

BOROUGH OF STONE HARBOR

COUNTY OF CAPE MAY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

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, 2015

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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, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, 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, 2015 and 2014, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 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. The letter of comments and recommendation 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016 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.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

June 30, 2016

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EXHIBIT A - CURRENT FUND

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

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 4,725,512.54	4,125,275.74
Change and Petty Cash Funds	700.00	680.05
Investment in Bond Anticipation Note	-	600,000.00
Total Cash	<u>4,726,212.54</u>	<u>4,725,955.79</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	142,721.04	225,626.38
Revenue Accounts Receivable		
Municipal Court	2,859.00	2,568.83
Interfund Receivable:		
Due from Utility Operating Fund	1,145.43	-
Due from Animal Control Fund	0.53	102.52
Due from Federal and State Grant Fund	169,359.53	43,601.34
Total Receivables and Other Assets	<u>316,085.53</u>	<u>271,899.07</u>
Deferred Charges:		
Special Emergency Authorization	72,000.00	71,250.00
Emergency Authorization	65,603.06	-
Total Deferred Charges	<u>137,603.06</u>	<u>71,250.00</u>
Total Regular Fund	<u>5,179,901.13</u>	<u>5,069,104.86</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,548,568.51	298,983.36
Total Federal and State Grant Fund	<u>1,548,568.51</u>	<u>298,983.36</u>
Total Current Fund	<u>\$ 6,728,469.64</u>	<u>5,368,088.22</u>

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>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 448,119.86	654,952.20
Encumbrances Payable	393,682.55	294,711.50
Accounts Payable	16,588.65	20,472.42
Prepaid Taxes	697,871.02	629,766.36
Overpaid Taxes	23,484.49	18,108.20
Due to State of New Jersey		
Senior Citizens and Veterans	3,069.63	4,569.63
DCA Training Fees	8,042.00	8,624.00
Local School Tax Payable	276,454.15	276,454.15
Payroll Taxes Payable	25.08	37,369.46
County Added Tax Payable	31,629.66	50,631.50
Prepaid Beach Fees	40,343.00	34,114.00
Prepaid Uniform Fire Code Fees	93,600.00	89,775.00
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	4,895.00
Reserve for Reassessment Program	7,902.88	7,902.88
	<u>2,062,407.97</u>	<u>2,149,046.30</u>
Reserve for Receivables and Other Assets	316,085.53	271,899.07
Fund Balance	<u>2,801,407.63</u>	<u>2,648,159.49</u>
Total Regular Fund	<u>5,179,901.13</u>	<u>5,069,104.86</u>
Federal and State Grant Fund:		
Due to Current Fund	169,359.53	43,601.34
Unappropriated Reserves	3,826.56	39,613.66
Appropriated Reserves	650,314.73	51,330.71
Encumbrances Payable	<u>725,067.69</u>	<u>164,437.65</u>
Total Federal and State Grant Fund	<u>1,548,568.51</u>	<u>298,983.36</u>
Total Current Fund	<u>\$ 6,728,469.64</u>	<u>5,368,088.22</u>

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,

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,193,633.00	1,040,000.00
Miscellaneous Revenue Anticipated	4,363,959.54	2,923,166.64
Receipts from Delinquent Taxes	224,164.28	208,164.18
Receipts from Current Taxes	23,134,979.13	22,703,971.57
Non Budget Revenue	73,460.78	81,551.59
Proceeds from Sale of Municipal Property		
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	659,586.84	581,383.48
Interfund Returned	43,600.97	41,875.28
Total Income	<u>29,693,384.54</u>	<u>27,580,112.74</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	4,847,520.00	4,969,361.00
Other Expenses	3,846,535.00	3,774,276.00
Deferred Charges & Statutory Expenditures	989,590.46	1,024,007.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,996,646.03	419,174.30
Capital Improvements	654,103.06	100,000.00
Municipal Debt Service	3,315,144.37	3,313,768.28
Deferred Charges & Statutory Expenditures	14,250.00	71,250.00
Local District School Tax	2,396,585.00	2,441,585.00
County Tax	10,132,989.44	10,065,830.40
County Share of Added Tax	31,629.66	50,631.50
Interfund Created	170,504.96	43,601.34
Prior Year Accounts Payable Canceled	16,358.48	-
Refund of Prior Revenue	250.00	1,750.00
Total Expenditures	<u>28,412,106.46</u>	<u>26,275,234.82</u>
Excess in Revenue	<u>1,281,278.08</u>	<u>1,304,877.92</u>

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,

	<u>2015</u>	<u>2014</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	65,603.06	71,250.00
Total Adjustments	<u>65,603.06</u>	<u>71,250.00</u>
Statutory Excess to Fund Balance	<u>1,346,881.14</u>	<u>1,376,127.92</u>
Fund Balance January 1	<u>2,648,159.49</u>	<u>2,312,031.57</u>
	3,995,040.63	3,688,159.49
Decreased by:		
Utilization as Anticipated Revenue	<u>1,193,633.00</u>	<u>1,040,000.00</u>
Fund Balance December 31	<u>\$ 2,801,407.63</u>	<u>2,648,159.49</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, 2015

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,193,633.00		1,193,633.00	
Total Fund Balance Anticipated	1,193,633.00	-	1,193,633.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	10,650.00		10,438.00	(212.00)
Fees and Permits	260,000.00		270,571.05	10,571.05
Fines and Costs:				
Municipal Court	70,000.00		77,857.27	7,857.27
Interest and Costs on Taxes	55,000.00		65,112.02	10,112.02
Parking Meters	365,000.00		388,557.31	23,557.31
Interest on Investments and Deposits	3,000.00		4,264.55	1,264.55
Beach Fees	725,000.00		770,222.44	45,222.44
Tennis Courts	19,000.00		28,970.37	9,970.37
Cell Tower Rent	44,850.00		37,950.00	(6,900.00)
Uniform Fire Code Official	140,000.00		150,043.00	10,043.00
Arts and Crafts Show	70,000.00		100,570.00	30,570.00
Marina Fees	2,900.00		9,679.00	6,779.00
Cable TV Franchise Fee	27,800.00		28,174.70	374.70
Beach Concession	31,200.00		74,032.00	42,832.00
Special Events Revenue	20,000.00		18,069.00	(1,931.00)
Total Section A: Local Revenues	1,844,400.00	-	2,034,510.71	190,110.71
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	214,317.00		214,317.00	-
Total Section B: State Aid Without Offsetting Appropriations	214,317.00	-	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, 2015

	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		386,309.00	36,309.00
Total Section C: Uniform Construction Code Fees	350,000.00	-	386,309.00	36,309.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	18,509.12		18,509.12	
Police Body Armor Replacement Fund	1,933.97		1,933.97	
Drunk Driving Enforcement Fund	6,262.96		6,262.96	
Clean Communities Program	12,906.61	15,688.37	28,594.98	
Hazard Mitigation Grant	75,000.00		75,000.00	
Sustainable Jersey Small Grant		2,000.00	2,000.00	
Open Space Grant - Chelsea Park		302,475.00	302,475.00	
Open Space Grant - 82nd St Recreation		645,525.00	645,525.00	
Cops in Shops		2,000.00	2,000.00	
ADA Improvements at 82nd Street		220,000.00	220,000.00	
County Open Space - 82nd St Recreation Upgrades		297,525.00	297,525.00	
ACMJIF Safety Grant		1,500.00	1,500.00	
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	114,612.66	1,486,713.37	1,601,326.03	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
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	6,750.00		7,404.80	654.80
Reserve for Payment of Bonds	65,842.00		65,842.00	-
Interlocal Municipal Service Agreement - Borough of Avalon	54,250.00		54,250.00	-
Total Section G: Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of Local Government				
Services - Other Special Items	126,842.00	-	127,496.80	654.80
Total Miscellaneous Revenues:	2,650,171.66	1,486,713.37	4,363,959.54	227,074.51
Receipts from Delinquent Taxes	200,000.00		224,164.28	24,164.28
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	\$ 10,595,000.00		11,033,775.03	438,775.03
Total Amount to be Raised by Taxes for Support of Municipal Budget	10,595,000.00	-	11,033,775.03	438,775.03
Budget Totals	14,638,804.66	1,486,713.37	16,815,531.85	690,013.82
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		73,460.78	73,460.78
	\$ 14,638,804.66	1,486,713.37	16,888,992.63	763,474.60

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, 2015**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	23,134,979.13
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Allocated to:

School, County and Other Taxes	12,561,204.10
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Balance for Support of Municipal Budget Appropriations	10,573,775.03
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	460,000.00
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Amount for Support of Municipal Budget Appropriations	11,033,775.03
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	224,164.28
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Tax Title Lien Collections	-
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Total Receipts from Delinquent Taxes	224,164.28
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Collector:

Duplicate Bill Fees	-
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Treasurer:

Police - MRNA	1,735.81
NSF Fee	160.00
Photocopies	116.57
Zoning Board	3,650.00
Planning Board	650.00
Property Lists	340.00
Miscellaneous Other	66,808.40
	73,460.78

Total Miscellaneous Revenue Not Anticipated:	\$	73,460.78
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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, 2015

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 147,342.00	147,342.00	147,341.50		0.50
Other Expenses	28,000.00	28,000.00	6,735.07	285.82	20,979.11
Mayor and Council					
Salaries and Wages	68,725.00	68,725.00	66,573.00		2,152.00
Other Expenses	9,300.00	9,300.00	4,393.24	-	4,906.76
Municipal Clerk					
Salaries and Wages	176,515.00	176,515.00	176,515.00		-
Other Expenses	22,200.00	22,200.00	16,215.61	3,015.50	2,968.89
Financial Administration					
Salaries and Wages	75,480.00	75,480.00	69,580.25	-	5,899.75
Other Expenses	58,520.00	58,520.00	47,772.97	3,089.50	7,657.53
Elections					
Other Expenses	5,000.00	5,000.00	1,850.00	-	3,150.00
Audit Services					
Other Expenses	30,000.00	30,000.00	18,000.00	12,000.00	-
Collection of Taxes					
Salaries and Wages	52,410.00	52,410.00	51,336.82		1,073.18
Other Expenses	11,560.00	11,560.00	9,300.91	1,173.37	1,085.72
Assessment of Taxes					
Salaries and Wages	52,925.00	52,925.00	52,914.00		11.00
Other Expenses	16,100.00	16,100.00	1,674.61	3,408.76	11,016.63
Legal Services					
Other Expenses	145,000.00	145,000.00	90,044.77	13,178.42	41,776.81
Engineering Services and Costs					
Other Expenses	25,000.00	25,000.00	12,150.75	2,439.34	10,409.91
Insurance					
Employee Group Health	1,392,731.00	1,392,731.00	1,385,998.39	6,732.61	(0.00)
Other Insurance Premiums	438,000.00	438,000.00	411,823.47		26,176.53
Health Benefits Waiver					
Salaries and Wages	8,500.00	8,500.00	6,375.00		2,125.00
LAND USE ADMINISTRATION:					
Planning Board					
Salaries and Wages	5,400.00	5,400.00	5,250.00		150.00
Other Expenses	23,660.00	23,660.00	18,128.59	4,223.24	1,308.17
Zoning Board of Adjustment					
Salaries and Wages	36,678.00	36,678.00	35,674.13		1,003.87
Other Expenses	18,800.00	18,800.00	4,685.66	6,103.79	8,010.55

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY:						
Fire Department	208,300.00	208,300.00	186,005.48	22,274.85	19.67	
Other Expenses						
Police Department	1,529,764.00	1,529,764.00	1,499,830.90		29,933.10	
Salaries and Wages	77,900.00	77,900.00	47,795.80	28,467.90	1,636.30	
Other Expenses						
Office of Emergency Management	12,400.00	12,400.00	12,400.00		-	
Salaries and Wages	6,400.00	6,400.00	4,369.84	1,900.00	130.16	
Other Expenses	70,000.00	70,000.00	70,000.00		-	
Aid to Volunteer Rescue Squad						
Municipal Prosecutor	20,400.00	20,400.00	18,077.62	1,643.42	678.96	
Other Expenses						
Uniform Fire Code Official	97,899.00	97,899.00	97,899.00		-	
Salaries and Wages	8,000.00	8,000.00	2,599.77	835.75	4,564.48	
Other Expenses						
Fire Hydrant Service	2,800.00	2,800.00	2,800.00		-	
Other Expenses						
Municipal Court	139,234.00	139,234.00	134,252.93		4,981.07	
Salaries and Wages	16,000.00	16,000.00	13,671.95	591.13	1,736.92	
Other Expenses						
Public Defender	3,500.00	3,500.00	3,500.00		-	
Other Expenses						
PUBLIC WORKS:						
Public Works	887,200.00	861,058.00	832,174.39		28,883.61	
Salaries and Wages	126,400.00	126,400.00	100,716.14	14,601.95	11,081.91	
Other Expenses						
Solid Waste Collection	555,300.00	575,300.00	560,393.89		14,906.11	
Salaries and Wages	198,750.00	198,750.00	168,888.00	13,691.21	16,170.79	
Other Expenses						
Public Building and Grounds	96,700.00	96,700.00	84,525.30	10,768.08	1,406.62	
Other Expenses						
NATURAL RESOURCES						
Natural Resources Committee	41,500.00	41,500.00	24,461.87	2,771.95	14,266.18	
Other Expenses						

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
NATURAL RESOURCES						
Animal Control	15,000.00	15,000.00	14,528.01	-	471.99	
Other Expenses						
HEALTH AND HUMAN SERVICES:						
Safety Compliance	25,900.00	25,900.00	17,906.67	2,590.82	5,402.51	
Other Expenses						
RECREATION AND EDUCATION:						
Docks, Bulkheads and Seawall	7,000.00	6,306.00	6,305.68		0.32	
Salaries and Wages						
Beach Patrol	564,557.00	578,913.00	578,912.25		0.75	
Salaries and Wages	52,000.00	51,094.00	50,010.42	1,083.20	0.38	
Other Expenses						
Parks and Playgrounds	152,655.00	169,491.00	169,474.88		16.12	
Salaries and Wages	45,300.00	45,300.00	45,048.27	223.25	28.48	
Other Expenses						
Special Events						
Salaries and Wages	45,900.00	45,900.00	45,900.00		-	
Tourism						
Other Expenses	128,000.00	118,000.00	96,932.12	3,361.93	17,705.95	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official	190,415.00	190,415.00	190,413.95		1.05	
Salaries and Wages	9,005.00	9,005.00	4,649.19	1,193.05	3,162.76	
Other Expenses						

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Reserved	Encumbered	Reserved	
UNCLASSIFIED:							
Longevity Pay for Employees	16,865.00	16,865.00	16,864.64	0.36			
UTILITY EXPENSES AND BULK PURCHASES:							
Electric	109,250.00	109,250.00	95,159.60	10,638.01	3,452.39		
Telephone	55,000.00	61,000.00	54,307.96	4,317.73	2,374.31		
Street Lighting	114,450.00	114,450.00	99,600.74	14,849.26	-		
Gasoline	166,465.00	151,515.00	87,614.51	14,286.35	49,614.14		
Natural Gas	45,000.00	45,000.00	27,307.64	17,692.36	-		
TOTAL OPERATIONS WITHIN "CAPS"	8,689,055.00	8,693,555.00	8,105,633.15	223,432.55	364,489.30		-
Contingent	5,000.00	500.00	491.31	8.69			
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	8,694,055.00	8,694,055.00	8,106,124.46	223,432.55	364,497.99		-
Detail:							
Salaries and Wages	4,823,164.00	4,847,520.00	4,756,382.21	-	91,137.79		-
Other Expenses	3,870,891.00	3,846,535.00	3,349,742.25	223,432.55	273,360.20		-
DEFERRED CHARGES/STATUTORY EXPENDITURES							
Deferred Charges:							
Prior Years Bill: Cape May County MUA	5,250.00	5,250.00	5,243.46				6.54
Statutory Expenditures:							
Contributions to:							
Police and Fire Retirement System of N.J.	261,454.00	261,454.00	261,454.00	-	-		
Public Employees Retirement System	324,393.00	324,393.00	324,393.00	-	-		
Defined Contribution Retirement Plan	3,500.00	3,500.00	2,812.80	687.20			
Social Security System (O.A.S.I.)	370,000.00	370,000.00	354,490.31	15,509.69			
Unemployment Compensation Insurance	25,000.00	25,000.00	22,551.92	2,448.08			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	989,597.00	989,597.00	970,945.49	-	18,644.97		6.54
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	9,683,652.00	9,683,652.00	9,077,069.95	223,432.55	383,142.96		6.54

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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	45,220.00	45,220.00	16,996.44		28,223.56	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	45,220.00	45,220.00	16,996.44	-	28,223.56	-
Interlocal Municipal Service Agreements						
Borough of Avalon Interlocal Agreement						
Police Dispatch Services						
Other Expenses	280,500.00	280,500.00	140,250.00	140,250.00	-	
Financial Administration - CFO	69,600.00	69,600.00	69,591.82		8.18	
TOTAL SHARED SERVICE AGREEMENTS	350,100.00	350,100.00	209,841.82	140,250.00	8.18	-
(A) Public and Private Programs Off-Set by Revenues						
Police Body Armor Replacement Fund	1,933.97	1,933.97	1,933.97		-	
Recycling Tonnage Grant	18,509.12	18,509.12	18,509.12		-	
Hazard Mitigation Grant	75,000.00	75,000.00	75,000.00		-	
Drunk Driving Enforcement	6,262.96	6,262.96	6,262.96		-	
Clean Communities Program	12,906.61	28,594.98	28,594.98		-	
Safety Grant		1,500.00	1,500.00		-	
Open Space Grant-Chelsea Park		302,475.00	302,475.00		-	
Open Space Grant-82nd St Recreation		645,525.00	645,525.00		-	
Cops in Shops		2,000.00	2,000.00		-	
Sustainable Jersey Small Grant		2,000.00	2,000.00		-	
ADA Improvements at 82nd Street		220,000.00	220,000.00		-	
County Open Space-82nd St Recreation Upgrades		297,525.00	297,525.00		-	
Total Public and Private Programs Off-Set by Revenues	114,612.66	1,601,326.03	1,601,326.03	-	-	-
Total Operations - Excluded from "CAPS"	509,932.66	1,996,646.03	1,828,164.29	140,250.00	28,231.74	
Detail:						
Salaries and Wages						
Other Expenses	509,932.66	1,996,646.03	1,828,164.29	140,250.00	28,231.74	-
(C) Capital Improvements						
Capital Improvement Fund						
Computers - Administrative						
Vehicles	15,000.00	15,000.00	10,550.99	30,000.00	4,449.01	
Body Cameras	30,000.00	30,000.00	-		-	
ATV - Fire Department	15,000.00	15,000.00	-		15,000.00	
Rescue Vehicle	13,500.00	13,500.00	11,203.85		2,296.15	
Rescue Vehicle	15,000.00	15,000.00	-		15,000.00	
Total Capital Improvements	588,500.00	654,103.06	587,357.90	30,000.00	36,745.16	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended		(Over expended) Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
(D) Debt Service					
Payment of Bond Principal	2,585,000.00	2,585,000.00	2,585,000.00		-
Interest on Bonds	559,416.00	559,416.00	559,416.00		-
Interest on Notes	26,000.00	26,000.00	25,927.77		72.23
New Jersey Environmental Infrastructure Trust					
Principal	175,541.00	175,541.00	140,154.65		35,386.35
Interest	36,513.00	36,513.00	4,645.95		31,867.05
Total Debt Service	<u>3,382,470.00</u>	<u>3,382,470.00</u>	<u>3,315,144.37</u>	<u>-</u>	<u>67,325.63</u>
(E) Deferred Charges					
Special Emergency Authorization	14,250.00	14,250.00	14,250.00		-
Total Deferred Charges	<u>14,250.00</u>	<u>14,250.00</u>	<u>14,250.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>4,495,152.66</u>	<u>6,047,469.09</u>	<u>5,744,916.56</u>	<u>170,250.00</u>	<u>67,325.63</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>14,178,804.66</u>	<u>15,731,121.09</u>	<u>14,821,986.51</u>	<u>393,682.55</u>	<u>67,332.17</u>
(M) Reserve for Uncollected Taxes	<u>480,000.00</u>	<u>460,000.00</u>	<u>480,000.00</u>		
TOTAL GENERAL APPROPRIATIONS	<u>\$ 14,638,804.66</u>	<u>16,191,121.09</u>	<u>15,281,986.51</u>	<u>393,682.55</u>	<u>67,332.17</u>
Budget		14,638,804.66			
Appropriations by 40A:4-87		1,486,713.37			
Emergency Appropriations		<u>65,603.06</u>			
		<u>16,191,121.09</u>			
Reserve for Uncollected Taxes			460,000.00		
Federal and State Grants			1,601,326.03		
Deferred Charges - Special Emergency			14,250.00		
Disbursements			13,206,410.48		
			<u>15,281,986.51</u>		

EXHIBIT B - TRUST FUND

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

	<u>2015</u>	<u>2014</u>
ASSETS		
Animal Control Fund:		
Cash	\$ 468.63	358.72
Due from State of New Jersey	24.00	
	<u>492.63</u>	<u>358.72</u>
Other Funds:		
Cash - Treasurer	<u>1,477,000.30</u>	<u>1,218,711.29</u>
	<u>1,477,000.30</u>	<u>1,218,711.29</u>
	<u>\$ 1,477,492.93</u>	<u>1,219,070.01</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Due to State of New Jersey	\$ 6.00	
Due to Current Fund	0.53	102.52
Reserve for Expenditures	492.10	250.20
	<u>492.63</u>	<u>358.72</u>
Other Funds:		
Reserves - Miscellaneous	1,477,000.30	1,218,711.29
	<u>1,477,000.30</u>	<u>1,218,711.29</u>
	<u>\$ 1,477,492.93</u>	<u>1,219,070.01</u>

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>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Cash	\$	2,805,915.00	73,439.43
Deferred Charges to Future Taxation -			
Funded		18,425,046.47	21,213,922.16
Unfunded		19,294,000.05	6,342,650.05
Interfunds and Receivables			
Due from State of New Jersey - EIT		230,313.66	230,313.66
Due from Water and Sewer Capital Fund		-	2,431,852.85
Grants Receivable		224,441.82	400,000.00
		<u>40,979,717.00</u>	<u>30,692,178.15</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Contracts Payable		13,048,747.92	1,473,654.90
Serial Bonds Payable		14,134,000.00	16,719,000.00
NJEIT Loan Payable		4,291,046.47	4,494,922.16
Bond Anticipation Notes Payable		5,100,000.00	3,200,000.00
Improvement Authorizations:			
Funded		480,859.46	793,175.79
Unfunded		3,427,147.17	3,329,535.84
Reserve for Payment of NJEIT Loan		62,116.00	62,116.00
Reserve for Payment of Bonds		425,150.43	490,992.43
Reserve for Arbitrage Liability		1,699.33	1,699.33
Reserve for Preliminary Costs		8,830.46	10,915.00
Capital Improvement Fund		-	116,046.94
Fund Balance		119.76	119.76
	\$	<u>40,979,717.00</u>	<u>30,692,178.15</u>

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

2014	3,142,650.05
2015	14,194,000.05

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>2015</u>	<u>2014</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>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	\$	798,037.58	849,962.11
Change Fund		50.00	50.00
		<u>798,087.58</u>	<u>850,012.11</u>
Receivables and Other Assets with Full Reserves:			
Water & Sewer Rents Receivable		107,218.63	67,973.15
Miscellaneous		1,464.62	1,445.00
		<u>108,683.25</u>	<u>69,418.15</u>
Deferred Charges:			
None			
		<u>-</u>	<u>-</u>
Total Operating Fund		<u>906,770.83</u>	<u>919,430.26</u>
Capital Fund:			
Cash - Treasurer		296,159.75	447,908.39
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
2015 Series		4,000,000.00	4,000,000.00
Due from Water & Sewer Operating		20,000.00	-
Fixed Capital		12,622,948.87	12,622,948.87
Fixed Capital - Authorized and Uncompleted		15,536,000.00	15,170,000.00
Total Capital Fund		<u>32,823,677.39</u>	<u>32,589,426.03</u>
	\$	<u>33,730,448.22</u>	<u>33,508,856.29</u>

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>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	\$	115,826.91	18,519.51
Reserve for Encumbrances		58,189.02	387,147.49
Due to Utility Capital Fund		20,000.00	-
Due to Current Fund		1,145.43	-
Utility Overpayments		58,224.81	10,017.98
Accrued Interest on Bonds and Notes		85,000.00	69,203.42
		<u>338,386.17</u>	<u>484,888.40</u>
Reserve for Receivables		108,683.25	69,418.15
Fund Balance		459,701.41	365,123.71
Total Operating Fund		<u>906,770.83</u>	<u>919,430.26</u>
Capital Fund:			
Encumbrances Payable		2,927,397.36	1,268,739.38
Interfunds:			
Due to General Capital Fund		-	2,431,852.85
Serial Bonds Payable		3,075,000.00	3,515,000.00
N.J. Environmental Infrastructure Trust Loans		8,587,347.49	9,045,567.31
Bond Anticipation Notes		3,522,500.00	-
Improvement Authorizations:			
Funded		6,339.56	16,930.56
Unfunded		2,261,943.39	4,786,406.16
Reserve for Amortization		12,243,257.43	11,345,037.61
Deferred Reserve for Amortization		160,700.00	141,700.00
Capital Improvement Fund		4,575.77	3,575.77
Fund Balance		34,616.39	34,616.39
Total Capital Fund		<u>32,823,677.39</u>	<u>32,589,426.03</u>
	\$	<u>33,730,448.22</u>	<u>33,508,856.29</u>
There were bonds and notes authorized but not issued at December 31			
	2014	3,745,643.95	
	2015	570,143.95	

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, 2015**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized			
Fund Balance	\$	187,440.00	56,526.00
Water Rents		1,591,121.27	1,450,659.84
Sewer Rents		1,631,154.06	1,528,230.89
Fire Hydrant Service		2,800.00	2,800.00
Miscellaneous Revenue		213,175.84	145,456.66
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		35,972.05	40,611.46
Total Income		<u>3,661,663.22</u>	<u>3,224,284.85</u>
Expenditures			
Operations			
Salaries and Wages		393,500.00	410,000.00
Other Expenses		496,340.00	481,729.00
Interlocal Agreement - CFO		17,400.00	-
Cape May County MUA		1,350,000.00	1,091,420.00
Capital Improvements		20,000.00	-
Debt Service		1,068,926.92	971,771.63
Deferred Charges		32,000.00	32,800.00
Refund of Prior Year's Revenue		1,478.60	-
Total Expenditures		<u>3,379,645.52</u>	<u>2,987,720.63</u>
Excess/(Deficit) in Revenue		<u>282,017.70</u>	<u>236,564.22</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>282,017.70</u>	<u>236,564.22</u>
Fund Balance January 1		<u>365,123.71</u>	<u>185,085.49</u>
		647,141.41	421,649.71
Decreased by:			
Utilization as Anticipated Revenue		<u>187,440.00</u>	<u>56,526.00</u>
Fund Balance December 31	\$	<u><u>459,701.41</u></u>	<u><u>365,123.71</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>2015</u>	<u>2014</u>
Beginning Balance January 1	\$	34,616.39	34,616.39
Increased by:			
No Activity			
		<u>-</u>	<u>-</u>
		34,616.39	34,616.39
Decreased by:			
No Activity			
		<u>-</u>	<u>-</u>
Ending Balance December 31	\$	<u><u>34,616.39</u></u>	<u><u>34,616.39</u></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, 2015**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$	187,440.00	187,440.00	-
Rents - Water		1,435,000.00	1,450,121.27	15,121.27
Rents - Sewer		1,495,000.00	1,517,154.06	22,154.06
Fire Hydrant Service		2,800.00	2,800.00	-
Miscellaneous		100,000.00	213,175.84	113,175.84
Additional Rents - Water		141,000.00	141,000.00	-
Additional rents - Sewer		114,000.00	114,000.00	-
	\$	<u>3,475,240.00</u>	<u>3,625,691.17</u>	<u>150,451.17</u>

Analysis of Realized Revenue:

Consumer Accounts Receivable:

Water Rents

Current Collections	1,581,103.29
Overpayments Applied	10,017.98

1,591,121.27

Sewer Rents

Current Collections	1,631,154.06
Overpayments Applied	-

1,631,154.06

Miscellaneous

Meter Boxes & Fittings	81,404.00
Penalties on Delinquent Accounts	8,147.44
Permanent Disconnect	525.00
NSF Fee	215.00
Sewer Vent Penalty	255.00
Sewer Service	6,677.00
Final Meter Reading	3,735.00
Miscellaneous	4,242.62
Miscellaneous Parts	2,760.96
Miscellaneous Water Use	50,403.65
Street Openings	18,905.00
Turn off/on	24,037.70
Private Fire Protection	11,488.77

Total Miscellaneous - Collector	212,797.14
Interest on Investments	378.70

213,175.84

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, 2015**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Operations:					
Salaries and Wages	393,500.00	393,500.00	378,832.11		14,667.89
Other Expenses	496,340.00	496,340.00	414,792.56	58,189.02	23,358.42
Cape May County MUA	1,350,000.00	1,350,000.00	1,272,611.00		77,389.00
Interlocal Agreement - CFO	17,400.00	17,400.00	17,397.98		2.02
	<u>2,257,240.00</u>	<u>2,257,240.00</u>	<u>2,083,633.65</u>	<u>58,189.02</u>	<u>115,417.33</u>
					-
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		-
	<u>20,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>-</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	900,000.00	900,000.00	856,940.88		43,059.12
Interest on Bonds	246,000.00	246,000.00	207,986.04		38,013.96
Interest on Notes	20,000.00	20,000.00	4,000.00		16,000.00
	<u>1,166,000.00</u>	<u>1,166,000.00</u>	<u>1,068,926.92</u>	<u>-</u>	<u>97,073.08</u>
Deferred Charges and Statutory Expenditures:					
Social Security System	30,000.00	30,000.00	29,829.38		170.62
Unemployment	2,000.00	2,000.00	1,761.04		238.96
	<u>32,000.00</u>	<u>32,000.00</u>	<u>31,590.42</u>	<u>-</u>	<u>409.58</u>
					-
	<u>3,475,240.00</u>	<u>3,475,240.00</u>	<u>3,204,150.99</u>	<u>58,189.02</u>	<u>97,073.08</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>2015</u>	<u>2014</u>
General Fixed Assets:		
Land	\$ 78,321,333.00	78,321,333.00
Land Improvements	66,634.52	66,634.52
Buildings and Improvements	4,511,293.67	4,413,889.56
Machinery and Equipment	8,562,059.76	8,685,171.82
	<u>91,461,320.95</u>	<u>91,487,028.90</u>
Investment in General Fixed Assets	\$ <u>91,461,320.95</u>	<u>91,487,028.90</u>

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014
(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 \$2,000.00 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, 2015 AND 2014
(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, 2015 AND 2014
(CONTINUED)

F. Recent Accounting Pronouncements Not Yet Effective

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirement for OPEB plans. It is anticipated that this statement will not have any effect on Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the Borough's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "Certain External Investment Pools and Pool Participants". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$460,000.00 and \$453,000.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$1,193,633.00 and \$1,040,000.00. 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 2015 and 2014 statutory budgets was \$187,440.00 and \$56,526.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Council.

The following significant budget transfers were approved in the 2015 and 2014 calendar years:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Current Fund:</u>		
Electricity		
Other Expenses	\$	(2,500.00)
Street Lighting		
Other Expenses		(2,500.00)
Telephone		
Other Expenses	6,000.00	5,000.00
Gasoline		
Other Expenses	(14,950.00)	
Engineering Services and Costs		
Other Expenses		12,000.00
Board of Health		
Other Expenses		600.00
CMCMUA		
Other Expenses		(12,600.00)
Public Works		
Salaries and Wages	(26,142.00)	
Other Expenses		
Solid Waste		
Salaries and Wages	20,000.00	
Beach Patrol		
Other Expenses		10,500.00
Parks and Playgrounds		
Salaries and Wages	16,836.00	
Docks, Bulkheads and Seawall	(694.00)	
Salaries and Wages		
Beach Patrol		
Salaries and Wages	14,356.00	(10,500.00)
Other Expenses	(906.00)	
Tourism		
Other Expenses	(10,000.00)	
Contingent		
Other Expenses	(4,500.00)	

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015 and 2014, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Clean Communities Program	15,688.37	-
Open Space - Freedom Park Memorial	-	99,600.00
Safety Grant	1,500.00	
Open Space - Chelsea Park	600,000.00	
Open Space - 82nd St Recreation	645,525.00	
Cops in Shops	2,000.00	
Sustainable Jersey Small Grant	2,000.00	
ADA Improvements at 82nd St	220,000.00	

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.

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 of \$71,250.00 in 2014 and \$15,000.00 in 2015. The emergency was for the preparation and execution of approved tax maps in the Borough. The Borough raised \$14,250.00 in the 2015 budget to fund the project. The unfunded balance as of December 31, 2015 was \$72,000.00. The Borough also approved a special emergency appropriation of \$65,603.06 in 2015. The emergency was for dredging; the unfunded balance as of December 31, 2015 was \$65,603.06

NOTE 3: INVESTMENTS

As of December 31, 2015 and 2014, 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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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, 2015 and 2014, \$0 of the municipality's bank balance of \$10,068,361.00 and \$6,711,460.00 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, 2015 and 2014:

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land	\$ 78,321,333.00			\$ 78,321,333.00
Building	\$ 66,635.00			\$ 66,635.00
Building Improvements	\$ 4,413,890.00			\$ 4,413,890.00
Equipment and Machinery	\$ 8,333,965.00	\$1,454,158.00	\$ (1,102,952.00)	\$ 8,685,171.00
	<u>\$ 91,135,823.00</u>	<u>\$1,454,158.00</u>	<u>\$ (1,102,952.00)</u>	<u>\$ 91,487,029.00</u>

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Land	\$ 78,321,333.00			\$ 78,321,333.00
Building	\$ 66,635.00			\$ 66,635.00
Building Improvements	\$ 4,413,890.00	\$ 97,404.11		\$ 4,511,294.11
Equipment and Machinery	\$ 8,685,171.00	\$ 412,635.99	\$ (535,748.05)	\$ 8,562,058.94
	<u>\$ 91,487,029.00</u>	<u>\$ 510,040.10</u>	<u>\$ (535,748.05)</u>	<u>\$ 91,461,321.05</u>

Note 6: SHORT-TERM OBLIGATIONS

	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 Borough has two bond anticipation notes in the general capital fund outstanding as of December 31, 2014. \$2,600,000.00 due November 6, 2015 with interest at 1.00%. \$600,000.00 held by the Current Fund due December 31, 2015 with interest at 0.0% per annum.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation				
Notes payable:				
General	\$ 3,200,000.00	5,100,000.00	3,200,000.00	5,100,000.00
	<u>\$ 3,200,000.00</u>	<u>5,100,000.00</u>	<u>3,200,000.00</u>	<u>5,100,000.00</u>

The Borough has four bond anticipation notes in the general capital fund outstanding as of December 31, 2015. \$5,100,000.00 due November 4, 2016 with interest at 0.63%.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	\$ 19,214,000.00		\$ 2,495,000.00	\$16,719,000.00	\$2,585,000.00
Utility	\$ 3,935,000.00		\$ 420,000.00	\$ 3,515,000.00	\$ 440,000.00
Total	<u>\$ 23,149,000.00</u>	<u>\$ -</u>	<u>\$ 2,915,000.00</u>	<u>\$20,234,000.00</u>	<u>\$3,025,000.00</u>
Other liabilities:					
Loans Payable					
General	\$ 2,998,526.00		\$ 125,549.00	\$ 2,872,977.00	\$ 125,548.80
Utility	<u>\$ 6,123,835.00</u>		<u>\$ 329,541.00</u>	<u>\$ 5,794,294.00</u>	<u>\$ 337,093.00</u>
Total long-term liabilities	<u>\$ 32,271,361.00</u>	<u>\$ -</u>	<u>\$ 3,370,090.00</u>	<u>\$28,901,271.00</u>	<u>\$3,487,641.80</u>

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	\$ 16,719,000.00		\$ 2,585,000.00	\$14,134,000.00	\$2,625,000.00
Utility	\$ 3,515,000.00		\$ 440,000.00	\$ 3,075,000.00	\$ 465,000.00
Total	<u>\$ 20,234,000.00</u>	<u>\$ -</u>	<u>\$ 3,025,000.00</u>	<u>\$17,209,000.00</u>	<u>\$3,090,000.00</u>
Other liabilities:					
Loans Payable:					
General	\$ 2,872,977.00	\$2,000,000.00	\$ 140,154.64	\$ 4,732,822.36	\$ 180,725.81
Utility	<u>\$ 5,794,294.00</u>	<u>\$4,000,000.00</u>	<u>\$ 416,940.89</u>	<u>\$ 9,377,353.11</u>	<u>\$ 363,287.68</u>
Total long-term liabilities	<u>\$ 28,901,271.00</u>	<u>\$6,000,000.00</u>	<u>\$ 3,582,095.53</u>	<u>\$31,319,175.47</u>	<u>\$3,634,013.49</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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

\$13,994,000.00 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, 2015 is \$4,924,000.

\$12,750,000.00 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, 2015 is \$9,210,000.00

\$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, 2015 is \$693,162.86.

\$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, 2015 is \$511,056.25.

\$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, 2015 is \$52,469.11.

\$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, 2015 is \$134,310.92.

\$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, 2015 is \$679,881.92.

\$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, 2015 is \$562,274.46. Principal forgiveness of \$416,202.32 has already been applied to the loan amount.

\$346,667.00 N.J. Environmental Fund Loan Bond dated May 12, 2015, due in annual installments beginning August 1, 2015 through August 1, bearing interest ranging from 4.00% to 5.00%. The balance remaining at December 31, 2015 is \$346,667.

\$1,123,006.00 N.J. Environmental Fund Loan Bond dated May 12, 2015, due in annual installments beginning August 1, 2015 through August 1, bearing no interest. The balance remaining at December 31, 2015 is \$1,084,938.00.

\$55,000.00 N.J. Environmental Fund Loan Bond dated May 12, 2015, due in annual installments beginning August 1, 2015 through August 1, bearing interest ranging from 4.00% to 5.00%. The balance remaining at December 31, 2015 is \$55,000.00.

\$177,296.33 N.J. Environmental Fund Loan Bond dated May 12, 2015, due in annual installments beginning August 1, 2015 through August 1, bearing no interest. The balance remaining at December 31, 2015 is \$171,286.29.

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

\$3,450,000.00 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, 2015 is \$1,850,000.00.

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\$1,620,000.00 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, 2015 is \$1,225,000.00.

\$920,000.00 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, 2015 is \$670,000.00.

\$901,733.00 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, 2015 is \$557,704.00.

\$707,506.00 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 no interest. The balance remaining as of December 31, 2015 is \$463,031.56.

\$2,023,865.00 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, 2015 is \$1,511,924.63.

\$196,347.36 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, 2015 is \$186,837.15.

\$193,295.32 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, 2015 is \$137,751.58.

\$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, 2015 is \$202,531.00.

\$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, 2015 is \$518,439.95.

\$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, 2015 is \$560,118.00.

\$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, 2015 is \$463,227.65. Principal forgiveness of \$342,886.68 has already been applied to the loan amount.

\$693,333.33 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in semi-annual installments through September 1, 2034, bearing interest ranging from 4.00% to 5.00%. The balance as of December 31, 2015 is \$693,333.33.

\$1,522,720.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in semi-annual installments through September 1, 2034, bearing no interest. The balance remaining at December 31, 2015 is \$2,169,876.00

\$110,000.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in semi-annual installments through September 1, 2034, bearing interest ranging from 4.00% to 5.00%. The balance as of December 31, 2015 is \$110,000.00

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\$354,593.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in semi-annual installments through September 1, 2034, bearing no interest. The balance remaining at December 31, 2015 is \$342,572.59.

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

<u>Year</u>	<u>General Fund</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	2,805,725.81	465,000.78	969,135.18	241,599.59
2017	2,869,519.41	270,518.36	1,004,836.31	217,939.31
2018	2,928,106.80	144,223.00	1,051,696.25	192,683.92
2019	1,339,295.22	281,187.53	1,080,715.85	165,565.63
2020	1,392,036.68	241,217.57	1,087,340.81	138,227.06
2021-2025	4,971,416.99	582,997.11	3,374,234.28	415,884.18
2026-2030	1,172,172.86	148,221.57	2,350,185.21	164,814.15
2031-2035	426,309.89	10,881.34	857,076.59	8,536.51
	<u>17,904,583.66</u>	<u>2,144,247.26</u>	<u>11,775,220.48</u>	<u>1,545,250.35</u>

As of December 31, 2015 the carrying value of the above bonds and notes approximates the fair value of the bonds. The total interest charged to the current budget was \$564,062.00 and to the utility budget was \$196,189.00.

<u>Summary of Municipal Debt</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 19,234,000.00	\$ 22,791,976.22	\$ 22,212,525.00
Water/Sewer Utility - Bonds and Notes	6,597,500.00	9,309,294.24	10,058,835.00
Total Issued	<u>25,831,500.00</u>	<u>32,101,270.46</u>	<u>32,271,360.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	12,194,000.00	3,142,650.00	2,964,650.00
Water/Sewer Utility - Bonds and Notes	570,143.95	7,745,643.95	3,125,644.00
Total Authorized But Not Issued	<u>12,764,143.95</u>	<u>10,888,293.95</u>	<u>6,090,294.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 38,595,643.95</u>	<u>\$ 42,989,564.41</u>	<u>\$ 38,361,654.00</u>

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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 .928%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	-	-
Water/Sewer Utility Debt	16,544,997.30	15,083,010.50	1,461,986.80
General Debt	36,160,821.63	-	36,160,821.63
	<u>\$ 52,705,818.93</u>	<u>\$ 15,083,010.50</u>	<u>\$ 37,622,808.43</u>

Net Debt \$37,622,808.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,054,828,657.00 = 0.928%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 141,919,003.01
Net Debt	37,622,808.00
Remaining Borrowing Power	<u>\$ 104,296,195.01</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, 2015 and 2014, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 and 2015 were as follows:

	2016	2015
Current Fund	1,512,420.00	1,193,633.00
Water/Sewer Utility	135,026.00	187,440.00

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:

	12/31/2015	12/31/2014
Balance of Tax	\$ 276,454.15	1,198,291.75
Deferred	-	921,837.60
Tax Payable	<u>\$ 276,454.15</u>	<u>276,454.15</u>

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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 12/31/15	Balance 12/31/14
Prepaid Taxes	\$ 697,871.00	\$ 629,766.36
Cash Liability for Taxes Collected in Advance	\$ 697,871.00	\$ 629,766.36

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 6.92% through June 30, 2015 and 7.06% 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 12.46% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were \$324,393.00, \$284,191.00, and \$294,782.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were \$261,454.00, \$259,144.00, and \$261,594.00.

NOTES TO FINANCIAL STATEMENTS
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The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$4,634,649.23, \$4,972,377.38, \$5,099,761.01. Payroll covered by PFRS was \$1,239,901.00, \$1,165,405.00 and \$1,126,916.00. Payroll covered by PERS was \$2,623,527.00, \$2,537,725.00, and \$2,614,239.00.

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

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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: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2015:

Public Employees' Retirement System

The Municipality has a liability of \$8,479,634.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.03777457090%, which would be a decrease of 4.00% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$495,542.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 202,294.00	
Changes of assumptions	910,645.00	
Changes in proportion	215,109.00	(250,194.00)
Net difference between projected and actual earnings on pension plan investments		(136,336.00)
Total	<u>\$ 1,328,048.00</u>	<u>(386,530.00)</u>

NOTES TO FINANCIAL STATEMENTS
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Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	176,001.32
2017		176,001.32
2018		176,001.32
2019		264,196.67
2020		149,317.38
Total	\$	<u>941,518.00</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

NOTES TO FINANCIAL STATEMENTS
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In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Municipality's proportionate share of the net pension liability	\$ 10,230,305.89	8,479,634.00	\$ 7,014,319.63

NOTES TO FINANCIAL STATEMENTS
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Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The Municipality has a liability of \$6,170,721.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.03704689520%, which would be an increase of 8.83% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$1,014,368.00. At December 31, 2015, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	(53,224.00)
Changes of assumptions	1,139,268.00	
Changes in proportion	329,781.00	(132,910.00)
Net difference between projected and actual earnings on pension plan investments		(107,396.00)
Total	<u>\$ 1,469,049.00</u>	<u>(293,530.00)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ 226,667.35
2017	226,667.35
2018	226,667.35
2019	358,335.95
2020	137,181.00
Total	<u>\$ 1,175,519.00</u>

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Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.60% - 9.48% (based on age)
Thereafter	3.60% - 10.48% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

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Discount Rate

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
District's proportionate share of the net pension liability	\$ 7,999,806.84	6,170,721.00	4,679,906.13

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 State special funding situation net pension liability amount of \$1,460,720,421.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense of \$182,203,735.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.03704689520% for 2015. The net pension liability amount allocated to the Municipality was \$541,152.00. For the fiscal year ending June 30, 2015 State special funding situation pension expense of \$108,226.00 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 13: 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 to <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, 2015 vary according to the type of coverage selected by the retiree and range from \$770.00 to \$2,500.00 monthly per retiree.

The Borough of Stone Harbor contributions to SHBP for post-retirement benefits for the year ended December 31, 2015 and 2014 were \$98,231.00 and \$64,438.00 respectively, which equaled the required contribution for the year.

NOTE 14: 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 15: 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 16: 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, 2015 and 2014 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 17: 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 18: 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, 2015 AND 2014
(CONTINUED)

NOTE 19: INTERFUND BALANCES

As of December 31, 2015, 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	\$ 0.53	
Utility Operating	1,145.43	
Grant Fund	169,359.53	
Grant Fund:		
Current Fund		169,359.53
Trust Fund:		
Current Fund		0.53
Water Sewer Operating Fund:		
Water and Sewer Capital Fund	20,000.00	
Current Fund		1,145.43
Water and Sewer Capital Fund:		
Water Sewer Operating Fund		20,000.00
	\$ <u>190,505.49</u>	<u>190,505.49</u>

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 Current fund from the Water and Sewer Operating fund represents a tax deposit into the Water and Sewer Operating fund that needs to be transferred. The amount due to Water Sewer Capital fund from Water Sewer Operating fund is cash inflow per the budget.

NOTE 20: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 30, 2016, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY DATA

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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

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, 2015, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated June 30, 2016, 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.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

June 30, 2016

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2014	\$	4,125,275.74
Increased by Receipts:		
Tax Collector	23,483,486.38	
Revenue Accounts Receivable	2,519,182.49	
Miscellaneous Revenue	73,460.78	
State of New Jersey:		
Senior Citizen and Veterans Deductions	12,750.00	
DCA Training Fees	18,916.00	
Interlocal Agreement - Court	54,250.00	
Prepaid Beach Fees	40,343.00	
Prepaid Uniform Fire Code Fees	93,600.00	
Prepaid Marriage Ceremonies	200.00	
Return of Change Funds	3,966.18	
Investment in Bond Anticipation Note	600,000.00	
Due from Animal Control Fund	101.99	
Federal and State Unappropriated Reserves	21,513.93	
Federal and State Receivables	294,439.85	
		<u>27,216,210.60</u>
		31,341,486.34
Decreased by Disbursements:		
Current Year Appropriation	13,206,410.48	
Prior Year Appropriations	279,991.96	
County Taxes	10,183,620.94	
DCA Training Fees	19,498.00	
Local District School Taxes	2,396,585.00	
Due from Utility Operating Fund	1,145.43	
Payroll Deductions Payable, Net	37,344.38	
Reserve for Tax Maps	8,496.25	
Accounts Payable	41,169.39	
Federal and State Disbursements	441,711.97	
		<u>26,615,973.80</u>
Balance December 31, 2015	\$	<u><u>4,725,512.54</u></u>

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

Balance December 31, 2014		\$	-
Increased by Receipts:			
Prepaid Taxes	697,871.02		
Tax Overpayments	5,376.29		
Taxes Receivable	22,715,127.05		
Revenue Accounts Receivable	65,112.02		
			<u>23,483,486.38</u>
			23,483,486.38
Payments to Treasurer			<u>23,483,486.38</u>
Balance December 31, 2015		\$	<u><u>-</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2014	Accrued in 2015	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2015
Licenses:					
Alcoholic Beverages		10,438.00		10,438.00	
Fees and Permits		270,571.05		270,571.05	
Construction Code Official:					
Fees and Permits		386,309.00		386,309.00	
Municipal Court:		-			
Fines and Costs	2,568.83	78,147.44		77,857.27	2,859.00
Parking Meters		388,557.31		388,557.31	
Interest and Costs on Taxes		65,112.02	65,112.02		
Interest Earned on Investments and Deposits		4,264.55		4,264.55	
Beach Fees		770,222.44		770,222.44	
Tennis Courts		28,970.37		28,970.37	
Cell Tower Rent		37,950.00		37,950.00	
Television Cable Fees		28,174.70		28,174.70	
Uniform Fire Code Official		150,043.00		150,043.00	
Uniform Fire Safety Act		7,404.80		7,404.80	
Arts and Crafts Show		100,570.00		100,570.00	
Marina Fees		9,679.00		9,679.00	
Beach Concessions		74,032.00		74,032.00	
Special Events Revenue		18,069.00		18,069.00	
Energy Receipts Tax		214,317.00		214,317.00	
Reserve for Payment of Bonds		65,842.00		65,842.00	
	<u>2,568.83</u>	<u>2,708,673.68</u>	<u>65,112.02</u>	<u>2,643,271.49</u>	<u>2,859.00</u>
	A	Res.	A-5		A

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration	\$				
Salaries and Wages	7,384.60	7,384.60	-	7,384.60	
Other Expenses	14,535.48	14,535.48	11,207.84	3,327.64	
Mayor and Council					
Salaries and Wages	1,850.00	1,850.00	150.00	1,700.00	
Other Expenses	4,507.11	4,507.11	49.40	4,457.71	
Municipal Clerk					
Salaries and Wages	23,850.99	23,850.99	-	23,850.99	
Other Expenses	6,437.17	6,437.17	1,929.74	4,507.43	
Financial Administration					
Salaries and Wages	7,105.43	7,105.43	7,105.43	-	
Other Expenses	4,875.54	4,875.54	2,337.80	2,537.74	
Audit Services					
Other Expenses	12,250.00	12,250.00	12,250.00	-	
Collection of Taxes					
Salaries and Wages	11,097.69	11,097.69	-	11,097.69	
Other Expenses	3,045.11	3,045.11	808.68	2,236.43	
Assessment of Taxes					
Salaries and Wages	100.00	100.00	-	100.00	
Other Expenses	10,006.64	10,006.64	2,350.93	7,655.71	
Legal Services and Costs					
Other Expenses	67,434.12	67,434.12	5,333.50	62,100.62	
Engineering Services and Costs					
Other Expenses	10,100.94	10,100.94	430.00	9,670.94	
Insurance					
Employee Group Insurance	37,414.62	37,414.62	7,515.05	29,899.57	
Other Insurance Premiums	12,011.34	12,011.34	-	12,011.34	
Health Benefit Waiver					
Salaries and Wages	3,250.00	3,250.00	1,916.66	1,333.34	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	1,895.00	1,895.00	-	1,895.00	
Other Expenses	22,088.54	22,088.54	1,745.71	20,342.83	
Zoning Board					
Salaries and Wages	410.00	410.00	-	410.00	
Other Expenses	11,424.13	11,424.13	1,763.65	9,660.48	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
PUBLIC SAFETY					
Fire Department					
Other Expenses	33,246.03	33,246.03	16,329.92	16,916.11	
Police Department					
Salaries and Wages	59,003.81	59,003.81	2,342.20	56,661.61	
Other Expenses	30,661.78	30,661.78	28,960.87	1,700.91	
Office of Emergency Management					
Other Expenses	3,584.56	3,584.56	97.14	3,487.42	
Municipal Prosecutor					
Other Expenses	679.00	679.00	-	679.00	
Uniform Construction Code Official					
Salaries and Wages	4,061.46	4,061.46	-	4,061.46	
Other Expenses	4,708.81	4,708.81	442.79	4,266.02	
Municipal Court					
Salaries and Wages	6,597.00	6,597.00	390.00	6,207.00	
Other Expenses	5,564.11	5,564.11	859.79	4,704.32	
PUBLIC WORKS					
Public Works					
Salaries and Wages	93,797.62	93,797.62	38,303.06	55,494.56	
Other Expenses	66,229.82	66,229.82	39,096.11	27,133.71	
Solid Waste Collection					
Salaries and Wages	52,559.18	52,559.18	18,991.75	33,567.43	
Other Expenses	10,400.33	10,400.33	6,569.39	3,830.94	
Public Building and Grounds					
Other Expenses	23,648.54	23,648.54	16,411.87	7,236.67	
NATURAL RESOURCES					
Natural Resources Committee					
Other Expenses	23,123.00	23,123.00	5,952.50	17,170.50	
Animal Control					
Other Expenses	499.87	499.87	499.87	-	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	-	-	-	-	
Other Expenses	564.50	564.50	193.50	371.00	
Safety Compliance					
Other Expenses	4,769.61	4,769.61	3,984.70	784.91	

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

Balance December 31, 2014			
School Tax Payable	\$	276,454.15	
School Tax Deferred		<u>921,837.60</u>	
			1,198,291.75
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			<u>2,396,585.00</u>
			3,594,876.75
Decreased by:			
Payments			<u>2,396,585.00</u>
Balance December 31, 2015			
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			2,396,585.00
Tax Payable Ending			<u>276,454.15</u>
			2,673,039.15
Less: Tax Payable Beginning			<u>276,454.15</u>
Amount Charged to Current Year Operations	\$		<u><u>2,396,585.00</u></u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2014		2015 Appropriations	Disbursed	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
NONE						
Total Federal	-	-	-	-	-	-
STATE GRANTS:						
Drunk Driving Enforcement Fund - 2012	360.43		6,262.96	2,504.20		4,119.19
Municipal Court Alcohol Grant - Revolving	759.26					759.26
Clean Communities Program	17.26		28,594.98	22,233.42	1,789.05	8,167.87
Police Body Armor Grant - 2014	344.20		1,933.97			2,278.17
Municipal Stormwater Grant - 2004	2,171.02					2,171.02
Municipal Stormwater Grant - 2005	6,822.00					6,822.00
NJ Tourism - Cooperative Marketing	109.12					109.12
Open Space - Freedom Park Memorial	-			13,221.00	13,221.00	-
Recycling Tonnage Grant - Revolving	6,437.80		18,509.12	10,349.26		14,597.66
NJDOT - Relocation of Site 103	6,166.00			148,487.60	148,487.60	6,166.00
Sustainable Jersey Small Grant			2,000.00	1,585.47		414.53
ADA Improvements-82nd St			220,000.00	138,909.74		81,090.26
Hazard Mitigation Grant			75,000.00			75,000.00
Total State	23,187.09	-	352,301.03	337,290.69	163,497.65	201,695.08
LOCAL GRANTS:						
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			965.63	940.00	1,737.71
Shore Bird Stewardship - Revolving	9,746.84					9,721.21
County of Cape May - Streetscape - Revolving	2,202.06					2,202.06
Comcast Technology Grant - Revolving	12,505.00			2,400.00		10,105.00
Donations - Parks	120.29					120.29
Donations - Hurricane Sandy	296.35					296.35
ACM/JIF Safety Grant			1,500.00	1,438.40		61.60
Open Space-82nd St Recreation Complex			297,525.00	256,072.95		41,452.05
Open Space-82nd St Recreation			302,475.00	20,651.43		281,823.57
Cops in Shops			2,000.00	1,120.56		879.44
Open Space-Chelsea Park			645,525.00	546,840.00		98,685.00
Total Local	28,143.62	-	1,249,025.00	829,488.97	940.00	448,619.65
\$	51,330.71	-	1,601,326.03	1,166,779.66	164,437.65	650,314.73
			Cash Disbursed	441,711.97		
			Encumbered	725,067.69		
				<u>1,166,779.66</u>		

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred To 2015 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2015</u>
STATE GRANTS:				
Recycling Tonnage Grant - 2014	\$ 18,509.12	18,509.12		-
Police Body Armor Grant - 2014	1,933.97	1,933.97		-
Police Body Armor Grant - 2015	-		1,931.30	1,931.30
Supplemental Fire Services Grant	1.00			1.00
Clean Communities - 2014	12,906.61	12,906.61		-
Clean Communities - 2015		15,688.37	15,688.37	-
Sustainable Jersey Small Grant	-	2,000.00	2,000.00	-
Municipal Court Alcohol Grant - 2014	6,262.96	6,262.96		-
Municipal Court Alcohol Grant - 2015	-		1,894.26	1,894.26
Total State	39,613.66	57,301.03	21,513.93	3,826.56
Grand Total	\$ 39,613.66	57,301.03	21,513.93	3,826.56

TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2014	\$ 358.72	1,218,711.29
Increased By:		
State Dog License Fees	32.40	
Municipal Dog License Fees	81.00	
Cat License Fees	27.50	
Due to Current Fund	0.21	
Other Reserves		<u>446,435.98</u>
	<u>141.11</u>	<u>446,435.98</u>
	499.83	1,665,147.27
Decreased By:		
Paid to State of NJ	31.20	
Dog Fund Expenditures	-	
Current Fund		
Other Reserves		<u>188,146.97</u>
	<u>31.20</u>	<u>188,146.97</u>
Balance December 31, 2015	\$ <u><u>468.63</u></u>	<u><u>1,477,000.30</u></u>
Analysis of December 31, 2015 Balance		
Trust - Other	\$	175,103.64
COAH		1,182,707.35
Public Defender		1,677.05
Health Flex Account		929.36
Preservation Trust Account		114,186.44
Parking Offense Adjudication Account		<u>2,396.46</u>
	\$	<u><u>1,477,000.30</u></u>

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

Balance December 31, 2014	\$	250.20
Increased by:		
Dog License Fees Collected	214.93	
Cat License Fees Collected	27.50	
	<hr/>	<hr/>
		242.43
		492.63
Decreased by:		
Due to Current Fund	0.53	
	<hr/>	<hr/>
		0.53
Balance December 31, 2015	\$	<hr/> <hr/> 492.10

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	166.90
2013	<hr/> 111.00
	<hr/> <hr/> 277.90

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

Balance December 31, 2014	\$		6.00
Increased By:			
Collected in 2015			
State License Fees		27.00	
Pilot Clinic Fund Fees		5.40	
Animal Population Control Fees		-	
		<hr/>	<hr/>
			32.40
			38.40
Decreased By:			
Payments		31.20	
To Reserve		-	
Payments		<hr/>	<hr/>
			31.20
Balance December 31, 2015	\$		<hr/> <hr/> 7.20

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015

Reserve	Balance Dec. 31, 2014	Increased by		Decreased by		Balance Dec. 31, 2015
		Receipts	Other	Disbursements	Payments made by Current Fund	
Preservation Trust	\$ 114,117.92	68.68		0.16		114,186.44
Parking Offenses Adjudication Act	1,855.24	1,111.41		570.19		2,396.46
Self Insurance - Workers Compensation	-					-
Developer's Escrow	25,516.77	20,221.00		28,244.75		17,493.02
Street Opening Deposits	93,896.75	149,902.00		119,320.75		124,478.00
Premiums Received at Tax Sale	20.00	2,348.00		2,348.00		20.00
Off-Duty Police	2,098.17					2,098.17
Health Flex Account	928.78	1,500.62		1,500.04		929.36
Forefeited Property	425.00					425.00
Public Defender Fees	1,676.02	6.87		5.84		1,677.05
Contributions - Bird Sanctuary	13,336.81	2,600.00		2,980.44		12,956.37
Council on Affordable Housing	952,777.18	232,329.89		5,444.72		1,179,662.35
Uniform Fire Code - Penalties	1,400.00					1,400.00
Bequests - Memorial Benches	405.00	10,190.00		4,727.00		5,868.00
Bequests - Police Equipment	1,610.00	500.00				2,110.00
Bequests - 911 Memorial	983.37	2,500.00		900.00		2,583.37
100th Anniversary	7,664.28	2.51		0.08		7,666.71
Recreation Donations		23,155.00		22,105.00		1,050.00
	\$ 1,218,711.29	446,435.98	-	188,146.97	-	1,477,000.30

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

	<u>Ref.</u>	
Balance December 31, 2014		\$ 73,439.43
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	565,603.06	
Bond Anticipation Notes Issued	1,900,000.00	
Due from Water and Sewer Capital Fund	2,431,852.85	
Grants Receivable	175,558.18	
	<hr/>	<hr/> 5,073,014.09
		5,146,453.52
Decreased by:		
Improvement Authorizations	798,957.08	
Encumbrances	1,473,654.90	
Direct Charges for Preliminary Costs	2,084.54	
Anticipated as a Revenue in 2015 Budget;		
Reserve for Payment of Bonds	65,842.00	
	<hr/>	<hr/> 2,340,538.52
Balance December 31, 2015		\$ <u><u>2,805,915.00</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
\$								
Fund Balance	119.76							119.76
Capital Improvement Fund	116,046.94							-
Due to Current Fund		565,603.06			65,842.00	681,650.00	565,603.06	-
Contracts Payable	1,473,654.90					565,603.06	65,842.00	
Reserve for Payment of Bonds	490,992.43				1,473,654.90		13,048,747.92	13,048,747.92
Reserve for Payment of NJEIT Loan	62,116.00					65,842.00		425,150.43
Reserve for Preliminary Expenses	10,915.00							62,116.00
Reserve for Arbitrage Liability	1,699.33				2,084.54			8,830.46
Due from NJ Environmental Infrastructure Trust	(230,313.66)							1,699.33
Due from Water and Sewer Capital Fund	(2,431,852.85)	2,431,852.85						(230,313.66)
Grant Receivable	(400,000.00)	175,558.18						(224,441.82)
Improvement Authorizations:								
1208 Improve Lagoons and Basins	150.00							150.00
1228 Various Improvements	59,962.76			34,242.00		1,255.53		24,465.23
1249 Various Improvements	30,603.00			(22,791.25)		22,791.25		30,603.00
1293 Various Improvements	34,309.37			1,196.20		9,910.00		23,203.17
1308 Various Improvements	126,545.74			(65,496.34)		80,728.75		111,313.33
1332 Various Improvements	187,279.20			(32,730.32)		91,757.17		128,252.35
1356 Various Improvements	(185,709.14)			(9,690.59)		54,213.13		(230,231.68)
1369 Various Improvements	1,414.79			353.05				1,061.74
1390 Various Improvements	165,185.24			(186,555.00)		189,929.60		161,810.64
1398 Various Improvements	(103,292.07)			77,394.34		411,075.59		(591,762.00)
1417 Various Improvements	83,585.22		(92,000.00)	22,174.57		5,408.47		(35,997.82)
1436 Various Improvements	580,027.47		(508,000.00)	250,297.39		299,075.39		(477,345.31)
1449 Various Improvements				303,122.15		1,108,326.74		(1,411,448.89)
1455 Various Improvements			2,500,000.00	369,150.88		5,692,566.30	424,650.00	(3,137,067.18)
1463 Improvement of Recreational Facilities								
Improvement of Beach Property				58,290.00		81,710.00	7,000.00	(133,000.00)
				-		5,000,000.00	250,000.00	(4,750,000.00)
	\$ 73,439.43	3,173,014.09	1,900,000.00	798,957.08	1,541,581.44	14,361,842.98	14,361,842.98	2,805,915.00

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

	<u>Ref.</u>	
Balance December 31, 2014		\$ 116,046.94
Increased by:		
Current Fund Budget Appropriation	565,603.06	
	<hr/>	<hr/> 565,603.06
		681,650.00
Decreased by:		
Appropriation to Finance Improvement Authorization	681,650.00	
	<hr/>	<hr/> 681,650.00
Balance December 31, 2015		\$ <u><u>-</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2014		\$ 21,213,922.16
Increased by:		
None		
	<hr/>	<hr/> -
		21,213,922.16
Decreased by:		
Serial Bonds Paid by Operating Budget	2,585,000.00	
NJEIT Loans Paid by Operating Budget	203,875.69	
	<hr/>	<hr/> 2,788,875.69
Balance December 31, 2015		\$ <u><u>18,425,046.47</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Balance Dec. 31, 2015	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			117,418.37
1398	Various Improvements	1,618,000.00		1,618,000.00	1,000,000.00	591,762.00	26,238.00
1417	Various Improvements	999,000.00		999,000.00	750,000.00	35,997.82	213,002.18
1436	Various Improvements	1,378,000.00		1,378,000.00	850,000.00	477,345.31	50,654.69
1449	Various Improvements	2,000,000.00		2,000,000.00		1,411,448.89	588,551.11
1455	Various Improvements		8,068,350.00	8,068,350.00	2,500,000.00	3,137,067.18	2,431,282.82
1463	Improvement of Recreational Facilities		133,000.00	133,000.00		133,000.00	-
1465	Improvement of Beach Property		4,750,000.00	4,750,000.00		4,750,000.00	-
		<u>\$ 6,342,650.05</u>	<u>12,951,350.00</u>	<u>19,294,000.05</u>	<u>5,100,000.00</u>	<u>10,766,852.88</u>	<u>3,427,147.17</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			
				Balance December 31, 2014		Paid or Charged	Balance December 31, 2015
				Funded	Unfunded		Funded
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	59,555.58 407.18		35,497.53	24,058.05 407.18
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 c. Improve Beach Property e. Improve 96th Street	8/3/2007	3,300,000.00	1,196.20 33,113.17		1,196.20 9,910.00	- 23,203.17
1308	Various Improvements b. Improve Borough Buildings and Property	4/1/2008	3,950,000	126,545.74		15,232.41	111,313.33
1332	Various Improvements b. Improve Borough Buildings and Property c. Purchase of Fire Truck d. Purchase Equipment - Various Borough Departments g. Funding Borough's Obligation for Affordable Housing	3/17/2009	2,900,000	12,134.52 7.25 637.43 174,500.00		5,711.85	6,422.67 7.25 637.43 121,185.00
1356	Various Improvements a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property	3/16/2010	2,400,000	450.75 44,071.79		450.75 44,071.79	- -
1369	Various Improvements a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property d. Purchase Computer Equipment	3/1/2011	2,250,000	\$ 408.00 6.79 1,000.00		353.05	54.95 6.79 1,000.00
1390	Improvement to Water and Sewer System - General Capital Portion	10/18/2011	2,600,000	282,603.61		3,374.60	161,810.64 117,418.37
1398	Various Improvements	3/6/2012	1,700,000	514,707.93		488,469.93	26,238.00
1417	Various Improvements	3/19/2013	1,050,000	11,333.33		27,583.04	213,002.18
1436	Various Improvements			297,055.06		549,372.78	50,654.69
1449	Various Improvements			2,000,000.00		1,411,448.89	588,551.11
1455	Various Improvements	3/3/2015	8,493,000			6,061,717.18	2,431,282.82
1463	Improvement of Recreational Facilities	5/15/2015	140,000			140,000.00	-
1465	Improvement of Beach Property	9/1/2015	5,000,000			5,000,000.00	-
			\$	793,175.79	3,329,535.84	13,847,705.00	480,859.46
							3,427,147.17

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
General Bonds of 2006	8/15/2006	13,994,000	8/15/16-17	1,640,000.00	4.000%	\$ 6,564,000.00	1,640,000.00	4,924,000.00
			8/15/18	1,644,000.00	4.000%			
General Bonds of 2011	11/1/2011	12,750,000	11/01/16	985,000.00	3.000%	10,155,000.00	945,000.00	9,210,000.00
			11/01/17	1,025,000.00	3.000%			
			11/01/18	1,075,000.00	3.000%			
			11/01/19	1,125,000.00	3.000%			
			11/01/20	1,175,000.00	3.000%			
			11/01/21	1,225,000.00	3.000%			
			11/01/22	1,275,000.00	3.000%			
			11/01/23	1,325,000.00	3.125%			
						<u>\$ 16,719,000.00</u>	<u>2,585,000.00</u>	<u>14,134,000.00</u>

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Balance	Outstanding					
			Date	December 31, 2015					
				Amount					
NJ/EIT 2010B Trust Loan CW - General Capital Portion 78.7685076%	12/2/2010	728,445.65	8/1/2016	31,507.40	5.000% \$	724,670.26		31,507.40	693,162.86
			8/1/2017	35,445.83	5.000%				
			8/1/2018	35,445.83	5.000%				
			8/1/2019	39,384.25	5.000%				
			8/1/2020	39,384.25	5.000%				
			8/1/2021	39,384.25	5.000%				
			8/1/2022	43,322.68	5.000%				
			8/1/2023	43,322.68	5.000%				
			8/1/2024	47,261.10	5.000%				
			8/1/2025	51,199.53	5.000%				
			8/1/2026	51,199.53	5.000%				
			8/1/2027	55,137.96	5.000%				
			8/1/2028	59,076.38	5.000%				
			8/1/2029	59,076.38	5.000%				
			8/1/2030	63,014.81	5.000%				
NJ/EIT 2010B Fund Loan CW - General Capital Portion 78.7685076%	12/2/2010	643,527.55	2/1/2016	14,719.03	0.000%	555,213.34		44,157.09	511,056.25
			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					

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Balance	December 31, 2015					
			Date	Amount					
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%	5/3/2012	58,641.98	8/1/2016	2,057.61	5.000%	54,526.72		2,057.61	52,469.11
			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%				
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%	5/3/2012	188,679.87	8/1/2029	4,115.23	3.125%				
			8/1/2030	5,144.03	3.200%				
			8/1/2031	5,144.00	3.250%				
			2/1/2016	3,197.96	0.000%	143,904.81		9,593.89	134,310.92
			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					
			2/1/2024	3,197.96					
			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					

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Balance	December 31, 2015					
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%	5/3/2012	188,679.87	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	6,392.38					
NJEIT 2012A Trust Loan CW-General Capital 54.8291860%	5/3/2012	762,125.69	8/1/2016	30,156.05	5.000%	710,037.96		30,156.05	679,881.91
			8/1/2017	30,156.05	5.000%				
			8/1/2018	32,897.51	5.000%				
			8/1/2019	32,897.51	5.000%				
			8/1/2020	35,638.97	5.000%				
			8/1/2021	38,380.43	5.000%				
			8/1/2022	38,380.43	5.000%				
			8/1/2023	41,121.89	5.000%				
			8/1/2024	43,863.35	5.000%				
			8/1/2025	43,863.35	5.000%				
			8/1/2026	46,604.81	5.000%				
			8/1/2027	49,346.27	3.000%				
			8/1/2028	52,087.73	3.000%				
			8/1/2029	52,087.73	3.125%				
			8/1/2030	54,829.19	3.200%				
			8/1/2031	57,570.65	3.250%				
			2/1/2016	14,108.54	0.000%	604,600.07		42,325.61	562,274.46
			8/1/2016	28,217.08					
			2/1/2017	14,108.54					
			8/1/2017	28,217.08					
			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					

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Balance	Outstanding					
			Date	December 31, 2015					
				Amount					
NJEIT 2012A Fund Loan CW-General Capital 54.8291860%	5/3/2012	832,404.09	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	12,041.32					
NJEIT 2015 Trust Loan CW-Water/Sewer 33.33333333%	5/21/2015	346,667	8/1/2016	11,666.67	5.000%	346,666.67			346,666.67
			8/1/2017	11,666.67	5.000%				
			8/1/2018	13,333.33	5.000%				
			8/1/2019	13,333.33	5.000%				
			8/1/2020	15,000.00	5.000%				
			8/1/2021	15,000.00	5.000%				
			8/1/2022	15,000.00	5.000%				
			8/1/2023	16,666.67	5.000%				
			8/1/2024	16,666.67	5.000%				
			8/1/2025	18,333.33	5.000%				
			8/1/2026	18,333.33	5.000%				
			8/1/2027	20,000.00	4.000%				
			8/1/2028	20,000.00	4.000%				
			8/1/2029	21,666.67	4.000%				
			8/1/2030	21,666.67	4.000%				
			8/1/2031	23,333.33	4.000%				
			8/1/2032	23,333.33	4.000%				
			8/1/2033	25,000.00	4.000%				
			8/1/2034	26,666.67	4.000%				

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Balance	Outstanding					
			Date	December 31, 2015					
				Amount					
NJEIF 2015 Fund Loan CW-Water/Sewer 33.33333333%	5/21/2015	1,123,006	2/1/2016	19,034.00	0.0000%	1,123,006.00		38,068.00	1,084,938.00
			8/1/2016	38,068.00					
			2/1/2017	19,034.00					
			8/1/2017	38,068.00					
			2/1/2018	19,034.00					
			8/1/2018	38,068.00					
			2/1/2019	19,034.00					
			8/1/2019	38,068.00					
			2/1/2020	19,034.00					
			8/1/2020	38,068.00					
			2/1/2021	19,034.00					
			8/1/2021	38,068.00					
			2/1/2022	19,034.00					
			8/1/2022	38,068.00					
			2/1/2023	19,034.00					
			8/1/2023	38,068.00					
			2/1/2024	19,034.00					
			8/1/2024	38,068.00					
			2/1/2025	19,034.00					
			8/1/2025	38,068.00					
			2/1/2026	19,034.00					
			8/1/2026	38,068.00					
			2/1/2027	19,034.00					
			8/1/2027	38,068.00					
			2/1/2028	19,034.00					
			8/1/2028	38,068.00					
			2/1/2029	19,034.00					
			8/1/2029	38,068.00					
			2/1/2030	19,034.00					
			8/1/2030	38,068.00					
			2/1/2031	19,034.00					
			8/1/2031	38,068.00					
			2/1/2032	19,034.00					
			8/1/2032	38,068.00					
			2/1/2033	19,034.00					
			8/1/2033	38,068.00					
			2/1/2034	19,034.00					
			8/1/2034	38,068.00					

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Balance	December 31, 2015					
			Date	Amount					
NJEIT 2015 Trust Loan DW-Water/Sewer 33.33333333%	5/21/2015	55,000	8/1/2016	1,666.67	5.000%	55,000.00			55,000.00
			8/1/2017	1,666.67	5.000%				
			8/1/2018	1,666.67	5.000%				
			8/1/2019	1,666.67	5.000%				
			8/1/2020	1,666.67	5.000%				
			8/1/2021	1,666.67	5.000%				
			8/1/2022	3,333.33	5.000%				
			8/1/2023	3,333.33	5.000%				
			8/1/2024	3,333.33	5.000%				
			8/1/2025	3,333.33	5.000%				
			8/1/2026	3,333.33	5.000%				
			8/1/2027	3,333.33	4.000%				
			8/1/2028	3,333.33	4.000%				
			8/1/2029	3,333.33	4.000%				
			8/1/2030	3,333.33	4.000%				
			8/1/2031	3,333.33	4.000%				
NJEIT 2015 Fund Loan DW-Water/Sewer 33.33333333%	5/21/2015	177,296.33	8/1/2032	3,333.34	4.000%				
			8/1/2033	3,333.34	4.000%				
			8/1/2034	5,000.00	4.000%				
			2/1/2016	3,005.02	0.000%	177,296.33			171,286.29
			8/1/2016	6,010.04				6,010.04	
			2/1/2017	3,005.02					
			8/1/2017	6,010.04					
			2/1/2018	3,005.02					
			8/1/2018	6,010.04					
			2/1/2019	3,005.02					
			8/1/2019	6,010.04					
			2/1/2020	3,005.02					
			8/1/2020	6,010.04					
			2/1/2021	3,005.02					
			8/1/2021	6,010.04					
			2/1/2022	3,005.02					
			8/1/2022	6,010.04					
			2/1/2023	3,005.02					
			8/1/2023	6,010.04					
			2/1/2024	3,005.02					
			8/1/2024	6,010.04					
			2/1/2025	3,005.02					
			8/1/2025	6,010.04					

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding						
			Balance December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
NJEIF 2015 Fund Loan DW-Water/Sewer 33.33333333%	5/21/2015	177,296.33	2/1/2026	3,005.02					
			8/1/2026	6,010.04					
			2/1/2027	3,005.02					
			8/1/2027	6,010.04					
			2/1/2028	3,005.02					
			8/1/2028	6,010.04					
			2/1/2029	3,005.02					
			8/1/2029	6,010.04					
			2/1/2030	3,005.02					
			8/1/2030	6,010.04					
			2/1/2031	3,005.02					
			8/1/2031	6,010.04					
			2/1/2032	3,005.02					
			8/1/2032	6,010.04					
			2/1/2033	3,005.02					
			8/1/2033	6,010.04					
			2/1/2034	3,005.02					
			8/1/2034	6,010.19					
			\$	4,494,922.16	-	203,875.69	4,291,046.47		

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Various Improvements	1398	11/7/2014	11/7/2014	11/6/2015	1.000%	\$ 1,000,000.00		1,000,000.00	-
Various Improvements	1398	11/7/2014	11/5/2015	11/4/2016	0.630%		1,000,000.00		1,000,000.00
Various Improvements	1417	11/7/2014	11/7/2014	11/6/2015	1.000%	842,000.00		842,000.00	-
Various Improvements	1417	11/7/2014	11/5/2015	11/4/2016	0.630%		750,000.00		750,000.00
Various Improvements	1436	11/7/2014	11/7/2014	11/6/2015	1.000%	758,000.00		758,000.00	-
Various Improvements	1436	12/31/2014	12/31/2014	12/30/2015	0%	600,000.00		600,000.00	-
Various Improvements	1436	11/7/2014	11/5/2015	11/4/2016	0.630%		850,000.00		850,000.00
Various Improvements	1455	11/5/2015	11/5/2015	11/4/2016	0.630%		2,500,000.00		2,500,000.00
						<u>\$ 3,200,000.00</u>	<u>5,100,000.00</u>	<u>3,200,000.00</u>	<u>5,100,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Balance Dec. 31, 2015
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:	618,000.00			618,000.00
1417	Various Improvements	157,000.00		(92,000.00)	249,000.00
1436	Various Improvements	20,000.00		(508,000.00)	528,000.00
1449	Various Improvements	2,000,000.00			2,000,000.00
1455	Various Improvements		8,068,350.00	2,500,000.00	5,568,350.00
1463	Improvement of Recreational Facilities		133,000.00		133,000.00
1465	Improvement of Beach Property		4,750,000.00		4,750,000.00
		<u>\$ 3,142,650.05</u>	<u>12,951,350.00</u>	<u>1,900,000.00</u>	<u>14,194,000.05</u>

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

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2014	\$	849,962.11	447,908.39
Increased by Receipts:			
Collector		3,428,233.19	
Overpayments		58,224.81	
Due to Utility Capital		20,000.00	
Due from Current Fund		1,145.43	
Bond Anticipation Notes			3,522,500.00
Budget Appropriation			19,000.00
		<u>3,507,603.43</u>	<u>3,541,500.00</u>
		4,357,565.54	3,989,408.39
Decreased by Disbursements:			
Current Year Appropriation		2,992,164.95	
Prior Year Appropriations		369,694.95	
Accrued Interest on Bonds and Notes		196,189.46	
Refund of Prior Year's Revenue		1,458.98	
Miscellaneous Receivables		19.62	
Due to Current Fund			2,431,852.85
Due to Utility Capital			1,261,395.79
Improvement Authorizations			
		<u>3,559,527.96</u>	<u>3,693,248.64</u>
Balance December 31, 2015	\$	<u><u>798,037.58</u></u>	<u><u>296,159.75</u></u>

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

	Balance Dec. 31, 2014	Receipts		Disbursements	Transfers		Balance Dec. 31, 2015
		Miscellaneous	Debt Issued		From	To	
Fund Balance	\$ 34,616.39						34,616.39
Capital Improvements Fund	3,575.77					20,000.00	4,575.77
Encumbrances Payable	1,268,739.38			19,000.00	1,268,739.38	2,927,397.36	2,927,397.36
Due to General Capital Fund	2,431,852.85			2,431,852.85	20,000.00	-	(20,000.00)
Due to Utility Operating	(348,568.77)						(348,568.77)
Due from N.J. Environ. Infrastructure Trust							
Improvement Authorizations:							
1134 Improvement to Water							
amended							
Supply and Distribution							
by 1197 System	-				83.45	83.45	-
1280 Various Improvements	16.00						16.00
a. Vehicular Equipment							
1309 Various Improvements	546.60						546.60
b. Purchase of Equipment							
1333 Various Improvements	16,383.96			10,591.00	7,793.00	7,793.00	5,792.96
a. Reconstruction/Renovation of							
Roof of Water Plant							
1342 Improvement of the Water and	(577,126.64)		500,000.00		26,658.72	26,658.72	(77,126.64)
Sewerage System							
1370 Various Improvements that include	(567.00)						(567.00)
the Purchase and Installation of							
a New Generator at the 114th St.							
Pump Station and Installation of							
New Fire Hydrants							
1391 Improvement of the Water and	(207,305.20)		225,000.00	67,951.37		48,444.94	(1,811.63)
Sewerage System							
1399 Various Improvements	(539,000.00)		539,000.00		17,760.19	17,760.19	-
a. Water Tower Rehabilitation	(96,989.52)		97,000.00		5,340.00	5,340.00	10.48
b. Water/Sewer Equipment	(90,506.43)		92,500.00	25,157.00	22.51	25,179.51	1,993.57
c. 95th Street Well Reconstruction							
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	(1,071,474.34)	1,469,000.00		720,817.36	68,126.48	829,402.52	437,984.34
1437 Various Improvements	(242,000.00)		240,000.00	237,000.00	545.00	237,545.00	(2,000.00)
a. Purchase Vehicles	(44,990.88)		120,000.00	25,448.50	4,645.00	23,643.50	68,559.12
b. Purchase Equipment	(85,735.15)		240,000.00	87,138.46	18,113.50	46,888.55	95,901.44
c. Upgrade Dewatering Equipment	(2,118.63)			5,629.79	879.99		(8,628.41)
d. Purchase of Computer Equipment							
1450 Improvement of Water and Sewerage	(1,440.00)			17,422.78	2,718,800.00		(2,737,662.78)
System							
1456 Various Improvements				10,814.58			(10,814.58)
a. Repairs Dump Truck				13,691.52	29,762.77		(43,454.29)
b. Fire Hydrants/SCADA				20,733.43	28,866.75	19,000.00	(30,600.18)
c. Upgrades Meters							
	\$ 447,908.39	-	3,522,500.00	1,261,395.79	4,216,136.74	4,235,136.74	296,159.75

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

	<u>Ref.</u>	
Balance December 31, 2014		\$ -
Increased by Receipts:		
Consumer Accounts Receivable:		
Water Rents	1,581,103.29	
Sewer Rents	1,631,154.06	
Miscellaneous	<u>215,975.84</u>	
		<u>3,428,233.19</u>
		3,428,233.19
Payments to Treasurer		<u>3,428,233.19</u>
Balance December 31, 2015		\$ <u><u>-</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2014		\$ 67,973.15
Increased by Receipts:		
Water Rents Levied	1,552,524.69	
Sewer Rents Levied	1,708,996.12	
		<u>3,261,520.81</u>
		3,329,493.96
Decreased by Disbursements:		
Collections - Water	1,581,103.29	
Collections - Sewer	1,631,154.06	
Overpayments Applied	10,017.98	
		<u>3,222,275.33</u>
Balance December 31, 2015		\$ <u><u>107,218.63</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2014		\$
Increased by Receipts:		
No Activity in 2015		
	<u> </u>	<u>-</u>
		-
Decreased by Disbursements:		
No Activity in 2015		
	<u> </u>	<u>-</u>
		-
Balance December 31, 2015		\$ <u><u>-</u></u>

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	13,268.19	13,268.19	11,509.79	1,758.40	-
Other Expenses	59,955.13	59,955.13	36,894.91	23,060.22	-
Cape May County MUA	330,567.25	330,567.25	321,290.25	9,277.00	
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	1,109.31	1,109.31	-	1,109.31	-
Unemployment	767.12	767.12	-	767.12	-
	<u>\$ 405,667.00</u>	<u>405,667.00</u>	<u>369,694.95</u>	<u>35,972.05</u>	<u>-</u>

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

	<u>Ref.</u>	
Balance December 31, 2014		\$ 69,203.42
Increased by:		
Budget Appropriations:		
Interest on Bonds	207,986.04	
Interest on NJEIT Loans	4,000.00	
	<u>211,986.04</u>	<u>211,986.04</u>
		281,189.46
Decreased By:		
Payments of Debt Service Interest		196,189.46
		<u>196,189.46</u>
Balance December 31, 2015		\$ <u><u>85,000.00</u></u>

Analysis of Accrued Interest December 31, 2015

	Principal Outstanding December 31, 2015	Interest Rate	From	To	Days	Amount
<u>Serial Bonds and Loans</u>						
	1,850,000.00	4.00%	8/16/2015	12/31/2015	138	28,958.22
	1,225,000.00	Var.	11/10/2015	12/31/2015	52	5,308.33
	670,000.00	Var.	8/1/2015	12/31/2015	153	12,813.75
	186,837.15	Var.	8/1/2015	12/31/2015	153	3,970.29
	202,530.85	Var.	8/1/2015	12/31/2015	153	3,873.40
	560,118.09	Var.	8/1/2015	12/31/2015	153	10,712.26
	693,333.33	Var.	8/1/2015	12/31/2015	153	13,260.00
	110,000.00	Var.	8/1/2015	12/31/2015	153	2,103.75
	3,522,500.00	0.63%	11/5/2015	12/31/2015	57	4,000.00
						<u>85,000.00</u>

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

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Prior Encumbrances Cancelled	Paid or Charged	Balance December 31, 2015	
				Balance December 31, 2014	Other Funding	Deferred Charges to Future Taxation				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		(7,793.00)	18,384.00	5,792.96	
1342	Improvement of the Water and Sewerage System	9/15/2009	3,000,000	-		138.68		(26,658.72)	26,658.72		138.68
1399	Various Improvements b. Water/Sewer Equipment c. 95th Street Well Reconstruction	3/6/2012	750,000			10.48		(96,724.64)	116,231.07		10.48
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			521,025.66		(829,402.52)	788,943.84		561,484.34
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			- 68,559.12 169,224.63 7,371.59		(308,077.05)	379,400.24		68,559.12 97,901.44 7,371.59
1450	Improvement of Water and Sewerage System		4,000,000			3,998,560.00			2,736,222.78		1,262,337.22
1456	Various Improvements				19,000.00		347,000.00		103,869.05		262,130.95
				\$ 16,930.56	19,000.00		347,000.00	(1,268,655.93)	4,169,709.70	6,339.56	2,261,943.39

**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, 2015			Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount						
Water & Sewer Utility Bonds of 2006	08/15/06	3,450,000	08/15/16	345,000.00		4.00%	\$ 2,180,000.00		330,000.00	1,850,000.00
			08/15/17	360,000.00		4.00%				
			08/15/18	375,000.00		4.00%				
			08/15/19	390,000.00		4.00%				
			08/15/20	380,000.00		4.00%				
Water & Sewer Utility Bonds of 2011	11/1/2011	1,620,000	11/01/16	120,000.00		3.00%	1,335,000.00		110,000.00	1,225,000.00
			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%				
							\$ 3,515,000.00		440,000.00	3,075,000.00
								-		

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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJEIT 2007A Trust Loan	11/8/2007	920,000.00	8/1/2016	45,000.00	5.00%	\$ 715,000.00				670,000.00
			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%					
			2/1/2016	9,687.68	0.00%	606,994.67		49,290.56		
			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						
NJEIT 2007A Fund Loan	11/8/2007	901,733.00	2/1/2019	7,471.18						557,704.11
			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						

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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJ/EIT 2010A Trust Loan DW & CW	3/10/2010	707,506.00	8/1/2016	30,000.00		665,000.00		30,000.00		635,000.00
			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						
			2/1/2016	40,229.93	0.000%	1,460,645.98		120,689.79		1,339,956.19
NJ/EIT 2010A Fund Loan DW & CW	3/10/2010	2,023,865.00	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						
			8/1/2027	15,858.64						
			2/1/2028	7,929.32						
			8/1/2028	15,858.64						
			2/1/2029	7,929.32						
			8/1/2029	15,858.76						

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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJEIT 2010B Trust Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	196,347.36	8/1/2016	3,140.77	5.00%	195,329.75		8,492.60		186,837.15
			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	12,738.89	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	22,337.03	5.00%					
			2/1/2016	3,967.41	0.00%	149,653.81		11,902.23		137,751.58
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	193,295.32	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						
			8/1/2025	7,934.82						
			2/1/2026	3,967.41						

**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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	193,295.32	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	226,358.02	8/1/2016	7,942.39	5.000%	210,473.24		7,942.39		202,530.85
			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	19,855.96	3.250%					
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	728,304.13	2/1/2016	12,344.14	0.000%	555,472.36		37,032.41		518,439.95
			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						
			2/1/2024	12,344.14						
			8/1/2024	24,688.27						

**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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJ/EIT Spring 2012 ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	728,304.13	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	24,674.53						
			8/1/2016	24,843.95	5.000%	584,962.04		24,843.95		560,118.09
			8/1/2017	24,843.95	5.000%					
NJ/EIT 2012A Trust Loan CW-Water/Sewer 45.1708140%	5/3/2012	627,874.31	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%					
NJ/EIT 2012A Fund Loan CW-Water/Sewer 45.1708140%	5/3/2012	685,772.91	8/1/2030	45,170.81	3.200%					
			8/1/2031	47,429.35	3.250%					
			2/1/2016	11,623.27	0.000%	498,097.45		34,869.80		463,227.65
			8/1/2016	23,246.54						
			2/1/2017	11,623.27						
			8/1/2017	23,246.54						
			2/1/2018	11,623.27						
			8/1/2018	23,246.54						
			2/1/2019	11,623.27						

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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJ/EIT 2012A Fund Loan CW-Water/Sewer 45.1708140%	5/3/2012	685,772.91	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	9,920.20						
NJ/EIT 2015 Trust Loan CW-Water/Sewer 66.6666667%	5/21/2015	693,333	8/1/2016	23,333.33	5.00%	693,333.33				693,333.33
			8/1/2017	23,333.33	5.00%					
			8/1/2018	26,667.67	5.00%					
			8/1/2019	26,667.67	5.00%					
			8/1/2020	30,000.00	5.00%					
			8/1/2021	30,000.00	5.00%					
			8/1/2022	30,000.00	5.00%					
			8/1/2023	33,333.33	5.00%					
			8/1/2024	33,333.33	5.00%					
			8/1/2025	36,666.67	5.00%					
			8/1/2026	36,666.67	5.00%					
			8/1/2027	40,000.00	4.00%					
			8/1/2028	40,000.00	4.00%					
			8/1/2029	43,333.33	4.00%					
			8/1/2030	43,333.33	4.00%					
			8/1/2031	46,666.67	4.00%					
			8/1/2032	46,666.67	4.00%					
			8/1/2033	50,000.00	4.00%					
			8/1/2034	53,331.33	4.00%					

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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJ/EIT 2015 Fund Loan CW-Water/Sewer 66.6666600%	5/21/2015	1,522,720	2/1/2016	38,068.00		2,246,012.00		76,136.00		2,169,876.00
			8/1/2016	76,136.00						
			2/1/2017	38,068.00						
			8/1/2017	76,136.00						
			2/1/2018	38,068.00						
			8/1/2018	76,136.00						
			2/1/2019	38,068.00						
			8/1/2019	76,136.00						
			2/1/2020	38,068.00						
			8/1/2020	76,136.00						
			2/1/2021	38,068.00						
			8/1/2021	76,136.00						
			2/1/2022	38,068.00						
			8/1/2022	76,136.00						
			2/1/2023	38,068.00						
			8/1/2023	76,136.00						
			2/1/2024	38,068.00						
			8/1/2024	76,136.00						
			2/1/2025	38,068.00						
			8/1/2025	76,136.00						
			2/1/2026	38,068.00						
			8/1/2026	76,136.00						
			2/1/2027	38,068.00						
			8/1/2027	76,136.00						
			2/1/2028	38,068.00						
			8/1/2028	76,136.00						
			2/1/2029	38,068.00						
			8/1/2029	76,136.00						
			2/1/2030	38,068.00						
			8/1/2030	76,136.00						
			2/1/2031	38,068.00						
			8/1/2031	76,136.00						
			2/1/2032	38,068.00						
			8/1/2032	76,136.00						
			2/1/2033	38,068.00						
			8/1/2033	76,136.00						
			2/1/2034	38,068.00						
			8/1/2034	76,136.00						

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, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Outstanding December 31, 2015 Amount						
NJ/EIT 2015 Trust Loan DW-Water/Sewer 66.6666667%	5/21/2015	110,000	8/1/2016	3,333.33	5.00%	110,000.00				110,000.00
			8/1/2017	3,333.33	5.00%					
			8/1/2018	3,333.33	5.00%					
			8/1/2019	3,333.33	5.00%					
			8/1/2020	3,333.32	5.00%					
			8/1/2021	3,333.32	5.00%					
			8/1/2022	6,666.67	5.00%					
			8/1/2023	6,666.67	5.00%					
			8/1/2024	6,666.67	5.00%					
			8/1/2025	6,666.67	5.00%					
			8/1/2026	6,666.67	5.00%					
			8/1/2027	6,666.67	4.00%					
			8/1/2028	6,666.67	4.00%					
			8/1/2029	6,666.67	4.00%					
			8/1/2030	6,666.67	4.00%					
			8/1/2031	6,666.67	4.00%					
			8/1/2032	6,666.67	4.00%					
			8/1/2033	6,666.67	4.00%					
			8/1/2034	10,000.00	4.00%					

**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, 2015		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Cancelled	Balance Dec. 31, 2015
			Date	Amount						
NJ/EIT 2015 Fund Loan DW-Water/Sewer 66.6666667%	5/21/2015	354,593	2/1/2016	6,010.04		354,592.68		12,020.09		342,572.59
			8/1/2016	12,020.09						
			2/1/2017	6,010.04						
			8/1/2017	12,020.09						
			2/1/2018	6,010.04						
			8/1/2018	12,020.09						
			2/1/2019	6,010.04						
			8/1/2019	12,020.09						
			2/1/2020	6,010.04						
			8/1/2020	12,020.09						
			2/1/2021	6,010.04						
			8/1/2021	12,020.09						
			2/1/2022	6,010.04						
			8/1/2022	12,020.09						
			2/1/2023	6,010.04						
			8/1/2023	12,020.09						
			2/1/2024	6,010.04						
			8/1/2024	12,020.09						
			2/1/2025	6,010.04						
			8/1/2025	12,020.09						
			2/1/2026	6,010.04						
			8/1/2026	12,020.09						
			2/1/2027	6,010.04						
			8/1/2027	12,020.09						
			2/1/2028	6,010.04						
			8/1/2028	12,020.09						
			2/1/2029	6,010.04						
			8/1/2029	12,020.09						
			2/1/2030	6,010.04						
			8/1/2030	12,020.09						
			2/1/2031	6,010.04						
			8/1/2031	12,020.09						
			2/1/2032	6,010.04						
			8/1/2032	12,020.09						
			2/1/2033	6,010.04						
			8/1/2033	12,020.09						
			2/1/2034	6,010.04						
			8/1/2034	12,020.21						
						\$ 9,045,567.31	-	458,219.82	-	8,587,347.49

**WATER AND SEWER UTILITY 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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Improvement of the Water and Sewerage System	1342	11/5/2015	11/5/2015	11/4/2016	0.630% \$		500,000.00		500,000.00
Improvement of the Water and Sewerage System	1391	11/5/2015	11/5/2015	11/4/2016	0.630%		225,000.00		225,000.00
Various Improvements	1399								
a. Water Tower Rehabilitation		11/5/2015	11/5/2015	11/4/2016	0.630%		539,000.00		539,000.00
b. Water/Sewer Equipment		11/5/2015	11/5/2015	11/4/2016	0.630%		97,000.00		97,000.00
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	1418	11/5/2015	11/5/2015	11/4/2016	0.630%		1,561,500.00		1,561,500.00
Various Improvements	1437								
a. Purchase Vehicles		11/5/2015	11/5/2015	11/4/2016	0.630%		240,000.00		240,000.00
b. Various Equipment		11/5/2015	11/5/2015	11/4/2016	0.630%		120,000.00		120,000.00
c. Upgrade Dewatering System		11/5/2015	11/5/2015	11/4/2016	0.630%		240,000.00		240,000.00
						\$ -	3,522,500.00	-	3,522,500.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	NJEIT Loan Canceled	Balance Dec. 31, 2015
1342	Improvement of the Water and Sewerage System	\$ 577,265.32		500,000.00		77,265.32
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		225,000.00		1,811.63
1399	Various Improvements a. Water Tower Rehabilitation b. Water/Sewer Equipment installation of new water and sewer mains	539,000.00 97,000.00 1,685,000.00		539,000.00 97,000.00 1,561,500.00		- - 123,500.00
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		240,000.00 120,000.00 240,000.00		2,000.00 - 2,000.00 16,000.00
1456	Various Improvements		347,000.00			347,000.00
		<u>\$ 3,745,643.95</u>	<u>347,000.00</u>	<u>3,522,500.00</u>	<u>-</u>	<u>570,143.95</u>

BOROUGH OF STONE HARBOR

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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 awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law". Due to the Borough having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$40,000.

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed the bid threshold 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.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids has been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicated that bids were sought by public advertising for the following items:

- 2015 NJEIT Storm Sewer Beach Outfall Elimination Project
- ADA Improvements at 82nd Park Playground
- NJDCA Small Cities Grant ADA Improvements
- Backbay Dredging
- Chelsea Park Recreation Improvements
- Firehouse Elevator

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.

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, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of Stone Harbor, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Borough Council of the Borough of Stone Harbor, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2015.

It appears from an examination of the collector's records that interest was charged in accordance with the forgoing resolution.

Delinquent Taxes and Tax Title Liens

There was no tax sale during the year because there were no liens.

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>
2015	-
2014	-
2013	-

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 2015 and 2016 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>
2015	\$ 23,350,101	23,134,979	99.07%
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%

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	0.525	0.518	0.509	0.502	0.479
Apportionment of Tax Rate:					
Municipal	0.239	0.232	0.224	0.216	0.202
County	0.231	0.230	0.232	0.235	0.226
Local School	0.055	0.056	0.053	0.051	0.051
Assessed Valuation	4,433,947,230	4,418,454,825	4,423,378,939	4,435,159,991	4,428,270,227

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>
2015	\$	-	142,721	142,721	0.61%
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%

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.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

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FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR YEAR FINDINGS

None

RECOMMENDATIONS

None

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

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

Very truly yours,

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

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

June 30, 2016