

**CITY OF SOMERS POINT**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

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



CITY OF SOMERS POINT

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**CITY OF SOMERS POINT**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2015**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

The Honorable Mayor and  
Members of City Council  
City of Somers Point, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Somers Point, 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 City'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 City of Somers Point on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Somers Point as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 17 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$187,990.84 and \$173,355.55 for 2015 and 2014 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances 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 City of Somers Point'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 recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 May 20, 2016 on our consideration of the City of Somers Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Somers Point's internal control over financial reporting and compliance.

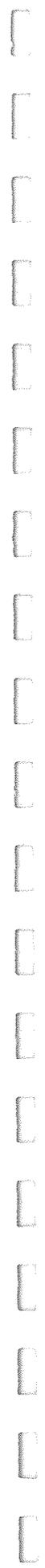
***Ford, Scott & Associates, L.L.C.***  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

***Michael S. Garcia***  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

May 20, 2016

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**EXHIBIT A - CURRENT FUND**



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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 5,540,673.72	5,016,527.22
Cash - Collector	511,710.39	777,878.28
Cash - Change and Petty Cash	450.00	450.00
Total Cash	<u>6,052,834.11</u>	<u>5,794,855.50</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	19,054.23	22,996.69
Total Other Receivables	<u>19,054.23</u>	<u>22,996.69</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	842,483.61	664,380.43
Tax Title and Other Liens	137,196.96	132,629.63
Property Acquired for Taxes - at Assessed Valuation	19,412.00	19,412.00
Revenue Accounts Receivable	21,852.58	16,116.36
Interfund Receivable:		
Dog License Fund	21,248.48	17,704.32
Trust Fund	-	252,816.30
Total Receivables and Other Assets	<u>1,042,193.63</u>	<u>1,103,059.04</u>
Deferred Charges:		
Emergency Appropriation	-	16,250.00
Special Emergency Appropriation- Revaluation	120,000.00	180,000.00
Total Deferred Charges	<u>120,000.00</u>	<u>196,250.00</u>
Total Regular Fund	<u>7,234,081.97</u>	<u>7,117,161.23</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	574,653.67	254,618.20
Due from Current Fund	180,431.94	39,878.78
Total Federal and State Grant Fund	<u>755,085.61</u>	<u>294,496.98</u>
Total Current Fund	<u>\$ 7,989,167.58</u>	<u>7,411,658.21</u>

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

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 905,445.56	511,103.39
Reserve for Encumbrances	142,725.93	223,591.56
Prepaid Taxes	254,827.42	313,083.71
Overpaid Taxes	110,287.76	122,914.18
Local School Tax Payable	251,857.02	3.00
Regional School Tax Payable	10.43	10.43
Payroll Taxes Payable	44,954.10	43,844.51
County Added Tax Payable	10,712.48	10,260.36
Accounts Payable	2,269.78	-
Due to State:		
Marriage Licenses	475.00	475.00
CCO Fees	5,717.00	2,698.00
Interfund Payable:		
Federal and State Grant Fund	180,431.94	39,878.78
General Capital	980,078.20	964,614.38
Sewer Operating	294,730.73	694,579.61
Sewer Capital	850,000.00	475,000.00
Other Trust Funds		5,995.84
Other		
Reserve for Revaluation	90,658.60	93,298.80
Reserve for Hurricane Sandy	302,965.91	806,866.91
Reserve for Tax Appeals	100,000.00	100,000.00
Emergency Notes Payable	120,000.00	180,000.00
	4,648,147.86	4,588,218.46
Reserve for Receivables and Other Assets	1,042,193.63	1,103,059.04
Fund Balance	1,543,740.48	1,425,883.73
Total Regular Fund	7,234,081.97	7,117,161.23
Federal and State Grant Fund:		
Unappropriated Reserves	31,062.08	13,737.22
Appropriated Reserves	648,144.12	240,927.78
Due to Trust Fund	5,789.43	5,789.43
Encumbrances Payable	70,089.98	34,042.55
	755,085.61	294,496.98
Total Federal and State Grant Fund	755,085.61	294,496.98
Total Current Fund	\$ 7,989,167.58	7,411,658.21

The accompanying Notes to 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,**

	2015	2014
Revenue and Other Income Realized		
Fund Balance	\$ 1,050,000.00	1,105,000.00
Miscellaneous Revenue Anticipated	3,943,193.03	3,000,337.08
Receipts from Delinquent Taxes	580,763.38	714,237.42
Receipts from Current Taxes	31,996,256.19	31,298,402.06
Non Budget Revenue	233,606.06	196,080.80
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	504,815.38	497,835.79
Interfund Returned	247,002.36	83,933.52
Canceled Grants	7,865.84	8,399.69
Total Income	<u>38,563,502.24</u>	<u>36,904,226.36</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,502,100.00	5,420,040.00
Other Expenses	4,451,180.00	4,332,161.00
Deferred Charges & Statutory Expenditures	1,332,890.06	1,207,698.86
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	176,639.00	174,896.00
Other Expenses	819,888.84	566,348.27
Capital Improvements	50,000.00	242,250.00
Debt Service	2,461,835.00	1,542,481.19
Deferred Charges	76,250.00	214,825.00
Local District School Tax	9,752,324.00	9,124,565.00
Regional District School Tax	7,012,939.00	7,391,450.00
County Tax	5,748,887.11	5,599,348.43
County Share of Added Tax	10,712.48	10,260.36
Interfund Created		254,766.83
Refund of Prior Year's Revenue		63,575.97
Total Expenditures	<u>37,395,645.49</u>	<u>36,144,666.91</u>
Excess/(Deficit) in Revenue	<u>1,167,856.75</u>	<u>759,559.45</u>

The accompanying Notes to 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,**

	2015	2014
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Emergency Appropriation		16,250.00
Total Adjustments	-	16,250.00
Statutory Excess to Fund Balance	1,167,856.75	775,809.45
Fund Balance January 1	1,425,883.73	1,755,074.28
	2,593,740.48	2,530,883.73
Decreased by:		
Utilization as Anticipated Revenue	1,050,000.00	1,105,000.00
Fund Balance December 31	\$ 1,543,740.48	1,425,883.73

The accompanying Notes to 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		
Fund Balance Anticipated	\$ 1,050,000.00		1,050,000.00	-
Total Fund Balance Anticipated	<u>1,050,000.00</u>	<u>-</u>	<u>1,050,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	22,500.00		24,380.00	1,880.00
Fees and Permits	15,000.00		76,661.50	61,661.50
Fines and Costs:				
Municipal Court	250,000.00		233,410.81	(16,589.19)
Interest and Costs on Taxes	164,000.00		132,968.91	(31,031.09)
Interest Earned on Investments	25,000.00		21,289.30	(3,710.70)
Fees and Permits - Chapter 115 Inspections	125,000.00		154,115.00	29,115.00
Cable TV Franchise Fee	45,000.00		49,570.39	4,570.39
Hotel Fee	150,000.00		166,586.28	16,586.28
Total Section A: Local Revenues	<u>796,500.00</u>	<u>-</u>	<u>858,982.19</u>	<u>62,482.19</u>
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	82,223.00		82,223.00	-
Energy Receipts Tax	884,873.00		884,873.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>967,096.00</u>	<u>-</u>	<u>967,096.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	130,000.00		180,623.00	50,623.00
Total Section C: Uniform Construction Code Fees	<u>130,000.00</u>	<u>-</u>	<u>180,623.00</u>	<u>50,623.00</u>

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Municipal Alliance on Alcoholism and Drug Abuse	23,373.00	15,038.00	-
Safe and Secure Communities Program	48,552.00		-
CDBG	1,200.00		-
Local Arts	3,000.00		-
Local Arts Program		1,000.00	
Local Arts Mural Project		28,426.61	
Clean Communities		4,000.00	
Click IT Ticket		5,000.00	
Drive Sober Labor Day		5,000.00	
Drive Sober Get Pulled Over		3,025.82	
Body Armor		65,000.00	
Comcast Cable Technology Grant			
Recycling Tonnage	13,476.41		-
DEP - Coastal Planning	125,000.00		-
NJ DOT Alternative Program	171,000.00		-
NJ DOT Reconstruction of Delaware Ave		190,000.00	
NJ Historic Trust	102,400.00		-
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>488,001.41</b>	<b>316,490.43</b>	<b>-</b>
Off-Set with Appropriations		804,491.84	-

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Uniform Fire Safety Act	10,000.00		(10,000.00)
General Capital Surplus	132,000.00		-
Shore Medical Center	100,000.00		-
Reserve for Windstorm	900,000.00		-
Total Section G: Other Special Items	<u>1,142,000.00</u>	<u>-</u>	<u>(10,000.00)</u>
Total Miscellaneous Revenues:	3,523,597.41	316,490.43	103,105.19
Receipts from Delinquent Taxes	675,000.00		(94,236.62)
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	10,385,257.00		164,657.60
Total Amount to be Raised by Taxes for Support of of Municipal Budget	<u>10,385,257.00</u>	<u>-</u>	<u>164,657.60</u>
Budget Totals	15,633,854.41	316,490.43	173,526.17
Non- Budget Revenues:			
Other Non- Budget Revenues:			
		233,606.06	233,606.06
		<u>16,357,477.07</u>	<u>407,132.23</u>

**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		31,996,256.19
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		31,996,256.19
Allocated to:		
School, County and Other Taxes		<u>22,524,862.59</u>
Balance for Support of Municipal Budget Appropriations		9,471,393.60
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>1,078,521.00</u>
Amount for Support of Municipal Budget Appropriations		<u><u>10,549,914.60</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	580,763.38	
Tax Title Lien Collections	<u>-</u>	
Total Receipts from Delinquent Taxes		<u><u>580,763.38</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Bingo and Raffle Licenses	980.00	
Copies and Maps	533.64	
Vital Statistics	70,452.00	
Death Certificates	7,528.00	
Mercantile Licenses	18,460.00	
Election Fee	300.00	
Planning Board Fees	12,550.00	
Parking Permits	215.00	
Zoning Board Fees	9,765.00	
Street Openings	8,550.00	
Yard Sale	50.00	
Library Rent	70,000.00	
Workers Compensation	751.49	
Miscellaneous	<u>33,470.93</u>	

Total Miscellaneous Revenue Not Anticipated:		<u><u>233,606.06</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement

**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	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor and Council						
Salaries and Wages	\$ 69,000.00	69,000.00	68,500.00	-	500.00	-
Other Expenses	31,800.00	36,800.00	32,244.58	1,991.25	2,564.17	-
Veteran Events	1,250.00	1,250.00	1,250.00	-	-	-
Department of General Administration						
Salaries and Wages	145,000.00	145,000.00	130,117.77	14,401.70	480.53	(0.00)
Other Expenses	35,600.00	35,600.00	28,187.34	1,810.00	5,602.66	-
Department of City Clerk						
Salaries and Wages	180,000.00	185,000.00	181,818.58	-	3,181.42	0.00
Other Expenses	50,000.00	50,000.00	31,815.67	11,392.60	6,791.73	-
Data Processing						
Other Expenses	30,000.00	33,000.00	31,924.28	-	1,075.72	-
Department of Finance						
Salaries and Wages	54,000.00	54,000.00	49,801.28	-	4,198.72	-
Other Expenses	18,000.00	18,000.00	16,193.43	1,594.20	212.37	(0.00)
Annual Audit						
Other Expenses	36,000.00	36,000.00	35,750.00	-	250.00	-
Department of Tax Assessment						
Salaries and Wages	84,000.00	84,000.00	81,981.96	-	2,018.04	(0.00)
Other Expenses	20,000.00	20,000.00	16,521.55	665.00	2,813.45	-
Department of Tax Collections						
Salaries and Wages	64,000.00	64,000.00	45,663.39	-	18,336.61	-
Other Expenses	20,000.00	20,000.00	14,207.45	413.44	5,379.11	-
Legal Services and Costs						
Other Expenses	240,000.00	230,000.00	196,362.72	-	33,637.28	-

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

	Appropriations		Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved		
Municipal Prosecutor	18,000.00	20,000.00	18,599.96	-	-	1,400.04	-
Other Expenses							
Engineering Services and Costs	15,000.00	15,000.00	10,235.00	-	-	4,765.00	-
Other Expenses							
Public Buildings and Grounds	135,000.00	135,000.00	127,229.57	-	-	7,770.43	(0.00)
Salaries and Wages			81,596.36	239.83		1,163.81	-
Other Expenses			85,425.15	4,414.71		12,360.14	-
Vehicle Maintenance							
Planning Board							
Salaries and Wages	11,000.00	11,000.00	11,000.00	-	-	-	-
Other Expenses	20,500.00	20,500.00	14,482.34	687.50		5,330.16	-
Zoning Board	9,000.00	9,000.00	9,000.00	-	-	-	-
Salaries and Wages	9,500.00	9,500.00	6,064.66	-	-	3,435.34	-
Other Expenses							
<b>PUBLIC SAFETY</b>							
Department of Fire	41,600.00	41,600.00	38,950.00	-	-	2,650.00	-
Salaries and Wages	75,000.00	75,000.00	67,485.95	5,804.94		1,709.11	0.00
Other Expenses							
Department of the Police	2,910,000.00	2,888,000.00	2,745,483.82	7,955.17		142,516.18	-
Salaries and Wages	117,000.00	117,000.00	95,373.85			13,670.98	-
Other Expenses							
Department of Communications	290,000.00	290,000.00	284,175.89	-	-	5,824.11	(0.00)
Salaries and Wages	18,500.00	18,500.00	241.81			18,258.19	-
Other Expenses							
Department of Emergency Management	8,500.00	8,500.00	8,500.00	-	-	-	-
Salaries and Wages	6,000.00	6,000.00	598.91	78.00		5,323.09	-
Other Expenses							
Bureau of Fire Prevention	8,000.00	8,000.00	5,325.00	-	-	2,675.00	-
Salaries and Wages	2,000.00	2,000.00	1,503.00	129.00		368.00	-
Other Expenses							
Department of Zoning/Code Enforcement	55,000.00	55,000.00	48,855.39	-	-	6,144.61	-
Salaries and Wages	12,000.00	10,000.00	-	-		10,000.00	-
Other Expenses	500.00	500.00	385.95	-	-	114.05	-
Aid to Marine Rescue Squad							

**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	
<b>PUBLIC WORKS</b>						
Department of Public Works						
Salaries and Wages	520,000.00	525,000.00	511,459.18	-	13,540.82	-
Other Expenses	65,300.00	65,300.00	62,364.30	2,877.66	58.04	(0.00)
Division of Sanitation						
Salaries and Wages	492,000.00	469,000.00	387,848.54	-	81,151.46	-
Other Expenses	206,000.00	206,000.00	165,147.47	4,271.83	36,580.70	-
Sanitation - Transfer Fees	256,230.00	256,230.00	231,153.95	-	25,076.05	-
<b>HEALTH AND WELFARE</b>						
Animal Control Services	9,000.00	9,000.00	9,000.00	-	-	-
Other Expenses						
<b>RECREATION AND EDUCATION</b>						
Department of Parks and Recreation Programs						
Salaries and Wages	9,000.00	9,000.00	2,899.00	-	6,101.00	-
Other Expenses	34,000.00	34,000.00	17,907.96	4,095.70	11,996.34	-
Department of Parks and Recreation Facilities						
Salaries and Wages	153,000.00	153,000.00	142,385.30	-	10,614.70	-
Other Expenses	30,000.00	30,000.00	25,381.51	-	4,618.49	-
Environmental Commission						
Other Expenses	2,000.00	2,000.00	290.00	-	1,710.00	-
Economic Development and Advisory Commission						
Other Expenses	50,000.00	50,000.00	33,824.70	16,168.95	6.35	0.00
Historic Preservation Commission						
Other Expenses	3,000.00	3,000.00	325.10	-	2,674.90	-
<b>MUNICIPAL COURT</b>						
Municipal Court						
Salaries and Wages	180,000.00	180,000.00	148,187.16	-	31,812.84	-
Other Expenses	26,000.00	26,000.00	12,507.61	440.71	13,051.68	-
Public Defender (P.L. 1997, C.256)						
Other Expenses	12,000.00	12,000.00	9,400.00	-	2,600.00	-

**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	
<b>INSURANCE</b>						
General Liability	159,000.00	159,000.00	147,267.00	-	11,733.00	-
Workers Compensation Insurance	324,000.00	324,000.00	310,914.00	-	13,086.00	-
Employee Group Health	1,490,800.00	1,490,800.00	1,358,865.64	-	131,934.36	-
Surety Bond Premiums	1,000.00	1,000.00	-	-	1,000.00	-
Health waiver - Employee Opt Out	35,000.00	35,000.00	31,292.66	-	3,707.34	-
<b>Municipal Service Act</b>						
Other Expenses	72,000.00	72,000.00	32,544.29	39,455.71	-	-
Apartment Trash Collection	44,000.00	44,000.00	36,911.21	-	7,088.79	-
Other Expenses						
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code	119,000.00	119,000.00	119,000.00	-	-	-
Salaries and Wages	9,000.00	9,000.00	6,368.36	301.15	2,330.49	-
Other Expenses						
<b>UNCLASSIFIED</b>						
Utility Expenses and Bulk Purchases						
Gasoline	105,000.00	95,000.00	55,109.27	1,539.89	38,350.84	-
Diesel Fuel	70,000.00	60,000.00	33,084.02	1,729.79	25,186.19	-
Fire Hydrant Water	100,000.00	100,000.00	97,951.67	-	2,048.33	-
Electric	165,000.00	165,000.00	148,224.42	-	16,775.58	-
Street Lighting	82,000.00	109,000.00	106,991.53	-	2,008.47	-
Telephone	44,000.00	44,000.00	40,955.12	136.27	2,908.61	-
Natural Gas	40,000.00	40,000.00	27,806.39	-	12,193.61	-
Water	35,000.00	35,000.00	29,506.83	-	5,493.17	-
Fuel #2	1,000.00	1,000.00	-	-	1,000.00	-
Waste Water	6,000.00	6,000.00	5,550.00	-	450.00	-
Telecommunications Costs	7,000.00	7,000.00	6,405.64	130.93	463.43	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>9,972,280.00</b>	<b>9,952,280.00</b>	<b>8,977,682.44</b>	<b>122,725.93</b>	<b>851,871.63</b>	<b>(0.00)</b>
Contingent	1,000.00	1,000.00	-	-	1,000.00	-

**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	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<u>9,973,280.00</u>	<u>9,953,280.00</u>	<u>8,977,682.44</u>	<u>122,725.93</u>	<u>852,871.63</u>	<u>(0.00)</u>
Detail:						
Salaries and Wages	5,537,100.00	5,502,100.00	5,148,181.83	14,401.70	339,516.47	(0.00)
Other Expenses	4,436,180.00	4,451,180.00	3,829,500.61	108,324.23	513,355.16	(0.00)
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
Prior Years PERS (2012 & 2013)	3,400.00	3,400.00	3,019.10	-	-	380.90
Prior Year bill Southpointe	1,768.00	1,768.00	1,767.96	-	-	0.04
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	310,395.00	310,395.00	310,395.00	-	-	-
Social Security System (O.A.S.I.)	400,000.00	400,000.00	351,288.45	-	48,711.55	-
Police and Firemen's Retirement System	567,708.00	567,708.00	567,708.00	-	-	-
Unemployment	20,000.00	40,000.00	40,000.00	-	-	-
Defined Contribution Retirement Program	10,000.00	10,000.00	7,377.62	-	2,622.38	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<u>1,313,271.00</u>	<u>1,333,271.00</u>	<u>1,281,556.13</u>	<u>-</u>	<u>51,333.93</u>	<u>380.94</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<u>11,286,551.00</u>	<u>11,286,551.00</u>	<u>10,259,238.57</u>	<u>122,725.93</u>	<u>904,205.56</u>	<u>380.94</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"	20,000.00	20,000.00	-	20,000.00	-	-
LOSAP	13,770.00	13,770.00	13,770.00	-	-	-
Recycling Tax						
	<u>33,770.00</u>	<u>33,770.00</u>	<u>13,770.00</u>	<u>20,000.00</u>	<u>-</u>	<u>-</u>

**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	
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance on Drug and Alcohol Abuse						
State Share		15,038.00	15,038.00			-
City Share		3,760.00	3,760.00			-
Safe and Secure Communities Program						
State Share	23,373.00	23,373.00	23,373.00	-	-	-
City Share	153,266.00	153,266.00	153,266.00	-	-	-
Matching Funds	5,000.00	1,240.00	-	-	1,240.00	-
CDBG - Stormwater Improvements	48,552.00	48,552.00	48,552.00			-
Clean Communities		28,426.61	28,426.61			-
Recycling Tonnage Grant	13,476.41	13,476.41	13,476.41			-
DEP - Coastal Planning	125,000.00	125,000.00	125,000.00			-
NJ DOT Transportation Alternative Program	171,000.00	171,000.00	171,000.00			-
NJ DOT - Delaware Avenue		190,000.00	190,000.00			-
NJ Historic Trust	102,400.00	102,400.00	102,400.00			-
Local Arts Development Program	3,000.00	3,000.00	3,000.00			-
Local Arts Development Program - Mural Project	1,200.00	1,200.00	1,200.00			-
Local Arts Mural 2 of 2015		1,000.00	1,000.00			-
Comcast Technology Grant		65,000.00	65,000.00			-
Federal Body Armor Partnership		3,025.82	3,025.82			-
Drive Sober Labor Day		5,000.00	5,000.00			-
Drive Sober Year End		5,000.00	5,000.00			-
Click It or Ticket		4,000.00	4,000.00			-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>646,267.41</b>	<b>962,757.84</b>	<b>961,517.84</b>	<b>-</b>	<b>1,240.00</b>	<b>-</b>
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	680,037.41	996,527.84	975,287.84	20,000.00	1,240.00	-
Other Expenses	176,639.00	176,639.00	176,639.00	-	-	-
Total	503,398.41	819,888.84	798,648.84	20,000.00	1,240.00	-
(C) Capital Improvements						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00	-	-	-
<b>Total Capital Improvements</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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	
(D) Debt Service						
Payment of Bond Principal	1,245,500.00	1,245,500.00	1,245,500.00	-	-	-
Payment of Bond Anticipation Notes	900,000.00	900,000.00	900,000.00	-	-	-
Interest on Bonds	292,770.00	292,770.00	292,763.00			7.00
Interest on Notes	24,225.00	24,225.00	23,572.00			653.00
<b>Total Debt Service</b>	<b>2,462,495.00</b>	<b>2,462,495.00</b>	<b>2,461,835.00</b>	<b>-</b>	<b>-</b>	<b>660.00</b>
(E) Deferred Charges						
Emergency Authorizations	16,250.00	16,250.00	16,250.00			-
Special Emergency Authorizations - 5 years	60,000.00	60,000.00	60,000.00			-
<b>Total Deferred Charges</b>	<b>76,250.00</b>	<b>76,250.00</b>	<b>76,250.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,268,782.41	3,585,272.84	3,563,372.84	20,000.00	1,240.00	660.00
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<b>14,555,333.41</b>	<b>14,871,823.84</b>	<b>13,822,611.41</b>	<b>142,725.93</b>	<b>905,445.56</b>	<b>1,040.94</b>
(M) Reserve for Uncollected Taxes	1,078,521.00	1,078,521.00	1,078,521.00	-	-	-
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 15,633,854.41</b>	<b>15,950,344.84</b>	<b>14,901,132.41</b>	<b>142,725.93</b>	<b>905,445.56</b>	<b>1,040.94</b>
Budget	\$ 15,633,854.41	\$ 15,633,854.41	1,078,521.00			
Appropriations by 40A:4-87		316,490.43				
Emergency Appropriations		-				
	\$	<u>15,950,344.84</u>			Cancelled	\$ 1,040.94
						\$ <u>1,040.94</u>
Reserve for Uncollected Taxes		\$ 1,078,521.00				
Federal and State Grants		961,517.84				
Deferred Charges		76,250.00				
Due to Unemployment Trust		20,000.00				
Disbursements		12,764,843.57				
	\$	<u>14,901,132.41</u>				

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

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**EXHIBIT B - TRUST FUNDS**



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

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Dog License Fund:		
Cash	\$ 45,690.13	32,676.53
	<u>45,690.13</u>	<u>32,676.53</u>
Length of Service Award Program (unaudited)		
Investment held for LOSAP	187,990.84	173,355.55
	<u>187,990.84</u>	<u>173,355.55</u>
Other Funds:		
Cash - Treasurer	1,171,036.00	1,195,208.69
Due from Grant Fund	5,789.43	5,789.43
Due from Current Fund	-	5,995.84
	<u>1,176,825.43</u>	<u>1,206,993.96</u>
	<u>1,410,506.40</u>	<u>1,413,026.04</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Dog License Fund:		
Due to Current Fund	21,248.48	17,704.32
Due to State of New Jersey	15.60	24.60
Reserve for Dog Fund Expenditures	24,426.05	14,947.61
	<u>45,690.13</u>	<u>32,676.53</u>
Length of Service Award Program (unaudited)		
Investment held for LOSAP	187,990.84	173,355.55
	<u>187,990.84</u>	<u>173,355.55</u>
Other Funds:		
Encumbrances	-	1,310.00
Due to Current Fund	-	252,816.30
Miscellaneous Reserves	1,176,825.43	952,867.66
	<u>1,176,825.43</u>	<u>1,206,993.96</u>
Total	\$ <u>1,410,506.40</u>	<u>1,413,026.04</u>

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

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**EXHIBIT C - GENERAL CAPITAL FUND**



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

<u>ASSETS</u>	2015	2014
Cash	\$ 147,127.07	245,502.93
Deferred Charges to Future Taxation -		
Funded	7,976,950.00	9,222,450.00
Unfunded	2,321,100.00	2,372,750.00
Due from Current Fund	980,078.20	964,614.38
	<u>11,425,255.27</u>	<u>12,805,317.31</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	76,375.50	101,458.40
Bond Anticipation Notes Payable	2,230,000.00	2,060,000.00
Serial Bonds Payable	7,976,950.00	9,222,450.00
Improvement Authorizations:		
Funded	295,637.08	621,596.90
Unfunded	774,257.09	628,552.41
Reserve for Bequest - JFK Park	23,000.00	23,000.00
Reserve for Acquisition of Vehicle	10,000.00	10,000.00
Capital Improvement Fund	5,700.00	350.00
Fund Balance	33,335.60	137,909.60
	<u>\$ 11,425,255.27</u>	<u>12,805,317.31</u>

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

2014	312,750.00
2015	91,100.00

The accompanying Notes to 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>2015</u>	<u>2014</u>
Beginning Balance January 1	\$ 137,909.60	283,557.20
Increased by:		
Premiums from Bond Sale	27,426.00	9,352.40
Decreased by:		
Anticipated Revenue in Current Fund	132,000.00	155,000.00
Ending Balance December 31	\$ <u>33,335.60</u>	<u>137,909.60</u>

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

**EXHIBIT D - SEWER UTILITY**



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

	2015	2014
<b><u>ASSETS</u></b>		
Operating Fund:		
Cash and Investments	\$ 548,042.15	165,178.66
	548,042.15	165,178.66
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	109,786.39	127,125.92
Sewer Liens	1,919.04	1,549.04
	111,705.43	128,674.96
Due from Sewer Capital	2,011.91	-
Due from Current Fund	294,730.73	694,579.61
	296,742.64	694,579.61
Total of Operating Fund	956,490.22	988,433.23
Capital Fund:		
Due from Sewer Operating	-	398,279.77
Due from Current Fund	850,000.00	475,000.00
Fixed Capital - Completed	9,475,727.42	9,491,184.92
Fixed Capital - Authorized and Uncompleted	1,609,000.00	1,109,000.00
	11,934,727.42	11,473,464.69
Total of Capital Fund	11,934,727.42	11,473,464.69
Total Assets	\$ 12,891,217.64	12,461,897.92

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

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

	2015	2014
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 71,521.60	43,228.36
Encumbrances Payable	49,573.61	-
Sewer Rent Prepayments	37,638.25	35,220.65
Due to Sewer Capital Fund	-	398,279.77
Accrued Interest on Bonds and Notes	33,402.76	36,206.14
	192,136.22	512,934.92
Reserve for Receivables	111,705.43	128,674.96
Fund Balance	652,648.57	346,823.35
Total of Operating Fund	956,490.22	988,433.23
Capital Fund:		
Encumbrances Payable	110,435.20	78,531.21
Due from Sewer Operating Fund	2,011.91	-
Improvement Authorizations		
Funded	22,738.00	91,445.91
Unfunded	475,279.74	338,767.50
Bond Anticipation Notes Payable	850,000.00	475,000.00
Serial Bonds Payable	1,383,050.00	1,622,550.00
NJEIT Bonds Payable	1,264,042.00	1,396,147.25
Reserves for Amortization	7,370,721.01	6,999,115.76
Deferred Reserve for Amortization	91,914.41	107,371.91
Fund Balance	364,535.15	364,535.15
Total of Capital Fund	11,934,727.42	11,473,464.69
Total Liabilities, Reserves and Fund Balance	\$ 12,891,217.64	12,461,897.92

There were Bonds and Notes Authorized But Not Issued at December 31,

2014	-
2015	125,000.00

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

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

<u>Revenue and Other Income Realized</u>	<u>2015</u>	<u>2014</u>
Fund Balance Anticipated	\$ -	-
Rents	2,737,157.82	2,714,088.27
Miscellaneous	18,752.89	43,009.73
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	36,714.35	49,436.14
Total Income	<u>2,792,625.06</u>	<u>2,806,534.14</u>
<u>Expenditures</u>		
Operations:		
Salaries and Wages	505,000.00	510,000.00
Other Expenses	350,000.00	320,072.00
Atlantic County Utility Authority	1,126,800.00	1,112,680.00
Debt Service	464,999.84	423,388.60
Capital Improvements	-	25,000.00
Deferred Charges and Statutory Expenditures	40,000.00	95,019.14
Total Expenditures	<u>2,486,799.84</u>	<u>2,486,159.74</u>
Excess(Deficit) in Revenues	305,825.22	320,374.40
Fund Balance January 1	346,823.35	26,448.95
Decreased by:		
Utilization as Anticipated Revenue	-	-
Fund Balance December 31	<u>\$ 652,648.57</u>	<u>346,823.35</u>

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

**SEWER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
Balance January 1,	\$ 364,535.15	364,535.15
Increased By:		
Canceled Improvement Authorizations		
Balance December 31,	\$ <u>364,535.15</u>	<u>364,535.15</u>

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

**SEWER OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Antic. Budget	Realized	Excess Or (Deficit)
Operating Surplus Anticipated	\$		-
Rents - Sewer	2,475,000.00	2,737,157.82	262,157.82
Miscellaneous Receipts	15,000.00	18,752.89	3,752.89
	\$ <u>2,490,000.00</u>	<u>2,755,910.71</u>	<u>265,910.71</u>

**Analysis of Realized Revenue**Rents

Consumer Accounts Receivable	\$	<u>2,737,157.82</u>
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Miscellaneous

Interest on Delinquent Rents	\$	18,752.89
Miscellaneous		-
		<u>\$ 18,752.89</u>

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

**SEWER OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
<b>OPERATING</b>							
Salaries and Wages	\$ 505,000.00		505,000.00	476,620.92	11,845.40	16,533.68	
Other Expenses	350,000.00		350,000.00	257,963.87	37,728.21	54,307.92	
ACMUA- Treatment Costs	1,126,800.00		1,126,800.00	1,126,120.00		680.00	
	<u>1,981,800.00</u>		<u>1,981,800.00</u>	<u>1,860,704.79</u>	<u>49,573.61</u>	<u>71,521.60</u>	<u>-</u>
<b>DEBT SERVICE</b>							
Principal	371,700.00		371,700.00	371,603.63			96.37
Interest on Bonds	89,300.00		89,300.00	86,196.21			3,103.79
Interest on Notes	7,200.00		7,200.00	7,200.00			-
	<u>468,200.00</u>		<u>468,200.00</u>	<u>464,999.84</u>	<u>-</u>	<u>-</u>	<u>3,200.16</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>							
Contribution to: Social Security System (O.A.S.I.)	40,000.00		40,000.00	40,000.00			
	<u>40,000.00</u>		<u>40,000.00</u>	<u>40,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,490,000.00</u>		<u>2,490,000.00</u>	<u>2,365,704.63</u>	<u>49,573.61</u>	<u>71,521.60</u>	<u>3,200.16</u>

Accrued Interest \$ 93,396.21  
 Disbursed 2,272,308.42  
\$ 2,365,704.63

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

**EXHIBIT E - GENERAL FIXED ASSETS**



**GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS  
REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
General Fixed Assets:		
Land and Improvements	\$ 8,449,147.26	8,284,500.00
Buildings and Improvements	3,328,250.00	3,328,250.00
Machinery and Equipment	8,580,411.63	8,347,911.00
Total General Fixed Assets	<u>20,357,808.89</u>	<u>19,960,661.00</u>
 Investment in General Fixed Assets	 <u>\$ 20,357,808.89</u>	 <u>19,960,661.00</u>

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

**CITY OF SOMERS POINT  
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 City of Somers Point include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Somers Point, as required by N.J.S. 40A:5-5.

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

**B. Description of Funds**

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

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of 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 City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$3,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the 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.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

Levy of Utility Charges -- The City operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in semi-annually installments on March 1, and September 1.

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

Capitalization of Interest -- It is the policy of the City of Somers Point to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

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 City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 is effective for fiscal periods beginning after June 15, 2015, and will not have any effect on the City'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 is effective for fiscal periods beginning after June 30, 2016, and will not have any effect on the City'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 is effective for fiscal periods beginning after June 30, 2016, and establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City'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 the 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 is effective for fiscal periods beginning after June 30, 2015, and will not have any effect on the City's financial reporting.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 \$1,078,521.00 and \$1,064,932.00. 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 \$1,050,000.00 and \$1,105,000.00. In addition, the City operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the City. 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 \$0.00 and \$0.00. The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following 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>		
Department of Police		
Salaries & Wages	(22,000)	
Department of Sanitation		
Salaries & Wages	(23,000)	(28,260)
Street Lighting	27,000	
Unemployment	20,000	
<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Utility Fund</u>		
No Material Transfers		

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>
Drunk Driving Enforcement		10,025.90
Drive Sober or Pull Over	5,000.00	16,900.00
Drive Sober Labor Day	5,000.00	
Click It Ticket	4,000.00	4,000.00
Body Armor	3,025.82	
NJ Transportation Trust Fund	190,000.00	190,000.00
Clean Communities	28,426.61	3,395.83
Comcast Technology Grant	65,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	15,038.00	
Local Arts Mural Project	1,000	

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City approved two special emergencies appropriation in 2012 for \$1,500,000.00. The first emergency for \$300,000.00 was for a revaluation of the City. The second emergency for \$1,200,000.00 was a result of Hurricane Sandy. The unfunded balance as of December 31, 2015 was \$120,000. During 2015 the City did not approve any emergency appropriations.

**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 City can invest in any one issuer.

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund 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 \$7,953,077.70 and \$7,547,774.36 was exposed to custodial credit risk.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 and Improvements	\$ 8,284,500.00			8,284,500.00
Buildings and Improvements	3,328,250.00			3,328,250.00
Machinery and Equipment	8,214,761.13	133,150.00		8,347,911.13
	<u>\$ 19,827,511.13</u>	<u>133,150.00</u>	<u>-</u>	<u>19,960,661.13</u>

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Land and Improvements	\$ 8,284,500.00	164,647.26		8,449,147.26
Buildings and Improvements	3,328,250.00			3,328,250.00
Machinery and Equipment	8,347,911.13	367,946.55	(197,115.25)	8,518,742.43
Lease-Purchases (Copiers)		61,669.20		61,669.20
	<u>\$ 19,960,661.13</u>	<u>594,263.01</u>	<u>(197,115.25)</u>	<u>20,357,808.89</u>

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation Notes payable:				
General	\$ 1,000,000.00	2,060,000.00	1,000,000.00	2,060,000.00
Utility		475,000.00		475,000.00
	<u>\$ 1,000,000.00</u>	<u>2,535,000.00</u>	<u>1,000,000.00</u>	<u>2,535,000.00</u>
	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation Notes payable:				
General	\$ 2,060,000.00	2,230,000.00	2,060,000.00	2,230,000.00
Utility	\$ 475,000.00	850,000.00	475,000.00	850,000.00
	<u>\$ 2,535,000.00</u>	<u>3,080,000.00</u>	<u>2,535,000.00</u>	<u>3,080,000.00</u>

The City has one bond anticipation note in the general capital fund outstanding as of December 31, 2015 due December 9, 2016 with interest at 2.00% per annum

The City has one bond anticipation note in the sewer capital fund outstanding as of December 31, 2015 due December 9, 2016 with interest at 2.00% per annum.

**Emergency Notes**

The City has outstanding at December 31, 2015 an emergency note in the amount of \$120,000, due December 9, 2016 with interest at 2.00% per annum.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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	\$ 10,418,950.00		1,196,500.00	9,222,450.00	1,245,500.00
Utility	3,349,302.50		330,605.25	3,018,697.25	371,605.25
<b>Total</b>	<b>13,768,252.50</b>	-	<b>1,527,105.25</b>	<b>12,241,147.25</b>	<b>1,617,105.25</b>
Other liabilities:					
Compensated Absences Payable	1,311,651.02	45,719.62	72,181.20	1,285,189.44	-
<b>Total long-term liabilities</b>	<b>\$ 15,079,903.52</b>	<b>45,719.62</b>	<b>1,599,286.45</b>	<b>13,526,336.69</b>	<b>1,617,105.25</b>
	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	\$ 9,222,450.00		1,245,500.00	7,976,950.00	1,338,750.00
Utility	3,018,697.25		371,605.25	2,647,092.00	378,355.25
<b>Total</b>	<b>12,241,147.25</b>	-	<b>1,617,105.25</b>	<b>10,624,042.00</b>	<b>1,717,105.25</b>
Other liabilities:					
Compensated Absences Payable	1,285,189.44	86,262.69	53,480.27	1,317,971.86	-
<b>Total long-term liabilities</b>	<b>\$ 13,526,336.69</b>	<b>86,262.69</b>	<b>1,670,585.52</b>	<b>11,942,013.86</b>	<b>1,717,105.25</b>

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

\$6,266,000 General Improvement Bond dated 7/1/09 payable in annual installments through 7/1/19. Interest is paid semiannually at rates varying from 3.75% to 4.00% per annum. The balance remaining as of December 31, 2015 was \$3,570,950.

\$5,691,000 General Obligation Bonds dated 9/15/12 payable in annual installments through 9/15/22. Interest is paid semiannually at rates from 2.00% to 3.00% per annum. The balance remaining at December 31, 2015 was \$4,406,000.

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

\$954,000 Sewer Refunding Bonds dated 7/1/09 payable in annual installments through 7/1/19. Interest is paid semiannually at rates varying from 3.75% of 4.00% per annum. The balance remaining as of December 31, 2015 was \$544,050.

\$910,000 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/25. Interest is paid semiannually at a rate of 5.00% per annum. The balance remaining as of December 31, 2015 was \$710,000. \$1,410,000.00 of bonds were originally anticipated to be issued however the project was complete and \$500,000.00 of the bonds were canceled.

\$862,463.00 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/23 bearing no interest. The balance remaining as of December 31, 2015 was \$554,042. \$1,465,000.00 of bonds were originally anticipated to be issued however the project was complete and \$602,537.00 of the bonds were canceled.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

\$1,109,000 Water-Sewer Utility Bond dated 9/15/12 payable in annual installments through 9/15/22. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2015 was \$839,000.

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

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	1,338,750.00	253,434.25	378,355.25	79,040.76	2,049,580.26
2017	1,401,500.00	207,056.13	390,605.25	67,956.39	2,067,117.77
2018	1,459,250.00	158,437.38	397,855.25	56,350.14	2,071,892.77
2019	1,566,450.00	107,728.00	405,655.25	44,472.01	2,124,305.26
2020	710,000.00	51,320.00	267,105.25	31,880.00	1,060,305.25
2021-2025	1,501,000.00	45,040.00	807,515.75	69,660.00	2,423,215.75
	<u>\$ 7,976,950.00</u>	<u>823,015.76</u>	<u>2,647,092.00</u>	<u>349,359.30</u>	<u>11,796,417.06</u>

As of December 31, 2015 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$292,763.00 and to the utility budget was \$86,196.21.

<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	\$ 10,206,950.00	11,282,450.00	11,418,950.00
Sewer Utility - Bonds and Notes	3,497,092.00	3,493,697.25	3,349,302.50
Total Issued	<u>13,704,042.00</u>	<u>14,776,147.25</u>	<u>14,768,252.50</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	91,100.00	312,750.00	182,000.00
Sewer Utility - Bonds and Notes	125,000.00		
Total Authorized But Not Issued	<u>216,100.00</u>	<u>312,750.00</u>	<u>182,000.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>13,920,142.00</u>	<u>15,088,897.25</u>	<u>14,950,252.50</u>
<u>Deductions:</u>			
Reserve for Payment of Bonds			26,739.47
Self-Liquidating Debt	3,622,092.00	3,493,697.25	3,288,807.50
Total Deductions	<u>3,622,092.00</u>	<u>3,493,697.25</u>	<u>3,315,546.97</u>
Net Debt	<u>\$ 10,298,050.00</u>	<u>11,595,200.00</u>	<u>11,634,705.53</u>

**CITY OF SOMERS POINT  
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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 0.888%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,296,000.00	3,296,000.00	-
Regional School District Debt	\$ 14,625,034.93	14,625,034.93	-
Sewer Utility Debt	3,622,092.00	3,622,092.00	-
General Debt	10,298,050.00	-	10,298,050.00
	<u>\$ 31,841,176.93</u>	<u>21,543,126.93</u>	<u>10,298,050.00</u>

Net Debt \$10,298,050.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,159,606,047.67 = 0.888%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 40,586,212.00
Net Debt	10,298,050.00
Remaining Borrowing Power	<u>\$ 30,288,162.00</u>

The City of Somers Point School District, as a K-12 school district, is permitted to borrow up to 3% 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:

	<u>2016</u>	<u>2015</u>
Current Fund	\$ 1,209,000.00	1,050,000.00
Sewer Utility Fund	-	-

The 2016 Budget has not been adopted as of the date of this report

**CITY OF SOMERS POINT  
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**Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2015	2016 Budget Appropriation	Balance to Succeeding
Current fund:			
Emergency Appropriation			
Special Emergency - Revaluation	120,000.00	60,000.00	60,000.00
	<u>\$ 120,000.00</u>	<u>60,000.00</u>	<u>60,000.00</u>
 Sewer Utility Fund:			
Deficit in Operations	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The appropriations in the 2016 Budget are not less than that required by statute.

**Note 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$9,752,324.00 and \$9,124,565.00 have been raised for the 2015 and 2014 calendar years, respectively and \$9,500,469.98 and \$9,124,564.00 remitted to the school district leaving a \$251,857.02 balance payable.

Regional High School Tax in the amounts of \$7,012,939.00 and \$7,391,450.00 have been raised for the 2015 and 2014 calendar years, respectively and \$7,012,939.00 and \$7,391,450.00 remitted to the school district leaving a \$10.43 balance payable.

**Note 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/15	Balance 12/31/14
Prepaid Taxes	\$ 254,827.42	313,083.71
Cash Liability for Taxes Collected in Advance	<u>\$ 254,827.42</u>	<u>313,083.71</u>

**Note 12: PENSION FUNDS**

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a 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/annrprts.shtml>.

CITY OF SOMERS POINT  
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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 City's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were \$310,395.00, \$284,798.00 and \$291,962.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were \$567,708.00, \$466,079.00 and \$487,536.00.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$5,802,034.84, \$5,946,952.81 and \$5,801,720.14. Payroll covered by PFRS was \$2,552,492.00, \$2,505,689.00 and \$2,321,063.00. Payroll covered by PERS was \$2,579,672.00, \$2,655,703.00 and \$2,575,852.00.

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 ¼ 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.

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

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

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

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**Note 13: 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 \$8,647,629.00 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 0.0385229438%, which would be an increase of 2.31% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$592,271.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 206,302	
Changes of assumptions	928,686	
Changes in proportion	138,397	(19,243)
Net difference between projected and actual earnings on pension plan investments		(139,037)
<b>Total</b>	<u><u>\$ 1,273,385</u></u>	<u><u>(158,280)</u></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:

<u>Year ended June 30,</u>		
2016	\$	208,451
2017		208,451
2018		208,451
2019		312,906
2020		176,847
<b>Total</b>	<u><u>\$</u></u>	<u><u>1,115,105</u></u>

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
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**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.

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%

**CITY OF SOMERS POINT  
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*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	\$ 10,432,984	8,647,629	\$ 7,153,284

*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 \$13,308,579.00 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 0.0799001446%, which would be an increase of 8.10% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$1,509,443.00. 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:

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	\$	707,400
2017		707,400
2018		707,400
2019		1,118,320
2020		428,124
Total	\$	<u>3,668,643</u>

**CITY OF SOMERS POINT  
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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%

**CITY OF SOMERS POINT  
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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	\$ 17,253,423	13,308,579	10,093,294

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 0.07990014460% for 2015. The net pension liability amount allocated to the Municipality was \$3,647,281.00. For the fiscal year ending June 30, 2015 State special funding situation pension expense of \$454,946.00 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.

CITY OF SOMERS POINT  
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**Note 14: POST-RETIREMENT BENEFITS**

**Plan Description** The City of Somers Point 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 City currently has 4 collective bargaining units as well as several non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are:

Policemen Benevolent Association Mainland Local 77 – Superior Officers – Individuals who retired following years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement as follows:

25 years	1 year of coverage
26 years	2 years of coverage
27 years	3 years of coverage
28 years	4 years of coverage
29 years	5 years of coverage
30 years	covered until age 65

Policemen Benevolent Association Mainland Local 77 – Supervisors – Individuals who retired in the Police and Fireman's Retirement System, after fulfilling the requirements for full retirement, receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement as follows:

1 year of coverage

Policemen Benevolent Association Mainland Local 77 – Patrol Officers and Dispatchers – Individuals who retired in the Police and Fireman's Retirement System, after fulfilling the requirements for full retirement, receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement as follows:

1 year of coverage

Teamsters #115 – No Benefits

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Individuals with contracts will receive hospitalization, major medical, dental, prescription and optical benefits similar to what they were receiving at retirement as follows:

Administrator – with 25 years of service in PERS system life time benefits

Police Chief – with the following:

25 years	1 year of coverage
26 years	2 years of coverage
27 years	3 years of coverage
28 years	4 years of coverage
29 years	5 years of coverage
30 years	until eligible for Medicare

City Clerk – with 30 years of service full coverage until Medicare eligible

Tax Collector – with 25 years of service 5 years of coverage

Tax Assessor – 1 year of coverage

Court Administrator – with 30 years of service or age 62 1 year of coverage

Planning and Zoning Officer – service years already met payments for supplemental Medicare until age 72 to a maximum of \$2,500 per year

**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 City of Somers Point 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 \$954.25 to \$2,566.93 monthly per retiree.

The City of Somers Point contributions to SHBP for post-retirement benefits for the year ended December 31, 2015 and 2014 were \$90,008.14 and \$113,213.18 respectively, which equaled the required contribution for the year.

**Note 15: ACCRUED SICK AND VACATION BENEFITS**

In accordance with Civil Service regulations, the City has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$1,317,971.86 in 2015 and \$1,285,189.44 in 2014. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the City's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Although more days may be accrued, the final amount cannot exceed: 180 days for members of Police Mainland Local #77; \$20,000 for members of Teamsters Local #115; and contractual limitations for individuals with personal service contracts. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City does not accrue the liability.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**Note 16: ECONOMIC DEPENDENCY**

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

**Note 17: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2015 and 2014 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

**New Jersey Unemployment Compensation Insurance** – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the City’s trust fund for the previous three years:

Calendar Year	City Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2015	\$ 20,000.00	8,106.17	-	35,465.87	29,755.25
2014	20,000.00	8,436.72	-	18,490.01	37,114.95
2013	20,000.00	8,432.13	-	34,135.39	27,168.24

**Note 18: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)**

During the year 2001 the voters of the City of Somers Point approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

**Note 19: DEFERRED COMPENSATION**

Employees of the City of Somers Point 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 City. 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.

**CITY OF SOMERS POINT  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**Note 20: CONTINGENT LIABILITIES**

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

**Note 21: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2015, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

	Due From	Due To
Current Fund:		
General Capital Fund	\$	980,078.20
Sewer Operating Fund		294,730.73
Sewer Capital Fund		850,000.00
Federal and State Grant Fund		180,431.94
Dog License Fund	21,248.48	
Grant Fund:		
Current Fund	180,431.94	
Trust Fund		5,789.43
Dog License Fund:		
Current Fund		21,248.48
Trust Fund - Other:		
Federal and State Grant Fund	5,789.43	
General Capital Fund:		
Current Fund	980,078.20	
Sewer Utility Operating Fund:		
Current Fund	294,730.73	
Sewer Utility Capital Fund	2,011.91	
Sewer Utility Capital Fund:		
Current Fund	850,000.00	
Sewer Utility Operating Fund		2,011.91
	\$ <u>2,334,290.69</u>	<u>2,334,290.69</u>

Neither the Grant Fund nor the Sewer Utility Capital Fund have bank accounts. This has caused the interfunds to be created. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**Note 22: SUBSEQUENT EVENTS**

The City has evaluated subsequent events through May 20, 2016, the date which the financial statements were available to be issued and identified no events requiring disclosure.

**SUPPLEMENTARY INFORMATION**

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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 City Council  
City of Somers Point, 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 the City's basic financial statements, and have issued our report thereon dated May 20, 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 City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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.

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

***Michael S. Garcia***  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

May 20, 2016

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2014	\$	5,016,527.22
Increased by Receipts:		
Tax Collector		32,331,170.23
Clerk		
Revenue Accounts Receivable		1,970,774.09
Miscellaneous Revenue		233,606.06
Due from State - Senior Citizens and Veterans		113,692.46
Due from State - Homestead Rebates		479,938.04
Due from General Capital Fund		147,463.82
Due to Sewer Capital		375,000.00
Due from Trust Other Fund		230,836.52
Due to State - CCO		15,777.00
Payroll Taxes		1,109.59
Reserve for Sandy		396,099.00
Due from Current Fund		
Matching Funds Due from Current Fund		
Federal and State Unanticipated		30,801.27
Federal and State Receivables		457,706.98
		36,783,975.06
		41,800,502.28
Decreased by Disbursements:		
Current Year Appropriation		12,764,843.57
Prior Year Appropriations		229,879.57
County Taxes		5,748,887.11
Added & Omitted County Taxes		10,260.36
Local District School Taxes		9,500,469.98
Regional School Taxes		7,012,939.00
Refund of Tax Overpayments		12,626.42
Emergency Note		60,000.00
Trust Other		4,016.06
Due from Dog Trust Fund		3,544.16
Due from Sewer Operating		399,848.88
Due to State - CCO		12,758.00
Reserve for Revaluation		2,640.20
Due from Current Fund		
Due to Current Fund - Cancelled Grants		
Federal and State Disbursements		497,115.25
		36,259,828.56
Balance December 31, 2015	\$	5,540,673.72

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

Balance December 31, 2014		\$	777,878.28
Increased by Receipts:			
Prepaid Taxes	254,827.42		
Taxes Receivable	31,674,247.82		
Revenue Accounts Receivable	132,968.91		
Miscellaneous Revenue	2,958.19		
Tax Title and Other Liens	-		
			32,065,002.34
			32,842,880.62
Payments to Treasurer			32,331,170.23
Balance December 31, 2015		\$	511,710.39

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2015
				2014	2015			
2013	\$ 11,412.54			(23,787.96)	35,200.50			-
2014	652,967.89			604,551.34	24,455.68			23,960.87
	664,380.43			580,763.38	59,656.18			23,960.87
2015		32,914,395.69	61,057.10	313,083.71	31,683,172.48	150,513.52	10,160.34	818,522.74
	\$ 664,380.43	32,914,395.69	61,057.10	313,083.71	32,263,935.86	210,169.70	10,160.34	842,483.61
				31,674,247.82	Cash Receipts			
				479,938.04	Homestead Rebates			
				109,750.00	Senior Citizens and Veterans			
				<u>32,263,935.86</u>				
<b>Analysis of Current Year Tax Levy</b>								
Tax Yield:								
				32,914,395.69				
			General Property Tax					
			Added Taxes (54.4-63.1 et. Seq.)	61,057.10		32,975,452.79		
<b>Tax Levy:</b>								
			General County Taxes	5,266,880.50				
			County Library Taxes	337,512.99				
			County Open Space Taxes	15,847.90				
			County Health Taxes	128,645.72				
			County Added and Omitted Taxes	10,712.48				
			Total County Taxes	5,759,599.59				
			Local School District Tax	9,752,324.00				
			Regional School District Tax	7,012,939.00				
			Local Tax for Municipal Purposes	10,385,257.00				
			Add: Additional Tax Levied	65,333.20		10,450,590.20		
				<u>32,975,452.79</u>				

**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2014		\$	132,629.63
Increased by:			
Transfers from Taxes Receivable	10,160.34		
Interest and Costs Accrued by Sale			
	10,160.34		10,160.34
			142,789.97
Decreased by:			
Collections			
Other	5,593.01		
	5,593.01		5,593.01
Balance December 31, 2015		\$	137,196.96

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2014	Accrued in 2015	Collected by		Balance Dec. 31, 2015
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$ -	24,380.00		24,380.00	-
Fees and Permits		76,661.50		76,661.50	-
Municipal Court	16,116.36	239,147.03		233,410.81	21,852.58
Interest and Costs on Taxes		132,968.91	132,968.91		-
Interest Earned on Investments		21,289.30	2,958.19		-
Fees and Permits - Chapter 115 Inspections		154,115.00		154,115.00	-
Cable Television Franchise Fees		49,570.39		49,570.39	-
Hotel Fee		166,586.28		166,586.28	-
Consolidated Municipal Property Tax Relief Act		82,223.00		82,223.00	-
Energy Receipts Tax		884,873.00		884,873.00	-
Uniform Construction Code Fees		180,623.00		180,623.00	-
General Capital Surplus		132,000.00		132,000.00	-
Shore Memorial Hospital		100,000.00		100,000.00	-
Reserve for Wind Storm		900,000.00		900,000.00	-
Miscellaneous Revenue Not Anticipated		233,606.06		233,606.06	-
	<u>\$ 16,116.36</u>	<u>3,378,043.47</u>	<u>135,927.10</u>	<u>3,236,380.15</u>	<u>21,852.58</u>
			Cash	2,204,380.15	
			Due from Capital	132,000.00	
			Received in Prior Year	900,000.00	
				<u>3,236,380.15</u>	

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:					
Mayor and Council	\$				
Salaries and Wages	500.00	500.00	-	500.00	-
Other Expenses	14,796.66	14,796.66	11,618.00	3,178.66	-
Veteran Events	950.00	950.00	-	950.00	-
Department of General Administration					
Salaries and Wages	11,749.39	11,749.39	11,000.00	749.39	-
Other Expenses	5,579.64	5,579.64	5,166.74	412.90	-
Department of City Clerk					
Salaries and Wages	2,687.48	2,687.48	-	2,687.48	-
Other Expenses	12,292.72	12,292.72	7,877.58	4,415.14	-
Data Processing					
Other Expenses	2,851.44	2,851.44	-	2,851.44	-
Department of Finance					
Salaries and Wages	9,718.56	9,718.56	-	9,718.56	-
Other Expenses	1,699.65	1,699.65	1,583.20	116.45	-
Annual Audit					
Other Expenses	1,250.00	1,250.00	-	1,250.00	-
Department of Tax Assessment					
Salaries and Wages	1,714.01	1,714.01	-	1,714.01	-
Other Expenses	6,149.79	6,149.79	2,990.64	3,159.15	-
Department of Tax Collection					
Salaries and Wages	6,409.58	6,409.58	-	6,409.58	-
Other Expenses	4,587.59	4,587.59	2,000.00	2,587.59	-
Legal Services and Costs					
Other Expenses	25,610.20	25,610.20	15,480.43	10,129.77	-
Municipal Prosecutor					
Other Expenses	350.04	350.04	-	350.04	-
Engineering Services and Costs					
Other Expenses	8,000.00	8,000.00	-	8,000.00	-
Public Buildings and Grounds					
Salaries and Wages	5,800.74	5,800.74	-	5,800.74	-
Other Expenses	1,662.55	1,662.55	699.84	962.71	-
Vehicle Maintenance	32,027.12	46,027.12	40,294.32	5,732.80	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Planning Board					
Other Expenses	5,746.66	5,746.66	1,181.25	4,565.41	-
Zoning Board					
Other Expenses	5,802.20	5,802.20	1,000.00	4,802.20	-
<b>PUBLIC SAFETY</b>					
Department of Fire					
Salaries and Wages	1,000.00	1,000.00	-	1,000.00	-
Other Expenses	9,306.02	9,306.02	7,789.22	1,516.80	-
Department of Police					
Salaries and Wages	56,718.27	56,718.27	4,988.66	51,729.61	-
Other Expenses	27,553.53	27,553.53	7,774.82	19,778.71	-
Department of Communications					
Salaries and Wages	6,769.42	6,769.42	572.98	6,196.44	-
Other Expenses	18,409.07	18,409.07	-	18,409.07	-
Department of Emergency Management					
Other Expenses	4,498.36	4,498.36	40.05	4,458.31	-
Bureau of Fire Prevention					
Salaries and Wages	5,320.00	5,320.00	-	5,320.00	-
Other Expenses	3,207.83	3,207.83	2,392.46	815.37	-
Department of Zoning/Code Enforcement					
Salaries and Wages	7,226.00	7,226.00	-	7,226.00	-
Other Expenses	10,000.00	10,000.00	2,000.00	8,000.00	-
<b>PUBLIC WORKS</b>					
Department of Public Works					
Salaries and Wages	8,678.16	8,678.16	-	8,678.16	-
Other Expenses	3,699.16	3,699.16	1,890.59	1,808.57	-
Division of Sanitation					
Salaries and Wages	60,805.79	46,805.79	-	46,805.79	-
Other Expenses	31,948.17	31,948.17	14,602.00	17,346.17	-
Sanitation - Transfer Fee	29,937.07	29,937.07	21,430.84	8,506.23	-
<b>HEALTH AND WELFARE</b>					
Animal Control Services					
Other Expenses	750.00	750.00	-	750.00	-
<b>RECREATION AND EDUCATION</b>					
Department of Parks and Recreation Programs					
Salaries and Wages	3,195.00	3,195.00	-	3,195.00	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Other Expenses	11,644.56	11,644.56	1,693.13	9,951.43	-
Department of Parks and Recreation Facilities					
Salaries and Wages	11,450.05	11,450.05	-	11,450.05	-
Other Expenses	8,313.73	8,313.73	2,510.23	5,803.50	-
Environmental Commission					
Other Expenses	1,420.00	1,420.00	-	1,420.00	-
Economic Development and Advisory Commission					
Other Expenses	15,273.94	15,273.94	8,020.00	7,253.94	-
Historic Preservation Commission					
Other Expenses	3,000.00	3,000.00	-	3,000.00	-
<b>MUNICIPAL COURT</b>					
Municipal Court					
Salaries and Wages	2,527.16	2,527.16	-	2,527.16	-
Other Expenses	10,809.09	10,809.09	790.74	10,018.35	-
Public Defender (P.L. 1997, C.256)					
Other Expenses	1,950.00	1,950.00	-	1,950.00	-
<b>INSURANCE</b>					
General Liability	3,287.00	3,287.00	-	3,287.00	-
Workers Compensation Insurance	47.00	47.00	-	47.00	-
Employee Group Health	71,676.44	71,676.44	756.75	70,919.69	-
Surety Bond Premiums	1,000.00	1,000.00	-	1,000.00	-
Health Waiver - Employee Opt Out	610.00	610.00	-	610.00	-
Municipal Services Act					
Other Expenses	39,936.49	39,936.49	26,760.38	13,176.11	-
Apartment Trash Collection					
Other Expenses	3,009.26	3,009.26	-	3,009.26	-

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
STATE UNIFORM CONSTRUCTION CODE					
Construction Official	1,259.50	1,259.50	127.10	1,132.40	-
Other Expenses					
UNCLASSIFIED					
Gasoline	15,990.29	15,990.29	2,796.28	13,194.01	-
Diesel Fuel	13,207.17	13,207.17	3,507.75	9,699.42	-
Fire Hydrant Water	3,132.05	3,132.05	-	3,132.05	-
Electric	1,686.56	1,686.56	-	1,686.56	-
Street Lighting	199.13	199.13	-	199.13	-
Telephone	5,782.17	5,782.17	5,760.91	21.26	-
Natural Gas	10,877.63	10,877.63	-	10,877.63	-
Water	1,667.29	1,667.29	-	1,667.29	-
Fuel #2	1,000.00	1,000.00	-	1,000.00	-
Waste Water	437.37	437.37	-	437.37	-
Telecommunications Costs	2,056.84	2,056.84	556.73	1,500.11	-
Contingent	1,000.00	1,000.00	-	1,000.00	-
STATUTORY EXPENDITURES					
Contribution to					
Social Security System (O.A.S.I.)	10,302.99	10,302.99	-	10,302.99	-
Defined Contribution Retirement Plan	3,183.37	3,183.37	225.95	2,957.42	-
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Awards Program	20,000.00	20,000.00	12,000.00	8,000.00	-
	<u>\$ 734,694.95</u>	<u>734,694.95</u>	<u>229,879.57</u>	<u>504,815.38</u>	<u>-</u>
Reserves	511,103.39				
Encumbrances	<u>223,591.56</u>				
	<u><u>734,694.95</u></u>				

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

Balance December 31, 2014			
School Tax Payable	\$	3.00	
School Tax Deferred			
			\$ 3.00
Increased by:			
Levy - Calender Year January 1, 2015 to December 31, 2015			9,752,324.00
			9,752,327.00
Decreased by:			
Payments			9,500,469.98
Balance December 31, 2015			
School Tax Payable			251,857.02
			251,857.02
Current Year Liability for Local School District School Tax:			
Tax Paid			9,500,469.98
Tax Payable Ending			251,857.02
			9,752,327.00
Less: Tax Payable Beginning			3.00
Amount charged to Current Year Operations			\$ 9,752,324.00

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

Balance December 31, 2014		
School Tax Payable	\$ 10.43	
School Tax Deferred		
		\$ 10.43
Increased by:		
Levy - Calender Year January 1, 2015 to December 31, 2015		7,012,939.00
		7,012,949.43
Decreased by:		
Payments		7,012,939.00
Balance December 31, 2015		
School Tax Payable	10.43	10.43
Current Year Liability for Local School District School Tax:		
Tax Paid		7,012,939.00
Tax Payable Ending		10.43
		7,012,949.43
Less: Tax Payable Beginning		10.43
Amount charged to Current Year Operations		\$ 7,012,939.00

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred From 2015 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
<b>FEDERAL GRANTS:</b>					
Community Development Block Grant - 2015	\$	48,552.00			48,552.00
Bullet Proof Vest Partnership	3,605.57		3,605.57		-
Drive Sober or Get Pulled Over - Labor Day	-	5,000.00	5,000.00		-
Drive Sober Year End - 2014	7,500.00		7,500.00		-
Drive Sober Year End - 2015	-	5,000.00			5,000.00
PSPG - Master Plan	4,922.75		4,922.75		-
PSPG - Zoning Ordinance	44,600.00		15,301.25		29,298.75
PSPG - Capital Improvement Plan	3,441.00				3,441.00
PSPG - Route 9 West Design	27,385.00		20,267.50		7,117.50
PSPG - Route 9 Business District Design	37,429.50		37,429.50		-
PSPG - Shared Service Capital Impr. Plan	27,171.50		16,638.75		10,532.75
Click It Ticket		4,000.00	4,000.00		-
<b>Total Federal</b>	<u>156,055.32</u>	<u>62,552.00</u>	<u>114,665.32</u>	<u>-</u>	<u>103,942.00</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred From 2015 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
<b>STATE GRANTS:</b>					
Safe and Secure Program	23,373.00	23,373.00	46,746.00		-
Clean Communities	423.67				423.67
Clean Communities		28,426.61	28,426.61		-
Department of Transportation Bala Blvd.	47,500.00	15,038.00	46,231.64	1,268.36	-
Municipal Alliance - 2015					15,038.00
Municipal Alliance - 2014	15,038.00		6,511.59	8,526.41	-
Municipal Alliance - 2013	3,478.21			3,478.21	-
DEP Coastal Planning		125,000.00			125,000.00
NJ DOT - Alternative Program		171,000.00			171,000.00
NJ DOT - Delaware Avenue		190,000.00	133,800.00		56,200.00
NJ Historic Trust		102,400.00			102,400.00
Body Armor		3,025.82	3,025.82		-
Local Arts - Mural		1,000.00	850.00		150.00
Local Arts Development Program		1,200.00	1,200.00		-
Local Arts Development Program	650.00		650.00		-
Local Arts Development Program		3,000.00	2,500.00		500.00
Drunk Driving Enforcement 2014					-
Municipal Access Planning	8,100.00		8,100.00		-
<b>Total State</b>	<u>98,562.88</u>	<u>663,463.43</u>	<u>278,041.66</u>	<u>13,272.98</u>	<u>470,711.67</u>
<b>LOCAL GRANTS:</b>					
Comcast Cable Technology Grant		65,000.00	65,000.00		-
<b>Total Local</b>	<u>-</u>	<u>65,000.00</u>	<u>65,000.00</u>	<u>-</u>	<u>-</u>
<b>\$</b>	<u>254,618.20</u>	<u>791,015.43</u>	<u>457,706.98</u>	<u>13,272.98</u>	<u>574,653.67</u>

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

	Balance December 31, 2014		2015		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances	Appropriations					
<b>FEDERAL GRANTS:</b>								
Small Cities	\$							
Community Development Block Grant - 2014	11,490.00		48,552.00					11,490.00
CDBG - Post Sandy Planning Assistance	0.01							48,552.00
PSPG - Master Plan		2,797.75			2,797.75			0.01
PSPG - Zoning Ordinance	44,060.00				28,465.00			15,595.00
PSPG - Capital Improvement Plan	3,441.00				3,441.00			-
PSPG - Route 9 West Design	26,925.00				19,807.50			7,117.50
PSPG - Route 9 Business District Design	21,904.50	6,277.50			28,182.00			-
PSPG - Shared Service Capital Impr. Plan	26,969.00	202.50			16,638.75			10,532.75
Bullet Proof Vest Partnership	3,605.57				3,605.57			-
Bullet Proof Vest Partnership	3,810.79			4,000.00	3,810.79			4,000.00
Click It Ticket								-
Drive Sober or Get Pulled Over - Labor Day								-
Drive Sober Year End - 2014	3,600.00				3,600.00			-
Drive Sober Year End - 2015				5,000.00				5,000.00
Drive Sober - Labor Day				5,000.00	4,725.00			275.00
<b>Total Federal</b>	<b>145,805.87</b>	<b>9,277.75</b>	<b>62,552.00</b>	<b>115,073.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,562.26</b>

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

	Balance December 31, 2014		2015		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2015
	Appropriated	Encumbrances	Reserve for	Appropriations				
<b>STATE GRANTS:</b>								
Municipal Alliance - 2013	5,836.35				15,000.59		5,836.35	-
Municipal Alliance - 2014	14,398.00	10,250.41		18,798.00	1,200.00		9,647.82	-
Municipal Alliance - 2015				28,426.61	28,426.61			17,598.00
Clean Communities				125,000.00				125,000.00
DEP Coastal Planning				171,000.00				171,000.00
NJ DOT - Alternative Program				190,000.00				11,600.00
NJ DOT - Delaware Avenue				102,400.00	10,545.28			77,198.47
NJ Historic Trust				3,025.82				3,025.82
Body Armor - 2015					6,500.00		(6,500.00)	-
Body Armor - 2016	3,030.54							3,030.54
Body Armor - 2013	2,951.64							2,951.64
Body Armor - 2012	2,625.00							2,625.00
Body Armor - 2011	1,858.48				764.67			1,093.81
Body Armor - 2010	629.87				629.87			-
Body Armor - prior								
Department of Transportation								
Bala Drive			8,514.39		7,246.03		1,268.36	-
Drunk Driving Enforcement - 2014	9,981.15							9,981.15
Drunk Driving Enforcement - 2013	4,035.69				3,546.07			489.62
Municipal Access Planning Grant	2,810.00				2,810.00			-
Safe and Secure Communities	4,886.29		6,000.00	176,639.00	166,503.87			10,135.13
Recycling Tonnage Grant	42,078.90			13,476.41	7,805.64		10,886.29	44,852.68
Local Arts - Mural				1,000.00	1,000.00			-
Local Arts Development Program				1,200.00	1,200.00			-
Local Arts Development Program				3,000.00	3,000.00			-
Total State	95,121.91	24,764.80		833,965.84	382,041.89	70,089.98	21,138.82	480,581.86
<b>LOCAL GRANTS:</b>								
Comcast Cable Technology Grant				65,000.00				65,000.00
Total Local	-	-		65,000.00	-	-	-	65,000.00
<b>Total</b>	<b>\$ 240,927.78</b>	<b>34,042.55</b>		<b>961,517.84</b>	<b>497,115.25</b>	<b>70,089.98</b>	<b>21,138.82</b>	<b>648,144.12</b>

**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>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
<b>FEDERAL GRANTS:</b>					
None	\$ -				-
Total Federal	-	-	-	-	-
<b>STATE GRANTS:</b>					
Recycling Tonnage Grant	13,476.41	13,476.41	23,683.83		23,683.83
Body Armor	260.81		7,117.44		260.81
Drunk Driving Enforcement					7,117.44
Total State	<u>13,737.22</u>	<u>13,476.41</u>	<u>30,801.27</u>	-	<u>31,062.08</u>
	\$ <u>13,737.22</u>	<u>13,476.41</u>	<u>30,801.27</u>	-	<u>31,062.08</u>

TRUST FUND  
SCHEDULE OF CASH - TREASURER

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2014	\$ 32,676.53	1,195,208.69
Increased by Receipts:		
Dog License Fees 2015	13,052.40	
Due to State of New Jersey	1,389.60	
Interest		
Miscellaneous Trust Reserves		1,182,644.02
	<u>14,442.00</u>	<u>1,182,644.02</u>
	47,118.53	2,377,852.71
Decreased by Disbursements		
Statutory Expenditures	29.80	
Due to State of New Jersey	1,398.60	
Miscellaneous Trust Reserves		960,956.03
Due from Current Fund		244,550.68
Encumbrances		1,310.00
	<u>1,428.40</u>	<u>1,206,816.71</u>
Balance December 31, 2015	<u>\$ 45,690.13</u>	<u>1,171,036.00</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2014		\$	14,947.61
Increased by:			
Dog & Cat License Fees Collected	\$	13,052.40	
		<u>                    </u>	<u>13,052.40</u>
			28,000.01
Decreased by:			
Expenditures under N.J.S. 4:19-15:11			
Disbursed by Current Fund		3,544.16	
Dog Fund Disbursements		<u>29.80</u>	
			<u>3,573.96</u>
Balance December 31, 2015		\$	<u><u>24,426.05</u></u>

License Fees Collected:

<u>Year</u>		<u>Amount</u>
2014	\$	19,808.20
2013		<u>11,379.61</u>
	\$	<u><u>31,187.81</u></u>

**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND**

Balance December 31, 2014		\$	17,704.32
Increased by:			
Payments made by Current Fund	\$	3,544.16	
Statutory Excess		-	
			3,544.16
			21,248.48
Decreased by:			
Payments			-
Balance December 31, 2015		\$	21,248.48

**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH**

Balance December 31, 2014		\$	24.60
Increased by:			
Prepaid License Fees	\$		
2015 State License Fees		1,389.60	
			1,389.60
			1,414.20
Decreased by:			
Disbursements to the State			1,398.60
Balance December 31, 2015		\$	15.60

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

Reserve	Balance 12/31/14	Increased by		Decreased by		Balance 12/31/15
		Receipts	Due from Current	Disbursements	Due to Current	
Affordable Housing	\$ 19,899.62	29,724.56		497.00		49,127.18
Escrow	333,204.98	98,678.50		61,918.20		369,965.28
Law Enforcement Trust	50,484.68	1,538.44		1,976.50		50,046.62
Police Off Duty	46,783.78	12,263.40		11,845.27		47,201.91
Parking Offense Adjudication Act	2,504.00	254.00				2,758.00
Recreation	124,443.69	73,378.00		72,198.86		125,622.83
Bayfest	69,555.06	48,634.00		59,422.31		58,766.75
Unemployment Trust	37,114.95	4,385.01	20,000.00	14,014.49	17,730.22	29,755.25
Recycling	1,545.58	1,388.00				2,933.58
Tax Sale Premiums	258,415.09	453,008.82		294,823.91		416,600.00
Tax Title Lien Redemptions	4,300.60	433,562.66		429,338.49		8,524.77
Street Openings	4,615.63	12,200.00		14,650.00		2,165.63
Arts Commission		5,628.63		271.00		5,357.63
Historic District Parking		8,000.00				8,000.00
	\$ 952,867.66	1,182,644.02	20,000.00	960,956.03	17,730.22	1,176,825.43

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

Balance December 31, 2014		\$	245,502.93
Increased by:			
Receipts	1,147,426.00		
	<hr/>		<hr/>
			1,147,426.00
Decreased by:			1,392,928.93
Disbursements	1,245,801.86		
	<hr/>		<hr/>
			1,245,801.86
Balance December 31, 2015		\$	<u>147,127.07</u>

GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2014	Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2015	
		Miscellaneous			Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 137,909.60								33,335.60	
Capital Improvement Fund	350.00	27,425.00							5,700.00	
Downpayment on Improvement Authorization	-	50,000.00							-	
Encumbrances Payable	101,458.40								76,375.50	
Due to/from Current Fund	(964,614.38)				101,458.40				(980,078.20)	
Reserve for Bequest - JFK Park	23,000.00								23,000.00	
Reserve for the Acquisition of Vehicle	10,000.00								10,000.00	
<b>Improvement Authorizations:</b>										
8-01 Various Improvements:										
(E) Parking Lots & Improvements	80.00								80.00	
12-04 Various Improvements	393.44				393.44				(0.00)	
11-08 Various Improvements	15,382.86				9,768.14				5,614.72	
20-08 Various Improvements	40,151.83				11,033.36				29,118.47	
05-09 Various Improvements and Acquisitions	23,984.28								23,984.28	
09-09 Various Improvements and Acquisitions	72,724.00								72,724.00	
2009 Tax Refund Payments	36,514.10								36,514.10	
05-11 Various Improvements	21,470.56								21,470.56	
07-11 Various Improvements	1,125.00								1,125.00	
7-12 Various Improvements	52,495.76				42,420.20			3,726.90	6,348.66	
13-12 Various Improvements	338,689.57				258,617.78				80,071.79	
4-13 Various Improvements	47,741.33				3,231.33				44,510.00	
5-13 Purchase Vehicles	2,335.50								2,335.50	
16-14 Various Improvements	268,061.08			308,750.00	106,757.82				161,303.26	
25-14 Dredging	16,250.00			761,250.00	564,657.57			72,648.60	325,000.00	
13-15 Various Improvements									168,593.83	
	\$ 245,502.93	77,426.00		1,070,000.00	1,098,338.04		147,463.82	121,025.50	121,025.50	147,127.07

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

	<u>Ref.</u>	
Balance December 31, 2014		\$ 350.00
Increased by:		
2015 Budget Appropriation	50,000.00	
	<hr/>	<hr/>
		50,000.00
		50,350.00
Decreased by:		
Improvement Authorization Funding	44,650.00	
	<hr/>	<hr/>
		44,650.00
Balance December 31, 2015		\$ <u><u>5,700.00</u></u>

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

Balance December 31, 2014		\$ 9,222,450.00
Increased by:		
None		-
		9,222,450.00
Decreased by:		
2015 Budget Appropriations:		
General Serial Bonds	1,245,500.00	1,245,500.00
Balance December 31, 2015		\$ <u><u>7,976,950.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Raised in 2015 Budget	Balance Dec. 31, 2015	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
4-13	Various Improvements	\$ 1,000,000.00		900,000.00	100,000.00	100,000.00		-
16-14	Various Improvements	1,064,000.00			1,064,000.00	1,060,000.00		4,000.00
25-14	Dredging	308,750.00			308,750.00	308,750.00		-
13-15	Various Improvements		848,350.00		848,350.00	761,250.00		87,100.00
		<u>\$ 2,372,750.00</u>	<u>848,350.00</u>	<u>900,000.00</u>	<u>2,321,100.00</u>	<u>2,230,000.00</u>	<u>-</u>	<u>91,100.00</u>
Improvement Authorizations Unfunded						774,257.09		
Less:								
Unexpended Proceeds of Bond								
Anticipation Notes Issued:								
			<u>Ord. Number</u>					
			4-13			44,510.00		
			25-14			308,750.00		
			16-14			161,303.26		
			13-15			168,593.83		
						<u>683,157.09</u>		
								<u>91,100.00</u>

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Other Funding	Authorizations		Prior Year Encumbrances	Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded		Deferred Charges to Future Taxation	Funded			Unfunded	
8-01	Various Improvements (E) Parking Lots & Improvements	6/14/2001	872,002 \$	80.00						80.00		
12-04	Various Improvements	4/8/2004	850,000	393.44				1,476.00	1,869.44	-		
11-08	Various Improvements	4/24/2008	260,000	15,382.86					9,768.14	5,614.72		
20-08	Various Improvements	8/28/2008	752,000	40,151.83					11,033.36	29,118.47		
05-09	Various Improvements & Acquisitions	4/9/2009	276,000	23,984.28						23,984.28		
09-09	Various Improvements & Acquisitions	6/25/2009	877,000	72,724.00						72,724.00		
2009	Tax Refund Payments	11/12/2009	725,000	36,514.10						36,514.10		
05-11	Various Improvements	5/26/2011	1,000,000	21,470.56						21,470.56		
07-11	Various Improvements	5/26/2011	280,000	1,125.00						1,125.00		
7-12	Various Improvements	6/28/2012	1,268,000	52,495.76				3,726.90	49,874.00	6,348.66		
13-12	Various Improvements	7/26/2012	1,600,000	338,689.57				1,343.50	259,961.28	80,071.79		
4-13	Various Improvements	3/14/2013	1,300,000	47,741.33					3,231.33		44,510.00	
5-13	Purchase of Vehicles	2/14/2013	108,613	2,335.50						2,335.50		
16-14	Various Improvements	7/8/2014	1,120,000	272,061.08				94,912.00	201,669.82		165,303.26	
25-14	Dredging	9/11/2014	325,000	16,250.00						16,250.00	308,750.00	
13-15	Various Improvements	4/30/2015	893,000			44,650.00			637,306.17	-	255,693.83	
				\$ 621,596.90	628,552.41	44,650.00	848,350.00	101,458.40	1,174,713.54	295,637.08	774,257.09	
								Encumbered Cash	76,375.50			
									1,098,338.04			
									1,174,713.54			

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Decreased	Balance Dec. 31, 2015
			Date	Amount			
General Improvements	7/1/2009	6,266,000	7/1/2016	828,750.00	3.75%	785,500.00	3,570,950.00
			7/1/2017	876,500.00	3.75%		
			7/1/2018	924,250.00	3.75%		
			7/1/2019	941,450.00	4.00%		
General Improvements	9/15/2012	5,691,000	9/15/2016	510,000.00	3.00%	460,000.00	4,406,000.00
			9/15/2017	525,000.00	3.00%		
			9/15/2018	535,000.00	3.00%		
			9/15/2019	625,000.00	3.00%		
			9/15/2020	710,000.00	3.00%		
			9/15/2021	750,000.00	2.00%		
		9/15/2022	751,000.00	2.00%			
							\$ 9,222,450.00
						1,245,500.00	7,976,950.00

**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
Hurricane Sandy	4-13	3/14/2013	12/12/2014	1/11/2015	0.800% \$	675,000.00		675,000.00	-
Hurricane Sandy	4-13	3/14/2013	12/12/2014	12/11/2015	1.020%	325,000.00		325,000.00	-
Hurricane Sandy	4-13	3/14/2013	12/10/2015	12/9/2016	2.000%		100,000.00		100,000.00
Various Improvements	16-14	12/29/2014	12/29/2014	12/28/2015	1.030%	1,060,000.00		1,060,000.00	-
Various Improvements	16-14	12/29/2014	12/10/2015	12/9/2016	2.000%		1,060,000.00		1,060,000.00
Dredging	24-14	12/10/2015	12/10/2015	12/9/2016	2.000%		308,750.00		308,750.00
Various Improvements	13-15	12/10/2015	12/10/2015	12/9/2016	2.000%		761,250.00		761,250.00
						\$ 2,060,000.00	2,230,000.00	2,060,000.00	2,230,000.00

**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
16-14	Various Improvements	\$ 4,000.00			4,000.00
24-14	Dredging	308,750.00		308,750.00	-
13-15	Various Improvements		848,350.00	761,250.00	87,100.00
		<u>\$ 312,750.00</u>	<u>848,350.00</u>	<u>1,070,000.00</u>	<u>91,100.00</u>

**SEWER OPERATING FUND  
SCHEDULE OF CASH - TREASURER**

		Operating
Balance as of December 31, 2014	\$	165,178.66
Increased by Receipts:		
Sewer Rents Receivable	\$	2,701,937.17
Prepaid Sewer Rents		37,638.25
Miscellaneous Anticipated		18,752.89
Due to Current Fund		399,848.88
		3,158,177.19
		3,323,355.85
Decreased by Disbursements:		
2015 Appropriations	2,272,308.42	
2014 Appropriation Reserves	6,514.01	
Accrued Interest	96,199.59	
Due from Sewer Capital	400,291.68	
		2,775,313.70
Balance as of December 31, 2015	\$	548,042.15

SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers From	To	Balance Dec. 31, 2015
	Balance Dec. 31, 2014	Debt	Miscellaneous	Improvement Authorizations			
Fund Balance	\$ 364,535.15						364,535.15
Encumbrances Payable	78,531.21						110,435.20
Due from Current Fund	(475,000.00)				78,531.21		(650,000.00)
Due to Sewer Utility Operating Fund	(398,279.77)		400,291.68				2,011.91
<u>Improvement Authorizations:</u>							
Ordinance Number							
8-12 Various Sewer Capital Improvements	9,538.00			3,000.00			6,538.00
14-12 Various Sewer Capital Improvements	81,907.91			69,282.91	1,075.00	4,650.00	16,200.00
17-14 Various Sewer Capital Improvements	338,767.50	475,000.00		327,863.77	81,847.20	73,881.21	2,937.74
14-15 Various Sewer Capital Improvements		375,000.00		145.00	27,513.00		347,342.00
	\$ -	850,000.00	400,291.68	400,291.68	189,966.41	189,966.41	-

**SEWER OPERATING FUND  
SCHEDULE OF SEWER CONSUMER ACCOUNTS RECEIVABLE**

Balance as of December 31, 2014		\$	127,125.92
Increased by:			
Utility Rents Levied	\$	<u>2,720,188.29</u>	<u>2,720,188.29</u>
			2,847,314.21
Decreased by:			
Collections		2,701,937.17	
Prepayments & Overpayments Applied		35,220.65	
Transferred to Liens		<u>370.00</u>	
			<u>2,737,527.82</u>
Balance as of December 31, 2015		\$	<u><u>109,786.39</u></u>

**SEWER OPERATING FUND  
SCHEDULE OF SEWER CONSUMER LIENS RECEIVABLE**

Balance as of December 31, 2014		\$	1,549.04
Increase by:			
Transferred from Consumer Receivables	\$	370.00	
Interest and Cost on Sale			
		<u>370.00</u>	<u>370.00</u>
			1,919.04
Decreased by:			
Collections		<u>-</u>	<u>-</u>
Balance as of December 31, 2015		\$	<u><u>1,919.04</u></u>

**SEWER OPERATING FUND  
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2014	Additions By Budget Capital Outlay	Balance Dec. 31, 2015
Sewer System Improvements	\$ 9,491,184.92	(15,457.50)	9,475,727.42
	<u>\$ 9,491,184.92</u>	<u>(15,457.50)</u>	<u>9,475,727.42</u>

**SEWER UTILITY CAPITAL FUND  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2014	Deferred Charge to Future Revenue	Balance Dec. 31, 2015
8-12	Various Sewer Capital Improvements	05/10/12	\$ 309,000	309,000.00		309,000.00
14-12	Various Sewer Capital Improvements	07/26/12	300,000	300,000.00		300,000.00
17-14	Various Sewer Capital Improvements	05/08/14	500,000	500,000.00		500,000.00
14-15	Various Sewer Capital Improvements	04/16/15	500,000		500,000.00	500,000.00
				<u>\$ 1,109,000.00</u>	<u>500,000.00</u>	<u>1,609,000.00</u>

**SEWER OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES**

	Balance Dec. 31, 2014	Balance After Transfers	Paid Or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 26,445.36	26,445.36		26,445.36	
Other Expenses	14,752.00	14,752.00	6,514.01	8,237.99	
ACMUA - Treatment Costs	2,031.00	2,031.00		2,031.00	
	<u>\$ 43,228.36</u>	<u>43,228.36</u>	<u>6,514.01</u>	<u>36,714.35</u>	<u>-</u>

**SEWER OPERATING UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS  
AND NOTES - ANALYSIS OF BALANCE -  
DECEMBER 31, 2015**

Balance as of December 31, 2014	\$	36,206.14
Increased by:		
Accrued interest charged to 2015 budget appropriation - Interest on bonds and notes		93,396.21
		129,602.35
Decreased by:		
Disbursements		96,199.59
Balance as of December 31, 2015	\$	33,402.76

**ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2015**

Description	Principal Outstanding Dec. 31, 2015	Interest Rate	From	To	# of Days	Amount
2009 Issue	544,050	Var	07/01/15	12/31/15	183	10,564.54
2012 Issue	839,000	Var	09/15/15	12/31/15	107	6,857.66
NJ EIT Bonds	710,000	5%	08/01/15	12/31/15	152	14,988.89
Bond Anticipation Note	850,000	2.00%	12/10/15	12/31/15	21	991.67
						\$ 33,402.76

SEWER CAPITAL UTILITY FUND  
SCHEDULE OF IMPROVEMENT  
AUTHORIZATIONS

Ord Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2014		Deferred Charges To Future Revenue	Prior Year Encumbrances	Paid Or Charged	Balance Dec. 31, 2015	
				Funded	Unfunded				Funded	Unfunded
8-12	Various Sewer Capital Improvements	05/10/12	309,000 \$	9,538.00				3,000.00	6,538.00	
14-12	Various Sewer Capital Improvements	07/26/12	300,000	81,907.91		4,650.00		70,357.91	16,200.00	
17-14	Various Sewer Capital Improvements	05/08/14	500,000		338,767.50		73,881.21	409,710.97		2,937.74
14-15	Various Sewer Capital Improvements	04/16/15	500,000			500,000.00		27,658.00		472,342.00
			\$	<u>91,445.91</u>	<u>338,767.50</u>	<u>500,000.00</u>	<u>78,531.21</u>	<u>510,726.88</u>	<u>22,738.00</u>	<u>\$ 475,279.74</u>
							Encumbered	110,435.20		
							Disbursements	400,291.68		
								<u>510,726.88</u>		

**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
17-14 Various Sewer Improvements	12/12/2014	12/12/2014	475,000	1.02%	475,000.00		475,000.00	-
	12/12/2014	12/10/2015	475,000	2.00%		475,000.00		475,000.00
14-15 Various Sewer Improvements	12/10/2015	12/10/2015	375,000	2.00%		375,000.00		375,000.00
					\$ 475,000.00	850,000.00	475,000.00	850,000.00

**SEWER CAPITAL UTILITY FUND  
STATEMENT OF SEWER SERIAL BONDS PAYABLE**

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2015	Int. Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
Sewer Utility Bonds	06/23/09	954,000	126,250	3.75%	663,550.00	119,500.00	544,050.00
			133,500	3.75%			
			140,750	3.75%			
			143,550	4.00%			
Sewer Utility Bonds	09/15/12	1,109,000	120,000	3.00%	959,000.00	120,000.00	839,000.00
			120,000	3.00%			
			120,000	3.00%			
			120,000	3.00%			
			120,000	2.00%			
			119,000	2.00%			
					\$ 1,622,550.00	239,500.00	1,383,050.00



**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION**

Balance as of December 31, 2014		\$ 6,999,115.76
Increased by:		
Capital Outlay:		
Funded by Budget Appropriation		
NJ EIT Bonds Payable	132,105.25	
Serial Bonds Paid by Operating Budget	<u>239,500.00</u>	
		<u>371,605.25</u>
		7,370,721.01
Decreased by:		
Authorizations Canceled		<u>-</u>
Balance as of December 31, 2015		\$ <u><u>7,370,721.01</u></u>

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2014	Paid in Operating Budget Bond	Balance Dec. 31, 2015
8-12	Various Sewer Capital Improvements	05/10/12	\$ 41,794.65		41,794.65
14-12	Various Sewer Capital Improvements	07/26/12	40,577.26	(15,457.50)	25,119.76
17-14	Various Sewer Capital Improvements	05/08/14	25,000.00		25,000.00
			<u>\$ 107,371.91</u>	<u>(15,457.50)</u>	<u>91,914.41</u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorization	BANS Issued	Balance Dec. 31, 2015
14-15	Various Sewer Capital Improvements	\$ -	500,000.00	375,000.00	125,000.00
		\$ -	500,000.00	375,000.00	125,000.00

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**CITY OF SOMERS POINT**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2015**



**CITY OF SOMERS POINT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING DECEMBER 31, 2015**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Modified Opinion issued on the Financial Statements – Regulatory Basis.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiency identified? **NO**

Non-Compliance material to Financial Statements – Statutory Basis noted? **NO**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

None

**MANAGEMENT RESPONSES**

N/A

**STATUS OF PRIOR YEAR FINDINGS**

There were no Findings in the prior year.

**GENERAL COMMENTS**

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

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

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Committee's opinion should be sought before a commitment is made.

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

The minutes indicate that bids were requested by public advertising for the following items:

- Sanitary Sewer Gravity Main Rehabilitation
- 2015 Road Program
- Reconstruction of Delaware Avenue
- Storm Water Improvements between Pierson & Dawes Avenues
- Articulated Wheel Loader
- Dump Truck Snow Plow & Spreader
- Gateway Theater Renovations

### Collection of Interest on Delinquent Taxes and Assessments

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

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

**WHEREAS**, N.J.S.A. 54:4-67 permits the governing body of a municipality to fix the rate of interest to be charged for the nonpayment of taxes or assessments;

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Somers Point, County of Atlantic, State of New Jersey, that:

1. In the event that payments of taxes or assessments are not paid on the due date, but are paid within a period of ten (10) days in the case of taxes, or thirty (30) days in the case of assessments, the Tax Collector is hereby authorized to charge no interest on all such delinquent payments.
2. In the event that payment of taxes or assessments are not paid within ten (10) days in the case of taxes, or thirty (30) in the case of assessments, the Tax Collector is hereby authorized to charge interest at the rate of eight percent per annum on the first \$1,500 of the delinquency and 18 percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax or assessment was payable until the date of actual payment.
3. N.J.S.A. 54:6-67 specifically provides that a governing body may fix a penalty to be charged to a taxpayer where there is a tax and/or other municipal charge delinquency in excess of \$10,000 at the end of any calendar year on a given parcel of real estate; and
4. That a penalty equal to six (6) percent per annum of any delinquency in taxes and other municipal charges on a given parcel of real property shall be and hereby imposed where the delinquency exceeds \$10,000 at the end of each calendar year.

This Resolution shall take effect January 1, 2015.

It appears from an examination of the collector's records that interest on delinquent taxes was collected in accordance with the foregoing resolution.

**Delinquent Taxes and Tax Title Liens**

The 2015 tax sale was held and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2015	12
2014	12
2013	14

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charts and current payments was made in accordance with the regulations 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
Payment of 2015 and 2016 Utility Bills	5
Delinquent Taxes	5
Delinquent Utility	1
Municipal Court	5

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes, utilities or municipal court.

**Deposit of Municipal Funds**

N.J.S. 40A:5-15 states, "All municipal funds shall be deposited within 48 hours upon receipt."

Our examination has revealed that municipal funds were not deposited within the mandated time.

**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.

Year	Current Fund		
	Tax Levy	Cash Collections	Percentage of Collections
2015	\$ 32,975,453	\$ 31,996,256	97.03%
2014	32,144,641	31,298,402	97.37%
2013	32,036,567	31,076,079	97.00%
2012	29,616,625	28,725,922	96.99%
2011	29,824,596	28,958,162	97.09%

**Comparative Schedule of Tax Rate Information**

	2015	2014	2013	2012	2011
Tax Rate	\$ 2.794	2.700	4.650	4.294	4.315
Apportionment of Tax Rate:					
Municipal	0.881	0.839	1.390	1.295	1.274
County	0.491	0.471	0.881	0.708	0.741
Local School	0.827	0.768	1.306	1.264	1.247
Regional School	0.595	0.622	1.073	1.027	1.053
Assessed Valuation	\$ 1,178,038,500	1,188,371,800 Revaluation	683,027,574	687,703,793	689,712,996

**Delinquent Taxes and Tax Title Liens**

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2015	\$ 137,197	842,484	979,681	2.97%
2014	132,630	664,380	797,010	2.48%
2013	98,837	874,125	972,962	3.04%
2012	88,489	823,844	912,333	3.08%
2011	85,471	697,286	782,757	2.62%

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2015	\$ 19,412
2014	\$ 19,412
2013	\$ 19,412
2012	\$ 19,412
2011	\$ 19,412

**Sewer Utility Service Charges**

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years.

<u>Year</u>	<u>Balance End of Year</u>		<u>Levy</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>		
2015	\$ 109,786	1,919	2,720,188	2,737,158
2014	127,126	1,549	2,689,308	2,714,088
2013	161,420	961	2,200,345	2,135,038
2012	115,310	-	2,223,349	2,190,461
2011	88,274	-	2,197,836	2,213,335

**Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the year and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in budget of</u>	<u>Percentage of Fund Balance</u>
<b><u>Current Fund</u></b>			
2015	\$ 1,543,740	1,209,000	78.32%
2014	1,425,884	1,050,000	73.64%
2013	1,755,074	1,105,000	62.96%
2012	1,063,919	950,000	89.29%
2011	1,876,527	1,400,000	74.61%
<b><u>Sewer Utility Operating Fund</u></b>			
2015	\$ 652,649	-	0.00%
2014	343,823	-	0.00%
2013	26,449	-	0.00%
2012	256,449	230,000	89.69%
2011	214,317	80,000	37.33%

*Schedule of Findings and Recommendations*

**FINDINGS AND RECOMMENDATIONS**

None

**STATUS OF PRIOR RECOMMENDATIONS**

**NONE**

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.

Very truly yours,

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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

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