Grants	30,000.00	45,000.00	45,000.00		-	-
Bulletproof Vest Partnership		8,348.04	8,348.04		-	-
Clean Communities Program		36,620.58	36,620.58		-	-
Total Public and Private Programs Off-Set by Revenues	<u>273,830.00</u>	<u>350,117.62</u>	<u>350,117.62</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>849,630.00</u>	<u>934,917.62</u>	<u>621,567.32</u>	<u>280.00</u>	<u>313,070.30</u>	<u>-</u>
Detail:						
Salaries and Wages	268,328.00	277,328.00	266,128.63	-	11,199.37	-
Other Expenses	581,302.00	657,589.62	355,438.69	280.00	301,870.93	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00	-	-	-
Reserve for Emergency Vehicles and Appurtenances	439,555.00	439,555.00	439,555.00	-	-	-
Total Capital Improvements	489,555.00	489,555.00	489,555.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	2,345,000.00	2,345,000.00	2,345,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	816,250.00	816,250.00	817,000.00	-	-	(750.00)
Interest on Bonds	480,000.00	480,000.00	480,000.00	-	-	-
Interest on Notes	85,150.00	85,150.00	84,893.03	-	-	256.97
Green Trust Loan Program:						
Loan Repayments for Principal	32,910.00	32,910.00	32,906.05	-	-	3.95
Loan Repayments for Interest	8,935.00	8,935.00	8,930.96	-	-	4.04
Interest on Special Emergency Notes	26,300.00	26,300.00	26,188.55	-	-	111.45
Total Debt Service	3,794,545.00	3,794,545.00	3,794,918.59	-	-	(373.59)
(E) Deferred Charges - Municipal - Excluded from "CAPS"						
TaxMap/Revaluation	170,000.00	170,000.00	170,000.00	-	-	-
Superstorm Sandy	408,860.61	408,860.61	408,860.61	-	-	-
Contractual Severance Liability	117,677.00	117,677.00	117,677.00	-	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	696,537.61	696,537.61	696,537.61	-	-	-
Local School District Purposes - Excluded from "CAPS"						
Type I District School Debt Service	1,020,000.00	1,020,000.00	1,020,000.00	-	-	-
Payment of Bond Principal	208,187.50	208,187.50	208,187.50	-	-	-
Interest on Bonds						
TOTAL MUNICIPAL APPROPRIATIONS FOR LOCAL SCHOOL DISTRICT PURPOSES EXCLUDED FROM "CAPS"	1,228,187.50	1,228,187.50	1,228,187.50	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	7,058,455.11	7,143,742.73	6,830,766.02	280.00	313,070.30	(373.59)

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
SUBTOTAL GENERAL APPROPRIATIONS	30,166,594.29	30,242,881.91	27,448,406.46	520,316.08	444,196.60
(M) Reserve for Uncollected Taxes	1,368,405.71	1,368,405.71	1,368,405.71	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 31,535,000.00</u>	<u>31,611,287.62</u>	<u>28,816,812.17</u>	<u>520,316.08</u>	<u>444,196.60</u>
Budget		31,535,000.00			
Appropriations by 40A:4-87		76,287.62		Cancelled Overexpended	444,946.60 (750.00)
		<u>31,611,287.62</u>			<u>444,196.60</u>
Reserve for Uncollected Taxes			1,368,405.71		
Reserve for Emerg Vehicles & Appurtenances			439,555.00		
Federal and State Grants			350,117.62		
Deferred Charges			696,537.61		
Due to Golf Utility Operating			663,768.70		
Due to Trust - Accumulated Absences			300,000.00		
Disbursements			24,998,427.53		
			<u>28,816,812.17</u>		

EXHIBIT - B
TRUST FUND

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 6,120.00	4,477.60
Due State of New Jersey	-	1.80
	<u>6,120.00</u>	<u>4,479.40</u>
<u>Other Funds</u>		
Cash and Investments	2,067,204.92	1,895,238.03
Due Current Fund	4,945.55	1,338.20
	<u>2,072,150.47</u>	<u>1,896,576.23</u>
	<u>\$ 2,078,270.47</u>	<u>1,901,055.63</u>

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 2,320.20	3,061.20
Due to Current Fund	3,624.00	1,418.20
Due State of New Jersey	175.80	-
	<u>6,120.00</u>	<u>4,479.40</u>
<u>Other Funds</u>		
Reserve for Accumulated Absences	195,813.42	335,937.17
Reserve for Special Law Enforcement	47,005.75	52,104.21
Reserve for Police Special Detail Escrow	22,730.00	23,585.90
Reserve for POAA	1,152.00	881.00
Reserve for Ambulance	6,151.00	6,151.00
Reserve for Engineering Escrow	112,799.83	168,970.49
Reserve for Lifeguard Pension	574,990.15	578,567.95
Reserve for Recreation	225,124.14	190,014.82
Reserve for Cul Art Comm Programs	2,920.38	-
Reserve for Recreation Green Team	726.98	-
Reserve for COAH	231,589.19	162,462.16
Reserve for Health Insurance Trust	1.63	2,421.73
Reserve for Tax Title Lien Premiums	272,200.00	272,200.00
Reserve for Tax Title Lien Redemptions	340,550.33	85,478.38
Reserve for Due to Third Parties Eng Escrow	20,594.25	-
Reserve for Donations - Emergency Management Supplies	5,001.42	5,001.42
Reserve for Donations - Water Tower	12,800.00	12,800.00
	<u>2,072,150.47</u>	<u>1,896,576.23</u>
	<u>\$ 2,078,270.47</u>	<u>1,901,055.63</u>

EXHIBIT - C
GENERAL CAPITAL FUND

**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 6,795,109.69	7,435,060.06
Deferred Charges to Future Taxation -		
Funded	19,801,827.00	23,199,733.04
Unfunded	15,343,000.00	9,960,000.00
Interfunds and Receivables		
Federal and State Grant Receivable	186,376.45	186,376.45
Due from Water-Sewer Utility Capital	50,000.00	50,000.00
	<u>42,176,313.14</u>	<u>40,831,169.55</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	13,680,000.00	16,025,000.00
School Type I Bonds Payable	5,700,000.00	6,720,000.00
Green Trust Loan Payable	421,827.00	454,733.04
Bond Anticipation Notes	7,698,000.00	8,515,000.00
Due to Current Fund	227,762.10	-
Improvement Authorizations:		
Funded	2,190,526.12	2,496,316.05
Unfunded	10,104,465.67	5,663,075.10
Reserve for Encumbrances	1,393,411.68	573,185.67
Reserve for Future Capital Project	439,555.00	-
Capital Improvement Fund	153,500.00	103,500.00
Fund Balance	167,265.57	280,359.69
	<u>\$ 42,176,313.14</u>	<u>40,831,169.55</u>

There were bonds and notes authorized but not issued at December 31

2013	1,445,000.00
2014	7,645,000.00

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 280,359.69	280,359.69
Increased by:		
Bond Premium	36,905.88	-
Decreased by:		
Budgeted Capital Surplus	150,000.00	-
Ending Balance December 31	\$ <u>167,265.57</u>	<u>280,359.69</u>

EXHIBIT - D
WATER AND SEWER UTILITY FUND

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,183,456.06	1,365,658.94
Interfunds and Receivables		
Due from Current Fund	-	55,625.00
Due from Federal and State Grant Fund	8,996.81	8,996.81
Due from Water/Sewer Capital Fund	335,430.04	-
	<u>2,527,882.91</u>	<u>1,430,280.75</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	693,235.93	347,335.95
	<u>693,235.93</u>	<u>347,335.95</u>
Deferred Charges:		
Special Emergency Authorization	71,113.10	148,991.31
	<u>71,113.10</u>	<u>148,991.31</u>
Total Operating Fund	<u>3,292,231.94</u>	<u>1,926,608.01</u>
Capital Fund:		
Cash	502,988.13	502,988.13
New Jersey EIT Receivable	-	976,813.23
Fixed Capital	36,498,122.76	36,498,122.76
Fixed Capital - Authorized and Uncompleted	7,432,176.85	1,870,407.62
Total Capital Fund	<u>44,433,287.74</u>	<u>39,848,331.74</u>
	<u>\$ 47,725,519.68</u>	<u>41,774,939.75</u>

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 347,169.42	16,032.26
Reserve for Encumbrances	306,294.80	131,212.03
Overpaid Rents	1,034,181.42	151,662.41
Accrued Interest on Bonds and Notes	101,240.63	123,179.95
Reserve for FEMA Proceeds - 2012 Emergencies	-	77,878.21
Reserve for Insurance Proceeds	5,500.00	5,500.00
Emergency Note Payable	72,860.61	150,000.00
Interfunds:		
Due to Current Fund	333,037.59	-
	<u>2,200,284.47</u>	<u>655,464.86</u>
Reserve for Receivables	693,235.93	347,335.95
Fund Balance	398,711.54	923,807.20
Total Operating Fund	<u>3,292,231.94</u>	<u>1,926,608.01</u>
Capital Fund:		
Encumbrances Payable	87,320.72	90,570.06
Serial Bonds Payable	2,745,000.00	3,140,000.00
Refunding Bonds Payable	230,000.00	460,000.00
Water System Rehabilitation Loans	-	31,872.71
NJEIT Bonds & Loans	5,737,043.74	7,122,539.57
Interfunds:		
Due to General Capital	50,000.00	50,000.00
Due to Water/Sewer Utility Operating	335,430.04	-
Improvement Authorizations:		
Funded	13,321.27	1,328,463.79
Unfunded	5,924,416.10	343,230.77
Reserve for Amortization	29,240,405.87	27,198,037.33
Deferred Reserve for Amortization	70,350.00	70,350.00
Fund Balance	-	13,267.51
Total Capital Fund	<u>44,433,287.74</u>	<u>39,848,331.74</u>
	<u>\$ 47,725,519.68</u>	<u>41,774,939.75</u>

There were bonds and notes authorized but not issued at December 31,

2013	345,730.77
2014	5,907,500.00

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 535,000.00	329,800.00
Water and Sewer Rents	5,867,515.14	5,867,333.05
FEMA Superstorm Sandy Proceeds	-	131,008.69
Reserve to Pay Bonds and Notes	77,878.21	-
Miscellaneous	54,911.91	63,068.77
Utility Capital Surplus	13,267.51	-
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	8,066.58	122,314.94
Total Income	<u>6,556,639.35</u>	<u>6,513,525.45</u>
Expenditures		
Operations:		
Salaries and Wages	1,205,000.00	4,401,500.00
Other Expenses	3,546,500.00	
Debt Service	1,359,385.01	1,647,357.38
Deferred Charges and Statutory Expenditures	180,850.00	301,008.69
Total Expenditures	<u>6,291,735.01</u>	<u>6,349,866.07</u>
Excess in Revenue	<u>264,904.34</u>	<u>163,659.38</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>264,904.34</u>	<u>163,659.38</u>
Fund Balance January 1	<u>923,807.20</u>	<u>1,324,947.82</u>
	1,188,711.54	1,488,607.20
Decreased by:		
Utilization as Anticipated Revenue	535,000.00	329,800.00
Utilization by Current Fund Budget	<u>255,000.00</u>	<u>235,000.00</u>
Fund Balance December 31	<u>\$ 398,711.54</u>	<u>923,807.20</u>

**WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 13,267.51	13,267.51
Increased by:		
None	-	-
Decreased by:		
Budgeted Utility Capital Surplus	13,267.51	-
Ending Balance December 31	\$ <u>-</u>	<u>13,267.51</u>

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 535,000.00	535,000.00	-
Anticipated Revenue:			
Water and Sewer Rents	5,820,000.00	5,867,515.14	47,515.14
Miscellaneous	43,854.28	54,911.91	11,057.63
Reserve for FEMA Superstorm Sandy Proceeds	77,878.21	77,878.21	-
Utility Capital Surplus	13,267.51	13,267.51	-
	<u>\$ 6,490,000.00</u>	<u>6,548,572.77</u>	<u>58,572.77</u>

Analysis of Realized Revenue:

Water and Sewer Rents		
Accounts Receivable	5,867,515.14	
Total Water & Sewer Rents		<u>5,867,515.14</u>
Miscellaneous Revenue		
Penalties and Interest	26,230.11	
Water Reading Fees	10,320.00	
Fire Sprinkler Fee	14,620.00	
Miscellaneous	3,741.80	
Total Miscellaneous		<u>54,911.91</u>

WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Operations:					
Salaries and Wages	\$ 1,230,000.00	1,230,000.00	1,185,882.30	19,117.70	25,000.00
Other Expenses	3,546,500.00	3,546,500.00	2,931,726.22	306,294.80	-
	<u>4,776,500.00</u>	<u>4,776,500.00</u>	<u>4,117,608.52</u>	<u>306,294.80</u>	<u>25,000.00</u>
Debt Service:					
Payment of Bond Principal	1,222,100.00	1,222,100.00	1,153,088.18	-	69,011.82
Interest on Bonds	268,000.00	268,000.00	172,406.40	-	95,593.60
Water Supply Rehab Loan Pymts	32,300.00	32,300.00	31,640.43	-	659.57
Interest on Special Emerg Notes-Superstorm Sandy	2,250.00	2,250.00	2,250.00	-	-
	<u>1,524,650.00</u>	<u>1,524,650.00</u>	<u>1,359,385.01</u>	<u>-</u>	<u>165,264.99</u>
Deferred Charges and Statutory Expenditures:					
Emergency Authorizations	77,878.21	77,878.21	77,878.21	-	-
Social Security System (O.A.S.I.)	95,971.79	95,971.79	83,399.05	4,572.74	8,000.00
Unemployment Compensation Insurance	15,000.00	15,000.00		15,000.00	
	<u>188,850.00</u>	<u>188,850.00</u>	<u>161,277.26</u>	<u>-</u>	<u>8,000.00</u>
	<u>\$ 6,490,000.00</u>	<u>6,490,000.00</u>	<u>5,638,270.79</u>	<u>306,294.80</u>	<u>198,264.99</u>
		Cash Disbursed \$ 5,580,081.90		Cancelled	198,264.99
		Deferred Charges 77,878.21		Overexpended	-
		Accrued Interest (19,689.32)			
		<u>5,638,270.79</u>			<u>198,264.99</u>

EXHIBIT - E
GOLF COURSE UTILITY FUND

GOLF COURSE UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<u>Assets</u>		
Operating Fund:		
Cash and Investments	\$ 2,438.41	78,314.95
Due Current Fund	273,969.54	-
Due Golf Capital	32,931.47	-
	<u>309,339.42</u>	<u>78,314.95</u>
Deferred Charges:		
Operating Deficit	-	187,925.68
Emergency Authorizations	-	14,050.00
	<u>-</u>	<u>201,975.68</u>
Total Operating Fund	<u>309,339.42</u>	<u>280,290.63</u>
Capital Fund:		
Cash and Investments	74,548.08	105,070.78
Due Current Fund	70,103.93	77,336.00
Fixed Capital:		
Completed	5,229,283.54	5,229,283.54
Authorized and Uncompleted	351,716.46	351,716.46
	<u>5,725,652.01</u>	<u>5,763,406.78</u>
Total Capital Fund	<u>\$ 6,034,991.43</u>	<u>6,043,697.41</u>

GOLF COURSE UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 26,063.92	14,172.58
Encumbrances Payable	54,035.84	30,070.55
Accrued Interest on Bonds and Notes	25,149.38	30,992.86
Due Current Fund	-	964.36
	<u>105,249.14</u>	<u>76,200.35</u>
Reserve for Receivables	-	-
Fund Balance	<u>204,090.28</u>	<u>204,090.28</u>
Total Operating Fund	<u>309,339.42</u>	<u>280,290.63</u>
Capital Fund:		
Serial Bonds Payable	1,420,000.00	1,760,000.00
Bond Anticipation Notes Payable	766,000.00	766,950.00
Contracts Payable	6,006.99	30,853.06
Due Golf Course Operating	32,931.47	-
Improvement Authorizations:		
Funded	59,538.06	4,517.61
Unfunded	950.00	87,555.36
Reserve for Amortization	3,380,000.00	3,040,000.00
Reserve for Deferred Amortization	-	14,050.00
Reserve for Payment of Debt Service	39,156.50	55,876.00
Fund Balance	7,018.99	3,604.75
	<u>5,711,602.01</u>	<u>5,763,406.78</u>
Total Capital Fund	<u>5,711,602.01</u>	<u>5,763,406.78</u>
	<u>\$ 6,020,941.43</u>	<u>6,043,697.41</u>

There were bonds and notes authorized but not issued at December 31

2013	-
2014	950.00

COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ -	365,658.38
Golf Course Charges	969,782.79	904,763.07
Miscellaneous	-	170.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	29,654.86	41,569.83
Reserve for Payment of Debt: Interest - Ord. 6-13	2,669.50	-
Reserve for Payment of Debt	14,050.00	-
Deficit (General Budget)	663,768.70	-
Total Income	<u>1,679,925.85</u>	<u>1,312,161.28</u>
Expenditures:		
Operating	1,014,715.89	1,010,000.00
Capital Improvements	-	14,050.00
Debt Service	401,950.17	398,078.58
Deferred Charges and Statutory Expenditures	263,259.79	92,008.38
Total Expenditures	<u>1,679,925.85</u>	<u>1,514,136.96</u>
Excess/(Deficit) in Revenue	<u>-</u>	<u>(201,975.68)</u>
Operating Deficit to be Raised in Budget of Succeeding Year	-	187,925.68
Adjustments to Income Before Fund Balance:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	14,050.00
Total Adjustments	<u>-</u>	<u>14,050.00</u>
Excess in Operations	-	-
Fund Balance January 1	<u>204,090.28</u>	<u>569,748.66</u>
Decreased By:		
Utilization as Anticipated Revenue	-	365,658.38
Balance December 31	<u>\$ 204,090.28</u>	<u>204,090.28</u>

GOLF COURSE UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2013	\$	3,604.75
Increased By:		
Premium on Sale of Bonds	3,414.24	
	<hr/>	<hr/>
		3,414.24
		7,018.99
Decreased By:		
None	-	
	<hr/>	<hr/>
		-
Balance December 31, 2014	\$	<u><u>7,018.99</u></u>

GOLF COURSE UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Anticipated Revenue:			
Golf Course Charges	\$ 900,000.00	969,782.79	69,782.79
Reserve for Payment of Debt:			
Interest - Ord. 6-13	2,669.50	2,669.50	-
Reserve for Payment of Debt	14,050.00	14,050.00	-
Deficit (General Budget)	765,256.18	663,768.70	(101,487.48)
	<u>1,681,975.68</u>	<u>1,650,270.99</u>	<u>(31,704.69)</u>
Total Revenue	\$ <u><u>1,681,975.68</u></u>	<u><u>1,650,270.99</u></u>	<u><u>(31,704.69)</u></u>

GOLF COURSE UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 395,000.00	401,328.17	391,132.61	10,195.56	
Other Expenses	606,000.00	613,387.72	611,274.28	2,113.44	
	<u>1,001,000.00</u>	<u>1,014,715.89</u>	<u>1,002,406.89</u>	<u>12,309.00</u>	<u>-</u>
Debt Service:					
Payment on Bond Principal	340,000.00	340,000.00	340,000.00		-
Interest on Bonds	56,000.00	56,000.00	53,962.35		2,037.65
Interest on Notes	8,000.00	8,000.00	7,987.82		12.18
	<u>404,000.00</u>	<u>404,000.00</u>	<u>401,950.17</u>	<u>-</u>	<u>2,049.83</u>
Deferred Charges and Statutory Expenditures:					
Emergency Authorizations	14,050.00	14,050.00	14,050.00	-	
Social Security System (O.A.S.I.)	50,000.00	36,284.11	30,062.82	6,221.29	
Unemployment Compensation Insurance	25,000.00	25,000.00	17,466.37	7,533.63	
	<u>187,925.68</u>	<u>187,925.68</u>	<u>187,925.68</u>	<u>-</u>	
Deficits in Operation in Prior Years					
	<u>276,975.68</u>	<u>263,259.79</u>	<u>249,504.87</u>	<u>13,754.92</u>	<u>-</u>
	<u>\$ 1,681,975.68</u>	<u>1,681,975.68</u>	<u>1,653,861.93</u>	<u>26,063.92</u>	<u>2,049.83</u>
Adopted Budget		1,681,975.68	1,374,712.74	Disbursed	
			23,137.67	Accrued Interest	
		<u>1,681,975.68</u>	54,035.84	Encumbered	
			201,975.68	Deferred Charges	
			<u>1,653,861.93</u>		

EXHIBIT - F
GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF BRIGANTINE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Balance Dec. 31, 2014	Balance Dec. 31, 2013
General Fixed Assets:		
Land, Buildings and Improvements	\$ 54,390,009.77	54,390,009.77
Machinery and Equipment	<u>8,974,385.58</u>	<u>9,107,035.20</u>
Total General Fixed Assets	<u><u>63,364,395.35</u></u>	<u><u>63,497,044.97</u></u>
 Investment in General Fixed Assets	 \$ <u><u>63,364,395.35</u></u>	 <u><u>63,497,044.97</u></u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Brigantine is an island community in the County of Atlantic, State of New Jersey. The City comprises an area of approximately 6.39 square miles with a population according to the 2010 census of 9,450.

The City is incorporated and operates under a Mayor - Council form of government. The Mayor is the chief officer of the City. The Council exercises the legislative power. The Manager oversees the day-to-day operation of the City. The Mayor and Council members are elected by the voters and the Manager is appointed by the Mayor and Council.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

B. Description of Funds

The accounting policies of the City of Brigantine conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Brigantine accounts for its financial transactions through the following separate funds:

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

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

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

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

Golf Course Utility Operating and Capital Funds -- account for the operations and acquisition of capital facilities of the municipally owned golf course.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

C. Basis of Accounting

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

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

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

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000.00 are capitalized.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

No depreciation has been provided for in the financial statements.

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

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

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the City of Brigantine School District and the County of Atlantic taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the City of Brigantine to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The City operates a water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and Sewer charges are based on flat fees and usage based on the type of City. Water charges are billed semi-annually and due June and December 1st. Sewer charges are billed semi-annually and due January and July 1st.

Interest on Delinquent Utility Charges – It is the policy of the City to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the City's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the City's proportionate share of cost-sharing defined benefit plans reported at the State of New Jersey level.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$1,368,405.71 and \$1,556,195.21. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$1,400,000.00 and \$700,000.00. In addition, the City operates a self-liquidating water and sewer utility and golf course utility. Under New Jersey Statutes a separate budget for each utility must be adopted concurrently with the operating budget of the City. The utility budgets must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the water and sewer budget in 2014 and 2013 statutory budgets was \$535,000.00 and \$329,800.00. There was no fund balance budgeted to balance the golf course utility budget in 2014 and \$365,658.38 budgeted in 2013.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following more significant budget transfers were approved in the 2014 and 2013 calendar years:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
<u>Current Fund:</u>		
Legal Services		
Other Expenses	150,000.00	75,000.00
Municipal Court		
Salaries and Wages		(25,000.00)
Streets and Roads Maintenance		
Salaries and Wages	(20,000.00)	(22,500.00)
Other Expenses	25,000.00	
Demolition		
Other Expenses		(51,000.00)
Buildings & Grounds		
Other Expenses	20,000.00	
Insurance		
Workers Compensation Insurance		(65,000.00)
Employee Group Insurance	385,309.00	195,000.00
Police Department		
Salaries and Wages	(268,000.00)	
Director of Public Safety		
Salaries and Wages	(57,509.00)	
Fire Department		
Salaries and Wages	(200,000.00)	
Beach Patrol		
Salaries and Wages	(20,000.00)	(30,300.00)
Parks and Playgrounds		
Salaries and Wages		(25,000.00)
<u>Water Sewer Utility Operating Fund:</u>	None	
Operating		
Salaries and Wages		(94,459.49)
Other Expenses		94,459.49
<u>Golf Course Utility Operating Fund:</u>	None	None

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2014 and 2013, the following budget insertions were approved:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Clean Communities Program	\$ 36,620.58	39,050.33
Municipal Alliance on Alcoholism and Drug Abuse	16,319.00	15,580.00
Safe and Secure Communities Program		12,500.00
Drunk Driving Enforcement Fund		15,852.11
Body Armor Grant		4,381.61
Help America Vote Act		15,944.60
Drive Sober or Get Pulled Over		4,400.00
Sustainable Jersey Small Grant		2,000.00
Post Sandy Planning Assistance Grants	15,000.00	
Bulletproof Vest Partnership	8,348.04	

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. As of December 31, 2014, the City has three special emergency appropriations; \$850,000.00 for Preparation of Tax Map & Revaluation approved December 21, 2011, \$1,580,000.00 for Hurricane Sandy approved December 5, 2012 and \$588,385.00 for Contractual Severance Liability approved November 6, 2013. The unfunded balance of these special emergencies as of December 31, 2014 was \$1,044,051.74.

NOTE 3: INVESTMENTS

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the City can invest in any one issuer.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2014 and 2013, \$0 of the municipality's bank balance of \$20,220,483.28 and \$18,801,805.89 was exposed to custodial credit risk.

New Jersey Cash Management Fund – During the year, the City participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Funds are not subject to custodial credit risk as defined above. At December 31, 2014 the City's deposits with the New Jersey Cash Management Fund were \$398,126.79.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2014 and 2013:

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land, Building and Improvements	\$ 54,352,164.77	37,845.00		54,390,009.77
Equipment and Machinery	8,773,207.99	333,827.21		9,107,035.20
	<u>63,125,372.76</u>	<u>371,672.21</u>	<u>-</u>	<u>63,497,044.97</u>

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land, Building and Improvements	\$ 54,390,009.77			54,390,009.77
Equipment and Machinery	9,107,035.20	314,487.36	(447,136.98)	8,974,385.58
	<u>63,497,044.97</u>	<u>314,487.36</u>	<u>(447,136.98)</u>	<u>63,364,395.35</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation				
Notes payable:				
General	\$ 3,700,000.00	8,515,000.00	3,700,000.00	8,515,000.00
Golf Course Utility	500,000.00	766,950.00	500,000.00	766,950.00
	<u>\$ 4,200,000.00</u>	<u>9,281,950.00</u>	<u>4,200,000.00</u>	<u>9,281,950.00</u>

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation				
Notes payable:				
General	\$ 8,515,000.00	7,698,000.00	8,515,000.00	7,698,000.00
Golf Course Utility	766,950.00	766,000.00	766,950.00	766,000.00
	<u>\$ 9,281,950.00</u>	<u>8,464,000.00</u>	<u>9,281,950.00</u>	<u>8,464,000.00</u>

The note was issued on December 10, 2014 and is due and payable on December 9, 2015 with interest at 1.000%. As of December 31, 2014 the City has authorized but not issued bonds in the amount of \$7,645,000.00, \$5,907,500.00, \$950.00 in the General Capital Fund, Water and Sewer Utility Capital Fund and Golf Course Utility Capital Fund respectively.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2014 and 2013 consisted of the following:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General	\$ 26,035,600.00		3,290,600.00	22,745,000.00	3,365,000.00
Water Sewer Utility	4,329,400.00		729,400.00	3,600,000.00	625,000.00
Golf Course Utility	2,090,000.00		330,000.00	1,760,000.00	340,000.00
Total	32,455,000.00	-	4,350,000.00	28,105,000.00	4,330,000.00
Other liabilities:					
Loans Payable:					
General	856,959.36		402,226.32	454,733.04	32,906.04
Water Sewer Utility	7,781,097.73		626,685.45	7,154,412.28	1,417,368.54
Compensated Absences Payable	4,290,479.17		159,431.49	4,131,047.68	140,123.75
Total long-term liabilities	<u>\$ 45,383,536.26</u>	<u>-</u>	<u>5,538,343.26</u>	<u>39,845,193.00</u>	<u>5,920,398.33</u>
	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	\$ 22,745,000.00		3,365,000.00	19,380,000.00	3,395,000.00
Water Sewer Utility	3,600,000.00		625,000.00	2,975,000.00	640,000.00
Golf Course Utility	1,760,000.00		340,000.00	1,420,000.00	350,000.00
Total	28,105,000.00	-	4,330,000.00	23,775,000.00	4,385,000.00
Other liabilities:					
Loans Payable:					
General	454,733.04		32,906.04	421,827.00	33,567.47
Water Sewer Utility	7,154,412.28		1,417,368.54	5,737,043.74	580,184.03
Compensated Absences Payable	4,131,047.68	1,622,175.31	140,123.75	5,613,099.24	-
Total long-term liabilities	<u>\$ 39,845,193.00</u>	<u>1,622,175.31</u>	<u>5,920,398.33</u>	<u>35,546,969.98</u>	<u>4,998,751.50</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the City:

\$5,250,000 General Obligation Bonds dated January 15, 2006 due in annual installments through January 15, 2018 bearing interest at various rates. The balance remaining as of December 31, 2014, is \$1,600,000.00.

\$8,150,000 General Obligation Bonds dated March 15, 2008 due in annual installments through January 15, 2019 bearing interest at various rates. The balance remaining as of December 31, 2014, is \$3,700,000.00.

\$2,453,100 General Refunding Bond dated June 8, 2011, due in annual installments through September 1, 2015, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$465,000.00.

\$9,000,000 General Obligation Bonds dated July 7, 2012 due in annual installments through July 15, 2024 bearing interest at various rates. The balance remaining as of December 31, 2014, is \$7,915,000.00.

\$400,000 Type I School Bond dated March 15, 2008, due in annual installments through January 15, 2016, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$100,000.00.

\$3,640,000 Type I School Refunding Bond dated October 1, 2002, due in annual installments through February 15, 2015, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$500,000.00.

\$5,850,000 Type I School Bond dated July 7, 2012, due in annual installments through July 15, 2024, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$5,100,000.00.

\$72,803 Green Trust Loan dated 1997, due in annual installments through 2017, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2014, is \$10,985.96.

\$600,000 Green Trust Loan dated 2007, due in annual installments through March 16, 2027, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2014, is \$410,841.04.

Outstanding bonds whose principal and interest are paid from the Water and Sewer Utility Operating Fund of the City:

\$1,750,000 Water and Sewer Utility Bond dated January 15, 2005, due in annual installments through January 15, 2018, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$550,000.00.

\$1,800,000 Water and Sewer Utility Bond dated March 15, 2008, due in annual installments through January 15, 2020, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$960,000.00.

\$1,400,000 Water and Sewer Utility Bond dated July 17, 2012, due in annual installments through July 15, 2023, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$1,235,000.00.

\$1,275,500 Water and Sewer Utility Refunding Bond dated June 8, 2011, due in annual installments on September 1 through September 1, 2015, bearing interest at various rates. The balance remaining as of December 31, 2014 is \$230,000.00.

\$520,381 Water and Sewer Utility State Water System Rehabilitation Loan dated 2004, due in annual installments through February 2, 2014, bearing an interest rate of 3.50%. There is no balance remaining as of December 31, 2014.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

\$480,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated November 5, 1999, due in annual installments through August 1, 2019, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$175,000.00.

\$635,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated October 15, 2001, due in annual installments through August 1, 2016, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$120,000.00.

\$70,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated October 15, 2001, due in annual installments through August 1, 2016, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$10,000.00.

\$1,155,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated November 4, 2004, due in annual installments through August 1, 2019, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$500,000.00.

\$457,960 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated November 5, 1999, due in annual installments through August 1, 2019, bearing no interest rate. The balance remaining as of December 31, 2014, is \$120,470.60.

\$690,360 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through August 1, 2016, bearing no interest rate. There is no balance remaining as of December 31, 2014.

\$73,697 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through August 1, 2016, bearing no interest rate. The balance remaining as of December 31, 2014, is \$7,887.75.

\$1,212,500 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated November 4, 2004, due in annual installments through August 1, 2019, bearing no interest rate. The balance remaining as of December 31, 2014, is \$423,526.51.

\$325,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated March 10, 2010, due in annual installments through August 1, 2029, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$285,000.00.

\$931,500 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated March 10, 2010, due in annual installments through August 1, 2019, bearing no interest rate. The balance remaining as of December 31, 2014, is \$753,869.00.

\$2,335,000 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Bond dated February 2, 2010, due in annual installments through August 1, 2030, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$1,730,000.00.

\$2,512,650 Water and Sewer Utility New Jersey Environmental Infrastructure Trust Loan dated February 2, 2011, due in annual installments through August 1, 2030, bearing no interest rate. The balance remaining as of December 31, 2014, is \$ 1,611,289.88.

Outstanding bonds whose principal and interest are paid from the Golf Course Utility Fund of the City:

\$4,000,000 Golf Course Utility Bond dated January 15, 2005, due in annual installments through January 15, 2018, bearing interest at various rates. The balance remaining as of December 31, 2014, is \$1,420,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Year Ending December 31,	General Capital Fund	
	Principal	Interest
2015	\$ 3,428,567.47	584,957.05
2016	2,474,242.18	486,244.84
2017	2,427,666.89	410,069.08
2018	2,341,037.33	338,072.59
2019	2,071,661.17	263,848.75
2020-2024	6,968,111.41	630,438.19
2025-2027	90,540.56	2,734.24
	<u>\$ 19,801,827.01</u>	<u>2,716,364.74</u>

Year Ending December 31,	Utility Capital Fund		Golf Course Utility Capital Fund	
	Principal	Interest	Principal	Interest
2015	\$ 1,220,184.03	229,200.00	350,000.00	48,050.00
2016	1,033,116.57	196,462.50	350,000.00	35,362.50
2017	978,951.10	167,325.00	360,000.00	21,600.00
2018	942,753.50	140,475.00	360,000.00	7,200.00
2019	899,438.91	114,680.00		
2020-2024	2,337,559.25	333,650.00		
2025-2029	1,300,040.38	92,450.00		
	<u>\$ 8,712,043.74</u>	<u>1,274,242.50</u>	<u>1,420,000.00</u>	<u>112,212.50</u>

As of December 31, 2014 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$782,011.49, to the water and sewer utility budget was \$172,406.40 and to the golf course utility budget was \$61,950.17.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 27,499,827.00	31,714,733.04	30,592,559.36
Water/Sewer Utility - Bonds and Notes	8,712,043.74	10,754,412.28	12,110,497.73
Beach Utility - Bonds and Notes	2,186,000.00	2,526,950.00	2,590,000.00
Total Issued	38,397,870.74	44,996,095.32	45,293,057.09
<u>Authorized but not issued:</u>			
General - Bonds and Notes	7,645,000.00	1,445,000.00	1,445,000.00
Water/Sewer Utility - Bonds and Notes	5,907,500.00	345,730.77	345,730.77
Beach Utility - Bonds and Notes	950.00	-	-
Total Authorized But Not Issued	13,553,450.00	1,790,730.77	1,790,730.77
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 51,951,320.74	46,786,826.09	47,083,787.86

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.653%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 5,700,000.00	5,700,000.00	-
Utility Debt	24,769,055.50	24,769,055.50	-
General Debt	23,244,827.00		23,244,827.00
	\$ 53,713,882.50	30,469,055.50	23,244,827.00

Net Debt \$23,244,827.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,561,909,914.67 = 0.653%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 124,666,847
Net Debt	23,244,827
Remaining Borrowing Power	\$ 101,422,020

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015 and 2014 were as follows:

		<u>2015</u>	<u>2014</u>
Current Fund	\$	1,585,000.00	1,400,000.00
Water/Sewer Utility		330,313.00	515,000.00
Golf Course Utility		143,000.00	None

NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	<u>December 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation	\$ 1,044,051.74	421,892.54	622,159.20
Overexpenditure of Appropriation Reserves	750.00		750.00
	<u>1,044,051.74</u>	<u>421,892.54</u>	<u>622,159.20</u>
Water and Sewer Utility Fund:			
Special Emergency Appropriation	71,113.10	71,113.10	-
	<u>\$ 71,113.10</u>	<u>71,113.10</u>	<u>-</u>

NOTE 10: SCHOOL TAXES

Local District School Tax in the amounts of \$15,769,415.00 and \$15,964,569.00 have been raised for the 2014 and 2013 calendar years and remitted to the school district.

NOTE 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance 12/31/14</u>	<u>Balance 12/31/13</u>
Prepaid Taxes	\$ 889,399.52	783,103.49
Cash Liability for Taxes Collected in Advance	<u>\$ 889,399.52</u>	<u>783,103.49</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

NOTE 12: PENSION FUNDS

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43: 15c-1 et seq.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Pension Plan for Lifeguards

The City of Brigantine has established a pension plan to provide retirement, disability, and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary and contributed to plan for his benefit for his/her benefit. Retiree benefits are paid out of the current fund and charged to the current operating budget of the City. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his/her application.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.78% through June 30, 2014 and 6.92% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.24% of covered payroll. The City's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$473,242.00, \$430,301.00 and \$447,004.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2014, 2013, and 2012 were \$1,591,115.00, \$1,605,134.00, and \$1,464,103.00.

The total payroll for the year ended December 31, 2014 was \$12,789,776.13. Payroll covered by PFRS was \$3,227,576.00 and PERS was \$4,041,153.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2014, 2013 and 2012 was \$20,000.00, \$20,000.00 and \$20,000.00. The City's trust for the Lifeguard Pension at December 31, 2014 was \$574,990.15. Currently there are six individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2014, 2013 and 2012 were \$50,073.84, \$41,452.04 and \$19,424.16.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 13: POST-RETIREMENT BENEFITS

Retired members of the PBA and the fire department are entitled to an annual allowance of up to \$900.00 for dental work. During 2014, the City provided post-retirement dental coverage for covered retirees.

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The City has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. Employees are only eligible to receive 50% of the sick time they have accrued, and the maximum dollar amount of sick time that may be earned is \$12,000. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2014, the City estimates this liability to approximate \$5,613,099.24 based on 2014 pay rates and compensated absence balances.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

NOTE 15: ECONOMIC DEPENDENCY

The City of Brigantine is not economically dependent on any one business or industry as a major source of tax revenue for the City.

NOTE 16: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

NOTE 17: DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998 the City of Brigantine amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust under the beneficial ownership of the Trustee, (City of Brigantine) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is Valic.

NOTE 18: CONTINGENT LIABILITIES

From time to time, the City is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the City's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

NOTE 19: FEDERAL AND STATE GRANTS

In the normal course of operations, the City received grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

NOTE 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2014, the following interfunds were included on the balance sheets of the various funds of the City of Brigantine:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 3,624.00	
Water/Sewer Utility Operating	333,037.59	
General Capital	227,762.10	
Federal and State Grant Funds		197,710.92
Trusts Other		4,945.55
Golf Utility Operating Fund		273,969.54
Golf Utility Capital Fund		70,103.93
Grant Fund:		
Current Fund	197,710.92	
Water and Sewer Operating		8,996.81
Other Trusts:		
Current Fund	4,945.55	
Animal Control Fund:		3,624.00
Current Fund		
General Capital Fund:		
Current Fund		227,762.10
Water/Sewer Utility Capital	50,000.00	
Water and Sewer Operating:		
Current Fund		333,037.59
Federal and State Grant Funds	8,996.81	
Water and Sewer Capital	335,430.04	
Water and Sewer Capital Fund:		
General Capital		50,000.00
Water and Sewer Operating		335,430.04
Golf Course Operating:		
Current Fund	273,969.54	
Golf Course Capital	32,931.47	
Golf Course Capital:		
Current Fund	70,103.93	
Golf Course Operating		32,931.47
	\$ <u>1,538,511.95</u>	<u>1,538,511.95</u>

The balances are primarily the result of disbursements made from the various funds which were not reimbursed prior to year end.

NOTE 21: SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 15, 2015, the date which the financial statements were available to be issued and identified no events requiring disclosure.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION - BONDS

FLEISHMAN • DANIELS LAW OFFICES, LLC

A NEW JERSEY LIMITED LIABILITY COMPANY

1001 Tilton Road - Suite 203

P.O. Box 55

Northfield, New Jersey 08225-0055

JOEL M. FLEISHMAN, ESQUIRE

Member NJ & PA Bar

(609) 272-1266

FAX (609) 272-9351

JOHN W. DANIELS, ESQUIRE

Of Counsel

E-mail: Joel@fdawllc.com

File No.: 20020-34

December , 2015

The Mayor and City Council of the
City of Brigantine, in the
County of Atlantic, New Jersey

**RE: \$6,850,000 Aggregate Principal Amount General Obligation Bonds, Series 2015
City of Brigantine, County of Atlantic, New Jersey**

Ladies and Gentlemen:

This office has served as Bond Counsel in connection with the issuance and sale by the City of Brigantine, in the County of Atlantic, New Jersey (the “**City**”) of \$6,850,000 aggregate principal amount General Obligation Bonds, Series 2015 (the “**Bonds**”).

The Bonds are authorized to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1, et seq., as amended (the “**Act**”), Resolution No. 227-2015 Determining the Form and Details of the Bonds adopted by the City Council on October 21, 2015 (the “**Bond Resolution**”), and Resolution No. 226-2015 adopted by the City Council on October 21, 2015 (the “**Combining Resolution**”) combining into a single issue of bonds the following bond ordinances heretofore adopted by the City Council (collectively, the “**Ordinances**”): Bond Ordinance No. 21 of 2006, finally adopted on August 16, 2006; Bond Ordinance No. 14 of 2010, finally adopted on September 1, 2010; Bond Ordinance No. 27 of 2010, finally adopted on December 15, 2010; Bond Ordinance No. 19 of 2012, finally adopted on June 20, 2012; and Bond Ordinance No. 10 of 2013, finally adopted on September 18, 2013, in all respects duly approved and published as required by law (the foregoing Ordinances, Bond Resolution and Combining Resolution are collectively referred to herein as the “**Local Proceedings**”).

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds including, without limitation, (a) copies of the Local Proceedings; (b) such matters of law,

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The Mayor and City Council of the
City of Brigantine

December __, 2015

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including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the “Code”); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we deem necessary including, without limitation, the Arbitrage and Tax Certificate delivered by the City and dated the date of delivery of the Bonds (the “**Tax Certificate**”). We have also examined a fully executed Bond, or a true copy thereof, and have assumed that all other Bonds have been similarly executed. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined.

Based upon the foregoing, we are of the opinion that:

1. The City is a municipal corporation of the State of New Jersey, duly and validly organized and existing under the laws of the State of New Jersey and authorized to undertake the financing of the projects as defined in the Ordinances, to adopt or enact the Local Proceedings and to issue and deliver the Bonds.

2. The Local Proceedings have been validly enacted or adopted by the City and are in full force and effect.

3. The Bonds have been duly authorized, issued, executed, and sold by the City. The Bonds constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms.

4. Assuming continuing compliance by the City with the covenants contained in the Bond Resolution and Tax Certificate, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest received by a holder of the Bonds will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed by Section 57 of the Code. However, interest on the Bonds may become taxable retroactively if certain requirements relating to arbitrage and arbitrage rebate under Section 148 of the Code are not complied with. For certain corporate holders, interest on the Bonds will be taken into account in the calculation of such holders’ federal alternative minimum tax liability.

5. Under the New Jersey Gross Income Tax Act as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale thereof are not includible in gross income.

FLEISHMAN ♦ DANIELS LAW OFFICES

The Mayor and City Council of the
City of Brigantine

December __, 2015

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6. The power and obligation of the City to pay the Bonds is unlimited, and the City shall be required to levy ad valorem taxes upon all the taxable property within the City for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

Other than as specifically set forth in this Opinion, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

For purposes of this Opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles now or hereafter enacted by any state or by the federal government relating to the enforcement of creditors' rights generally, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would be available as a remedy in every situation (regardless of whether enforcement is considered in proceedings at law or in equity).

This Opinion is rendered as of the date hereof and we express no opinion as to any matters not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy, or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the Bonds, including the appendices thereto, and make no representation that we have independently verified the contents thereof.

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APPENDIX D-1

**FORMS OF BOND COUNSEL'S OPINION –
TAX APPEAL REFUNDING NOTES**

FLEISHMAN • DANIELS LAW OFFICES

A NEW JERSEY LIMITED LIABILITY COMPANY
1001 Tilton Road - Suite 203
P.O. Box 55
Northfield, New Jersey 08225-0055

JOEL M. FLEISHMAN, ESQUIRE
Member NJ & PA Bar

(609) 272-1266
FAX (609) 272-9351

JOHN W. DANIELS, ESQUIRE
Of Counsel

E-mail: Joel@fdlawllc.com

December __, 2015

The Mayor and City Council of the
City of Brigantine, in the
County of Atlantic, New Jersey

**RE: \$1,182,000 Aggregate Principal Amount Tax Appeal Refunding
 Notes of 2015, Series A
 City of Brigantine, County of Atlantic, New Jersey**

Ladies and Gentlemen:

This office has served as special counsel to and has examined a record of the proceedings related to the issuance of tax appeal refunding notes in the aggregate principal amount of \$1,182,000, Series 2015A (the “**Notes**”) of the City of Brigantine, in the County of Atlantic, a municipal corporation created and organized as a political subdivision of the State of New Jersey (the “**City**”).

The Notes are dated December 3, 2015, and mature on December 2, 2016. The Notes bear interest at the rate of ____ and _____ one-hundredths per centum (____%) per annum. The Notes are issued in book entry-only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee of the Depository Trust Company, New York, New York (“**DTC**”). So long as DTC or its nominee is the registered owner of the Notes, payments of principal and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC. The Notes are authorized to be issued pursuant to the Local Bond Law of the State of New Jersey, *N.J.S.A. 40A:2-1, et seq.*, as amended (the “**Act**”); Resolution No. 2012-151 adopted by the City on October 3, 2012, and Resolution No. 135-2013, adopted by the City on October 17, 2013, both Resolutions authorizing applications to the Local Finance Board (collectively, the “**LFB Authorizing Resolutions**”); Refunding Bond Ordinance No. 29 of 2012, adopted by the City on November 7, 2012, and Refunding Bond Ordinance No. 14 of 2013, adopted by the City on November 6, 2013 (collectively, the “**Tax Appeal Refunding Ordinances**”); Resolution No. 2013-150 determining the form and details of the Notes, adopted by the City on November 25, 2013 (the “**Tax Appeal Form and Sale Resolution**”);

FLEISHMAN • DANIELS LAW OFFICES

The Mayor and City Council of the City of Brigantine

December , 2015

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and Resolution No. 2013-151 accepting conditions of approval imposed by the Local Finance Board, adopted by the City on November 25, 2013 ("**LFB Acceptance Resolution**") (the foregoing LFB Authorizing Resolutions, Tax Appeal Refunding Ordinances, LFB Acceptance Resolution and Tax Appeal Form and Sale Resolution are collectively referred to herein as the "**Local Proceedings**").

In our capacity as special counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes including, without limitation, (a) copy of the Local Proceedings; (b) such matters of law, including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the "**Code**"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes as we deem necessary including, without limitation, the Arbitrage and Tax Certificate delivered by the City and dated the date of delivery of the Notes (the "**Tax Certificate**"). We have also examined the fully executed Notes, or true copies thereof. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined.

Based upon the foregoing, we are of the opinion that:

1. The Local Proceedings have been validly enacted or adopted by the City and are in full force and effect.
2. The Notes have been duly authorized, executed and delivered by the City.
3. Except insofar as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or similar laws or equitable principles relating to the enforcement of creditors' rights generally, the Notes constitute the legal, valid and binding obligation of the City, enforceable in accordance with their terms.
4. Assuming continuing compliance by the City with the covenants contained in the Tax Certificate, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest received by a holder of the Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed by Section 55 of the Code. However, interest on the Notes may become taxable retroactively if certain requirements relating to arbitrage and arbitrage rebate under Section 148 of the Code are not complied with. For certain corporate holders, interest on the Notes will be taken into account in the calculation of such holders' federal alternative minimum tax liability.

FLEISHMAN ♦ DANIELS LAW OFFICES

The Mayor and City Council of the City of Brigantine

December , 2015

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5. Under the New Jersey Gross Income Tax Act as enacted and construed on the date hereof, interest on the Notes and any gain from the sale thereof is not includable in gross income.

6. The power and obligation of the City to pay the Notes are unlimited, and the City shall be required to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

Other than as specifically set forth in this Opinion, we express no opinion regarding federal or state tax consequences arising with respect to the Notes.

For purposes of this Opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles now or hereafter enacted by any state or by the federal government relating to the enforcement of creditors' rights generally, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would be available as a remedy in every situation (regardless of whether enforcement is considered in proceedings at law or in equity).

This Opinion is rendered as of the date hereof and we express no opinion as to any matters not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy, or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the Notes, including the appendices thereto, and make no representation that we have independently verified the contents thereof. This Opinion is issued solely for the benefit of the addressees hereof (including the successors and assigns of each) and no other person shall acquire or have any right hereunder.

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APPENDIX D-2

**FORMS OF BOND COUNSEL'S OPINION –
BOND ANTICIPATION NOTES**

FLEISHMAN ♦ DANIELS LAW OFFICES

A NEW JERSEY LIMITED LIABILITY COMPANY
1001 Tilton Road - Suite 203
P.O. Box 55
Northfield, New Jersey 08225-0055

JOEL M. FLEISHMAN, ESQUIRE
Member NJ & PA Bar

(609) 272-1266
FAX (609) 272-9351

JOHN W. DANIELS, ESQUIRE
Of Counsel

E-mail: Joel@fdlawllc.com

December __, 2015

The Mayor and City Council of the
City of Brigantine, in the
County of Atlantic, New Jersey

**RE: \$748,000 Aggregate Principal Amount Bond Anticipation Notes of 2015, Series B
City of Brigantine, County of Atlantic, New Jersey**

Ladies and Gentlemen:

This office has served as special counsel to and has examined a record of the proceedings related to the issuance of bond anticipation notes in the aggregate principal amount of \$748,000, Series 2015B (the “**Notes**”) of the City of Brigantine, in the County of Atlantic, a municipal corporation created and organized as a political subdivision of the State of New Jersey (the “**City**”).

The Notes are dated December 3, 2015, and mature on December 2, 2016. The Notes bear interest at the rate of ____ per centum (____%) per annum. The Notes are issued in book entry-only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee of the Depository Trust Company, New York, New York (“**DTC**”). So long as DTC or its nominee is the registered owner of the Notes, payments of principal and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC. The Notes are authorized to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1, et seq., as amended (the “**Act**”), Bond Ordinance No. 32-2006, finally adopted on December 20, 2006, and Bond Ordinance No. 6 of 2013, finally adopted on August 7, 2013, in all respects duly approved and published as required by law (the foregoing Ordinances are collectively referred to herein as the “**Local Proceedings**”).

The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our capacity as special counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes

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The Mayor and City Council of the City of Brigantine

December , 2015

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including, without limitation, (a) copies of the Local Proceedings; (b) such matters of law, including, inter alia, the Act and the Internal Revenue Code of 1986, as amended (the “**Code**”); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes as we deem necessary including, without limitation, the Arbitrage and Tax Certificate delivered by the City and dated the date of delivery of the Notes (the “**Tax Certificate**”). We have also examined the fully executed Notes, or a true copy thereof. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined.

Based upon the foregoing, we are of the opinion that:

1. The Local Proceedings have been validly enacted or adopted by the City and are in full force and effect.
2. The Notes have been duly authorized, executed and delivered by the City.
3. Except insofar as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or similar laws or equitable principles relating to the enforcement of creditors’ rights generally, the Notes constitute the legal, valid and binding obligation of the City, enforceable in accordance their terms.
4. Assuming continuing compliance by the City with the covenants contained in the Tax Certificate, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest received by a holder of the Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed by Section 55 of the Code. However, interest on the Notes may become taxable retroactively if certain requirements relating to arbitrage and arbitrage rebate under Section 148 of the Code are not complied with. For certain corporate holders, interest on the Notes will be taken into account in the calculation of such holders’ federal alternative minimum tax liability.
5. Under the New Jersey Gross Income Tax Act as enacted and construed on the date hereof, interest on the Notes and any gain from the sale thereof are not includable in gross income.
6. The power and obligation of the City to pay the Notes is unlimited, and the City shall be required to levy ad valorem taxes upon all the taxable property within the City

FLEISHMAN ♦ DANIELS LAW OFFICES

The Mayor and City Council of the City of Brigantine

December , 2015

Page 3

for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

Other than as specifically set forth in this Opinion, we express no opinion regarding federal or state tax consequences arising with respect to the Notes.

For purposes of this Opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles now or hereafter enacted by any state or by the federal government relating to the enforcement of creditors' rights generally, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would be available as a remedy in every situation (regardless of whether enforcement is considered in proceedings at law or in equity).

This Opinion is rendered as of the date hereof and we express no opinion as to any matters not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy, or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the Notes, including the appendices thereto, and make no representation that we have independently verified the contents thereof. This Opinion is issued solely for the benefit of the addressees hereof (including the successors and assigns of each) and no other person shall acquire or have any right hereunder.

FLEISHMAN ♦ DANIELS LAW OFFICES, LLC

APPENDIX D-3

**FORMS OF BOND COUNSEL'S OPINION –
SCHOOL NOTES**

FLEISHMAN • DANIELS LAW OFFICES

A NEW JERSEY LIMITED LIABILITY COMPANY
1001 Tilton Road - Suite 203
P.O. Box 55
Northfield, New Jersey 08225-0055

JOEL M. FLEISHMAN, ESQUIRE
Member NJ & PA Bar

(609) 272-1266
FAX (609) 272-9351

JOHN W. DANIELS, ESQUIRE
Of Counsel

E-mail: Joel@fdlawllc.com

December __, 2015

The Mayor and City Council of the
City of Brigantine, in the
County of Atlantic, New Jersey

RE: \$3,800,000 Aggregate Principal Amount School Notes of 2015, Series C
City of Brigantine, County of Atlantic, New Jersey

Ladies and Gentlemen:

This office has served as special counsel to and has examined a record of the proceedings related to the issuance of school notes in the aggregate principal amount of \$3,800,000, Series 2015C (the “**Notes**”) of the City of Brigantine, in the County of Atlantic, a municipal corporation created and organized as a political subdivision of the State of New Jersey (the “**City**”).

The Notes are dated December 3, 2015, and mature on December 2, 2016. The Notes bear interest at the rate of ____ per centum (____%) per annum. The Notes are issued in book entry-only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee of the Depository Trust Company, New York, New York (“**DTC**”). So long as DTC or its nominee is the registered owner of the Notes, payments of principal and interest on the Notes will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC. The Notes are authorized to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1, et seq., as amended (the “**Act**”), Bond Ordinance No. 8 of 2015, finally adopted on May 20, 2015, and Resolution No. __ of 2015, adopted on November 4, 2015 (the “**Resolution**”; and together with the Ordinance being hereinafter referred to as the “**Local Proceedings**”), such Local Proceedings having been duly approved and published as required by law.

The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our capacity as special counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes

FLEISHMAN • DANIELS LAW OFFICES

The Mayor and City Council of the City of Brigantine

December __, 2015

Page 2

including, without limitation, (a) copies of the Local Proceedings; (b) such matters of law, including, inter alia, the Act and the Internal Revenue Code of 1986, as amended (the “**Code**”); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes as we deem necessary including, without limitation, the Arbitrage and Tax Certificate delivered by the City and dated the date of delivery of the Notes (the “**Tax Certificate**”). We have also examined the fully executed Notes, or a true copy thereof. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined.

Based upon the foregoing, we are of the opinion that:

1. The Local Proceedings have been validly enacted or adopted by the City and are in full force and effect.
2. The Notes have been duly authorized, executed and delivered by the City.
3. Except insofar as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or similar laws or equitable principles relating to the enforcement of creditors’ rights generally, the Notes constitute the legal, valid and binding obligation of the City, enforceable in accordance their terms.
4. Assuming continuing compliance by the City with the covenants contained in the Tax Certificate, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes, interest received by a holder of the Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed by Section 55 of the Code. However, interest on the Notes may become taxable retroactively if certain requirements relating to arbitrage and arbitrage rebate under Section 148 of the Code are not complied with. For certain corporate holders, interest on the Notes will be taken into account in the calculation of such holders’ federal alternative minimum tax liability.
5. Under the New Jersey Gross Income Tax Act as enacted and construed on the date hereof, interest on the Notes and any gain from the sale thereof are not includable in gross income.
6. The power and obligation of the City to pay the Notes is unlimited, and the City shall be required to levy ad valorem taxes upon all the taxable property within the City

FLEISHMAN ♦ DANIELS LAW OFFICES

The Mayor and City Council of the City of Brigantine

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for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

Other than as specifically set forth in this Opinion, we express no opinion regarding federal or state tax consequences arising with respect to the Notes.

For purposes of this Opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles now or hereafter enacted by any state or by the federal government relating to the enforcement of creditors' rights generally, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would be available as a remedy in every situation (regardless of whether enforcement is considered in proceedings at law or in equity).

This Opinion is rendered as of the date hereof and we express no opinion as to any matters not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy, or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the Notes, including the appendices thereto, and make no representation that we have independently verified the contents thereof. This Opinion is issued solely for the benefit of the addressees hereof (including the successors and assigns of each) and no other person shall acquire or have any right hereunder.

FLEISHMAN ♦ DANIELS LAW OFFICES, LLC

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE - BONDS

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate ("**Disclosure Certificate**") is executed and delivered as of this ____ day of December, 2015, by and between the City of Brigantine, County of Atlantic, New Jersey (the "**City**") pursuant to Resolution No. 227-2015, entitled "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF \$6,850,000 GENERAL OBLIGATION BONDS, SERIES 2015, OF THE CITY OF BRIGANTINE, IN THE COUNTY OF ATLANTIC, NEW JERSEY AND PROVIDING FOR THEIR SALE", adopted on October 21, 2015, (the "**Bond Resolution**"); Resolution No. 226-2015 combining into a single issue of general obligation bonds the following bond ordinances heretofore adopted by the City Council: Bond Ordinance No. 21 of 2006, finally adopted on August 16, 2006; Bond Ordinance No. 14 of 2010, finally adopted on September 1, 2010; Bond Ordinance No. 27 of 2010, finally adopted on December 15, 2010; Bond Ordinance No. 19 of 2012, finally adopted on June 20, 2012; and Bond Ordinance No. 10 of 2013, finally adopted on September 18, 2013, in all respects duly approved and published as required by law; in connection with the issuance and sale by the Issuer of \$6,850,000 General Obligation Bonds, Series 2015 (the "**Bonds**").

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (as defined below). The City acknowledges it is an "**Obligated Person**" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

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

"**Bondholder**" or "**Holder**" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

"**Continuing Disclosure Information**" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the City with EMMA (as defined herein) pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the City with EMMA pursuant to Section 5 of this Disclosure Certificate.

“Disclosure Representative” shall mean the Chief Financial Officer of the City or her designee, or such other person as the City shall designate in writing from time to time for the purposes of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the City or any Dissemination Agent subsequently designated in writing by the City which has filed with the City a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The City or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to www.emma.msrb.org.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of New Jersey.

“Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The City shall provide or cause to be provided to the Dissemination Agent not later than September 15 of each year, commencing September 15, 2016 (for the calendar year ending December 31, 2015), until termination of the City's reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 hereof, the Annual Report prepared for the preceding fiscal year of the City. Each Annual Report provided to the Dissemination Agent by the City shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the City are not available by such date, the City shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the City, the same shall be submitted to the Dissemination

Agent no later than thirty (30) days after the receipt of the same by the City.

(b) Not later than September 30 of each year (commencing September 30, 2016), the Dissemination Agent shall file with EMMA a copy of the Annual Report pursuant to subsection (a) hereof.

(c) If the City does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as **Exhibit A**, with copies to the City (if the Dissemination Agent is not the City).

(d) Each year the Dissemination Agent shall file a report with the City (if the Dissemination Agent is not the City), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the City changes, the City shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the City, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the City (as of December 31 of each year).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

(2) The most current annual debt statement of the City (as of December 31); and

(3) Certain financial information and operating data of the City consisting of: (a) the City indebtedness; (b) the City's most current adopted budget; (c) property valuation information; (d) tax rate, levy and collection data; and (ii) the City's annual financial statements audited by an independent certified public accountant.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such

other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
7. Modifications to the rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material.

The City shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the City may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the City has or obtains knowledge of the occurrence of any of the Listed Events, the City shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the City determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the City is not the Dissemination Agent) and the City shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the City determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the City) and the Dissemination Agent (if the Dissemination Agent is not the City) shall be instructed by the City not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the City (if the Dissemination Agent is not the City). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the City is no longer an "Obligated Person" (as defined in the Rule). The City shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Dissemination Agent; Compensation. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure

Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in federal securities laws acceptable to the City to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the City or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The City shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

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

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

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner of the Bonds may, at the Bondholder's or Beneficial Owner's cost and expense, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this

Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the City agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the City) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. To the extent permitted by law, the City further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriter and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the City:

City of Brigantine
Brigantine City Hall
1417 West Brigantine Avenue
Brigantine, New Jersey 08203
Attn: Roxanne Tosto, Chief Financial Officer
Telecopy No.: (609) 266-3823

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

City of Brigantine
Brigantine City Hall
1417 West Brigantine Avenue
Brigantine, New Jersey 08203
Attn: Roxanne Tosto, Chief Financial Officer

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the City and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the City and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey, as applicable.

IN WITNESS WHEREOF, THE CITY OF BRIGANTINE, COUNTY OF ATLANTIC, has caused this Disclosure Certificate to be executed on its behalf by the Mayor and Chief Financial Officer and its corporate seal to be hereunto affixed, attested by the City Clerk, all as of the day and year first above written.

[SEAL]

CITY OF BRIGANTINE

Attest:

Lynn Sweeney, City Clerk

By: _____
Philip J. Guenther, Mayor

By: _____
Roxanne Tosto, Chief Financial Officer

EXHIBIT "A"

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Brigantine, County of Atlantic

Name of Bond Issue: \$6,850,000 General Obligation Bonds, Series 2015

Date of Issuance: December __, 2015

NOTICE IS HEREBY GIVEN that the above designated City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate for the Bonds dated as of December __, 2015, executed by the City.

Dated:_____

Dissemination Agent
(on behalf of the City)

cc: City of Brigantine

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE - NOTES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate ("**Disclosure Certificate**") is executed and delivered as of this ___ day of December, 2015, by the City of Brigantine, County of Atlantic, New Jersey ("**City**"), pursuant to (i) refunding bond ordinances adopted by the City on November 7, 2012, and November 6, 2013, respectively (collectively "**Refunding Bond Ordinances**"); and (ii) Bond Ordinance Nos. 32-2006, 06-2013 and 08-2015, each duly and finally adopted by the City Council and published in accordance with requirements of the Local Bond Law (collectively, the "**Bond Ordinances**"); and (iii) Resolution No. 2015-232, adopted by the City Council on November 4, 2015 (the "**School Note Resolution**"; and together with the Refunding Bond Ordinances and Bond Ordinances being collectively referred to as the "**Local Proceedings**"), in connection with the issuance and sale by the City of \$1,182,000 Tax Appeal Refunding Notes, Series 2015A, and \$748,000 Bond Anticipation Notes, Series 2015B and \$3,800,000 School Notes, Series 2015C (collectively, the "**Notes**").

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the security holders and Registered Owners of the Notes and in order to assist the Underwriter in complying with the Rule (as defined below). The Issuer acknowledges it is an "**Obligated Person**" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Local Proceedings which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Continuing Disclosure Information**" shall mean any notice of a Listed Event required to be filed by the Issuer with EMMA pursuant to Section 3 of this Disclosure Certificate.

"**Disclosure Representative**" shall mean the Chief Financial Officer of the Issuer or her designee, or such other person as the Issuer shall designate in writing from time to time for the purposes of this Disclosure Certificate.

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

"**EMMA**" shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal Note information including disclosure documents. The Issuer or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to www.emma.msrb.org.

"**Listed Events**" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Issuer.

“Registered Owner or Owners” shall mean the person or persons in whose name the Notes are registered on the books of the Issuer kept for that purpose in accordance with the Resolutions. For so long as the Notes shall be registered in the name of the Securities Depository or its nominee, the term “Registered Owners” shall also mean and include, for the purposes of this Disclosure Certificate, the owners of book-entry credits evidencing an interest in the Notes. Owners of book-entry credits may file their names and addresses with the Issuer for the purposes of receiving notices or giving direction under this Disclosure Certificate.

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

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of New Jersey.

“Underwriter” shall mean the original underwriter of the Notes required to comply with the Rule in connection with the purchase of the Notes.

SECTION 3. Reporting of Significant Events.

(a) As the Notes have a maturity date of less than eighteen (18) months, the Rule requires that the Issuer shall only be required to file notices of the occurrence of any of the following events with respect to the Notes, as applicable (the **“Listed Events”**):

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;

7. Modifications to the rights of holders of the Notes, if material;
8. Note calls, if material, and tender offers;
9. Defeasances of the Notes;
10. Release, substitution or sale of property securing repayment of the Notes, if material;
11. Rating changes relating to the Notes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material.

The Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of this Section 3. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 3, the Issuer may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Issuer has or obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall, as soon as possible, determine if such event would constitute information material to the Registered Owners of the Notes.

(c) If the Issuer determines that the occurrence of any of the Listed Events would be material to the Registered Owners of the Notes, the Issuer shall promptly notify the Dissemination Agent in writing (if the Issuer is not the Dissemination Agent) and the Issuer shall instruct the Dissemination Agent to report such Listed Event(s) and the Dissemination Agent shall report the occurrence of such Listed Event(s) pursuant to subsection (e) hereof.

(d) If the Issuer determines that the occurrence of any Listed Event(s) would not be material to the Registered Owners of the Notes, the Issuer shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Issuer) and the Dissemination Agent (if the Dissemination Agent is not the Issuer) shall be instructed by the Issuer not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Issuer to report the occurrence of any Listed Event(s), the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Issuer (if the Dissemination Agent is not the Issuer). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Registered Owner or Owners of the affected Notes pursuant to the Resolution.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes or when the Issuer is no longer an "**Obligated Person**" (as defined in the Rule). The Issuer shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 3(e) hereof.

SECTION 5. Dissemination Agent: Compensation. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer. The Issuer shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Issuer or "**Obligated Person**" or by approving vote of the Registered Owners of the Notes, as applicable pursuant to the terms of the Resolution at the time of the amendment. The Issuer shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 3 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, in addition to that which is required by this Disclosure Certificate.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Registered Owner or Owners of the Notes may, at the Registered Owners' cost and expense, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Issuer agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Issuer) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. To the extent permitted by law, the Issuer further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and the Registered Owners of the Notes, and shall create no rights in any other person or entity.

SECTION 11. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Issuer:

City of Brigantine
Brigantine City Hall
1417 West Brigantine Avenue
Brigantine, New Jersey 08203
Attn: Roxanne Tosto, Chief Financial Officer
Telecopy No.: (609) 266-3823

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Notes, initially:

City of Brigantine
Brigantine City Hall
1417 West Brigantine Avenue
Brigantine, New Jersey 08203
Attn: Roxanne Tosto, Chief Financial Officer
Telecopy No.: (609) 266-3823

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 12. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Issuer and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 13. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Issuer and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

Section 14. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey, as applicable.

IN WITNESS WHEREOF, THE CITY OF BRIGANTINE, COUNTY OF ATLANTIC, has caused this Disclosure Certificate to be executed on its behalf by the Mayor and Chief Financial Officer and its corporate seal to be hereunto affixed, attested by the City Clerk, all as of the day and year first above written.

[SEAL]

Attest:

Lynn Sweeney, RMC, City Clerk

CITY OF BRIGANTINE

By: _____
Philip J. Guenther, Mayor

By: _____
Roxanne Tosto, Chief Financial Officer

EXHIBIT "A"

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Brigantine in the County of Atlantic, New Jersey

Name of Note Issue: \$1,182,000 Tax Appeal Refunding Notes, Series 2015A

\$748,000 Bond Anticipation Notes, Series 2015B

\$3,800,000 School Notes, Series 2015C

Date of Issuance:

NOTICE IS HEREBY GIVEN that the above designated Issuer has not provided an Annual Report with respect to the above-named Notes as required by the Continuing Disclosure Certificate for the Notes dated as of December __, 2015 executed by the Issuer.

Dated:_____

Dissemination Agent
(on behalf of the Issuer)

cc: City of Brigantine