

**BOROUGH OF STONE HARBOR**

**COUNTY OF CAPE MAY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2014**



**BOROUGH OF STONE HARBOR**

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**BOROUGH OF STONE HARBOR**

**PART 1**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2014**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Borough Council  
Borough of Stone Harbor, 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 Borough of Stone Harbor, as of December 31, 2014 and 2013, 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 Borough's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (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 Borough of Stone Harbor 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 Borough of Stone Harbor as of December 31, 2014 and 2013, 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 and 2013, 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 Borough of Stone Harbor’s basic financial statements. The supplementary information listed in the table of contents 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 is the responsibility of management and was 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 26, 2015 on our consideration of the Borough of Stone Harbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Stone Harbor's internal control over financial reporting and compliance.

Very truly yours,

**FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

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

**June 26, 2015**

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**EXHIBIT A - CURRENT FUND**

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

	2014	2013
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 4,125,275.74	4,187,520.91
Change and Petty Cash Funds	680.05	680.05
Investment in Bond Anticipation Note	600,000.00	-
Total Cash	4,725,955.79	4,188,200.96
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	225,626.38	210,881.07
Revenue Accounts Receivable		
Municipal Court	2,568.83	1,687.52
Interfund Receivable:		
Due from Animal Control Fund	102.52	0.02
Due from Federal and State Grant Fund	43,601.34	41,875.21
Total Receivables and Other Assets	271,899.07	254,443.82
Deferred Charges:		
Special Emergency Authorization	71,250.00	-
Total Regular Fund	5,069,104.86	4,442,644.78
Federal and State Grant Fund:		
Federal and State Grants Receivable	298,983.36	338,126.25
Total Federal and State Grant Fund	298,983.36	338,126.25
Total Current Fund	\$ 5,368,088.22	4,780,771.03

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 654,952.20	537,112.27
Encumbrances Payable/Accounts Payable	315,183.92	317,682.76
Prepaid Taxes	629,766.36	536,892.49
Overpaid Taxes	18,108.20	26,512.31
Due to State of New Jersey		
Senior Citizens and Veterans	4,569.63	2,569.63
DCA Training Fees	8,624.00	5,281.00
Marriage Licenses	-	250.00
Local School Tax Payable	276,454.15	207,958.65
Payroll Taxes Payable	37,369.46	37,157.17
County Added Tax Payable	50,631.50	39,585.23
Prepaid Beach Fees	34,114.00	40,000.00
Prepaid Uniform Fire Code Fees	89,775.00	96,670.00
Prepaid Marriage Ceremonies	200.00	200.00
Other		
Reserve for Tax Appeals	16,500.00	16,500.00
Reserve for Building Repairs	4,895.00	3,895.00
Reserve for Reassessment Program	7,902.88	7,902.88
	2,149,046.30	1,876,169.39
Reserve for Receivables and Other Assets	271,899.07	254,443.82
Fund Balance	2,648,159.49	2,312,031.57
Total Regular Fund	5,069,104.86	4,442,644.78
Federal and State Grant Fund:		
Due to Current Fund	43,601.34	41,875.21
Unappropriated Reserves	39,613.66	12,248.30
Appropriated Reserves	51,330.71	97,482.01
Encumbrances Payable	164,437.65	186,520.73
Total Federal and State Grant Fund	298,983.36	338,126.25
Total Current Fund	\$ 5,368,088.22	4,780,771.03

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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	\$ 1,040,000.00	1,000,000.00
Miscellaneous Revenue Anticipated	2,923,166.64	2,741,143.47
Receipts from Delinquent Taxes	208,164.18	266,347.07
Receipts from Current Taxes	22,703,971.57	22,254,427.19
Non Budget Revenue	81,551.59	364,996.59
Proceeds from Sale of Municipal Property		
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	581,383.48	452,185.26
Interfund Returned	41,875.28	34,553.63
Total Income	27,580,112.74	27,113,653.21
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	4,969,361.00	5,137,976.00
Other Expenses	3,774,276.00	3,671,949.00
Deferred Charges & Statutory Expenditures	1,024,007.00	986,876.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	419,174.30	26,545.99
Capital Improvements	100,000.00	30,000.00
Municipal Debt Service	3,313,768.28	3,351,011.56
Deferred Charges & Statutory Expenditures	71,250.00	10,000.00
Local District School Tax	2,441,585.00	2,380,306.90
County Tax	10,065,830.40	10,208,326.09
County Share of Added Tax	50,631.50	39,585.23
Interfund Created	43,601.34	41,875.21
Prior Year Senior Citizens Disallowed	-	500.00
Refund of Prior Revenue	1,750.00	-
Total Expenditures	26,275,234.82	25,884,951.98
Excess in Revenue	1,304,877.92	1,228,701.23

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	2014	2013
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	71,250.00	-
Total Adjustments	71,250.00	-
Statutory Excess to Fund Balance	1,376,127.92	1,228,701.23
Fund Balance January 1	2,312,031.57	2,083,330.34
	3,688,159.49	3,312,031.57
Decreased by:		
Utilization as Anticipated Revenue	1,040,000.00	1,000,000.00
Fund Balance December 31	\$ 2,648,159.49	2,312,031.57

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement



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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 1,040,000.00		
Total Fund Balance Anticipated	1,040,000.00	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	10,000.00		13,063.00
Fees and Permits	275,000.00		(14,243.28)
Fines and Costs:			
Municipal Court	70,000.00		8,611.12
Interest and Costs on Taxes	65,000.00		(7,330.29)
Parking Meters	350,000.00		19,112.78
Interest on Investments and Deposits	3,000.00		1,064.91
Beach Fees	680,000.00		47,281.65
Tennis Courts	19,000.00		7,421.28
Cell Tower Rent	41,400.00		3,450.00
Uniform Fire Code Official	147,000.00		(6,916.00)
Arts and Crafts Show	76,000.00		(5,610.00)
Marina Fees	5,000.00		(2,094.00)
Cable TV Franchise Fee	27,000.00		966.36
Beach Concession	30,000.00		61,132.00
Special Events Revenue	20,000.00		10,756.31
Total Section A: Local Revenues	1,818,400.00	-	136,665.84
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	214,317.00		-
Total Section B: State Aid Without Offsetting Appropriations	214,317.00	-	-

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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 C: Uniform Construction Code Fees				
Uniform Construction Code Fees	\$ 350,000.00		515,948.25	165,948.25
<b>Total Section C: Uniform Construction Code Fees</b>	<b>350,000.00</b>	<b>-</b>	<b>515,948.25</b>	<b>165,948.25</b>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	8,187.36		8,187.36	
Police Body Armor Replacement Fund	2,326.64		2,326.64	
Open Space - Freedom Park Memorial	-	99,600.00	99,600.00	
Municipal Court Alcohol Grant	633.30		633.30	
Tourism Grant - Cooperative Marketing	1,100.00		1,100.00	
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>12,247.30</b>	<b>99,600.00</b>	<b>111,847.30</b>	<b>-</b>
Section G: Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items;				
Uniform Fire Safety Act	7,000.00		6,758.25	(241.75)
Reserve for Payment of Bonds	65,842.00		65,842.00	-
Interlocal Municipal Service Agreement - Borough of Avalon	52,000.00		53,388.00	1,388.00
<b>Total Section G: Special Items of General Revenue Anticipated</b>	<b>124,842.00</b>	<b>-</b>	<b>125,988.25</b>	<b>1,146.25</b>
With Prior Written Consent of Director of Local Government Services - Other Special Items				
Total Miscellaneous Revenues:	2,519,806.30	99,600.00	2,923,166.64	303,760.34
Receipts from Delinquent Taxes	200,000.00		208,164.18	8,164.18

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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		
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	\$ 10,240,650.00		10,598,924.67	358,274.67
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>10,240,650.00</u>	-	<u>10,598,924.67</u>	<u>358,274.67</u>
Budget Totals	<u>14,000,456.30</u>	<u>99,600.00</u>	<u>14,770,255.49</u>	<u>670,199.19</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		81,551.59	81,551.59
	<u>\$ 14,000,456.30</u>	<u>99,600.00</u>	<u>14,851,807.08</u>	<u>751,750.78</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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	\$	22,703,971.57
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Allocated to:

School, County and Other Taxes		<u>12,558,046.90</u>
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Balance for Support of Municipal Budget Appropriations		10,145,924.67
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		<u>453,000.00</u>
--	--	-------------------

Amount for Support of Municipal Budget Appropriations		<u><u>10,598,924.67</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	208,164.18	
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Tax Title Lien Collections	<u>-</u>	
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Total Receipts from Delinquent Taxes		<u><u>208,164.18</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Collector:

Duplicate Bill Fees		18.00
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Treasurer:

Police - MRNA	4,212.50	
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NSF Fee	280.00	
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Photocopies	116.68	
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Zoning Board	3,400.00	
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Planning Board	1,650.00	
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Property Lists	420.00	
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Miscellaneous Other	<u>71,454.41</u>	
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		<u>81,533.59</u>
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Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>81,551.59</u></u>
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The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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	
\$	143,472.00	143,472.00	136,087.40	12,845.56	7,384.60	
General Administration	28,000.00	28,000.00	13,464.52		1,689.92	
Salaries and Wages	67,475.00	67,475.00	65,625.00		1,850.00	
Other Expenses	9,300.00	9,300.00	4,792.89	49.40	4,457.71	
Mayor and Council						
Salaries and Wages	190,299.00	190,299.00	166,448.01		23,850.99	
Other Expenses	22,800.00	22,800.00	16,362.83	6,116.73	320.44	
Financial Administration	145,000.00	145,000.00	137,894.57	7,105.43	(0.00)	
Salaries and Wages	55,355.00	55,355.00	50,479.46	1,857.75	3,017.79	
Other Expenses						
Audit Services	30,000.00	30,000.00	17,750.00	12,250.00	-	
Other Expenses						
Collection of Taxes	59,427.00	59,427.00	48,329.31		11,097.69	
Salaries and Wages	11,560.00	11,560.00	8,514.89	1,253.20	1,791.91	
Other Expenses						
Assessment of Taxes	52,451.00	52,451.00	52,351.00		100.00	
Salaries and Wages	16,100.00	16,100.00	6,093.36	3,030.00	6,976.64	
Other Expenses						
Legal Services	145,000.00	145,000.00	77,565.88	6,784.85	60,649.27	
Other Expenses						
Engineering Services and Costs	20,000.00	32,000.00	21,899.06	3,000.00	7,100.94	
Other Expenses						
Insurance	1,297,673.00	1,297,673.00	1,292,585.38	5,087.62	(0.00)	
Employee Group Health	435,265.00	435,265.00	423,253.66		12,011.34	
Other Insurance Premiums						
Health Benefits Waiver	7,500.00	7,500.00	4,250.00		3,250.00	
Salaries and Wages						
LAND USE ADMINISTRATION:						
Planning Board	8,240.00	8,240.00	6,345.00		1,895.00	
Salaries and Wages	31,124.00	31,124.00	9,035.46	2,949.66	19,138.88	
Other Expenses						
Zoning Board of Adjustment	36,060.00	36,060.00	35,650.00		410.00	
Salaries and Wages	20,100.00	20,100.00	8,675.87	1,599.25	9,824.88	
Other Expenses						

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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	
<b>PUBLIC SAFETY:</b>						
Fire Department	208,300.00	208,300.00	175,053.97	16,473.40	16,772.63	
Other Expenses						
Police Department	1,530,493.00	1,530,493.00	1,471,489.19		59,003.81	
Salaries and Wages			47,238.22	28,765.87	1,895.91	
Other Expenses						
Office of Emergency Management	12,400.00	12,400.00	12,400.00		-	
Salaries and Wages			2,815.44	2,710.00	874.56	
Other Expenses			70,000.00		-	
Aid to Volunteer Rescue Squad	70,000.00	70,000.00	70,000.00			
Municipal Prosecutor	20,400.00	20,400.00	19,721.00		679.00	
Other Expenses						
Uniform Fire Code Official	92,439.00	92,439.00	88,377.54		4,061.46	
Salaries and Wages			3,291.19	442.79	4,266.02	
Other Expenses						
Fire Hydrant Service	2,800.00	2,800.00	2,800.00		-	
Other Expenses						
Municipal Court	143,622.00	143,622.00	137,025.00		6,597.00	
Salaries and Wages			10,435.89	999.92	4,564.19	
Other Expenses						
Public Defender	16,000.00	16,000.00	16,000.00			
Other Expenses			3,500.00		-	
	3,500.00	3,500.00	3,500.00			
<b>PUBLIC WORKS:</b>						
Public Works	909,789.00	909,789.00	815,991.38		93,797.62	
Salaries and Wages			56,870.18	57,141.23	9,088.59	
Other Expenses						
Solid Waste Collection	123,100.00	123,100.00	123,100.00			
Salaries and Wages			544,619.82	3,870.58	52,559.18	
Other Expenses			175,530.71		2,922.71	
Public Building and Grounds	597,179.00	597,179.00	544,619.82			
Other Expenses			175,530.71			
Public Building and Grounds	194,924.00	182,324.00	175,530.71			
Other Expenses			119,951.46	23,147.88	500.66	
	143,600.00	143,600.00	119,951.46			
<b>NATURAL RESOURCES</b>						
Natural Resources Committee	41,500.00	41,500.00	18,377.00			
Other Expenses				11,750.00	11,373.00	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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	
<b>NATURAL RESOURCES</b>						
Animal Control	15,000.00	15,000.00	14,500.13	499.87	0.00	
Other Expenses						
<b>HEALTH AND HUMAN SERVICES:</b>						
Board of Health						
Salaries and Wages	445.00	445.00	445.00		-	
Other Expenses	2,025.00	2,625.00	2,060.50	193.50	371.00	
Safety Compliance						
Other Expenses	25,400.00	25,400.00	20,630.39	4,426.27	343.34	
<b>RECREATION AND EDUCATION:</b>						
Docks, Bulkheads and Seawall						
Salaries and Wages	7,000.00	7,000.00	7,000.00		-	
Beach Patrol						
Salaries and Wages	580,000.00	569,500.00	554,598.18		14,901.82	
Other Expenses	52,000.00	62,500.00	51,762.15	9,423.10	1,314.75	
Parks and Playgrounds						
Salaries and Wages	149,620.00	149,620.00	149,178.71		441.29	
Other Expenses	45,300.00	45,300.00	35,355.26	4,908.04	5,036.70	
Special Events						
Salaries and Wages	45,000.00	45,000.00	45,000.00		-	
Tourism						
Other Expenses	118,000.00	118,000.00	82,657.72	2,148.14	33,194.14	
Celebration of 100th Anniversary						
Other Expenses	10,000.00	10,000.00	10,000.00		-	
<b>UNIFORM CONSTRUCTION CODE:</b>						
State Uniform Construction Code						
Construction Official	184,950.00	184,950.00	184,950.00		-	
Salaries and Wages	9,850.00	9,850.00	8,560.21	1,152.96	136.83	
Other Expenses						

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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	
<b>UNCLASSIFIED:</b>						
Longevity Pay for Employees	17,000.00	17,000.00	16,536.00		464.00	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>						
Electric	107,100.00	104,600.00	88,643.78	10,145.78	5,810.44	
Telephone	60,000.00	65,000.00	55,265.87	4,138.53	5,595.60	
Street Lighting	112,200.00	109,700.00	94,575.70	9,194.20	5,930.10	
Gasoline	163,200.00	163,200.00	129,800.06	24,486.24	8,913.70	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>8,738,637.00</b>	<b>8,738,637.00</b>	<b>7,930,461.20</b>	<b>279,947.75</b>	<b>528,228.05</b>	<b>-</b>
Contingent	5,000.00	5,000.00	4,910.00		90.00	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>8,743,637.00</b>	<b>8,743,637.00</b>	<b>7,935,371.20</b>	<b>279,947.75</b>	<b>528,318.05</b>	<b>-</b>
Detail:						
Salaries and Wages	4,979,861.00	4,969,361.00	4,680,591.11	7,105.43	281,664.46	-
Other Expenses	3,763,776.00	3,774,276.00	3,254,780.09	272,842.32	246,653.59	-
<b>DEFERRED CHARGES/STATUTORY EXPENDITURES</b>						
Deferred Charges:						
none						
Statutory Expenditures:						
Contributions to:						
Police and Fire Retirement System of N.J.	277,057.00	277,057.00	259,144.00		17,913.00	
Public Employees Retirement System	316,450.00	316,450.00	284,191.00		32,259.00	
Defined Contribution Retirement Plan	3,500.00	3,500.00	2,998.80		501.20	
Social Security System (O.A.S.I.)	400,000.00	400,000.00	345,813.79		54,186.21	
Unemployment Compensation Insurance	27,000.00	27,000.00	21,307.75		5,692.25	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>1,024,007.00</b>	<b>1,024,007.00</b>	<b>913,455.34</b>	<b>-</b>	<b>110,551.66</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>9,767,644.00</b>	<b>9,767,644.00</b>	<b>8,848,826.54</b>	<b>279,947.75</b>	<b>638,869.71</b>	<b>-</b>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement



**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 - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance						
Employee Group Health	32,327.00	32,327.00	16,244.51		16,082.49	
<b>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>32,327.00</b>	<b>32,327.00</b>	<b>16,244.51</b>	<b>-</b>	<b>16,082.49</b>	<b>-</b>
Interlocal Municipal Service Agreements						
Borough of Avalon Interlocal Agreement						
Police Dispatch Services						
Other Expenses	275,000.00	275,000.00	275,000.00			
<b>TOTAL SHARED SERVICE AGREEMENTS</b>	<b>275,000.00</b>	<b>275,000.00</b>	<b>275,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
(A) Public and Private Programs Off-Set by Revenues						
Police Body Armor Replacement Fund	2,326.64	2,326.64	2,326.64			
Recycling Tonnage Grant	8,187.36	8,187.36	8,187.36			
Open Space Freedom Park Memorial	-	99,600.00	99,600.00			
Municipal Court Alcohol Grant	633.30	633.30	633.30			
Tourism Grant - Cooperative Marketing	1,100.00	1,100.00	1,100.00			
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>12,247.30</b>	<b>111,847.30</b>	<b>111,847.30</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Operations - Excluded from "CAPS"	319,574.30	419,174.30	403,091.81		16,082.49	
Detail:						
Salaries and Wages						
Other Expenses	319,574.30	419,174.30	403,091.81		16,082.49	
(C) Capital Improvements						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
<b>Total Capital Improvements</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**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	
(D) Debt Service						
Payment of Bond Principal	2,495,000.00	2,495,000.00	2,495,000.00			-
Interest on Bonds	641,120.00	641,120.00	641,116.26			3.74
New Jersey Environmental Infrastructure Trust						
Principal	153,118.00	153,118.00	125,548.90			27,569.10
Interest	71,000.00	71,000.00	52,103.12			18,896.88
Total Debt Service	<u>3,360,238.00</u>	<u>3,360,238.00</u>	<u>3,313,768.28</u>	<u>-</u>	<u>-</u>	<u>46,469.72</u>
(E) Deferred Charges						
Special Emergency Authorization	-	71,250.00	56,486.25	14,763.75		
Total Deferred Charges	<u>-</u>	<u>71,250.00</u>	<u>56,486.25</u>	<u>14,763.75</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>3,779,812.30</u>	<u>3,950,662.30</u>	<u>3,873,346.34</u>	<u>14,763.75</u>	<u>16,082.49</u>	<u>46,469.72</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>13,547,456.30</u>	<u>13,718,306.30</u>	<u>12,722,172.88</u>	<u>294,711.50</u>	<u>654,952.20</u>	<u>46,469.72</u>
(M) Reserve for Uncollected Taxes	453,000.00	453,000.00	453,000.00			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 14,000,456.30</u>	<u>14,171,306.30</u>	<u>13,175,172.88</u>	<u>294,711.50</u>	<u>654,952.20</u>	<u>46,469.72</u>
Budget						
Appropriations by 40A:4-87		14,000,456.30				
Emergency Appropriations		99,600.00				
		<u>71,250.00</u>				
		<u>14,171,306.30</u>				
Reserve for Uncollected Taxes			453,000.00			
Federal and State Grants			111,847.30			
Deferred Charges - Special Emergency Disbursements			56,486.25			
			<u>12,553,839.33</u>			
			<u>13,175,172.88</u>			

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**EXHIBIT B - TRUST FUND**

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

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Animal Control Fund:		
Cash	\$ 358.72	190.02
	358.72	190.02
Other Funds:		
Cash - Treasurer	1,218,711.29	1,003,743.19
	1,218,711.29	1,003,743.19
	\$ 1,219,070.01	1,003,933.21
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Animal Control Fund:		
Due to State of New Jersey	\$ 6.00	4.20
Due to Current Fund	102.52	0.02
Reserve for Expenditures	250.20	185.80
	358.72	190.02
Other Funds:		
Reserves - Miscellaneous	1,218,711.29	1,003,743.19
	1,218,711.29	1,003,743.19
	\$ 1,219,070.01	1,003,933.21

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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**EXHIBIT C - CAPITAL FUND**

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Cash	\$	73,439.43	129,907.78
Deferred Charges to Future Taxation -			
Funded		19,591,976.22	22,212,525.02
Unfunded		6,342,650.05	2,964,650.05
Interfunds and Receivables			
Due from State of New Jersey - EIT		230,313.66	302,682.23
Due from Water and Sewer Capital Fund		2,431,852.85	2,431,852.85
Grants Receivable		400,000.00	-
		<u>29,070,232.21</u>	<u>28,041,617.93</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Contracts Payable		1,473,654.90	1,249,638.58
Serial Bonds Payable		16,719,000.00	19,214,000.00
NJEIT Loan Payable		2,872,976.22	2,998,525.02
Bond Anticipation Notes Payable		3,200,000.00	-
Improvement Authorizations:			
Funded		793,175.79	2,514,657.65
Unfunded		3,329,535.84	1,338,980.22
Reserve for Payment of NJEIT Loan		62,116.00	62,116.00
Reserve for Payment of Bonds		490,992.43	556,834.43
Reserve for Arbitrage Liability		1,699.33	1,699.33
Reserve for Preliminary Costs		10,915.00	-
Capital Improvement Fund		116,046.94	105,046.94
Fund Balance		119.76	119.76
	\$	<u>29,070,232.21</u>	<u>28,041,617.93</u>

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

2013	2,964,650.05
2014	3,142,650.05

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

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

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$	119.76	119.76
No current year activity			
Ending Balance December 31	\$	<u>119.76</u>	<u>119.76</u>

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

**EXHIBIT D - WATER AND SEWER FUND**

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

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
Operating Fund:			
Cash	\$	849,962.11	381,060.70
Change Fund		50.00	50.00
		850,012.11	381,110.70
Receivables and Other Assets with Full Reserves:			
Water Rents Receivable		37,199.73	30,710.52
Sewer Rents Receivable		30,615.42	28,316.53
Private Fire Protection Fees Receivable		158.00	316.00
Miscellaneous		1,287.00	820.00
		69,260.15	60,163.05
Deferred Charges:			
None		-	-
Total Operating Fund		919,272.26	441,273.75
Capital Fund:			
Cash - Treasurer		447,908.39	960,468.83
Due from N.J. Environ. Infrastructure Trust			
2010 Series A		2,830.00	2,830.00
2012 Series A		224,742.87	224,742.87
2012 Series ABC		120,995.90	120,995.90
Fixed Capital		12,622,948.87	12,622,948.87
Fixed Capital - Authorized and Uncompleted		15,170,000.00	10,550,000.00
Total Capital Fund		28,589,426.03	24,481,986.47
	\$	29,508,698.29	24,923,260.22

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

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

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	\$	18,519.51	22,879.82
Reserve for Encumbrances		387,147.49	87,511.23
Utility Overpayments		10,017.98	6,000.81
Accrued Interest on Bonds and Notes		69,203.42	79,633.35
		484,888.40	196,025.21
Reserve for Receivables		69,260.15	60,163.05
Fund Balance		365,123.71	185,085.49
Total Operating Fund		919,272.26	441,273.75
Capital Fund:			
Encumbrances Payable		1,268,739.38	487,230.41
Interfunds:			
Due to General Capital Fund		2,431,852.85	2,431,852.85
Serial Bonds Payable		3,515,000.00	3,935,000.00
N.J. Environmental Infrastructure Trust Loans		5,794,294.24	6,123,835.38
Improvement Authorizations:			
Funded		16,930.56	16,383.96
Unfunded		4,786,406.16	1,461,022.17
Reserve for Amortization		10,596,310.68	9,846,769.54
Deferred Reserve for Amortization		141,700.00	141,700.00
Capital Improvement Fund		3,575.77	3,575.77
Fund Balance		34,616.39	34,616.39
Total Capital Fund		28,589,426.03	24,481,986.47
	\$	29,508,698.29	24,923,260.22

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

	2013	3,125,643.95
	2014	7,745,643.95

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

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

	Ref.	2014	2013
Revenue and Other Income Realized			
Fund Balance	\$	56,526.00	193,258.00
Water Rents		1,450,659.84	1,372,436.47
Sewer Rents		1,528,230.89	1,550,560.79
Fire Hydrant Service		2,800.00	2,800.00
Miscellaneous Revenue		145,456.66	116,069.76
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		40,611.46	47,868.69
Total Income		<u>3,224,284.85</u>	<u>3,282,993.71</u>
Expenditures			
Operations			
Salaries and Wages		410,000.00	405,000.00
Other Expenses		481,729.00	478,830.00
Cape May County MUA		1,091,420.00	1,150,000.00
Capital Improvements		-	65,000.00
Debt Service		971,771.63	969,025.06
Deferred Charges		32,800.00	35,200.00
Total Expenditures		<u>2,987,720.63</u>	<u>3,103,055.06</u>
Excess/(Deficit) in Revenue		<u>236,564.22</u>	<u>179,938.65</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year - None		-	-
Total Adjustments		<u>-</u>	<u>-</u>
Excess in Operations		<u>236,564.22</u>	<u>179,938.65</u>
Fund Balance January 1		<u>185,085.49</u>	<u>198,404.84</u>
Decreased by:		421,649.71	378,343.49
Utilization as Anticipated Revenue		<u>56,526.00</u>	<u>193,258.00</u>
Fund Balance December 31	\$	<u><u>365,123.71</u></u>	<u><u>185,085.49</u></u>

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

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

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$	34,616.39	34,616.39
Increased by:			
No Activity			
		-	-
		34,616.39	34,616.39
Decreased by:			
No Activity			
		-	-
Ending Balance December 31	\$	<u>34,616.39</u>	<u>34,616.39</u>

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement



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

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$	56,526.00	56,526.00	-
Rents - Water		1,350,000.00	1,450,659.84	100,659.84
Rents - Sewer		1,515,000.00	1,528,230.89	13,230.89
Fire Hydrant Service		2,800.00	2,800.00	-
Miscellaneous		100,000.00	145,456.66	45,456.66
	\$	<u>3,024,326.00</u>	<u>3,183,673.39</u>	<u>159,347.39</u>

## Analysis of Realized Revenue:

## Consumer Accounts Receivable:

## Water Rents

Current Collections	1,437,017.27
Overpayments Applied	13,642.57

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 1,450,659.84

## Sewer Rents

Current Collections	1,497,708.48
Overpayments Applied	30,522.41

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 1,528,230.89

## Miscellaneous

Meter Boxes & Fittings	83,369.00
Penalties on Delinquent Accounts	5,474.33
Permanent Disconnect	3,255.00
NSF Fee	159.70
Sewer Vent Penalty	595.00
Sewer Service	2,526.00
Final Meter Reading	4,545.00
Miscellaneous	5,376.14
Miscellaneous Parts	1,440.00
Miscellaneous Water Use	11.25
Street Openings	17,665.00
Turn off/on	11,494.50
Private Fire Protection	8,871.26

Total Miscellaneous - Collector	144,782.18
Interest on Investments	674.48

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 145,456.66

The Accompanying Notes To The Financial Statements Are An Integral Part Of This Statement

**WATER AND SEWER UTILITY 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	
<b>Operations:</b>						
Salaries and Wages	410,000.00	410,000.00	396,731.81		13,268.19	
Other Expenses	498,449.00	481,729.00	421,773.87	56,580.24	3,374.89	
Cape May County MUA	1,050,000.00	1,091,420.00	770,129.75	321,290.25	-	
	<u>1,958,449.00</u>	<u>1,983,149.00</u>	<u>1,588,635.43</u>	<u>377,870.49</u>	<u>16,643.08</u>	<u>-</u>
<b>Capital Improvements:</b>						
Capital Improvement Fund	20,000.00	-	-	-	-	
	<u>20,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Service:</b>						
Payment of Bond Principal	756,972.00	756,972.00	749,541.14			7,430.86
Interest on Bonds	231,405.00	231,405.00	222,230.49			9,174.51
Interest on Notes	20,000.00	20,000.00				20,000.00
	<u>1,008,377.00</u>	<u>1,008,377.00</u>	<u>971,771.63</u>	<u>-</u>	<u>-</u>	<u>36,605.37</u>
<b>Deferred Charges and Statutory Expenditures:</b>						
Social Security System	35,000.00	30,300.00	29,190.69		1,109.31	
Unemployment	2,500.00	2,500.00	1,732.88		767.12	
	<u>37,500.00</u>	<u>32,800.00</u>	<u>30,923.57</u>	<u>-</u>	<u>1,876.43</u>	<u>-</u>
	<u>3,024,326.00</u>	<u>3,024,326.00</u>	<u>2,591,330.63</u>	<u>377,870.49</u>	<u>18,519.51</u>	<u>36,605.37</u>

The Accompanying Notes To The Financial Statements Are An Integral Part Of Statement

**EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP**

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**STATEMENT OF GENERAL FIXED ASSETS**  
**DECEMBER 31,**  
**REGULATORY BASIS**

	<u>2014</u>	<u>2013</u>
General Fixed Assets:		
Land	\$ 78,321,333.00	78,321,333.00
Land Improvements	66,634.52	68,634.52
Buildings and Improvements	4,413,889.56	4,413,889.56
Machinery and Equipment	8,685,171.82	8,333,966.15
	<u>91,487,028.90</u>	<u>91,137,823.23</u>
Investment in General Fixed Assets	\$ <u>91,487,028.90</u>	<u>91,137,823.23</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

**B. Description of Funds**

The accounting policies of the Borough of Stone Harbor 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 Borough of Stone Harbor 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 water and sewer capital facilities other than those acquired in the Current and General Capital Funds.

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.

**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 entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity'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 entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

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 entity 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 are capitalized.

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 the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. 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.



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

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 school and county 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 Borough of Stone Harbor 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 entity 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 entity. Charges are billed annually and due in quarterly installments on December 1, March 1, June 1 and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the entity 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.

Capitalization of Interest -- It is the policy of the Borough of Stone Harbor to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Infrastructure Trust.

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.

#### **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 entity'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.

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

**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 entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity'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. The impact of this statement on the net position of the entity is not presently determinable.

**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 \$453,000 and \$430,000. 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 \$1,040,000 and \$1,000,000. In addition, the entity operates a self liquidating water and sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget 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 2014 and 2013 statutory budgets was \$56,526 and \$193,258.

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 Borough Council.

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

The following 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>		
General and Administrative		
Other Expenses	\$ -	(3,000)
Electricity		
Other Expenses	(2,500)	
Street Lighting		
Other Expenses	(2,500)	
Telephone		
Other Expenses	5,000	
Engineering Services and Costs		
Other Expenses	12,000	3,000
Insurance		
Employee Group Health		15,000
Board of Health		
Other Expenses	600	
CMCMUA		
Other Expenses	(12,600)	
Public Works		
Salaries and Wages		(12,000)
Other Expenses		5,000
Beach Patrol		
Other Expenses	10,500	
Public Buildings and Grounds		
Other Expenses		5,000
Beach Patrol		
Salaries and Wages	(10,500)	(21,000)
Special Events		
Salaries and Wages	\$ -	8,000

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 significant budget insertions were approved:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
Clean Communities Program	\$ -	13,763
Open Space - Freedom Park Memorial	\$ 99,600	

The Borough 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.

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

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. The entity approved a special emergency appropriation in 2014 for \$71,250. The emergency was for the preparation and execution of approved tax maps in the Borough. The unfunded balance as of December 31, 2014 was \$71,250.

**NOTE 3: INVESTMENTS**

As of December 31, 2014 and 2013, the municipality had no 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 entity can invest in any one issuer.

**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 funds 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 \$6,711,460 and \$6,682,992 was exposed to custodial credit risk.

**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	\$ 78,321,333			78,321,333
Building	66,635			66,635
Building Improvements	4,413,890			4,413,890
Equipment and Machinery	8,284,125	148,696	(98,856)	8,333,965
	<u>\$ 91,085,983</u>	<u>148,696</u>	<u>(98,856)</u>	<u>91,135,823</u>

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

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Land	\$ 78,321,333			78,321,333
Building	66,635			66,635
Building Improvements	4,413,890			4,413,890
Equipment and Machinery	8,333,965	1,454,158	(1,102,952)	8,685,171
	<u>\$ 91,135,823</u>	<u>1,454,158</u>	<u>(1,102,952)</u>	<u>91,487,029</u>

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation Notes payable: General	\$ -			-
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Borough had no bond anticipation note outstanding as of December 31, 2013.

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation Notes payable: General	\$ -	3,200,000.00		3,200,000.00
	<u>\$ -</u>	<u>3,200,000.00</u>	<u>-</u>	<u>3,200,000.00</u>

The City has two bond anticipation notes in the general capital fund outstanding as of December 31, 2014. \$2,600,000 due November 6, 2015 with interest at 1.00%. \$600,000 held by the Current Fund due December 31, 2015 with interest at 0.0% per annum.

**NOTE 7: LONG TERM DEBT**

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

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

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
<b>Bonds payable:</b>					
General	\$ 21,619,000		2,405,000	19,214,000	2,495,000
Utility	4,340,000		405,000	3,935,000	420,000
<b>Total</b>	<b>\$ 25,959,000</b>	<b>-</b>	<b>2,810,000</b>	<b>23,149,000</b>	<b>2,915,000</b>
<b>Other liabilities:</b>					
<b>Loans Payable</b>					
General	3,381,875		383,349	2,998,526	125,549
Utility	6,513,050		389,215	6,123,835	329,541
<b>Total long-term liabilities</b>	<b>\$ 35,853,925</b>	<b>-</b>	<b>3,582,564</b>	<b>32,271,361</b>	<b>3,370,090</b>

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
<b>Bonds payable:</b>					
General	\$ 19,214,000		2,495,000	16,719,000	2,585,000
Utility	3,935,000		420,000	3,515,000	440,000
<b>Total</b>	<b>\$ 23,149,000</b>	<b>-</b>	<b>2,915,000</b>	<b>20,234,000</b>	<b>3,025,000</b>
<b>Other liabilities:</b>					
<b>Loans Payable:</b>					
General	2,998,526		125,549	2,872,977	125,549
Utility	6,123,835		329,541	5,794,294	337,093
<b>Total long-term liabilities</b>	<b>\$ 32,271,361</b>	<b>-</b>	<b>3,370,090</b>	<b>28,901,271</b>	<b>3,487,641</b>

**Outstanding Bonds Whose Principal and Interest are Paid From the Current Fund Budget of the Entity:**

\$13,994,000 General Improvement Bonds dated August 15, 2006, due in annual installments through August 15, 2018, bearing interest at a varying rate ranging from 3.875% to 4.00%. The balance remaining as of December 31, 2014 is \$6,564,000.

\$12,750,000 General Improvement Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at a varying rate ranging from 2.0% to 3.125%. The balance remaining as of December 31, 2014 is \$10,155,000.

\$807,377.20 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2030, bearing interest at 5.00%. The balance remaining as of December 31, 2014 is \$673,308.

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

\$868,422.80 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2030, bearing no interest. The balance remaining at December 31, 2014 is \$555,213.

\$58,641.98 N.J. Environmental Trust Loan Bond Series ABC dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2014 is \$54,527.

\$188,679.87 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2014 is \$163,096.

\$762,125.69 N.J. Environmental Trust Loan Bond Series A dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2014 is \$707,297.

\$832,404.09 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2014 is \$719,536. Principal forgiveness of \$416,202.32 has already been applied to the loan amount.

**Outstanding Bonds Whose Principal and Interest are Paid From the Utility Operating Fund of the Entity:**

\$3,450,000 Water and Sewer Utility Bond dated August 15, 2006, due in annual installments through August 15, 2020, bearing interest at a varying rate ranging from 3.875% to 4.00% per annum. The balance remaining as of December 31, 2014 is \$2,180,000.

\$1,620,000 General Improvement Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at a varying rate ranging from 2.0% to 3.125%. The balance remaining as of December 31, 2014 is \$1,335,000.

\$920,000 N.J. Environmental Trust Loan Bond Series A dated November 8, 2007, due in annual installments beginning August 1, 2009 through August 1, 2027, bearing interest at varying rates. The balance remaining as of December 31, 2014 is \$715,000.

\$901,733 N.J. Environmental Fund Loan Bond Series A dated November 8, 2007, due in semi-annual installments through August 1, 2027, bearing no interest. The balance remaining at December 31, 2014 is \$606,995.

\$775,000 N.J. Environmental Trust Loan Bond Series A dated March 10, 2010, due in annual installments beginning August 1, 2011 through August 1, 2029, bearing interest at varying rates. The balance remaining as of December 31, 2014 is \$665,000.

\$2,373,566 N.J. Environmental Fund Loan Bond Series A dated March 10, 2010, due in semi-annual installments through August 1, 2029, bearing no interest. The balance remaining at December 31, 2014 is \$1,460,646.

\$217,622.80 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2030, bearing interest at 5.00%. The balance remaining as of December 31, 2014 is \$181,485.

\$234,077.20 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2030, bearing no interest. The balance remaining at December 31, 2014 is \$149,654.

\$226,358.02 N.J. Environmental Trust Loan Bond Series ABC dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2014 is \$210,473.

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

\$728,304.13 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2014 is \$629,551.

\$627,874.31 N.J. Environmental Trust Loan Bond Series A dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2014 is \$582,703.

\$685,772.91 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2014 is \$592,787. Principal forgiveness of \$342,886.68 has already been applied to the loan amount.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	2,710,549	591,830	799,313	812,485
2016	2,764,942	423,480	828,287	728,435
2017	2,828,736	442,473	863,276	628,885
2018	2,886,506	342,740	906,270	504,735
2019	1,296,445	241,158	930,747	135,867
2020-2024	5,905,875	608,440	3,107,478	367,354
2025-2029	909,380	105,513	1,580,821	114,205
2029-2032	289,543	9,146	293,103	7,304
	\$ 19,591,976	2,764,780	9,309,295	3,299,270

As of December 31, 2014 the carrying value of the above bonds and notes approximates the fair value of the bonds. Interest was charged to capital projects during the year in the amount of \$72,369. The total interest charged to the current budget was \$693,219 and to the utility budget was \$222,230.

<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	\$ 22,791,976	\$ 22,212,525	25,000,874
Water/Sewer Utility - Bonds and Notes	9,309,294	10,058,835	10,853,050
Total Issued	32,101,270	32,271,360	35,853,924
<u>Authorized but not issued:</u>			
General - Bonds and Notes	3,142,650	2,964,650	2,226,148
Water/Sewer Utility - Bonds and Notes	7,745,644	3,125,644	1,492,587
Total Authorized But Not Issued	10,888,294	6,090,294	3,718,735
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 42,989,564	38,361,654	39,572,659



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

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .636%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	-	-
Water/Sewer Utility Debt	17,054,938	17,054,938	-
General Debt	25,934,626	-	25,934,626
	<u>\$ 42,989,564</u>	<u>17,054,938</u>	<u>25,934,626</u>

Net Debt \$25,934,626 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,079,969,690 = .636%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 142,798,939
Net Debt	25,934,626
Remaining Borrowing Power	<u>\$ 116,864,313</u>

The Borough of Stone Harbor School District, as a K-5 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

**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:

	2015	2014
Current Fund	\$ 1,193,633	1,040,000
Water/Sewer Utility	187,440	56,526

**NOTE 9: SCHOOL TAXES**

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

	12/31/2014	12/31/2013
Balance of Tax	\$ 1,198,292	1,129,796
Deferred	921,838	921,838
Tax Payable	<u>\$ 276,454</u>	<u>207,958</u>

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

**NOTE 10: 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:

	Balance 12/31/14	Balance 12/31/13
Prepaid Taxes	\$ 629,766	\$ 536,892
Cash Liability for Taxes Collected in Advance	\$ 629,766	536,892

**NOTE 11: PENSION FUNDS**

Description of Plans

Substantially all of the entity'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.

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.

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 11.42% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$284,191, \$294,782, and \$284,338.

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 entity's contributions to PFRS for the years ended December 31, 2014, 2013, and 2012 were \$259,144, \$261,594, and \$294,179.

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

The total payroll for the year ended December 31, 2014, 2013 and 2012 was \$4,972,377.38, \$5,099,761.01, \$5,159,709.77. Payroll covered by PFRS was \$1,165,405, \$1,126,916 and \$1,094,708. Payroll covered by PERS was \$2,537,725, \$2,614,239, and \$2,633,759.

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 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  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, 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

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

the State to make its full pension contribution, defined a 1/7<sup>th</sup> 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 12: POST-RETIREMENT BENEFITS**

**Plan Description** The Borough of Stone Harbor contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/shbp.htm>

**Plan Coverage** The entity currently has 2 collective bargaining units as well as non-union employees. The employee's post employment benefits are not dependent upon the collective bargaining unit to which they are a member. The benefits by collective bargaining unit are:

All Employees - Individuals who retired with at least 25 years of service to the Borough receive hospitalization, major medical, prescription for the employee and spouse in effect at the time of retirement.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Stone Harbor on a monthly basis. The rates charged by the system for the year ended December 31, 2014 vary according to the type of coverage selected by the retiree and range from \$770 to \$2,500 monthly per retiree.

The Borough of Stone Harbor contributions to SHBP for post-retirement benefits for the year ended December 31, 2014 and 2013 were \$64,438 and \$69,165 respectively, which equaled the required contribution for the year.

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

**NOTE 13: ACCRUED SICK AND VACATION BENEFITS**

The Borough does not permit employees to accrue sick and vacation time. Hence, employees are not compensated upon retirement for accrued time.

**NOTE 14: ECONOMIC DEPENDENCY**

The Borough of Stone Harbor is not economically dependent on any one business. The tourism industry is a major source of tax revenue for the entity.

**NOTE 15: RISK MANAGEMENT**

The entity 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 entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2014 and 2013 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity 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 entity 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 entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

**NOTE 16: DEFERRED COMPENSATION**

Employees of the Borough of Stone Harbor may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the entity has an obligation of due care in selecting the third party administrator.

**NOTE 17: CONTINGENT LIABILITIES**

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

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

**NOTE 18: INTERFUND BALANCES**

As of December 31, 2014, the following interfunds were included on the balance sheets of the various funds of the Borough of Stone Harbor:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 102.52	
Grant Fund	43,601.34	
Grant Fund:		
Current Fund		43,601.34
Trust Fund:		
Current - Animal Control Fund		102.52
General Capital Fund:		
Water and Sewer Capital Fund	2,431,852.85	
Water and Sewer Capital Fund:		
General Capital Fund		2,431,852.85
	\$ 2,475,556.71	2,475,556.71

The amount due to the Current fund from the Grant fund is due to the fact that there is only one bank account. The amount due to the Current fund from the Animal Control fund is due to interest not transferred by year end. The amount due to the General Capital fund from the Water and Sewer Capital fund represents New Jersey Environmental Infrastructure Trust Loan draws deposited into the Water and Sewer Capital fund for projects funded in the General Capital fund.

**NOTE 19: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through June 26, 2015, the date which the financial statements were available to be issued and identified no events requiring disclosure.

## **SUPPLEMENTARY DATA**

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# 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

The Honorable Mayor and  
Members of Borough Council  
Borough of Stone Harbor, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated June 26, 2015, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

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

**June 26, 2015**

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2013	\$	4,187,520.91
Increased by Receipts:		
Tax Collector		23,062,805.53
Revenue Accounts Receivable		2,700,261.63
Miscellaneous Revenue		81,533.59
State of New Jersey:		
Senior Citizen and Veterans Deductions		18,000.00
DCA Training Fees		3,412.00
Interlocal Agreement - Court		53,388.00
Escrow Deposits		16,000.00
Prepaid Beach Fees		34,114.00
Prepaid Uniform Fire Code Fees		89,775.00
Prepaid Marriage Ceremonies		200.00
Return of Change Funds		4,419.00
Federal and State Unappropriated Reserves		39,612.66
Federal and State Receivables		138,742.89
		26,242,264.30
		30,429,785.21
Decreased by Disbursements:		
Current Year Appropriation		12,553,839.33
Prior Year Appropriations		271,059.43
Deferred Charges - Tax Map		56,586.25
County Taxes		10,105,415.63
Local District School Taxes		2,373,089.50
Investment in Bond Anticipation Notes		600,000.00
Federal and State Disbursements		344,519.33
		26,304,509.47
Balance December 31, 2014	\$	4,125,275.74

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2013		\$	-
Increased by Receipts:			
Prepaid Taxes	629,766.36		
Tax Overpayments	18,108.20		
Taxes Receivable	22,357,243.26		
Revenue Accounts Receivable	57,669.71		
Miscellaneous Revenue	18.00		
			23,062,805.53
			23,062,805.53
Payments to Treasurer			23,062,805.53
Balance December 31, 2014		\$	-

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2013	Current Year Levy	Added Taxes	Overpayments Created	Collections by Cash 2013	2014	Overpayments Applied	Transferred To Tax Title Lien	Cancelled	Balance Dec. 31, 2014																																																																																																																																																																																											
2013	\$ 210,881.07		1,750.00			208,164.18			3,216.89	1,250.00																																																																																																																																																																																											
	<u>210,881.07</u>	-	1,750.00	-	-	208,164.18	-	-	3,216.89	1,250.00																																																																																																																																																																																											
2014		22,958,295.29	113,960.61		536,892.49	22,167,079.08			143,907.95	224,376.38																																																																																																																																																																																											
	<u>\$ 210,881.07</u>	<u>22,958,295.29</u>	<u>115,710.61</u>	<u>-</u>	<u>536,892.49</u>	<u>22,375,243.26</u>	<u>-</u>	<u>-</u>	<u>147,124.84</u>	<u>225,626.38</u>																																																																																																																																																																																											
<p><b>Analysis of Current Year Tax Levy</b></p> <table border="0"> <tr> <td colspan="11">Tax Yield:</td> </tr> <tr> <td></td> <td>General Property Tax</td> <td>22,357,243.26</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>Added Taxes (54:4-63.1 et. Seq.)</td> <td>18,000.00</td> <td colspan="8"></td> </tr> <tr> <td></td> <td></td> <td><u>22,375,243.26</u></td> <td colspan="8"></td> </tr> <tr> <td></td> <td>Cash Receipts</td> <td></td> <td>23,072,255.90</td> <td colspan="7"></td> </tr> <tr> <td></td> <td>Senior Citizens and Veterans</td> <td></td> <td></td> <td colspan="7"></td> </tr> <tr> <td colspan="11">Tax Levy:</td> </tr> <tr> <td></td> <td>General County Taxes</td> <td>8,486,826.56</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>County Library Taxes</td> <td>1,174,637.55</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>County Open Space Taxes</td> <td>404,366.29</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>County Added and Omitted Taxes</td> <td>50,631.50</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>Total County Taxes</td> <td>10,116,461.90</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>Local School District Tax</td> <td>2,441,585.00</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>Local Tax for Municipal Purposes</td> <td>10,240,650.00</td> <td colspan="8"></td> </tr> <tr> <td></td> <td>Add: Additional Tax Levied</td> <td>273,559.00</td> <td colspan="8"></td> </tr> <tr> <td></td> <td></td> <td><u>10,514,209.00</u></td> <td colspan="8"></td> </tr> <tr> <td></td> <td></td> <td><u>23,072,255.90</u></td> <td colspan="8"></td> </tr> </table>											Tax Yield:												General Property Tax	22,357,243.26										Added Taxes (54:4-63.1 et. Seq.)	18,000.00											<u>22,375,243.26</u>										Cash Receipts		23,072,255.90									Senior Citizens and Veterans										Tax Levy:												General County Taxes	8,486,826.56										County Library Taxes	1,174,637.55										County Open Space Taxes	404,366.29										County Added and Omitted Taxes	50,631.50										Total County Taxes	10,116,461.90										Local School District Tax	2,441,585.00										Local Tax for Municipal Purposes	10,240,650.00										Add: Additional Tax Levied	273,559.00											<u>10,514,209.00</u>											<u>23,072,255.90</u>								
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See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2013	Accrued in 2014	Collected by		Balance Dec. 31, 2014
			Collector	Treasurer	
Licenses: \$					
Alcoholic Beverages		23,063.00		23,063.00	
Fees and Permits		260,756.72		260,756.72	
Construction Code Official:					
Fees and Permits		515,948.25		515,948.25	
Municipal Court:		-			
Fines and Costs	1,687.52	79,492.43		78,611.12	2,568.83
Parking Meters		369,112.78		369,112.78	
Interest and Costs on Taxes		57,669.71	57,669.71		
Interest Earned on Investments and Deposits		4,064.91		4,064.91	
Beach Fees		727,281.65		727,281.65	
Tennis Courts		26,421.28		26,421.28	
Cell Tower Rent		44,850.00		44,850.00	
Television Cable Fees		27,966.36		27,966.36	
Uniform Fire Code Official		140,084.00		140,084.00	
Uniform Fire Safety Act		6,758.25		6,758.25	
Arts and Crafts Show		70,390.00		70,390.00	
Marina Fees		2,906.00		2,906.00	
Beach Concessions		91,132.00		91,132.00	
Special Events Revenue		30,756.31		30,756.31	
Energy Receipts Tax		214,317.00		214,317.00	
Reserve for Payment of Bonds		65,842.00		65,842.00	
	<u>1,687.52</u>	<u>2,758,812.65</u>	<u>57,669.71</u>	<u>2,700,261.63</u>	<u>2,568.83</u>
	A	Res.	A-5		A

See Accompanying Auditor's Report

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Other Expenses	\$ 11,734.08	11,734.08	8,984.47	2,749.61	
Mayor and Council					
Salaries and Wages	1,850.00	1,850.00	450.00	1,400.00	
Municipal Clerk					
Other Expenses	4,233.46	4,233.46	1,987.00	2,246.46	
Financial Administration					
Other Expenses	5,043.08	5,043.08	2,161.95	2,881.13	
Audit Services					
Other Expenses	10,000.00	10,000.00	10,000.00	-	
Collection of Taxes					
Other Expenses	2,943.93	2,943.93	228.04	2,715.89	
Assessment of Taxes					
Other Expenses	12,553.04	12,553.04	645.93	11,907.11	
Legal Services and Costs					
Other Expenses	55,163.42	55,163.42	11,090.45	44,072.97	
Engineering Services and Costs					
Other Expenses	3,073.50	3,073.50	837.00	2,236.50	
Insurance					
Employee Group Insurance	34,322.93	34,322.93	13,488.59	20,834.34	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	1,300.00	1,300.00	200.00	1,100.00	
Other Expenses	2,615.15	2,615.15	2,368.35	246.80	
Zoning Board					
Other Expenses	3,106.72	3,106.72	1,065.20	2,041.52	
<b>PUBLIC SAFETY</b>					
Fire Department					
Other Expenses	27,147.74	27,147.74	12,998.76	14,148.98	
Police Department					
Salaries and Wages	104,671.64	104,671.64	14,731.28	89,940.36	
Other Expenses	30,625.27	30,625.27	25,673.26	4,952.01	
Office of Emergency Management					
Other Expenses	3,733.57	3,733.57	61.00	3,672.57	
Municipal Court					
Other Expenses	5,286.08	5,286.08	3,373.79	1,912.29	
<b>PUBLIC WORKS</b>					
Public Works					
Salaries and Wages	135,737.30	135,737.30	29,351.26	106,386.04	
Other Expenses	14,471.54	14,471.54	11,991.60	2,479.94	
Solid Waste Collection					
Salaries and Wages	71,314.03	71,314.03	15,608.96	55,705.07	
Other Expenses	22,422.81	22,422.81	4,118.70	18,304.11	
Public Building and Grounds					
Other Expenses	15,137.51	15,137.51	14,758.75	378.76	
<b>NATURAL RESOURCES</b>					
Natural Resources Committee					
Other Expenses	25,122.30	25,122.30	5,776.51	19,345.79	
Animal Control					
Other Expenses	8,121.20	8,121.20	1,979.69	6,141.51	
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health					
Salaries and Wages	445.00	445.00	178.00	267.00	
Other Expenses	707.50	707.50	117.50	590.00	
Safety Compliance					
Other Expenses	10,985.85	10,985.85	7,808.80	3,177.05	
<b>RECREATION AND EDUCATION</b>					
Beach Patrol					
Other Expenses	644.52	644.52	500.90	143.62	
Parks and Playgrounds					
Salaries and Wages	2,586.37	2,586.37	1,197.60	1,388.77	
Other Expenses	8,401.37	8,401.37	744.01	7,657.36	
Special Events					
Salaries and Wages	1,852.53	1,852.53	200.28	1,652.25	
Tourism					
Other Expenses	10,741.40	10,741.40	8,524.75	2,216.65	
<b>STATE UNIFORM CONSTRUCTION CODE</b>					
Construction Official					
Other Expenses	2,383.04	2,383.04	1,594.22	788.82	

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**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
<b>UTILITIES</b>					
Electricity	21,314.44	21,314.44	8,606.67	12,707.77	
Telephone	3,599.97	3,599.97	866.43	2,733.54	
Street Lighting	28,246.60	28,246.60	6,676.19	21,570.41	
Gasoline	39,508.87	39,508.87	25,733.00	13,775.87	
Landfill Solid Waste Disposal	10,879.49	10,879.49	9,718.25	1,161.24	
<b>STATUTORY EXPENDITURES</b>					
Contribution to					
Social Security	40,479.03	40,479.03	4,556.41	35,922.62	
Unemployment Compensation Insurance	4,972.86	4,972.86	726.75	4,246.11	
All Other Accounts - No Change	<u>53,584.64</u>	<u>53,584.64</u>		<u>53,584.64</u>	
	<u>\$ 853,063.78</u>	<u>853,063.78</u>	<u>271,680.30</u>	<u>581,383.48</u>	<u>-</u>
			620.87		
			<u>271,059.43</u>		
			<u>271,680.30</u>		

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**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2013			
School Tax Payable	\$	207,958.65	
School Tax Deferred		<u>921,837.60</u>	
			1,129,796.25
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			<u>2,441,585.00</u>
			3,571,381.25
Decreased by:			
Payments			<u>2,373,089.50</u>
Balance December 31, 2014			
School Tax Payable		276,454.15	
School Tax Deferred		<u>921,837.60</u>	
			<u><u>1,198,291.75</u></u>
Current Year Liability for Local School District School Tax:			
Tax Paid			2,373,089.50
Tax Payable Ending			<u>276,454.15</u>
			2,649,543.65
Less: Tax Payable Beginning			<u>207,958.65</u>
Amount Charged to Current Year Operations	\$		<u><u>2,441,585.00</u></u>

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**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance Dec. 31, 2013	Transferred From 2014 Revenues	Received	Cancelled	Balance Dec. 31, 2014
<b>FEDERAL GRANTS:</b>					
NONE	\$ -				-
Total Federal	-	-	-	-	-
<b>STATE GRANTS:</b>					
Municipal Court Alcohol Grant - 2013	-	633.30	633.30		-
Tourism Grant - Cooperative Marketing	-	1,100.00	1,100.00		-
Open Space - Freedom Park Memorial		99,600.00			99,600.00
Police Body Armor Grant		2,326.64	2,326.64		-
Recycling Tonnage Grant - Revolving		8,187.36	8,187.36		-
NJ Cooperative Marketing Grant	1,109.75				1,109.75
NJDOT - Relocation of Site 103	328,876.50		138,742.89		190,133.61
Total State	329,986.25	111,847.30	150,990.19	-	290,843.36
<b>LOCAL GRANTS:</b>					
County of Cape May - Streetscape	8,140.00				8,140.00
Total Local	8,140.00	-	-	-	8,140.00
	\$ 338,126.25	111,847.30	150,990.19	-	298,983.36
		Cash	138,742.89		
		Unappropriated Reserves	12,247.30		
			<u>150,990.19</u>		

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2013		2014		Cancelled	Balance Dec. 31, 2014
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed		
<b>FEDERAL GRANTS:</b>						
NONE						
Total Federal	-	-	-	-	-	-
<b>STATE GRANTS:</b>						
Drunk Driving Enforcement Fund - 2012	2,335.12			1,974.69		360.43
Municipal Court Alcohol Grant - Revolving	125.96		633.30			759.26
Clean Communities Program - 2012	5,176.33			5,176.33		-
Clean Communities Program - 2013	13,762.94			13,745.68		17.26
Police Body Armor Grant - 2011	241.70			241.70		-
Police Body Armor Grant - 2012	603.05	1,298.00		1,901.05		-
Police Body Armor Grant - 2014			2,326.64	1,982.44		344.20
Municipal Stormwater Grant - 2004	1,707.02	464.00				2,171.02
Municipal Stormwater Grant - 2005	6,822.00					6,822.00
NJ Tourism - Cooperative Marketing			1,100.00	990.88		-
Open Space - Freedom Park Memorial			99,600.00	99,600.00		-
Recycling Tonnage Grant - Revolving	14,326.11	1,659.00	8,187.36	17,734.67		6,437.80
NJDOT - Relocation of Site 103	6,166.00	183,099.73		183,099.73		6,166.00
NJ Cooperative Marketing Grant - 2012						-
Total State	<u>51,266.23</u>	<u>186,520.73</u>	<u>111,847.30</u>	<u>326,447.17</u>	<u>-</u>	<u>23,187.09</u>
<b>LOCAL GRANTS:</b>						
Archival Museum - Revolving	1,257.10					1,257.10
Private Donation - Speed Sentry - Revolving	45.00					45.00
Feral Cat Management - Revolving	233.27					233.27
Cape May County MUA - Mini-Grant - Revolving	1,737.71					1,737.71
Shore Bird Stewardship - Revolving	24,769.00			15,022.16		9,746.84
County of Cape May - Streetscape - Revolving	2,202.06					2,202.06
Comcast Technology Grant - Revolving	15,555.00			3,050.00		12,505.00
Donations - Parks	120.29					120.29
Donations - Hurricane Sandy	296.35					296.35
Total Local	<u>46,215.78</u>	<u>-</u>	<u>-</u>	<u>18,072.16</u>	<u>-</u>	<u>28,143.62</u>
<b>\$</b>	<u>97,482.01</u>	<u>186,520.73</u>	<u>111,847.30</u>	<u>344,519.33</u>	<u>-</u>	<u>51,330.71</u>

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**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	Balance Dec. 31, 2013	Transferred To 2014 Appropriations	Received	Balance Dec. 31, 2014
<b>STATE GRANTS:</b>				
Recycling Tonnage Grant - 2014	\$ -		18,509.12	18,509.12
Recycling Tonnage Grant - 2013	8,187.36	8,187.36		-
Police Body Armor Grant - 2014	-		1,933.97	1,933.97
Police Body Armor Grant - 2013	2,326.64	2,326.64		-
Supplemental Fire Services Grant	1.00			1.00
Clean Communities			12,906.61	12,906.61
Cooperative Marketing Grant - 2013	1,100.00	1,100.00		-
Municipal Court Alcohol Grant - 2014			6,262.96	6,262.96
Municipal Court Alcohol Grant - 2013	633.30	633.30		-
Total State	<u>12,248.30</u>	<u>12,247.30</u>	<u>39,612.66</u>	<u>39,613.66</u>
Grand Total	<u>\$ 12,248.30</u>	<u>12,247.30</u>	<u>39,612.66</u>	<u>39,613.66</u>

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**TRUST FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2013	\$ 190.02	1,003,743.19
Increased By:		
State Dog License Fees	55.80	
Municipal Dog License Fees	29.50	
Cat License Fees	34.90	
Due to Current Fund	102.50	
Other Reserves		<u>547,455.62</u>
	<u>222.70</u>	<u>547,455.62</u>
	412.72	1,551,198.81
Decreased By:		
Paid to State of NJ	54.00	
Dog Fund Expenditures	-	
Current Fund	-	
Other Reserves		<u>332,487.52</u>
	<u>54.00</u>	<u>332,487.52</u>
Balance December 31, 2014	\$ <u><u>358.72</u></u>	<u><u>1,218,711.29</u></u>
<b>Analysis of December 31, 2014 Balance</b>		
Trust - Other	\$	139,691.87
COAH		952,777.18
100th Anniversary		7,664.28
Public Defender		1,676.02
Health Flex Account		928.78
Preservation Trust Account		114,117.92
Parking Offense Adjudication Account		<u>1,855.24</u>
	\$	<u><u>1,218,711.29</u></u>

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**TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL  
FUND EXPENDITURES**

Balance December 31, 2013	\$		185.80
Increased by:			
Dog License Fees Collected		132.00	
Cat License Fees Collected		34.90	
		166.90	166.90
			352.70
Decreased by:			
Due to Current Fund		102.50	
Expenditures under N.J.S.A. 4:19-15.11: Cash		-	
		102.50	102.50
Balance December 31, 2014	\$		250.20

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	111.00
2012	139.20
	250.20
	250.20

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**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO/(FROM) STATE OF NEW JERSEY  
ANIMAL CONTROL FUND**

Balance December 31, 2013	\$		4.20
Increased By:			
Collected in 2014			
State License Fees		44.00	
Pilot Clinic Fund Fees		8.80	
Animal Population Control Fees		3.00	
		55.80	55.80
			60.00
Decreased By:			
Payments			
To Reserve		54.00	
Payments		-	
		54.00	54.00
Balance December 31, 2014	\$		6.00

See Accompanying Auditor's Report

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Reserve	Balance Dec. 31, 2013	Increased by		Decreased by		Balance Dec. 31, 2014
		Receipts	Other	Disbursements	Payments made by Current Fund	
Preservation Trust	\$ 114,053.28	64.64				114,117.92
Parking Offenses Adjudication Act	1,284.40	570.84				1,855.24
Self Insurance - Workers Compensation	-					-
Developer's Escrow	26,137.52	16,875.00		17,495.75		25,516.77
Street Opening Deposits	90,590.75	169,620.00		166,314.00		93,896.75
Premiums Received at Tax Sale	20.00					20.00
Off-Duty Police	2,098.17					2,098.17
Health Flex Account	508.23	788.31		367.76		928.78
Forefeited Property	425.00					425.00
Public Defender Fees	1,615.05	60.97				1,676.02
Contributions - Bird Sanctuary	19,496.74	1,899.60		8,059.53		13,336.81
Council on Affordable Housing	657,757.93	295,019.25				952,777.18
Uniform Fire Code - Penalties	1,400.00					1,400.00
Bequests - Memorial Benches	405.00					405.00
Bequests - Police Equipment	360.00	1,250.00				1,610.00
Bequests - 911 Memorial	37,622.44	9,008.79		45,647.86		983.37
100th Anniversary	49,968.68	52,298.22		94,602.62		7,664.28
	\$ 1,003,743.19	547,455.62	-	332,487.52	-	1,218,711.29

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**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	
Balance December 31, 2013		\$ 129,907.78
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	100,000.00	
Bond Anticipation Notes Issued	3,200,000.00	
Reserve for Preliminary Expenses	10,915.00	
	3,310,915.00	3,310,915.00
		3,440,822.78
Decreased by:		
Improvement Authorizations	3,282,541.35	
Direct Charges for Preliminary Costs	19,000.00	
Anticipated as a Revenue in 2014 Budget;		
Reserve for Payment of Bonds	65,842.00	
	3,367,383.35	3,367,383.35
Balance December 31, 2014		\$ <u><u>73,439.43</u></u>

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GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
\$								
Fund Balance	119.76							119.76
Capital Improvement Fund	105,046.94	30,000.00		19,000.00				116,046.94
Contracts Payable	1,249,638.58						1,473,654.90	1,473,654.90
Reserve for Payment of Bonds	556,834.43			65,842.00				490,992.43
Reserve for Payment of NJEIT Loan	62,116.00							62,116.00
Reserve for Preliminary Expenses		10,915.00						10,915.00
Reserve for Arbitrage Liability	1,699.33							1,699.33
Due from NJ Environmental Infrastructure Trust	(302,682.23)							(302,682.23)
Due from Water and Sewer Capital Fund	(2,431,852.85)	(400,000.00)						(2,431,852.85)
Grant Receivable								(400,000.00)
<b>Improvement Authorizations:</b>								
1208 Improve Lagoons and Basins	150.00							150.00
1228 Various Improvements:								
h. Improvement of Sedge Island	59,555.58							59,555.58
i. Improvement of Site 103	40,890.00			129,734.82		748.00	90,000.00	407.18
1249 Various Improvements:								
f. Funding Borough's Obligation for Affordable Housing	30,603.00					22,791.25		30,603.00
1293 Various Improvements								
b. Improve Borough Buildings and Property	-			8,606.07		683.25		-
c. Improve Beach Property	9,279.28							1,196.20
d. Improve Streets & Parking Lots	-					522.99		-
e. Improve 96th Street	33,113.17							33,113.17
1308 Various Improvements								
b. Improve Borough Buildings and Property	219,341.44			129,052.87		95,584.05	131,841.22	126,545.74
1332 Various Improvements:								
a. Vehicular Equipment for Borough Departments	-					1,096.25	1,096.25	-
b. Improve Borough Buildings and Property	-			40,890.00		125.53	53,150.05	12,134.52
c. Purchase of Fire Truck	7.25							7.25
d. Purchase Equipment - Various Borough Departments	-			(637.43)		36,632.37	36,632.37	637.43
e. Improve Streets & Parking Lots	-					588.02	-	-
f. Purchase Computer Equipment	-							-
g. Funding Borough's Obligation for Affordable Housing	-							-
1356 Various Improvements:	174,500.00							174,500.00
a. Vehicular Equipment for Borough Departments	0.00			(450.75)		7,222.55	7,222.55	450.75
b. Improve Borough Buildings and Property	37,307.75			10,141.34			16,905.38	44,071.79
c. Purchase Equipment - Various Borough Departments	-			196.31		223.49	419.80	-
d. Improve Streets and Locations	(230,231.68)							(230,231.68)
e. Purchase Computer Equipment	1,574.47			1,574.47		2,695.30	2,695.30	-
1369 Various Improvements:								
a. Vehicular Equipment for Borough Departments	-						408.00	408.00
b. Improve Borough Buildings								

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GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
and Property	-						6.79	6.79
c. Purchase Equipment - Various Borough Departments	20,004.72			20,004.72				-
d. Purchase Computer Equipment	10,966.74			9,966.74				1,000.00
Improvement to Water and Sewerage System - General Capital Portion	1,865,864.25			1,258,849.60		453,112.74	83,651.96	237,553.87
Various Improvements:								
a. Vehic. Equip. for Borough	(207,200.00)		204,000.00	35,095.89				(3,200.00)
b. Improve Borough Bldgs & Property	(484,791.29)		525,000.00	322,123.10		115,484.75	35,095.89	(79,184.31)
c. Purchase Equipment - Various Borough Departments	(229,799.96)		250,000.00	103,379.73		9,100.85	68,873.10	(23,407.44)
d. Purchase Computer Equipment	(18,500.32)		21,000.00					2,499.68
Various Improvements:								
a. Vehicular Equip. for Borough Dept's and Property	(349,871.59)		391,000.00	373,265.92		4,380.00	365,285.75	28,768.24
b. Improve Borough Buildings and Property	(6,346.83)		88,500.00	4,919.67		77,037.96	17.63	213.17
c. Purchase Equipment - Various Borough Departments	(98,928.16)		250,500.00	153,606.49		31,803.48	13,536.20	(20,301.93)
d. Purchase Computer Equipment	11,500.00		112,000.00	42,999.55		5,594.77		74,905.68
Various Improvements								
a. Vehicles		26,500.00	524,000.00	236,098.39		267,291.00		47,110.61
b. Improvements to Municipal Buildings		413,000.00	254,000.00	41,641.35		74,303.59		551,055.06
c. Various Equipment		4,500.00	80,000.00	56,000.00		31,000.00		(2,500.00)
d. Firefighting Equipment		26,000.00	500,000.00	305,482.50		236,155.70		(15,638.20)
	\$ 129,907.78	110,915.00	3,200,000.00	3,282,541.35	84,842.00	2,723,293.48	2,723,293.48	73,439.43

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**GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2013		\$ 105,046.94
Increased by:		
Current Fund Budget Appropriation	100,000.00	
		100,000.00
		205,046.94
Decreased by:		
Direct Charges Made for Preliminary Costs	19,000.00	
Appropriation to Finance Improvement Authorization	70,000.00	
		89,000.00
Balance December 31, 2014		\$ <u><u>116,046.94</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

	<u>Ref.</u>	
Balance December 31, 2013		\$ 22,212,525.02
Increased by:		
None		
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		-
		22,212,525.02
Decreased by:		
Serial Bonds Paid by Operating Budget	2,495,000.00	
NJEIT Loans Paid by Operating Budget	125,548.80	
NJEIT Loans de-Obligated	-	
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		2,620,548.80
Balance December 31, 2014		\$ <u><u>19,591,976.22</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	NJ/EIT Loan Canceled	Other	Balance Dec. 31, 2014	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1356	Various Improvements: d. Improve Streets and Locations	\$ 230,231.68				230,231.68	230,231.68	-	
1390	Improvement to Water and Sewerage System - General Capital Portion	-				117,418.37	117,418.37	-	
1398	Various Improvements: a. Vehicular Equip. for Borough Dept's b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	207,200.00 - 1,111,300.00 - 278,000.00 21,500.00 -				207,200.00 - 1,111,300.00 - 278,000.00 21,500.00 -	204,000.00 - 525,000.00 - 250,000.00 21,000.00 -	- - 586,300.00 - 28,000.00 500.00 -	
1417	Various Improvements a. Vehicular Equipment b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	- 391,000.00 - 88,500.00 - 293,000.00 226,500.00				- 391,000.00 - 88,500.00 - 293,000.00 226,500.00	391,000.00 - 88,500.00 - 250,500.00 112,000.00	- - - - 42,500.00 114,500.00	
1436	Various Improvements a: Vehicles b: Improvements to Municipal Buildings c: Various Equipment d: Firefighting Equipment		524,000.00 254,000.00 83,000.00 517,000.00			524,000.00 254,000.00 83,000.00 517,000.00	524,000.00 254,000.00 80,000.00 500,000.00	- - 3,000.00 17,000.00	
1449	Improvements to Water & Sewerage System		2,000,000.00			2,000,000.00		2,000,000.00	
		\$ 2,964,650.05	3,378,000.00	-	-	6,342,650.05	3,200,000.00	350,850.05	2,791,800.00

See Accompanying Auditor's Report

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Other Funding	Deferred Charges to Future Taxation	Prior Year Encumbrances Cancelled	Paid or Charged	Balance December 31, 2014	
				Funded	Unfunded					Funded	Unfunded
1208	Improve Lagoons and Basins	4/6/2004	300,000.00 \$	150.00						150.00	
1228	Various Improvements: h. Improvement of Sedge Island i. Improvement of Site 103	3/1/2005	4,059,000.00	59,555.58 40,890.00					40,482.82	59,555.58 407.18	
1249	Various Improvements: f. Funding Borough's Obligation for Affordable Housing	3/7/2006	2,450,000.00	30,603.00						30,603.00	
1293	Various Improvements b. Improve Borough Buildings and Property c. Improve Beach Property d. Improve Streets and Parking Lots e. Improve 96th Street	8/3/2007	3,300,000.00	- 9,279.28 -	33,113.17			8,083.08		1,196.20 -	33,113.17
1308	Various Improvements a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property	4/1/2008	3,950,000	-	219,341.44			92,795.70		126,545.74	
1332	Various Improvements a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property c. Purchase of Fire Truck d. Purchase Equipment - Various Borough Departments e. Improve Streets and Parking Lots f. Purchase Computer Equipment g. Funding Borough's Obligation for Affordable Housing	3/17/2009	2,900,000	- -	7.25			12,134.52		12,134.52 7.25	
1356	Various Improvements a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Improve Streets and Locations e. Purchase Computer Equipment	3/16/2010	2,400,000	-	37,307.75			637.43		637.43	
1369	Various Improvements a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	3/1/2011	2,250,000 \$	-	1,574.47			1,574.47			
1390	Improvement to Water and Sewer	10/18/2011	2,600,000	-	-			408.00 6.79		408.00 6.79	
				20,004.72 10,966.74				20,004.72 9,966.74		- 1,000.00	

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Other Funding	Deferred Charges to Future Taxation	Prior Year Encumbrances Cancelled	Paid or Charged	Balance December 31, 2014	
				Funded	Unfunded					Funded	Unfunded
				Authorizations						Funded	Unfunded
				1,865,864.25	117,418.37				1,700,679.01	282,603.61	
1398	System - General Capital Portion Various Improvements a. Vehicular Equipment b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	3/6/2012	1,700,000		626,508.71				119,393.02	507,115.69	
					48,200.04				43,607.48	4,582.56	2,999.68
1417	Various Improvements a. Vehicular Equipment b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	3/19/2013	1,050,000		41,128.41				12,360.17	28,768.24	
					82,153.17				81,940.00	213.17	
					194,071.84				171,873.71	22,198.13	
				11,500.00	226,500.00				48,594.32	11,333.33	178,072.35
1436	Various Improvements a: Vehicles b: Improvements to Municipal Buildings c: Various Equipment d: Firefighting Equipment								503,389.39	47,610.61	
									115,944.94	297,055.06	254,000.00
									87,000.00	-	-
									541,638.20	1,361.80	
1449	Improvements to Water & Sewerage System						2,000,000.00			2,000,000.00	
							3,848,000.00	20,401.53	3,599,327.77	793,175.79	3,329,535.84
				\$ 2,514,657.65	1,338,980.22						

See Accompanying Auditor's Report



**GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
General Bonds of 2006	8/15/2006	13,994,000	8/15/15-17	1,640,000.00	4.00%	8,154,000.00		1,590,000.00	6,564,000.00
			8/15/18	1,644,000.00	4.00%				
General Bonds of 2011	11/1/2011	12,750,000	11/01/15	945,000.00	2.00%	11,060,000.00		905,000.00	10,155,000.00
			11/01/16	985,000.00	3.00%				
			11/01/17	1,025,000.00	3.00%				
			11/01/18	1,075,000.00	3.00%				
			11/01/19	1,125,000.00	3.00%				
			11/01/20	1,175,000.00	3.00%				
			11/01/21	1,225,000.00	3.00%				
11/01/22	1,275,000.00	3.00%							
			11/01/23	1,325,000.00	3.125%				
						\$ 19,214,000.00	-	2,495,000.00	16,719,000.00

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Balance Date	Amount					
NJEIT 2010B Trust Loan CW - General Capital Portion 78.7685076%	12/2/2010	728,445.65			5.00% \$	673,307.69			673,307.69
			11,652.23	-	5.00%				
			8/1/2016 *	35,445.83		5.00%			
			8/1/2017	35,445.83		5.00%			
			8/1/2018	39,384.25		5.00%			
			8/1/2019	39,384.25		5.00%			
			8/1/2020	39,384.25		5.00%			
			8/1/2021	43,322.68		5.00%			
			8/1/2022	43,322.68		5.00%			
			8/1/2023	47,261.10		5.00%			
			8/1/2024	51,199.53		5.00%			
			8/1/2025	51,199.53		5.00%			
			8/1/2026	55,137.96		5.00%			
			8/1/2027	59,076.38		5.00%			
			8/1/2028	63,014.81		5.00%			
			8/1/2030						
	NJEIT 2010B Fund Loan CW - General Capital Portion 78.7685076%	12/2/2010	643,527.55			0.00%	599,370.43		44,157.09
			14,719.03						
			8/1/2015	29,438.06					
			2/1/2016	14,719.03					
			8/1/2016	29,438.06					
			2/1/2017	14,719.03					
			8/1/2017	29,438.06					
			2/1/2018	14,719.03					
			8/1/2018	29,438.06					
			2/1/2019	14,719.03					
			8/1/2019	29,438.06					
			2/1/2020	14,719.03					
			8/1/2020	29,438.06					
			2/1/2021	14,719.03					
			8/1/2021	29,438.06					
			2/1/2022	14,719.03					
			8/1/2022	29,438.06					
		2/1/2023	14,719.03						
		8/1/2023	29,438.06						
		2/1/2024	14,719.03						
		8/1/2024	29,438.06						
		2/1/2025	14,719.03						
		8/1/2025	29,438.06						
		2/1/2026	14,719.03						
		8/1/2026	29,438.06						
		2/1/2027	14,719.03						
		8/1/2027	10,609.23						
		2/1/2028 *	-						

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014	
			Balance Date	Amount						
NJEIT 2010B Fund Loan CW - General Capital Portion 78.7685076%	12/2/2010	643,527.55	8/1/2028 *	-	4.000%	56,584.37			54,526.76	
			2/1/2029 *	-						
			8/1/2029 *	-						
			2/1/2030 *	-						
			8/1/2030 *	-						
			8/1/2015	2,057.61						5.000%
			8/1/2016	2,057.61						5.000%
			8/1/2017	2,057.61						5.000%
			8/1/2018	3,086.42						5.000%
			8/1/2019	3,086.42						5.000%
			8/1/2020	3,086.42						5.000%
			8/1/2021	3,086.42						5.000%
			8/1/2022	3,086.42						5.000%
8/1/2023	3,086.42	5.000%								
8/1/2024	3,086.42	5.000%								
8/1/2025	3,086.42	5.000%								
8/1/2026	3,086.42	5.000%								
8/1/2027	3,086.42	3.000%								
8/1/2028	3,086.42	3.000%								
8/1/2029	4,115.23	3.125%								
8/1/2030	5,144.03	3.200%								
8/1/2031	5,144.03	3.250%								
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%	5/3/2012	58,641.98	2/1/2015	3,197.96	0.000%	172,690.05		9,593.89	163,096.16	
			8/1/2015	6,395.93						
			2/1/2016	3,197.96						
			8/1/2016	6,395.93						
			2/1/2017	3,197.96						
			8/1/2017	6,395.93						
			2/1/2018	3,197.96						
			8/1/2018	6,395.93						
			2/1/2019	3,197.96						
			8/1/2019	6,395.93						
			2/1/2020	3,197.96						
			8/1/2020	6,395.93						
			2/1/2021	3,197.96						
8/1/2021	6,395.93									
2/1/2022	3,197.96									
8/1/2022	6,395.93									
2/1/2023	3,197.96									
8/1/2023	6,395.93									

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Balance Date	Amount					
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%	5/3/2012	188,679.87	2/1/2024	3,197.96	4.000%	734,711.09			707,296.50
			8/1/2024	6,395.93					
			2/1/2025	3,197.96					
			8/1/2025	6,395.93					
			2/1/2026	3,197.96					
			8/1/2026	6,395.93					
			2/1/2027	3,197.96					
			8/1/2027	6,395.93					
			2/1/2028	3,197.96					
			8/1/2028	6,395.93					
			2/1/2029	3,197.96					
			8/1/2029	6,395.93					
			2/1/2030	3,197.96					
8/1/2030	6,395.93								
2/1/2031	3,197.96								
8/1/2031	6,395.93								
NJEIT 2012A Trust Loan CW-General Capital 54.8291860%	5/3/2012	762,125.69	8/1/2015	27,414.59	5.000%	761,861.39		42,325.62	719,535.77
			8/1/2016	30,156.05					
			8/1/2017	30,156.05					
			8/1/2018	32,897.51					
			8/1/2019	32,897.51					
			8/1/2020	35,638.97					
			8/1/2021	38,380.43					
			8/1/2022	38,380.43					
			8/1/2023	41,121.89					
			8/1/2024	43,863.35					
			8/1/2025	43,863.35					
			8/1/2026	46,604.81					
			8/1/2027	49,346.27					
8/1/2028	52,087.73								
8/1/2029	52,087.73								
8/1/2030	54,829.19								
8/1/2031	57,570.65								
NJEIT 2012A Fund Loan CW-General Capital 54.8291860%	5/3/2012	832,404.09	2/1/2015	14,108.54	0.000%				
			8/1/2015	28,217.08					
			2/1/2016	14,108.54					
			8/1/2016	28,217.08					
			2/1/2017	14,108.54					
8/1/2017	28,217.08								

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Balance Date	Outstanding December 31, 2014	Amount					
NJ/EIT 2012A Fund Loan CW-General Capital	5/3/2012	832,404.09	2/1/2018	14,108.54						
			8/1/2018	28,217.08						
			2/1/2019	14,108.54						
			8/1/2019	28,217.08						
			2/1/2020	14,108.54						
			8/1/2020	28,217.08						
			2/1/2021	14,108.54						
			8/1/2021	28,217.08						
			2/1/2022	14,108.54						
			8/1/2022	28,217.08						
			2/1/2023	14,108.54						
			8/1/2023	28,217.08						
			2/1/2024	14,108.54						
			8/1/2024	28,217.08						
2/1/2025	14,108.54									
8/1/2025	28,217.08									
2/1/2026	14,108.54									
8/1/2026	28,217.08									
2/1/2027	14,108.54									
8/1/2027	28,217.08									
2/1/2028	14,108.54									
8/1/2028	28,217.08									
2/1/2029	14,108.54									
8/1/2029	28,217.08									
2/1/2030	14,108.54									
8/1/2030	28,217.08									
2/1/2031	14,108.54									
8/1/2031	28,217.08									
						\$ 2,998,525.02		125,548.80	2,872,976.22	
								Loans Paid by Budget Appropriation	125,548.80	
								NJ/EIT Loans Canceled	-	
								<u>125,548.80</u>	<u>125,548.80</u>	

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Various Improvements		11/7/2014	11/7/2014	11/6/2015	1.000% \$		2,600,000.00		2,600,000.00
Various Improvements		12/31/2014	12/31/2014	12/30/2015	0%		600,000.00		600,000.00
					\$	-	3,200,000.00	-	3,200,000.00

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	BANs Issued	Balance Dec. 31, 2014
1356	Various Improvements: d. Improve Streets and Locations	\$ 230,231.68			230,231.68
1390	Improvement of Water and Sewerage System - General Capital Portion	117,418.37			117,418.37
1398	Various Improvements: a. Vehicular Equip. for Borough Dept's b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	207,200.00 1,111,300.00 278,000.00 21,500.00		204,000.00 525,000.00 250,000.00 21,000.00	3,200.00 586,300.00 28,000.00 500.00
1417	Various Improvements: a. Vehicular Equip. for Borough Dept's b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	391,000.00 88,500.00 293,000.00 226,500.00		391,000.00 88,500.00 250,500.00 112,000.00	- - 42,500.00 114,500.00
1436	Various Improvements a: Vehicles b: Improvements to Municipal Buildings c: Various Equipment d: Firefighting Equipment		524,000.00 254,000.00 83,000.00 517,000.00	524,000.00 254,000.00 80,000.00 500,000.00	- - 3,000.00 17,000.00
1449	Improvements to Water & Sewerage System		2,000,000.00		2,000,000.00
		<u>\$ 2,964,650.05</u>	<u>3,378,000.00</u>	<u>3,200,000.00</u>	<u>3,142,650.05</u>

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2013	\$	381,060.70	960,468.83
Increased by Receipts:			
Collector		3,146,141.33	
Fire Hydrant Service		2,800.00	
Interest Earned on Investments		674.48	
Overpayments			
Budget Appropriation			-
NJEIT Drawdowns - Series 2010B			-
NJEIT Drawdowns - Series 2012A			-
NJEIT Drawdowns - Series 2012ABC			-
		<u>3,149,615.81</u>	<u>-</u>
		3,530,676.51	960,468.83
Decreased by Disbursements:			
Current Year Appropriation		2,369,100.14	
Prior Year Appropriations		69,779.59	
Accrued Interest on Bonds and Notes		241,834.67	
Due to Current Fund			-
Due to General Capital Fund			-
Improvement Authorizations			512,560.44
		<u>2,680,714.40</u>	<u>512,560.44</u>
Balance December 31, 2014	\$	<u><u>849,962.11</u></u>	<u><u>447,908.39</u></u>

See Accompanying Auditor's Report



**WATER AND SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
	Dec. 31, 2013		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 34,616.39								34,616.39
Capital Improvement Fund	3,575.77								3,575.77
Encumbrances Payable	487,230.41						487,230.41	1,268,739.38	1,268,739.38
Due to General Capital Fund	2,431,852.85								2,431,852.85
Due from N.J. Environ. Infrastructure Trust	(348,568.77)								(348,568.77)
<b>Improvement Authorizations:</b>									
1134 Improvement to Water Supply and Distribution System	-				9,598.50		83.45	9,681.95	-
1280 Various Improvements a. Vehicular Equipment	-							16.00	16.00
1309 Various Improvements b. Purchase of Equipment	(1,317.50)							546.60	(770.90)
1333 Various Improvements a. Reconstruction/Renovation of Roof of Water Plant	16,383.96					7,793.00		7,793.00	16,383.96
1342 Improvement of the Water and Sewerage System	(577,285.32)			14,900.00		26,658.72		41,687.40	(577,126.64)
1370 Various Improvements that include the Purchase and Installation of a New Generator at the 114th St Pump Station and Installation of New Fire Hydrants	35,791.91			37,003.91				645.00	(567.00)
1391 Improvement of the Water and Sewerage System	(240,661.52)					48,444.94		48,444.94	(240,661.52)
1399 Various Improvements a. Water Tower Rehabilitation b. Water/Sewer Equipment c. 95th Street Well Reconstruction	(539,000.00) (97,000.00) (114,000.00)			57,350.00 59,025.78		17,760.19 5,340.00 25,179.51		17,760.19 62,700.48 105,705.29	(539,000.00) (96,989.52) (92,500.00)
1418 Various Improvements that include a new South End well, the upgrade of the dewatering system, the removal of outfall pipes and the installation of new water and sewer mains	(131,169.35)			266,474.64		829,402.52		192,239.56	(1,034,806.95)
1437 Various Improvements a. Purchase Vehicles b. Purchase Equipment c. Upgrade Dewatering Equipment d. Purchase of Computer Equipment				4,455.00 27,797.38 25,886.82 8,628.41		237,545.00 23,643.50 46,888.55		(242,000.00) (51,440.88) (72,775.37) (8,628.41)	
1450 Improvement of Water and Sewerage System				1,440.00					(1,440.00)
	\$ 960,468.83			512,560.44		1,755,969.79		1,755,969.79	447,908.39

**WATER AND SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	
Balance December 31, 2013		\$ -
Increased by Receipts:		
Consumer Accounts Receivable:		
Water Rents	1,437,017.27	
Sewer Rents	1,497,708.48	
Private Fire Protection	12,503.42	
Overpayments	47,999.12	
Penalties	5,456.38	
Miscellaneous	<u>145,456.66</u>	
		<u>3,146,141.33</u>
		3,146,141.33
Payments to Treasurer		<u>3,146,141.33</u>
Balance December 31, 2014		\$ <u><u>-</u></u>

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	
Balance December 31, 2013		\$ 59,343.05
Increased by Receipts:		
Water Rents Levied	1,457,149.05	
Sewer Rents Levied	1,530,529.78	
Private Fire Protection Fees Levied	<u>12,345.42</u>	
		<u>3,000,024.25</u>
		3,059,367.30
Decreased by Disbursements:		
Collections - Water	1,437,017.27	
Collections - Sewer	1,497,708.48	
Collections - Private Fire Protection	12,503.42	
Overpayments Applied - Water	13,642.57	
Overpayments Applied - Sewer	30,522.41	
Overpayments Applied - Private Fire Protection	<u>-</u>	
		<u>2,991,394.15</u>
Balance December 31, 2014		\$ <u><u>67,973.15</u></u>

**WATER AND SEWER UTILITY OPERATING FUND  
SCHEDULE OF UTILITY LIENS**

	<u>Ref.</u>	
Balance December 31, 2013		\$
Increased by Receipts:		
No Activity in 2014		
	<u>-</u>	<u>-</u>
Decreased by Disbursements:		
No Activity in 2014		
	<u>-</u>	<u>-</u>
Balance December 31, 2014		\$ <u><u>-</u></u>

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**WATER AND SEWER UTILITY OPERATING FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	12,732.39	12,732.39	10,323.31	2,409.08	-
Other Expenses	85,609.30	85,609.30	49,216.70	36,392.60	-
Cape May County MUA	9,277.00	9,277.00	9,277.00	-	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	2,390.05	2,390.05	826.07	1,563.98	-
Unemployment	382.31	382.31	136.51	245.80	-
	<u>\$ 110,391.05</u>	<u>110,391.05</u>	<u>69,779.59</u>	<u>40,611.46</u>	<u>-</u>

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**WATER AND SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES  
AND ANALYSIS OF BALANCE**

	<u>Ref.</u>	
Balance December 31, 2013		\$ 79,633.35
Increased by:		
Budget Appropriations:		
Interest on Bonds		136,043.48
Interest on NJEIT Loans		95,361.26
		231,404.74
		311,038.09
Decreased By:		
Payments of Debt Service Interest		241,834.67
		69,203.42
Balance December 31, 2014		\$ 69,203.42

Analysis of Accrued Interest December 31, 2014

	Principal Outstanding December 31, 2014	Interest Rate	From	To	Days	Amount
<u>Serial Bonds and Loans</u>						
	2,180,000.00	Var.	8/16/2014	12/31/2014	138	32,700.00
	1,335,000.00	Var.	11/10/2014	12/31/2014	61	6,493.68
	150,000.00	Var.	8/1/2014	12/31/2014	153	2,676.46
	605,000.00	Var.	8/1/2014	12/31/2014	153	10,970.89
	145,000.00	Var.	8/1/2014	12/31/2014	153	2,328.26
	1,175,490.27	Var.	8/1/2014	12/31/2014	153	10,306.85
	840,024.28	Var.	8/1/2014	12/31/2014	153	3,727.28
						69,203.42
						69,203.42

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**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Authorizations		Deferred Charges to Future Taxation	Prior Encumbrances Cancelled	Paid or Charged	Balance December 31, 2014	
				Funded	Unfunded	Other Funding	Funded				Unfunded	
1280	Various Improvements a. Vehicular Equipment	3/12/2007	640,000 \$	-	-	-	-	16.00	-	-	16.00	-
1309	Various Improvements b. Purchase of Equipment	4/1/2008	1,250,000	-	-	-	-	546.60	-	-	546.60	-
1333	Various Improvements a. Reconstruction/Renovation of Roof of Water Plant	3/17/2009	300,000	16,383.96	-	-	-	-	-	-	16,383.96	-
1342	Improvement of the Water and Sewerage System	9/15/2009	3,000,000	-	-	-	-	138.68	-	-	-	138.68
1370	Various Improvements that include the Purchase and Installation of a New Generator at the 114th St. Pump Station and Installation of New Fire Hydrants	3/1/2011	65,000	-	36,358.91	-	-	-	-	36,358.91	-	-
1399	Various Improvements b. Water/Sewer Equipment c. 96th Street Well Reconstruction	3/6/2012	750,000	-	-	-	-	10.48	21,500.00	-	-	10.48 21,500.00
1418	Various Improvements that include a new South End well, the upgrade of the dewatering system, the removal of outfall pipes and the installation of new water and sewer mains	3/19/2013	1,650,000	-	1,424,663.26	-	-	-	-	903,637.60	-	521,025.66
1437	Various Improvements a. Purchase Vehicles b. Various Equipment c. Upgrade Dewatering System d. Purchase of Computer Equipment		242,000 120,000 242,000 16,000	-	-	-	-	242,000.00 120,000.00 242,000.00 16,000.00	-	242,000.00 51,440.88 72,775.37 8,628.41	-	- 68,559.12 169,224.63 7,371.59
1450	Improvement of Water and Sewerage System		4,000,000	-	-	-	-	4,000,000.00	-	1,440.00	-	3,998,560.00
			\$	16,383.96	1,461,022.17	-	-	4,620,000.00	22,211.76	1,316,281.17	16,930.56	4,786,406.16

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014				Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount	Interest Rate	Balance Dec. 31, 2013					
Water & Sewer Utility Bonds of 2006	08/15/06	3,450,000	08/15/15	330,000.00	4.00%	\$	2,500,000.00		320,000.00	2,180,000.00	
			08/15/16	345,000.00	4.00%						
			08/15/17	360,000.00	4.00%						
			08/15/18	375,000.00	4.00%						
Water & Sewer Utility Bonds of 2011	11/1/2011	1,620,000	08/15/19	390,000.00	4.00%		1,435,000.00		100,000.00	1,335,000.00	
			08/15/20	380,000.00	4.00%						
			11/01/15	110,000.00	2.00%						
			11/01/16	120,000.00	3.00%						
			11/01/17	130,000.00	3.00%						
			11/01/18	140,000.00	3.00%						
			11/01/19	150,000.00	3.00%						
			11/01/20	160,000.00	3.00%						
			11/01/21	170,000.00	3.00%						
			11/01/22	175,000.00	3.00%						
			11/01/23	180,000.00	3.125%						
						\$	3,935,000.00	-	420,000.00	3,515,000.00	

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**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
NJEIT 2007A Trust Loan	11/8/2007	920,000.00	8/1/2015	45,000.00	5.00% \$	755,000.00		40,000.00	715,000.00
			8/1/2016	45,000.00	5.00%				
			8/1/2017	45,000.00	5.00%				
			8/1/2018	50,000.00	5.00%				
			8/1/2019	50,000.00	4.00%				
			8/1/2020	50,000.00	4.00%				
			8/1/2021	55,000.00	5.00%				
			8/1/2022	55,000.00	5.00%				
			8/1/2023	60,000.00	4.25%				
			8/1/2024	60,000.00	4.50%				
			8/1/2025	60,000.00	4.50%				
			8/1/2026	70,000.00	4.50%				
			8/1/2027	70,000.00	4.25%				
NJEIT 2007A Fund Loan	11/8/2007	901,733.00	2/1/2015	10,399.95	0.00%	654,007.70		47,013.03	606,994.67
			8/1/2015	38,890.61					
			2/1/2016	9,687.68					
			8/1/2016	38,178.35					
			2/1/2017	8,975.42					
			8/1/2017	37,466.08					
			2/1/2018	8,263.15					
			8/1/2018	39,942.22					
			2/1/2019	7,471.18					
			8/1/2019	39,150.24					
			2/1/2020	6,837.59					
			8/1/2020	38,516.66					
			2/1/2021	6,204.01					
			8/1/2021	41,071.49					
		2/1/2022	5,332.33						
		8/1/2022	40,199.80						
		2/1/2023	4,460.64						
		8/1/2023	42,516.52						
		2/1/2024	3,651.95						
		8/1/2024	41,707.83						
		2/1/2025	2,795.70						
		8/1/2025	40,851.58						
		2/1/2026	1,939.44						
		8/1/2026	46,269.63						
		2/1/2027	942.01						
		8/1/2027	45,272.61						

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**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014								
			Date	Amount													
NJ/EIT 2010A Trust Loan DW & CW	3/10/2010	707,506.00	8/1/2015	30,000.00	0.000%	672,506.00		7,506.00	665,000.00								
			8/1/2016	30,000.00													
			8/1/2017	35,000.00													
			8/1/2018	40,000.00													
			8/1/2019	40,000.00													
			8/1/2020	45,000.00													
			8/1/2021	45,000.00													
			8/1/2022	45,000.00													
			8/1/2023	45,000.00													
			8/1/2024	50,000.00													
			8/1/2025	50,000.00													
			8/1/2026	50,000.00													
			8/1/2027	50,000.00													
			8/1/2028	55,000.00													
			8/1/2029	55,000.00													
			NJ/EIT 2010A Fund Loan DW & CW	3/10/2010						2,023,865.00	2/1/2015	40,229.93	0.000%	1,581,335.77		120,689.79	1,460,645.98
											8/1/2015	80,459.86					
											2/1/2016	40,229.93					
											8/1/2016	80,459.86					
											2/1/2017	40,229.93					
											8/1/2017	80,459.86					
											2/1/2018	40,229.93					
											8/1/2018	80,459.86					
											2/1/2019	40,229.93					
											8/1/2019	80,459.86					
			2/1/2020	40,229.93													
			8/1/2020	80,459.86													
2/1/2021	40,229.93																
8/1/2021	80,459.86																
2/1/2022	40,229.93																
8/1/2022	80,459.86																
2/1/2023	40,229.93																
8/1/2023	80,459.86																
2/1/2024	40,229.93																
8/1/2024	80,459.86																
2/1/2025	40,229.93																
8/1/2025	80,459.86																
2/1/2026	40,229.93																
8/1/2026	21,464.36																
2/1/2027	7,929.32																

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
NJEIT 2010A Fund Loan DW & CW	3/10/2010	2,023,865.00	8/1/2027	15,858.64	5.00%	181,485.32			181,485.32
			2/1/2028	7,929.32					
			8/1/2028	15,858.64					
			2/1/2029	7,929.32					
			8/1/2029	15,858.76					
NJEIT 2010B Trust Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	196,347.36	8/1/2015	-	5.00%	181,485.32			181,485.32
			8/1/2016	3,140.77	5.00%				
			8/1/2017	9,554.17	5.00%				
			8/1/2018	9,554.17	5.00%				
			8/1/2019	10,615.75	5.00%				
			8/1/2020	10,615.75	5.00%				
			8/1/2021	10,615.75	5.00%				
			8/1/2022	11,677.32	5.00%				
			8/1/2023	11,677.32	5.00%				
			8/1/2024	12,738.90	5.00%				
			8/1/2025	13,800.47	5.00%				
			8/1/2026	13,800.47	5.00%				
			8/1/2027	14,862.04	5.00%				
			8/1/2028	15,923.62	5.00%				
			8/1/2029	15,923.63	5.00%				
				8/1/2030	16,985.20				
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	193,295.32	2/1/2015	3,967.41	0.00%	161,556.04			149,653.81
			8/1/2015	7,934.82					
			2/1/2016	3,967.41					
			8/1/2016	7,934.82					
			2/1/2017	3,967.41					
			8/1/2017	7,934.82					
			2/1/2018	3,967.41					
			8/1/2018	7,934.82					
			2/1/2019	3,967.41					
			8/1/2019	7,934.82					
			2/1/2020	3,967.41					
			8/1/2020	7,934.82					
			2/1/2021	3,967.41					
			8/1/2021	7,934.82					
			2/1/2022	3,967.41					
			8/1/2022	7,934.82					
		2/1/2023	3,967.41						
		8/1/2023	7,934.82						
		2/1/2024	3,967.41						
		8/1/2024	7,934.82						
			2/1/2025	3,967.41					

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**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	193,295.32	8/1/2025	7,934.82	4.000%	218,415.63		7,942.39	210,473.24
			2/1/2026	3,967.41					
			8/1/2026	7,934.82					
			2/1/2027	3,967.41					
			8/1/2027 **	2,859.64					
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	226,368.02	8/1/2015	7,942.39	4.000%	666,583.46		37,032.48	629,550.98
			8/1/2016	7,942.39	5.000%				
			8/1/2017	7,942.39	5.000%				
			8/1/2018	11,913.58	5.000%				
			8/1/2019	11,913.58	5.000%				
			8/1/2020	11,913.58	5.000%				
			8/1/2021	11,913.58	5.000%				
			8/1/2022	11,913.58	5.000%				
			8/1/2023	11,913.58	5.000%				
			8/1/2024	11,913.58	5.000%				
			8/1/2025	11,913.58	5.000%				
			8/1/2026	11,913.58	5.000%				
			8/1/2027	11,913.58	3.000%				
8/1/2028	11,913.58	3.000%							
8/1/2029	15,884.77	3.125%							
8/1/2030	19,855.97	3.200%							
8/1/2031	19,855.97	3.250%							
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	728,304.13	2/1/2015	12,344.14	0.000%	666,583.46		37,032.48	629,550.98
			8/1/2015	24,688.27					
			2/1/2016	12,344.14					
			8/1/2016	24,688.27					
			2/1/2017	12,344.14					
			8/1/2017	24,688.27					
			2/1/2018	12,344.14					
			8/1/2018	24,688.27					
			2/1/2019	12,344.14					
			8/1/2019	24,688.27					
			2/1/2020	12,344.14					
			8/1/2020	24,688.27					
			2/1/2021	12,344.14					
8/1/2021	24,688.27								
2/1/2022	12,344.14								
8/1/2022	24,688.27								
2/1/2023	12,344.14								
8/1/2023	24,688.27								

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**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	728,304.13	2/1/2024	12,344.14					
			8/1/2024	24,688.27					
			2/1/2025	12,344.14					
			8/1/2025	24,688.27					
			2/1/2026	12,344.14					
			8/1/2026	24,688.27					
			2/1/2027	12,344.14					
			8/1/2027	24,688.27					
			2/1/2028	12,344.14					
			8/1/2028	24,688.27					
			2/1/2029	12,344.14					
			8/1/2029	24,688.27					
			2/1/2030	12,344.14					
			8/1/2030	24,688.27					
			2/1/2031	12,344.14					
		8/1/2031	24,688.27						
NJEIT 2012A Trust Loan CW-Water/Sewer 45.1708140%	5/3/2012	627,874.31	8/1/2015	22,585.41	4.000%	605,288.90		22,585.41	582,703.49
			8/1/2016	24,843.95	5.000%				
			8/1/2017	24,843.95	5.000%				
			8/1/2018	27,102.49	5.000%				
			8/1/2019	27,102.49	5.000%				
			8/1/2020	29,361.03	5.000%				
			8/1/2021	31,619.57	5.000%				
			8/1/2022	31,619.57	5.000%				
			8/1/2023	33,878.11	5.000%				
			8/1/2024	36,136.65	5.000%				
			8/1/2025	36,136.65	5.000%				
			8/1/2026	38,395.19	5.000%				
			8/1/2027	40,653.73	3.000%				
			8/1/2028	42,912.27	3.000%				
			8/1/2029	42,912.27	3.125%				
		8/1/2030	45,170.81	3.200%					
		8/1/2031	47,429.35	3.250%					
NJEIT 2012A Fund Loan CW-Water/Sewer 45.1708140%	5/3/2012	685,772.91	2/1/2015	11,623.27	0.000%	627,656.56		34,869.81	592,786.75
			8/1/2015	23,246.54					
			2/1/2016	11,623.27					
			8/1/2016	23,246.54					
			2/1/2017	11,623.27					
		8/1/2017	23,246.54						
		2/1/2018	11,623.27						

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WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount	Outstanding December 31, 2014					
NJ/EIT 2012A Fund Loan CW-Water/Sewer 45.1708140%	5/3/2012	685,772.91	8/1/2018	23,246.54						
			2/1/2019	11,623.27						
			8/1/2019	23,246.54						
			2/1/2020	11,623.27						
			8/1/2020	23,246.54						
			2/1/2021	11,623.27						
			8/1/2021	23,246.54						
			2/1/2022	11,623.27						
			8/1/2022	23,246.54						
			2/1/2023	11,623.27						
			8/1/2023	23,246.54						
			2/1/2024	11,623.27						
			8/1/2024	23,246.54						
			2/1/2025	11,623.27						
			8/1/2025	23,246.54						
			2/1/2026	11,623.27						
			8/1/2026	23,246.54						
			2/1/2027	11,623.27						
			8/1/2027	23,246.54						
		2/1/2028	11,623.27							
		8/1/2028	23,246.54							
		2/1/2029	11,623.27							
		8/1/2029	23,246.54							
		2/1/2030	11,623.27							
		8/1/2030	23,246.54							
		2/1/2031	11,623.27							
		8/1/2031	23,246.54							
						\$ 6,123,835.38	-	329,541.14	5,794,294.24	
							Paid by Budget Appropriation	329,541.14		
							Loans Canceled	-		
								329,541.14		

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	NJ/EIT Loan Canceled	Balance Dec. 31, 2014
1342	Improvement of the Water and Sewerage System	\$ 577,265.32				577,265.32
1370	Various Improvements that include the Purchase and Installation of a New Generator at the 114th St. Pump Station and Installation of New Fire Hydrants	567.00				567.00
1391	Improvement of the Water and Sewerage System	226,811.63				226,811.63
1399	Various Improvements a. Water Tower Rehabilitation b. Water/Sewer Equipment c. Wells Reconstruction	539,000.00 97,000.00 114,000.00				539,000.00 97,000.00 114,000.00
1418	Various Improvements that include a new South End well, the upgrade of the dewatering system, the removal of outfall pipes and the installation of new water and sewer mains	1,571,000.00				1,571,000.00
1437	Various Improvements a: Purchase Vehicles b: Various Equipment c: Upgrade Dewatering System d: Purchase of Computer Equipment		242,000.00 120,000.00 242,000.00 16,000.00			242,000.00 120,000.00 242,000.00 16,000.00
1450	Improvement of Water and Sewerage System		4,000,000.00			4,000,000.00
		<u>\$ 3,125,643.95</u>	<u>4,620,000.00</u>	<u>-</u>	<u>-</u>	<u>7,745,643.95</u>

See Accompanying Auditor's Report

**BOROUGH OF STONE HARBOR**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

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## GENERAL COMMENTS

### **Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4**

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$29,000, except by contract or agreement". Effective July 1, 2010, the bid threshold was increased to \$36,000 for municipalities with a Qualified Purchasing Agent.

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated the following contracts were bid in 2014: 2014 Road Work, Marina Breakwater replacement, purchase of a dump truck, purchase of a water/sewer truck, purchase of a street sweeper, furnishing a refuse truck, and Freedom Park.

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

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

My examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$36,000 "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

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

**BE IT RESOLVED** by the Mayor and Council of the Borough of Stone Harbor, County of Cape May and State of New Jersey, that the interest penalty for delinquent taxes shall be 8% per annum on the first \$1,500 of delinquency and 18% per annum on any amount in excess of \$1,500, on each parcel of land by block and lot, and

**BE IT FURTHER RESOLVED** that no interest be charged if payment of any installment is made within ten (10) calendar days after the date on which same is payable, said ten (10) calendar days to be straight calendar days, and if the tenth day falls on a Saturday, Sunday or legal holiday, then the grace period shall extend to the next business day; and

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 10, 2014 and was complete. There were no properties in bankruptcy as of December 31, 2014.

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

<u>Year</u>	<u>Number of Liens</u>
2014	-
2013	-
2012	-

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2014 and 2015 Taxes	5
Delinquent Taxes	5
Payment of Utility Charges	5
Delinquent Utility Charges	5

**Comparison of Tax Levies and Collections Currently**

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

<u>Year</u>	<u>Currently</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2014	\$ 23,072,256	22,703,972	98.39%
2013	22,601,796	22,254,427	98.46%
2012	22,312,347	21,945,022	98.35%
2011	21,257,653	20,905,180	98.34%
2010	20,908,844	20,564,855	98.35%

**Comparative Schedule of Tax Rate Information**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	0.518	0.509	0.502	0.479	0.472
Apportionment of Tax Rate:					
Municipal	0.232	0.224	0.216	0.202	0.198
County	0.230	0.232	0.235	0.226	0.223
Local School	0.056	0.053	0.051	0.051	0.051
Assessed Valuation	4,418,454,825	4,423,378,939	4,435,159,991	4,428,270,227	4,422,259,103

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### Delinquent Taxes and Tax Title Liens

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

<u>Year</u>		<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2014	\$	-	225,626	225,626	0.98%
2013		-	210,881	210,881	0.93%
2012		-	268,333	268,333	1.20%
2011		-	337,824	337,824	1.59%
2010		-	332,103	332,103	1.59%

### Uniform Construction Code

The Borough of Stone Harbor construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b)2 and NJAC 5:23.4.17(b)3.

## FINDINGS AND RECOMMENDATIONS

NONE

### STATUS OF PRIOR RECOMMENDATIONS

#### **Finding #13-1:**

##### **Criteria:**

The Borough is responsible for implementing internal controls over cash receipts, revenue and collections.

##### **Condition:**

Not all revenue collected in the Borough Clerk's Office for Sailcraft Permits in 2013 was recorded in the Clerk's cash book and deposited.

##### **Cause:**

There were four permits issued for which no deposit could be found.

##### **Effect:**

The four permits were issued for \$225 each or a shortage of \$900 in 2013.

##### **Recommendation:**

Internal controls should be improved in the Borough Clerk's Office to ensure that all permit and fee revenue collected is deposited to the credit of the Borough.

##### **Status of Finding:**

Corrective action has been taken.