

**CITY OF SEA ISLE CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2014**

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CITY OF SEA ISLE CITY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2014



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 Sea Isle City
County of Cape May, 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 Sea Isle City, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the 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 Sea Isle City 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 Sea Isle City as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sea Isle City’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. In our opinion, the supplemental information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2015 on our consideration of the City of Sea Isle City'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 Sea Isle City's internal control over financial reporting and compliance.

Very truly yours,

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

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

April 27, 2015

EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 5,919,342.18	5,818,691.08
Cash - Change	1,915.00	1,915.00
Total Cash	<u>5,921,257.18</u>	<u>5,820,606.08</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	311,153.28	337,596.18
Tax Title and Other Liens	9,022.58	8,932.62
Property Acquired for Taxes - at Assessed Valuation	22,372.00	69,433.00
Revenue Accounts Receivable	3,716.26	4,033.81
Total Receivables and Other Assets	<u>346,264.12</u>	<u>419,995.61</u>
Deferred Charges:		
Special Emergency Appropriation	600,000.00	750,000.00
Total Deferred Charges	<u>600,000.00</u>	<u>750,000.00</u>
Total Regular Fund	<u>6,867,521.30</u>	<u>6,990,601.69</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	5,500.00	2,947.00
Due from Current Fund	40,960.07	45,171.28
Total Federal and State Grant Fund	<u>46,460.07</u>	<u>48,118.28</u>
Total Current Fund	<u>\$ 6,913,981.37</u>	<u>7,038,719.97</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 913,925.92	790,150.09
Reserve for Encumbrances	437,653.96	453,015.69
Accounts Payable	4,000.00	2,000.00
Prepaid Taxes	657,482.61	604,046.22
Overpaid Taxes	4,034.09	46,322.40
Payroll Taxes Payable	2,654.94	2,654.94
County Added Tax Payable	55,120.15	35,044.14
Due to State:		
Marriage Licenses	50.00	225.00
Senior Citizens' & Veterans's Ded	10,683.88	11,805.80
Interfund Payable:		
Federal and State Grant Fund	40,960.07	45,171.28
Other		
Reserve for Revaluation - Current	604,214.68	750,000.00
Reserve for Tax Appeals	-	80,000.00
Reserve for Tourism Community	1,400.00	50.00
Other Liabilities	176.00	176.00
Reserve for Insurance Claims	249,546.33	249,546.33
	2,981,902.63	3,070,207.89
Reserve for Receivables and Other Assets	346,264.12	419,995.61
Fund Balance	3,539,354.55	3,500,398.19
Total Regular Fund	6,867,521.30	6,990,601.69
Federal and State Grant Fund:		
Unappropriated Reserves	36,153.94	39,843.53
Appropriated Reserves	10,306.13	8,274.75
Total Federal and State Grant Fund	46,460.07	48,118.28
Total Current Fund	\$ 6,913,981.37	7,038,719.97

The Accompanying Notes to the Financial Statements are an
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**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 2,100,000.00	2,000,000.00
Miscellaneous Revenue Anticipated	3,982,586.88	3,917,313.36
Receipts from Delinquent Taxes	312,605.76	374,820.52
Receipts from Current Taxes	28,090,622.07	27,862,503.11
Non Budget Revenue	174,487.27	737,555.56
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	809,700.75	550,219.77
Interfund Returned	-	28.20
Cancellation of Grant Reserves	3,290.22	-
Cancellation of Taxes Overpaid	47,348.14	-
Cancelation of Prior Year Liability	72,480.41	35,163.89
Total Income	<u>35,593,121.50</u>	<u>35,477,604.41</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	8,270,487.00	8,070,827.00
Other Expenses	6,168,091.00	5,681,566.00
Deferred Charges & Statutory Expenditures	1,690,869.64	1,671,983.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	136,251.00	179,161.00
Capital Improvements	250,000.00	300,000.00
Debt Service	3,811,116.25	3,559,916.59
Deferred Charges	150,000.00	569,100.00
State and Federal Grants	50,507.53	35,867.65
Local District School Tax	2,145,887.00	2,579,443.33
County Tax	10,723,335.57	10,605,432.84
County Share of Added Tax	55,120.15	35,044.14
Refund of Prior Year's Revenue	2,500.00	10,649.78
Total Expenditures	<u>33,454,165.14</u>	<u>33,298,991.33</u>
Excess/(Deficit) in Revenue	<u>2,138,956.36</u>	<u>2,178,613.08</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	2014	2013
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Emergency Appropriation		
Total Adjustments	-	-
Statutory Excess to Fund Balance	2,138,956.36	2,178,613.08
Fund Balance January 1	3,500,398.19	3,321,785.11
	5,639,354.55	5,500,398.19
Decreased by:		
Utilization as Anticipated Revenue	2,100,000.00	2,000,000.00
Fund Balance December 31	\$ 3,539,354.55	3,500,398.19

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 2,100,000.00	-	-
Total Fund Balance Anticipated	2,100,000.00	2,100,000.00	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	15,000.00	-	3,658.64
Other	200,000.00	-	23,711.35
Fees and Permits	50,000.00	-	19,596.00
Fines and Costs:			
Municipal Court	215,000.00	-	(16,008.84)
Interest and Costs on Taxes	65,000.00	-	10,146.46
Interest Earned on Investments	55,000.00	-	(2,597.44)
Parking Meters	220,000.00	-	300,820.08
Beach Fees	1,250,000.00	-	165,585.00
Marina Slips Rentals	150,000.00	-	15,056.37
Local Franchise Fee - Cable and Beach Vendors	155,000.00	-	80,629.00
Telephone Call Tower Rental	353,924.00	-	65,790.73
Total Section A: Local Revenues	2,728,924.00	-	446,387.35
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	293,009.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	293,009.00	-	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	275,000.00	-	75,407.00
Total Section C: Uniform Construction Code Fees	275,000.00	-	75,407.00

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Clean Communities	25,460.22	-	-
Municipal Alliance on Alcoholism and Drug Abuse	8,531.00	-	-
Cops in Shops	7,677.36	-	-
Body Armor	3,011.63	-	-
NJDHHS - Over the Limit Under Arrest	3,694.32	-	-
Total Section F: Special Items - Public and Private Programs	48,374.53	-	-
Section G: Other Special Items			
Recreation Fees	39,000.00	-	3,585.00
Festival Income	70,000.00	-	2,900.00
Total Section G: Other Special Items	109,000.00	-	6,485.00
Total Miscellaneous Revenues:	3,454,307.53	-	528,279.35
Receipts from Delinquent Taxes	300,000.00		12,605.76
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	15,725,307.24	16,303,172.95	577,865.71
Total Amount to be Raised by Taxes for Support of Municipal Budget	15,725,307.24	-	577,865.71
Budget Totals	21,579,614.77	22,698,365.59	1,118,750.82
Non- Budget Revenues:			
Other Non- Budget Revenues:	-	174,487.27	174,487.27
	21,579,614.77	22,872,852.86	1,293,238.09

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	28,090,622.07
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	28,090,622.07
Allocated to:	
School, County and Other Taxes	12,605,757.72
Balance for Support of Municipal Budget Appropriations	15,484,864.35
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	818,308.60
Amount for Support of Municipal Budget Appropriations	16,303,172.95

Receipts from Delinquent Taxes:

Delinquent Tax Collection	312,605.76
Tax Title Lien Collections	-
Total Receipts from Delinquent Taxes	312,605.76

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Bond Refunding Premium	7,618.36
Bookeeping/Liens	245.00
City Clerk Revenue	13,129.44
Div of Fire Safety	14,034.17
Dune CAFRA Permit	13,242.50
Election Fees	624.05
Escrow Closeout	3.58
Facility Rental Fees	400.00
FEMA - Hurricane Sandy	67,865.64
Homestead Rebate	30.00
Insurance Refund	16,250.00
Motor Vehicle Inspection Fines	428.00
Municipal Court Fees	270.00
Other Miscellaneous	4,745.28
Police Extra Duty	7,032.50
Police Report Copy Fees	438.45
Sale of Assets	27,355.30
Tax Search Fees	20.00
Vets & SC Admin fee	755.00
	174,487.27
Total Miscellaneous Revenue Not Anticipated:	174,487.27

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
General Administration	\$ 339,165.00	339,165.00	298,074.50	-	41,090.50	-
Salaries and Wages	134,855.00	134,855.00	117,281.67	8,623.34	8,949.99	-
Other Expenses						
Mayor	15,000.00	15,000.00	15,000.00	-	-	-
Salaries and Wages	1,660.00	1,660.00	1,390.21	65.00	204.79	-
Other Expenses						
City Council	45,000.00	45,000.00	45,000.00	-	-	-
Salaries and Wages	6,640.00	6,640.00	561.78	-	6,078.22	-
Other Expenses						
Municipal Clerk	165,850.00	165,850.00	147,252.33	-	18,597.67	-
Salaries and Wages	31,925.00	31,925.00	7,622.80	9,105.39	15,196.81	-
Other Expenses						
Elections	5,200.00	5,200.00	1,117.26	-	4,082.74	-
Salaries and Wages	13,600.00	13,600.00	332.64	-	13,267.36	-
Other Expenses						
Municipal Engineer	62,250.00	62,250.00	54,521.67	4,464.70	3,263.63	-
Other Expenses						
Fire Inspector	15,150.00	15,150.00	15,133.56	-	16.44	-
Salaries and Wages	1,000.00	1,000.00	-	-	1,000.00	-
Other Expenses						
Insurance	700.00	700.00	-	-	700.00	-
Surety Bond Premiums	20,750.00	20,750.00	2,818.49	-	17,931.51	-
Reserve for Insurance	24,299.00	24,299.00	21,503.89	1,370.00	1,425.11	-
Other Expenses	206,835.00	206,835.00	205,394.78	-	1,440.22	-
General Liability	423,214.00	423,214.00	423,214.00	-	-	-
Workers Compensation Insurance	2,713,971.00	2,698,971.00	2,535,203.80	42,986.56	120,780.64	-
Employee Group Health						
Health Benefits Waiver	40,000.00	40,000.00	35,000.00	-	5,000.00	-
Salaries and Wages						
DEPARTMENT OF LAW						
Legal Services and Costs	270,000.00	270,000.00	221,401.52	33,216.00	15,382.48	-
Other Expenses						
Municipal Prosecutor	22,500.00	22,500.00	22,500.00	-	-	-
Other Expenses	4,500.00	4,500.00	4,500.00	-	-	-
Public Defender						
Other Expenses						

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Appropriations			Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	-		Encumbered	Reserved	
DEPARTMENT OF FINANCE							
Financial Administration							
Salaries and Wages	210,640.00	205,640.00	170,344.75	-	35,295.25	-	-
Other Expenses							
Postage	42,000.00	42,000.00	42,000.00	-	-	-	-
Audit Services	40,000.00	40,000.00	39,500.00	500.00	-	-	-
Miscellaneous Other Expenses	30,378.00	30,378.00	11,394.54	12,048.22	6,935.24	-	-
Collection of Taxes							
Salaries and Wages	97,300.00	97,300.00	81,941.27	-	15,358.73	-	-
Other Expenses	8,964.00	8,964.00	2,320.72	-	6,643.28	-	-
Liquidation of Tax Title Liens & Foreclosed Property							
Other Expenses	750.00	750.00	-	-	750.00	-	-
Assessment of Taxes							
Salaries and Wages	140,600.00	140,600.00	135,634.44	-	4,965.56	-	-
Other Expenses	10,700.00	10,700.00	4,131.55	92.93	6,475.52	-	-
Street Signals and Safety Lanes							
Salaries and Wages	124,135.00	124,135.00	120,895.68	-	3,239.32	-	-
Other Expenses	43,400.00	43,400.00	23,360.07	8,593.60	11,446.33	-	-
Bathing Beaches							
Salaries and Wages	197,700.00	168,700.00	156,799.64	-	11,900.36	-	-
Other Expenses	30,300.00	30,300.00	5,463.00	23,000.00	1,837.00	-	-
Marina							
Salaries and Wages	98,700.00	98,700.00	90,104.18	-	8,595.82	-	-
Other Expenses	12,450.00	12,450.00	5,305.21	773.63	6,371.16	-	-
Shade Tree Commission							
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-	-
Environmental Commission (NJS 40:56A-1, et seq.)							
Salaries and Wages	2,575.00	2,575.00	2,572.70	-	2.30	-	-
Other Expenses	4,000.00	4,000.00	1,264.10	-	2,735.90	-	-
DEPARTMENT OF POLICE							
Police							
Salaries and Wages	3,045,965.00	3,045,965.00	2,971,731.39	-	74,233.61	-	-
Other Expenses	154,410.00	181,410.00	115,838.56	52,015.13	13,566.31	-	-
Emergency Management Services							
Salaries and Wages	13,000.00	13,000.00	12,987.26	-	12.74	-	-
Other Expenses	3,500.00	3,500.00	250.00	-	3,250.00	-	-
Fire							
Salaries and Wages	18,370.00	18,370.00	11,435.58	-	6,934.42	-	-
Other Expenses	45,700.00	56,700.00	37,543.80	13,841.94	5,314.26	-	-
First Aid Organization - Contribution (R.S. 40:5-2)							
Smoke Detector Program							
Salaries and Wages	1,950.00	1,950.00	1,909.18	-	40.82	-	-
Other Expenses	5,175.00	5,175.00	-	-	5,175.00	-	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Maintenance - Vehicle	63,740.00	63,740.00	60,305.94	-	3,434.06	-
Salaries and Wages	32,450.00	32,450.00	21,784.11	4,670.24	5,995.65	-
Other Expenses						
Lifeguards						
Salaries and Wages	499,230.00	499,230.00	498,287.00	-	943.00	-
Other Expenses	54,525.00	54,525.00	53,453.14	752.18	319.68	-
Animal Control Contract						
Contractual	28,500.00	28,500.00	24,998.00	-	3,502.00	-
DEPARTMENT OF PUBLIC WORKS						
Administration of Public Works						
Salaries and Wages	357,500.00	357,500.00	357,149.35	-	350.65	-
Other Expenses	26,298.00	26,298.00	17,577.17	345.73	8,375.10	-
Road Repairs and Maintenance						
Salaries and Wages	312,240.00	312,240.00	301,764.92	-	10,475.08	-
Other Expenses	33,035.00	33,035.00	20,178.02	4,975.21	7,881.77	-
Street Cleaning						
Salaries and Wages	245,120.00	245,120.00	206,352.86	-	38,767.14	-
Other Expenses	13,985.00	30,985.00	5,006.19	21,365.00	4,613.81	-
Solid Waste Management (40A:4-45.32)						
Salaries and Wages	312,900.00	312,900.00	309,499.74	-	3,400.26	-
Other Expenses	26,850.00	26,850.00	17,763.74	5,447.66	3,638.60	-
Garbage and Trash Removal						
Salaries and Wages	367,800.00	367,800.00	364,518.43	-	3,281.57	-
Other Expenses						
Contractual						
Miscellaneous Other Expenses	312,000.00	312,000.00	260,791.52	17,169.48	34,039.00	-
Public Buildings and Grounds	48,480.00	48,480.00	29,225.55	11,387.20	7,867.25	-
Salaries and Wages	420,990.00	420,990.00	420,245.08	-	744.92	-
Other Expenses	91,350.00	91,350.00	80,769.54	8,988.10	1,592.36	-
Shore Protection						
Salaries and Wages	259,000.00	259,000.00	224,560.47	-	34,439.53	-
Other Expenses	30,650.00	30,650.00	16,918.32	6,551.14	7,180.54	-
American with Disabilities Act						
Other Expenses	5,000.00	5,000.00	1,920.00	-	3,080.00	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Historical Commission	1,000.00	1,000.00	-	-	1,000.00	-
Other Expenses						
Demolition of Buildings						
Other Expenses	-	-	-	-	-	-
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Municipal Land Use Law (NJSA 40:55D-1)						
Zoning Board						
Salaries and Wages	10,660.00	7,660.00	6,599.75	-	1,060.25	-
Other Expenses	8,800.00	8,800.00	6,055.68	-	2,744.32	-
Planning Board						
Salaries and Wages	10,660.00	7,660.00	6,046.17	-	1,613.83	-
Other Expenses	10,800.00	10,800.00	3,253.50	2,083.38	5,463.12	-
DEPARTMENT OF COMMUNITY SERVICES						
Recreation						
Salaries and Wages	212,037.00	212,037.00	204,743.95	-	7,293.05	-
Other Expenses	105,330.00	105,330.00	81,741.14	15,785.94	7,802.92	-
Expense of Participation in Free County Library						
Salaries and Wages	4,300.00	4,300.00	3,554.84	-	745.16	-
Tourism						
Salaries and Wages	181,410.00	181,410.00	174,892.56	-	6,517.44	-
Other Expenses	187,950.00	187,950.00	171,851.36	4,485.63	11,613.01	-
DEPARTMENT OF MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	203,800.00	203,800.00	199,312.71	-	4,487.29	-
Other Expenses	16,612.00	16,612.00	9,879.37	2,575.00	4,157.63	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	242,600.00	242,600.00	233,230.15	-	9,369.85	-
Other Expenses	14,550.00	14,550.00	10,930.14	500.00	3,119.86	-
Electrical Inspector						
Salaries and Wages	14,400.00	14,400.00	13,991.90	-	408.10	-
Plumbing Inspector						
Salaries and Wages	15,800.00	15,800.00	15,738.84	-	61.16	-
UNCLASSIFIED						
Computer Services - All Departments	23,000.00	23,000.00	18,070.40	4,121.38	808.22	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	165,000.00	165,000.00	139,584.76	24,949.40	465.84	-
Street Lighting	125,000.00	125,000.00	114,466.12	9,906.50	627.38	-
Telephone	65,000.00	65,000.00	41,211.28	5,117.72	18,671.00	-
Natural Gas	64,500.00	64,500.00	63,293.24	715.63	491.13	-
Fuel Oil	2,000.00	2,000.00	-	-	2,000.00	-
Gasoline	180,000.00	180,000.00	170,508.91	-	9,491.09	-
Water & Sewer	52,000.00	52,000.00	51,164.86	-	835.14	-
TOTAL OPERATIONS WITHIN "CAPS"	14,435,578.00	14,435,578.00	13,281,043.24	362,588.96	791,945.80	-
Contingent	3,000.00	3,000.00	100.00	-	2,900.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	14,438,578.00	14,438,578.00	13,281,143.24	362,588.96	794,845.80	-
Detail:						
Salaries and Wages	8,310,487.00	8,270,487.00	7,913,728.38	-	356,758.62	-
Other Expenses	6,128,091.00	6,168,091.00	5,367,414.86	362,588.96	438,087.18	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	506,098.00	506,098.00	450,381.42	-	55,716.58	-
Social Security System (O.A.S.I.)	634,528.64	634,528.64	602,742.13	-	31,786.51	-
Police and Firemen's Retirement System	494,243.00	494,243.00	463,908.00	-	30,335.00	-
Unemployment Compensation Insurance	34,000.00	34,000.00	33,957.07	-	42.93	-
Lifeguard Pension	10,000.00	10,000.00	10,000.00	-	-	-
Reserve for Retirement Trust	5,000.00	5,000.00	5,000.00	-	-	-
Defined Contribution Retirement Program	7,000.00	7,000.00	5,735.90	65.00	1,199.10	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,690,869.64	1,690,869.64	1,571,724.52	65.00	119,080.12	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	16,129,447.64	16,129,447.64	14,852,867.76	362,653.96	913,925.92	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations			Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance: NJSA 40A:4-45.3	61,251.00	61,251.00	61,251.00	-	-	-
Employee Group Health	75,000.00	75,000.00	-	75,000.00	-	-
LOSAP						
	<u>136,251.00</u>	<u>136,251.00</u>	<u>61,251.00</u>	<u>75,000.00</u>	<u>-</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities	25,460.22	25,460.22	25,460.22	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	8,531.00	8,531.00	8,531.00	-	-	-
Local Share	2,133.00	2,133.00	-	-	-	-
Cops in Shops	7,677.36	7,677.36	7,677.36	-	-	-
Body Armor	3,011.63	3,011.63	3,011.63	-	-	-
NJDHHS - Drive Sober Get Pulled Over	3,694.32	3,694.32	3,694.32	-	-	-
	<u>50,507.53</u>	<u>50,507.53</u>	<u>50,507.53</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues	186,758.53	186,758.53	111,758.53	75,000.00	-	-
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	186,758.53	179,081.17	104,081.17	75,000.00	-	-
(C) Capital Improvements						
Capital Improvements Fund	250,000.00	250,000.00	250,000.00	-	-	-
	<u>250,000.00</u>	<u>250,000.00</u>	<u>250,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements						
(D) Debt Service						
Payment of Bond Principal	2,925,000.00	2,925,000.00	2,925,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	210,000.00	210,000.00	-	-	-	210,000.00
Interest on Bonds	771,000.00	771,000.00	747,024.67	-	-	23,975.33
Interest on Notes	108,000.00	108,000.00	107,999.98	-	-	0.02
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	31,100.00	31,100.00	31,091.60	-	-	8.40
	<u>4,045,100.00</u>	<u>4,045,100.00</u>	<u>3,811,116.25</u>	<u>-</u>	<u>-</u>	<u>233,983.75</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Special Emergency Authorizations - 5 Years	150,000.00	150,000.00	150,000.00	-	-	-
Total Deferred Charges	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	4,631,858.53	4,631,858.53	4,322,874.78	75,000.00	-	233,983.75
SUBTOTAL GENERAL APPROPRIATIONS	<u>20,761,306.17</u>	<u>20,761,306.17</u>	<u>19,175,742.54</u>	<u>437,653.96</u>	<u>913,925.92</u>	<u>233,983.75</u>
(M) Reserve for Uncollected Taxes	818,308.60	818,308.60	818,308.60	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 21,579,614.77</u>	<u>21,579,614.77</u>	<u>19,994,051.14</u>	<u>437,653.96</u>	<u>913,925.92</u>	<u>233,983.75</u>
Budget		21,579,614.77			Cancelled	233,983.75
Appropriations by 40A:4-87		-			Overexpended	-
Special Emergency		-				
Emergency Appropriations		-				
		<u>21,579,614.77</u>				<u>233,983.75</u>
Reserve for Uncollected Taxes			818,308.60			
Federal and State Grants			50,507.53			
Deferred Charges			150,000.00			
Capital Improvement Fund			250,000.00			
Reserve for Revaluation			-			
Disbursements			18,725,235.01			
			<u>19,994,051.14</u>			

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - B
TRUST FUND

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

	2014	2013
<u>Assets</u>		
<u>Assessment Fund:</u>		
Cash and Investments	46,655.28	44,815.53
Assessments Receivable	-	1,839.75
	46,655.28	46,655.28
 <u>Animal Control Fund</u>		
Cash and Investments	\$ 247.80	\$ 58.80
Due from State of New Jersey	3.00	-
	250.80	58.80
 <u>Other Funds</u>		
Cash and Investments	1,824,673.55	1,825,884.20
Due from Current (Tourism)	1,400.00	-
	1,826,073.55	1,825,884.20
	\$ 1,872,979.63	\$ 1,872,598.28

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	2014	2013
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Assessment Fund:</u>		
Reserve for Assessments & Liens	\$ -	1,839.75
Fund Balance	46,655.28	44,815.53
	46,655.28	46,655.28
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	250.80	\$ 58.80
Due to Current Fund	-	-
Prepaid 2013 Dog Licenses	-	-
	250.80	58.80
<u>Other Funds</u>		
Deposits for Redemption	1,365.56	8,098.26
Reserve for Retirement Fund	60,527.13	55,468.02
Reserve for Lifeguard Pension Fund	817,490.55	785,188.37
Reserve for CCO Fees	-	-
Reserve for Tennis Fees	82,828.69	110,549.23
Reserve for Cafeteria Plan	1,040.94	5,602.94
Reserve for Police Forfeited Fund	5,889.14	3,382.66
Reserve for Police Lost and Found	285.38	285.38
Reserve for Escrow Deposits	370,919.70	355,308.86
Reserve for POAA Fund	1,025.40	2,529.40
Reserve for Recycling Fund	274,266.62	257,987.42
Reserve for Environmental Fees	28,882.80	26,649.28
Reserve for Municipal Alliance	1,985.67	1,875.83
Reserve for Fire Safety Penalty	250.00	250.00
Reserve for Tourism	79,091.97	46,834.55
Reserve for TTL Redemption Premiums	95,000.00	161,000.00
Due to State of New Jersey - Uniform Construction Code Training Fees	5,224.00	4,874.00
	1,826,073.55	1,825,884.20
	\$ 1,872,979.63	\$ 1,872,598.28

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 8,918,895.71	4,039,177.38
Deferred Charges to Future Taxation -		
Funded	21,816,173.05	24,848,628.67
Unfunded	28,414,615.00	28,464,615.00
	<u>59,149,683.76</u>	<u>57,352,421.05</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	6,649,460.38	1,554,682.73
Bond Anticipation Notes Payable	22,900,000.00	10,800,000.00
Serial Bonds Payable	18,540,000.00	23,670,000.00
Refunding Bonds Payable	3,115,000.00	990,000.00
Green Trust Loan Payable	161,173.05	188,628.67
Improvement Authorizations:		
Funded	403,961.87	617,169.01
Unfunded	6,070,640.34	18,300,116.78
Reserve to Pay Bonds & Notes	264,059.76	262,295.50
Reserve for County Improvement Projects	146,362.00	146,362.00
Reserve for Insurance	183,728.28	183,728.28
Reserve for State Projects	185,432.94	185,432.94
Reserve for Grant Reserves	29,180.00	29,180.00
Capital Improvement Fund	318,925.00	218,925.00
Fund Balance	181,760.14	205,900.14
	<u>\$ 59,149,683.76</u>	<u>57,352,421.05</u>

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

2013	17,664,615.00
2014	5,514,615.00

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	2014	2013
Beginning Balance January 1	\$ 205,900.14	164,104.14
Increased by:		
Premiums on sale of Bonds & Notes	95,860.00	41,796.00
Decreased by:		
Funding Ordinance #1572	120,000.00	-
Ending Balance December 31	\$ 181,760.14	205,900.14

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	2014	2013
ASSETS		
Operating Fund:		
Cash	\$ 2,337,355.49	1,278,909.24
	2,337,355.49	1,278,909.24
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	327,642.91	308,666.80
	327,642.91	308,666.80
Deferred Charges:		
Emergency	-	189,000.00
Overexpenditures of Appropriations	-	16,166.67
	-	205,166.67
Total Operating Fund	2,664,998.40	1,792,742.71
Assessment Trust Fund:		
Cash	37,200.18	24,093.10
Assessment Receivable	40,380.89	53,487.97
Total Assessment Trust Fund	77,581.07	77,581.07
Capital Fund:		
Cash - Treasurer	2,315,457.29	1,133,730.46
Interfunds and Receivables		
Due from USDA	800,000.00	-
Fixed Capital - Completed	21,919,594.44	21,919,594.44
Fixed Capital - Authorized and Uncompleted	19,673,875.00	16,773,875.00
Total Capital Fund	44,708,926.73	39,827,199.90
	\$ 47,451,506.20	41,697,523.68

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Operating Fund:		
Appropriation Reserves	\$ 297,453.65	253,254.70
Reserve for Encumbrances	174,298.44	48,737.49
Prepaid Utility Rents	324,563.87	312,966.89
Utility Overpayments	3,077.11	3,320.23
Accrued Interest on Bonds and Notes	102,499.33	116,157.30
	<u>901,892.40</u>	<u>734,436.61</u>
Reserve for Receivables	327,642.91	308,666.80
Fund Balance	1,435,463.09	749,639.30
	<u>2,664,998.40</u>	<u>1,792,742.71</u>
Assessment Trust Fund:		
Reserve for:		
Assessment Receivable	40,380.89	53,487.97
Fund Balance	37,200.18	24,093.10
	<u>77,581.07</u>	<u>77,581.07</u>
Capital Fund:		
Encumbrance Payable	1,710,953.12	2,532,150.73
Bond Anticipation Notes Payable	6,000,000.00	2,400,000.00
Serial Bonds Payable	7,170,000.00	10,360,000.00
Refunding Bonds Payable	2,230,000.00	715,000.00
Improvement Authorizations:		
Funded	548,613.34	653,423.21
Unfunded	4,277,899.06	2,884,477.75
Reserve for Amortization	21,880,137.44	20,205,137.44
Deferred Reserve for Amortization	20,000.00	20,000.00
Reserve for USDA Receivable	800,000.00	-
Reserve for Pay Bonds	548.75	548.75
Fund Balance	70,775.02	56,462.02
	<u>44,708,926.73</u>	<u>39,827,199.90</u>
	<u>\$ 47,451,506.20</u>	<u>41,697,523.68</u>

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

2013	4,195,000.00
2014	3,495,000.00

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 400,000.00	402,000.00
Rents	8,962,049.94	7,753,709.01
Penalties	68,722.03	66,585.32
Miscellaneous Revenue Anticipated	230,765.90	205,001.64
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	263,694.11	58,121.44
Utility Capital Surplus	-	258,000.00
Current Fund Budget Contribution - Water and Sewer	-	50,000.00
Reserve to Pay Debt	-	9,275.00
Total Income	<u>9,925,231.98</u>	<u>8,802,692.41</u>
Expenditures		
Operations	6,405,450.00	6,255,515.00
Debt Service	1,970,408.19	2,013,505.22
Statutory Expenses	463,550.00	241,760.00
Refund of Prior Year Revenue	-	3,992.00
Total Expenditures	<u>8,839,408.19</u>	<u>8,514,772.22</u>
Excess in Revenue	<u>1,085,823.79</u>	<u>287,920.19</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	205,166.67
Total Adjustments	<u>-</u>	<u>205,166.67</u>
Excess in Operations	<u>1,085,823.79</u>	<u>493,086.86</u>
Fund Balance January 1	<u>749,639.30</u>	<u>658,552.44</u>
	1,835,463.09	1,151,639.30
Decreased by:		
Utilization as Anticipated Revenue	<u>400,000.00</u>	<u>402,000.00</u>
Fund Balance December 31	<u>\$ 1,435,463.09</u>	<u>749,639.30</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	<u>2014</u>	<u>2013</u>
Beginning Balance January 1	\$ 56,462.02	42,924.02
Increased by:		
Premiums on sale of Bonds & Notes	14,313.00	13,538.00
Ending Balance December 31	<u>\$ 70,775.02</u>	<u>56,462.02</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 400,000.00	400,000.00	-
Rents	8,280,000.00	8,962,049.94	682,049.94
Penalties	55,000.00	68,722.03	13,722.03
Miscellaneous	150,000.00	230,765.90	80,765.90
Current Fund Budget Contribution - Water/Sewer	50,000.00	-	(50,000.00)
	<u>\$ 8,935,000.00</u>	<u>9,661,537.87</u>	<u>726,537.87</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	8,660,524.90
Prepaid Applied	312,966.89
Overpayments Applied	243.12

8,973,734.91

Miscellaneous

Interest on Rents	219,898.00
Interest on Investments	10,867.90

230,765.90

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,337,191.00	1,337,191.00	1,310,815.66	-	26,375.34	-
Other Expenses	571,362.00	571,362.00	372,209.54	61,805.44	137,347.02	-
Insurance	696,897.00	696,897.00	674,988.73	-	21,908.27	-
Cape May County MUA	3,800,000.00	3,800,000.00	3,587,668.00	112,493.00	99,839.00	-
	<u>6,405,450.00</u>	<u>6,405,450.00</u>	<u>5,945,681.93</u>	<u>174,298.44</u>	<u>285,469.63</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	1,590,000.00	1,590,000.00	1,590,000.00	-	-	-
Interest on Bonds	381,000.00	381,000.00	347,858.87	-	-	33,141.13
Interest on Notes	40,000.00	40,000.00	32,549.32	-	-	7,450.68
Other Debt Service - USDA	55,000.00	55,000.00	-	-	-	55,000.00
	<u>2,066,000.00</u>	<u>2,066,000.00</u>	<u>1,970,408.19</u>	<u>-</u>	<u>-</u>	<u>95,591.81</u>
Deferred Charges and Statutory Expenditures:						
Emergency Authorizations	189,000.00	189,000.00	189,000.00	-	-	-
Overexpenditure of Appropriations	16,166.67	16,166.67	16,166.67	-	-	-
Public Employees' Retirement System	146,950.00	146,950.00	140,735.80	-	6,214.20	-
Social Security System	102,296.57	102,296.57	102,296.57	-	-	-
Unemployment Compensation Insurance	9,136.76	9,136.76	3,366.94	-	5,769.82	-
	<u>463,550.00</u>	<u>463,550.00</u>	<u>451,565.98</u>	<u>-</u>	<u>11,984.02</u>	<u>-</u>
	<u>\$ 8,935,000.00</u>	<u>8,935,000.00</u>	<u>8,367,656.10</u>	<u>174,298.44</u>	<u>297,453.65</u>	<u>95,591.81</u>
Statement of Expenditures:						
Accrued Interest on Bonds			102,499.33			-
Deferred Charge			16,166.67			-
Disbursed			8,248,990.10			95,591.81
			<u>8,367,656.10</u>			<u>95,591.81</u>

Over expended
Canceled

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
General Fixed Assets:		
Land and Buildings	\$ 3,138,438.00	\$ 3,138,438.00
Buildings	4,110,676.00	4,110,676.00
Machinery and Equipment	8,655,722.56	8,143,687.84
Total General Fixed Assets	<u>\$ 15,904,836.56</u>	<u>\$ 15,392,801.84</u>
Investment in General Fixed Assets	<u>\$ 15,904,836.56</u>	<u>\$ 15,392,801.84</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

The accounting policies of the City of Sea Isle City 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 Sea Isle City accounts for its financial transactions through the following separate funds:

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

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

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

Water and Sewer Operating and Capital Funds -- account for the operations of the water and sewer utility and acquisition of water and sewer capital facilities other than those acquired in the Current and General Capital Funds.

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

C. Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$1,000.00 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately. Property and equipment purchased by the Water and Sewer Utility Fund is 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 Water and Sewer utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

The municipality is responsible for remitting 100% of the 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 Sea Isle City to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The entity operates a Water and Sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Sewer Charges are billed semi-annually and due on April 1st and October 1st.

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

Capitalization of Interest -- It is the policy of the City of Sea Isle City 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 regulatory 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.

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the City's financial reporting.

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

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the City's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the City's financial statements.

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$818,308.60 and \$817,051.78. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$2,100,000.00 and \$2,000,000.00. In addition, the entity operates a self-liquidating Water and Sewer utility. Under New Jersey Statutes a separate budget for the Water and Sewer utility must be adopted concurrently with the operating budget of the entity. The Water and Sewer utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$400,000.00 and \$402,000.00.

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

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 2014 and 2013 calendar years:

<u>Budget Category</u>	<u>2014</u>	<u>2013</u>
<u>Current Fund:</u>		
Police		
Salaries and Wages	-	(44,000.00)
Other Expenses	27,000.00	20,000.00
Road Repairs		
Salaries and Wages	-	(5,000.00)
Building and Grounds		
Salaries and Wages	-	7,500.00
Other Expenses	-	6,000.00
Fire		
Other Expenses	11,000.00	15,000.00
DCRP	-	500.00
Fire		
Bathing Beaches		
Salaries and Wages	(29,000)	-
Financial Administration		
Salaries and Wages	(5,000)	-
Insurance		
Employee Group Health	(15,000)	-
Planning Board		
Salaries and Wages	(3,000)	-
Street Cleaning		
Other Expenses	17,000	-
Zoning Board		
Salaries and Wages	(3,000)	-
<u>Water and Sewer Utility Fund:</u>		
Salaries and Wages	-	(6,000.00)
Other Expenses	-	(14,000.00)
Insurance	-	(5,000.00)
MUA Payments	-	25,000.00
Operating Salaries & Wages	-	(10,000.00)
Insurance	-	(5,000.00)
Cape May County MUA	-	15,000.00

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. No significant budget insertions were approved during 2013 or 2012 calendar years

The entity 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. The Governing Body did not approve an emergency authorization in 2014 and 2013 calendar years. Special emergency appropriations are permitted to be raised

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

in the budgets of the succeeding three or five years. In 2013, a Special Emergency was approved in the amount of the \$750,000.00 under N.J.S. 40A:55. The balance as of December 31, 2014 was \$600,000.00.

NOTE 3: INVESTMENTS

As of December 31, 2014 and 2013, the municipality held certificates of deposit in the amount of \$651,000.00, \$36,000.00, \$80,000.00, \$388,000.00 and \$950,000.00, \$1,143,000.00, \$1,133,000.00, \$1,190,000.00, \$24,000.00, \$95,000.00, and \$325,000.00 respectively with First Bank of Sea Isle City. The certificates matured every 7 or 14 days depending on the maturity date in 2014 and were rolled over for another 7 or 14 day period at varying interest rates. The City also invests in Step Saver accounts with the First Bank of Sea Isle City. The interest rate on these accounts vary depending on the balance in the account.

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

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

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

Unaudited Investments

As more fully described in Note 24, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Investments, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2014 and 2013 amounted to \$720,293.13 and \$659,709.38, respectively.

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2014, \$0 of the government's bank balance of \$21,923,554.05 was exposed to custodial credit risk. As of December 31, 2013, \$0 of the government's bank balance of \$14,673,059.09 was exposed to custodial credit risk.

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

NOTE 5: FIXED ASSETS

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

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land	\$ 3,138,438.00	-	-	3,138,438.00
Building	4,110,676	-	-	4,110,676.00
Equipment and Machinery	7,764,630	686,838.00	(307,779.93)	8,143,687.84
	<u>\$ 15,013,743.77</u>	<u>686,838.00</u>	<u>(307,779.93)</u>	<u>15,392,801.84</u>

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land	\$ 3,138,438.00	-	-	3,138,438.00
Building	4,110,676.00	-	-	4,110,676.00
Equipment and Machinery	8,143,687.84	791,225.72	(279,191.00)	8,655,722.56
	<u>\$ 15,392,801.84</u>	<u>791,225.72</u>	<u>(279,191.00)</u>	<u>15,904,836.56</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation				
Notes payable:				
General	\$ 9,100,000.00	10,800,000.00	9,100,000.00	10,800,000.00
Utility	-	2,400,000.00	-	2,400,000.00
	<u>\$ 9,100,000.00</u>	<u>13,200,000.00</u>	<u>9,100,000.00</u>	<u>13,200,000.00</u>

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation				
Notes payable:				
General	\$ 10,800,000.00	22,900,000.00	10,800,000.00	22,900,000.00
Utility	2,400,000.00	6,000,000.00	2,400,000.00	6,000,000.00
	<u>\$ 13,200,000.00</u>	<u>28,900,000.00</u>	<u>13,200,000.00</u>	<u>28,900,000.00</u>

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

The first General note was issued on 09/21/14 and is due and payable on 07/22/15 with interest at 1.00%. The second General note was issued on 7/22/14 and is due and payable on 7/22/15 with the interest at 0.75%. The first Utility Note was issued on 06/03/14 and is due on 06/03/15 with an interest rate of 0.57%. The second Utility Note was issued on 7/22/14 and is due on 7/22/15 with an interest rate of 0.75%. As of December 31, 2014 the entity has authorized but not issued bonds in the amount of \$5,514,615.00 and \$3,495,000.00 in the General Capital Fund and Utility Capital Fund respectively.

NOTE 7: LONG TERM DEBT

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

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 27,275,000.00	-	2,615,000.00	24,660,000.00	2,590,000.00
Utility	12,650,000.00	-	1,575,000.00	11,075,000.00	1,590,000.00
Total	\$ 39,925,000.00	-	4,190,000.00	35,735,000.00	4,180,000.00
Other liabilities:					
Loans Payable Green Trust	\$ 215,543.30	-	26,914.63	188,628.67	27,455.62
Compensated Absences Payable	1,318,544.64	38,307.07	-	1,356,851.71	-
Total long-term liabilities	\$ 41,459,087.94	38,307.07	4,216,914.63	37,280,480.38	4,207,455.62

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	\$ 24,660,000.00	2,460,000.00	5,465,000.00	21,655,000.00	3,240,000.00
Utility	11,075,000.00	1,755,000.00	3,430,000.00	9,400,000.00	1,455,000.00
Total	\$ 35,735,000.00	4,215,000.00	8,895,000.00	31,055,000.00	4,695,000.00
Other liabilities:					
Loans Payable Green Trust	\$ 188,628.67	-	27,455.62	161,173.05	28,007.48
Compensated Absences Payable	1,356,851.71	185,140.81	149,421.79	1,392,570.73	-
Total long-term liabilities	\$ 37,280,480.38	4,400,140.81	9,071,877.41	32,608,743.78	4,723,007.48

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

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

\$5,800,000 General Improvement Bonds dated April 1, 2005, due in annual installments through April 1, 2016, bearing interest at a rate of 3.75%. The balance remaining as of December 31, 2014, is \$1,270,000.00.

\$6,140,000 General Improvement Bonds dated April 1, 2007, due in annual installments through January 15, 2019, bearing interest at rates varying from 3.875% to 4%. The balance remaining at December 31, 2014, is \$580,000.00.

\$8,340,000 General Improvement Bonds dated November 15, 2009, due in annual installments through November 15, 2019, bearing interest at rates varying from 3% to 4%. The balance remaining at December 31, 2014, is \$6,200,000.00.

\$11,640,000 General Improvement Bonds dated April 15, 2012, due in annual installments through April 15, 2025, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2014, is \$10,490,000.00.

\$2,360,000 General Improvement Refunding Bonds dated September 1, 2009, due in annual installments through September 1, 2016, bearing interest at a rate of 5%. The balance remaining as of December 31, 2014, is \$655,000.00.

\$2,460,000 General Improvement Refunding Bonds dated April 3, 2014, due in annual installments through January 15, 2019, bearing interest at rates varying from 3% to 4%. The balance remaining as of December 31, 2014, is \$2,460,000.00.

\$500,000 Green Trust Loan dated May 2, 2000, due in annual installments through 2020, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2014, is \$161,173.05.

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

\$2,600,000 Water and Sewer Utility Bonds dated April 1, 2005, due in annual installments through April 1, 2016, bearing interest at a rate of 3.75%. The balance remaining as of December 31, 2014, is \$600,000.00.

\$3,840,000 Water and Sewer Utility Bonds dated April 1, 2007, due in annual installments through January 15, 2021, bearing interest at rates varying from 3.875% to 4%. The balance remaining as of December 31, 2014, is \$300,000.00.

\$5,030,000 Water and Sewer Utility Bonds dated November 15, 2009, due in annual installments through November 15, 2023, bearing a rate that varies from 3% to 4%. The balance remaining as of December 31, 2014, is \$3,560,000.00.

\$3,000,000 Water and Sewer Utility Bonds dated April 15, 2012 due in annual installments through April 15, 2026, bearing a rate that varies from 2% to 3%. The balance remaining as of December 31, 2014, is \$2,710,000.00.

\$3,005,000 Water and Sewer Utility Refunding Bonds dated September 1, 2009, due in annual installments through September 1, 2016, bearing interest at a rate of 5%. The balance remaining as of December 31, 2014, is \$475,000.00.

\$1,755,000 Water and Sewer Utility Refunding Bonds dated April 3, 2014, due in annual installments through January 15, 2021, bearing a rate that varies from 3% to 5%. The balance remaining as of December 31,

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

2014, is \$1,755,000.00.

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

<u>Year</u>	<u>General Fund</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	3,240,000.00	663,650.00	1,455,000.00	322,012.50
2016	3,395,000.00	552,400.00	1,460,000.00	269,350.00
2017	2,900,000.00	451,700.00	925,000.00	222,225.00
2018	2,960,000.00	356,200.00	945,000.00	189,850.00
2019	2,990,000.00	255,900.00	935,000.00	155,950.00
2020-2024	5,070,000.00	539,300.00	3,120,000.00	319,925.00
2025-2026	1,100,000.00	16,500.00	560,000.00	16,800.00
	<u>\$ 21,655,000.00</u>	<u>2,835,650.00</u>	<u>9,400,000.00</u>	<u>1,496,112.50</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2015	28,007.48	3,084.12
2016	28,570.42	2,521.18
2017	29,144.69	1,946.91
2018	29,730.50	1,361.10
2019	30,328.08	763.52
2020	15,391.88	153.92
	<u>161,173.05</u>	<u>9,830.75</u>

As of December 31, 2014 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$886,116.25 and to the utility budget was \$380,408.19.

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

<u>Summary of Municipal Debt</u>	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 44,716,173.05	\$ 35,648,628.67	36,590,543.30
Sewer Utility - Bonds and Notes	15,400,000.00	13,475,000.00	12,650,000.00
Total Issued	<u>60,116,173.05</u>	<u>49,123,628.67</u>	<u>49,240,543.30</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	5,514,615.00	17,664,615.00	2,419,615.00
Sewer Utility - Bonds and Notes	3,495,000.00	4,195,000.00	6,595,000.00
Total Authorized But Not Issued	<u>9,009,615.00</u>	<u>21,859,615.00</u>	<u>9,014,615.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 69,125,788.05</u>	<u>\$ 70,983,243.67</u>	<u>58,255,158.30</u>

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 1.151%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	-	-
Sewer Utility Debt	12,895,000.00	12,895,000.00	-
General Debt	50,230,788.05	359,919.76	49,870,868.29
	<u>63,125,788.05</u>	<u>13,254,919.76</u>	<u>49,870,868.29</u>

Net Debt \$49,870,868.29 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,331,466,179.00 = 1.151%

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 151,601,316.00
Net Debt	49,870,868.29
Remaining Borrowing Power	<u>\$ 101,730,447.71</u>

The City of Sea Isle City School District, as a K-6 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

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

NOTE 8: FUND BALANCES APPROPRIATED

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

		<u>2015</u>	<u>2014</u>
Current Fund	\$	2,100,000.00	2,100,000.00
Sewer Utility		470,000.00	400,000.00

As of the date of this audit, the City has not adopted their 2015 municipal budget and the amount of fund balance appropriated for 2015 is not approved. Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit.

NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance December 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation	<u>\$ 600,000.00</u>	<u>150,000.00</u>	<u>450,000.00</u>
	<u>600,000.00</u>	<u>150,000.00</u>	<u>450,000.00</u>

NOTE 10: SCHOOL TAXES

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

	<u>Local School Tax Balance 12/31/2014</u>	<u>Local School Tax Balance 12/31/2013</u>
Balance of Tax	\$ 913,651.00	\$ 1,232,236.00
Deferred	913,651.00	1,232,236.00
Tax Payable	<u>\$ -</u>	<u>\$ -</u>

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

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 12/31/14	Balance 12/31/13
\$ 657,482.61	\$ 604,046.22
<u>\$ 657,482.61</u>	<u>\$ 604,046.22</u>

NOTE 12: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

Police and Fireman's Retirement System

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

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

Pension Plan for Lifeguards

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.78% through June 30, 2014 and 6.92% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.42% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$590,906.00, \$615,051.00, and \$599,373.00.

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 current PFRS rate is 24.35% of covered payroll. The entity's contributions to PFRS for the years ended December 31, 2014, 2013, and 2012 were \$463,908.00, \$517,132.00, and \$460,143.00.

The total payroll for the year ended December 31, 2014, 2013 and 2012 was \$9,400,490.62, \$9,051,952.92 and \$9,319,581.85. Payroll covered by PFRS was \$1,904,927.00, \$1,788,730.00, and \$1,845,533.00. Payroll covered by PERS was \$5,176,205.00, \$5,139,701.00, and \$5,037,391.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2014, 2013 and 2012 was \$10,000.00, \$10,000.00 and \$10,000.00. The City's trust for the Lifeguard Pension at December 31, 2014 was \$817,490.55. Currently there are currently no individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2014, 2013 and 2012 were \$0, \$0 and \$0.

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.

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

- 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 $1/60^{\text{th}}$ from $1/55^{\text{th}}$, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $1/7^{\text{th}}$ 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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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13: POST-RETIREMENT BENEFITS

The City offers medical, prescription drug, life insurance, dental and vision coverage to eligible retirees and their dependents after 25 years or more of service. Police officers receive the same benefits after 20 years or more of service. As of February 1, 2012, the medical and prescription drug benefits were administered through Horizon Blue-Cross Blue Shield of New Jersey. The City's previous plan was administered by the State Health Benefits program.

The dental, vision and life insurance coverage provided to eligible retirees and their dependents is administered directly by the City.

The City of Sea Isle City contributions for post-retirement benefits for the year ended December 31, 2014 and 2013 were \$822,950.83 and \$686,333.51 respectively.

As of December 31, 2014, the actuarial valuation report was based on 143 total participants including 52 retirees and dependent spouses. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the December 31, 2014 actuarial valuation, the projected unit credit cost method was used for all participants. The retiree health calculation uses the initial trend rate of 9.5%, decreasing by 0.5% per year for 9 years to 5% and then continues at 5% thereafter.

Other Post-Employment Benefit Costs and Obligations

In the December 31, 2014 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2014 was projected as follows:

	12/31/2014
Normal Cost	\$ 950,000.00
Amortization of Unfunded Liability	1,810,000.00
Interest on Normal Cost	120,000.00
Total ARC	\$ <u>2,880,000.00</u>

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

The following reflects the components of the 2014 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the December 31, 2012 actuarial valuation and actual OPEB payments made or accrued during 2014:

	<u>12/31/2014</u>
Net OPEB Obligation - Beginning of Year	\$ 2,280,000.00
Annual OPEB Cost	\$ 2,850,000.00
OPEB Payments	\$ 890,000.00
Increase in Net OPEB Obligation	<u>\$ 1,960,000.00</u>
Net OPEB Obligation - End of Year	<u><u>\$ 4,240,000.00</u></u>
Percentage of OPEB Cost Contributed	<u><u>-31.23%</u></u>

Required Supplementary Information:

	<u>12/31/2014</u>
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	\$ 30,770,000.00
Total Unfunded AAL (UAAL)	<u><u>\$ 30,770,000.00</u></u>
Funded ratio	0.00%
Covered payroll	<u><u>\$ 6,870,000.00</u></u>
UAAL as a % of Covered Payroll	<u><u>447.89%</u></u>

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The entity 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. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2014, the City estimates this liability to approximate \$1,392,570.73 based on 2014 pay rates and compensated absence balances. At December 31, 2013, the liability was \$1,356,851.71. 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 entity does not accrue the liability.

NOTE 15: ECONOMIC DEPENDENCY

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

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

NOTE 16: RISK MANAGEMENT

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

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

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$50,000 under JIF, which increases to \$1,000,000 under MEL.

NOTE 17: DEFERRED COMPENSATION

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

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

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

The plan administrators are Nationwide and Valic.

NOTE 18: CONTINGENT LIABILITIES

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

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

NOTE 19: INTERFUND BALANCES

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

	Due From	Due To
Current Fund:		
Grant Fund	-	40,960.07
Trust Fund (Toursim)	-	1,400.00
Grant Fund:		
Current Fund	40,960.07	-
Trust Fund (Tourism)	1,400.00	-
	\$ 42,360.07	42,360.07

The amounts due to the Grant fund from the Current fund is due to the fact that there is only one bank account for the Current Fund and the Grant Fund. There is also an amount due to the Trust Fund (Tourism) from the Current Fund for the Trust fund's portion of Revenue collected during the year. No other inter-funds existed at year-end.

NOTE 20: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

During the 2004 calendar year, the voters of the City of Sea Isle City 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 is defined as firefighting 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. The City appropriated \$75,000.00 and \$75,000.00 in 2014 and 2013 budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. 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 City subject only to the claims of the City's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

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 21: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through April 27, 2015, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION



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 Sea Isle City
County of Cape May, 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 groups as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated April 27, 2015, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Very truly yours,

Ford, Scott & Associates, L.L.C.

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

Leon P. Costello

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

April 27, 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 Sea Isle City, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Sea Isle City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Sea Isle City's major federal and state programs for the year ended December 31, 2014. The City of Sea Isle City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Sea Isle City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Sea Isle City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of Sea Isle City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, City of Sea Isle City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of City of Sea Isle City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Sea Isle City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Sea Isle City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the balance sheets – regulatory basis of the various funds and account group of the City of Sea Isle City as of and for the year ended December 31, 2014, and have issued our report thereon dated April 27, 2015, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of

expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

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

Leon P. Costello

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

April 27, 2015

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 14**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To	Program or Award Amount	Balance at 1/1/14	14 Activity		Balance at 12/31/14
					Receipts or Revenue Recognized	Canceled/ Disbursements/ Expenditures	
FEDERAL:							
Department of Justice COPS In Shops	N/A	01/01/14 12/31/14	7,677.36 \$	-	7,677.36	7,677.36	-
U.S. Department of Homeland Security Passed through Federal Emergency Management Assistance (FEMA) Disaster Grants - Public Assistance for Presidentially Declared Disaster - Reimbursement for Hurricane Sandy	97.036	01/01/14 12/31/14	67,865.64	-	67,865.64	67,865.64	-
U.S. Housing and Urban Development Community Development Block Grant - Small Cities - Ordinance #1555	14.218	01/01/14 12/31/14	999,894.00	-	713,651.26	(713,651.26)	
U.S. Department of Agriculture Water and Waste Disposal Systems for Rural Communities - Ordinance #1496	10.760	01/01/14 12/31/14	1,059,000.00	-	735,406.27	(735,406.27)	
Total Federal Assistance				-	75,543.00	1,524,600.53	(1,449,057.53)

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 14**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Balance at 1/1/14	14 Activity		Balance at 12/31/14	MEMO ONLY Cumulative State Expenditures
		From	To			Receipts or Revenue Recognized	Canceled/ Disbursements/ Expenditures		
STATE OF NEW JERSEY									
Department of Environmental Protection									
Clean Communities	4900-765-042-4900-004	01/01/13	12/31/13	196,620.46	-	25,460.22	-	-	196,620.46
		01/01/14	12/31/14	25,460.22	-	-	25,460.22	-	-
Green Community		Prior	Years	4,500.00	-	-	-	-	4,500.00
Municipal Alliance Drug and Alcoholism	4250-760-0500000-63-262	01/01/14	12/31/14	8,531.00	-	3,031.00	1,603.43	1,427.57	1,603.43
Municipal Alliance Drug and Alcoholism - Match	4250-760-0500000-63-262	01/01/14	12/31/14	2,133.00	-	2,133.00	687.50	1,445.50	687.50
Municipal Alliance Drug and Alcoholism	4250-760-0500000-63-262	01/01/13	12/31/13	6,062.00	(2,877.00)	2,718.70	3,629.70	(3,788.00)	9,621.70
Municipal Alliance Drug and Alcoholism - Match	4250-760-0500000-63-262	01/01/13	12/31/13	1,516.00	-	-	-	-	1,516.00
Municipal Alliance Drug and Alcoholism	4250-760-0500000-63-262	01/01/12	12/31/12	9,375.00	-	-	-	-	8,799.95
Department of Law and Public Safety									
DWI Police Grant	N/A	01/01/14	12/31/14	47,468.93	2,205.10	-	2,205.10	-	47,468.93
DWI Overtime - Court	N/A	Prior	Years	1,084.50	884.50	-	884.50	-	200.00
Body Armor Replacement Program	1020-718-066-1020-001-6120	Prior	Years	-	282.98	-	-	282.98	-
Body Armor Replacement Program	1020-718-066-1020-001-6120	01/01/13	12/31/13	33,005.40	2,426.45	-	-	2,426.45	30,295.97
Body Armor Replacement Program	1020-718-066-1020-001-6120	01/01/14	12/31/14	3,011.63	-	3,011.63	-	3,011.63	-
State Office of Emergency Management - Planning	N/A	Prior	Years	2,405.72	2,405.72	-	2,405.72	-	-
NJDHTS - Over the Limit Under Arrest	1110-206-030225-60	01/01/13	12/31/13	3,694.32	-	3,694.32	3,694.32	-	17,612.44
		01/01/14	12/31/14	17,612.44	-	-	-	-	3,694.32
Department of Transportation									
Streetscapes - Resurfacing Central Avenue - Ordinance #1525		01/01/14	12/31/14	205,000.00	-	-	19,482.68	(19,482.68)	19,482.68
Total State Assistance					<u>5,327.75</u>	<u>40,048.87</u>	<u>60,053.17</u>	<u>(14,676.55)</u>	

The Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2014**

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the federal and state grant activity of the City of Sea Isle City, New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a regulatory basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Expenditures per Schedule of Federal Awards and State Financial Assistance	\$ 1,524,600.53	\$ 60,053.17	\$ 1,584,653.70
Less : Expenditures Related to Storms - Subsequently reimbursed through FEMA	<u>(67,865.64)</u>	<u>-</u>	<u>(67,865.64)</u>
Expenditures Reported in Basic Financial Statements	<u>\$ 1,456,734.89</u>	<u>\$ 60,053.17</u>	<u>\$ 1,516,788.06</u>

**CITY OF SEA ISLE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Part I -- Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- C) Noncompliance material to general-purpose financial statements noted? yes X no

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? yes X no n/a
- F) Type of auditor's report on compliance for major programs Unmodified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? yes X no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	<u>Water and Waste Disposal Systems for Rural Communities</u>
14.218	<u>Community Development Block Grants/Entitlement Grants</u>

**CITY OF SEA ISLE CITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Part I -- Summary of Auditor's Results

State Awards Section - Not Applicable

- J) Dollar threshold used to determine Type A programs: _____
- K) Auditee qualified as low-risk auditee? _____ yes _____ no _____ n/a
- L) Type of auditor's report on compliance for major programs _____
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes _____ no
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? _____ yes _____ no
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? _____ yes _____ no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>

Part 2 - Schedule of Financial Statement Findings

NONE

Part 3 - Schedule of Federal Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

Finding #2013-1:

Recommendation: That no commitment be made or expenditure approved for payment unless there is sufficient balance in the proper budget line item.

There were no overexpenditures in 2014. Finding was cleared in 2014.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2013	\$ 5,820,606.08	-
Increased by Receipts:		
Tax Collector	28,514,560.89	-
Revenue Accounts Receivable	3,859,065.89	-
Miscellaneous Revenue	174,487.27	-
State of New Jersey:		
Senior Citizen and Veterans Deductions	37,750.00	-
Marriage Licenses	750.00	-
Due to Tourism Commission	109,428.65	-
Due to Grant Fund	41,903.64	-
Due to Current Fund	-	44,957.63
Federal and State Unallocated	-	36,153.94
Federal and State Receivables	-	5,749.70
	<u>32,737,946.34</u>	<u>86,861.27</u>
	38,558,552.42	86,861.27
Decreased by Disbursements:		
Current Year Appropriation	18,725,235.01	-
Prior Year Appropriations	431,465.03	-
County Taxes	10,758,379.71	-
Local District School Taxes	2,145,887.00	-
Refund of Tax Overpayments	18,812.30	-
Reserve for Tax Appeals	7,769.59	-
Reserve for Revaluation	145,785.32	-
Contribution to Capital Improvement Fund	250,000.00	-
Due to Grant Fund	44,957.63	-
Due to Tourism Commission	108,078.65	-
State of New Jersey:		
Marriage Licenses	925.00	-
Due to Current Fund	-	41,903.64
Federal and State Disbursements	-	44,957.63
	<u>32,637,295.24</u>	<u>86,861.27</u>
Balance December 31, 2014	\$ <u><u>5,921,257.18</u></u>	<u><u>-</u></u>

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

Balance December 31, 2013		\$	-
Increased by Receipts:			
Prepaid Taxes	657,482.61		
Taxes Receivable	27,781,931.82		
Revenue Accounts Receivable	75,146.46		
			28,514,560.89
			28,514,560.89
Payments to Treasurer			28,514,560.89
		\$	-

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

Year	Balance Dec. 31, 2013	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2014
				2013	2014				
Arrears	\$ 11,889.19	-	-	-	11,889.19	-	-	-	-
2013	325,706.99	-	-	-	300,716.57	23,968.27	22.15	-	1,000.00
	337,596.18	-	-	-	312,605.76	23,968.27	22.15	-	1,000.00
2014	-	28,438,596.28	55,120.15	604,046.22	27,486,575.85	92,890.87	50.21	-	310,153.28
	\$ 337,596.18	28,438,596.28	55,120.15	604,046.22	27,799,181.61	116,859.14	72.36	-	311,153.28

Cash Receipts
Senior Citizens and Veterans
Overpayments
27,799,181.61

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax
Added Taxes (54:4-63.1 et. Seq.)
28,438,596.28
55,120.15
28,493,716.43

Tax Levy:
General County Taxes
County Library Taxes
County Open Space Taxes
County Added and Omitted Taxes
10,778,455.72

Local School District Tax
Additional Local School District Tax
Regional School District Tax
1,827,302.00

Local Tax for Municipal Purposes
Add: Additional Tax Levied
15,725,307.24
162,651.47

15,887,958.71
28,493,716.43

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

Balance December 31, 2013	\$	8,932.62
Increased by:		
Transfers from Taxes Receivable	72.36	
Interest and Costs Accrued by Sale of December 4, 2014	<u>17.60</u>	
		<u>89.96</u>
Balance December 31, 2014	\$	<u><u>9,022.58</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2013	Accrued in 2014	Collected by		Balance Dec. 31, 2014
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	-	18,658.64	-	18,658.64	-
Other	-	223,711.35	-	223,711.35	-
Fees an Permits	-	69,596.00	-	69,596.00	-
Fines and Costs:					
Municipal Court	4,033.81	198,673.61	-	198,991.16	3,716.26
Interest and Costs on Taxes	-	75,146.46	75,146.46	-	-
Parking Meters	-	300,820.08	-	300,820.08	-
Interest Earned on Investments	-	52,402.56	-	52,402.56	-
Beach Fees	-	1,415,585.00	-	1,415,585.00	-
Marina Slip Rentals	-	165,056.37	-	165,056.37	-
Local Franchise Fee - Cable/Beach	-	235,629.00	-	235,629.00	-
Telephone Cell Tower Rental	-	419,714.73	-	419,714.73	-
Energy Receipts Tax	-	293,009.00	-	293,009.00	-
Construction Code Fees	-	350,407.00	-	350,407.00	-
Recreation Fees	-	42,585.00	-	42,585.00	-
Festival Income	-	72,900.00	-	72,900.00	-
Miscellaneous Revenue Not Anticipated	-	174,487.27	-	174,487.27	-
	<u>4,033.81</u>	<u>4,108,382.07</u>	<u>75,146.46</u>	<u>4,033,553.16</u>	<u>3,716.26</u>

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS" DEPARTMENT OF ADMINISTRATION					
General Administration					
Salaries and Wages	\$ 3,029.48	3,029.48	2,932.40	97.08	-
Other Expenses	37,183.42	37,183.42	23,822.40	13,361.02	-
Mayor					
Other Expenses	728.95	728.95	500.00	228.95	-
City Council					
Salaries and Wages	0.02	0.02	-	0.02	-
Other Expenses	5,165.64	5,165.64	-	5,165.64	-
Municipal Clerk					
Salaries and Wages	22,884.97	22,884.97	548.45	22,336.52	-
Other Expenses	18,288.53	18,288.53	1,341.72	16,946.81	-
Elections					
Salaries and Wages	2,853.31	2,853.31	-	2,853.31	-
Other Expenses	10,473.36	10,473.36	-	10,473.36	-
Municipal Engineer					
Other Expenses	8,109.05	8,109.05	7,751.00	358.05	-
Fire Inspector					
Salaries and Wages	42.84	42.84	-	42.84	-
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Insurance					
Surety Bond Premiums	-	-	-	-	-
Reserve for Insurance	4,141.80	4,141.80	-	4,141.80	-
Other Expenses	7,712.83	7,712.83	5,189.44	2,523.39	-
General Liability	9,574.40	9,574.40	3,300.00	6,274.40	-
Workers Compensation Insurance	6.61	6.61	-	6.61	-
Employee Group Health	-	-	-	-	-
Health Benefit Waiver (Salaries & Wages)	8,747.93	8,747.93	-	8,747.93	-
DEPARTMENT OF LAW					
Legal Services and Costs					
Other Expenses	39,490.07	39,490.07	30,296.39	9,193.68	-
Municipal Prosecutor					
Other Expenses	7,500.00	7,500.00	7,500.00	-	-
Public Defender					
Other Expenses	4,500.00	4,500.00	-	4,500.00	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF FINANCE					
Financial Administration					
Salaries and Wages	3,877.31	3,877.31	-	3,877.31	-
Other Expenses					
Postage	22,000.00	22,000.00	22,000.00	-	-
Miscellaneous Other Expenses	12,743.68	12,743.68	11,166.95	1,576.73	-
Collection of Taxes					
Salaries and Wages	4,084.12	4,084.12	1,118.78	2,965.34	-
Other Expenses	4,260.39	4,260.39	(1,580.20)	5,840.59	-
Liquidation of Tax Title Liens & Foreclosed Property					
Other Expenses	750.00	750.00	-	750.00	-
Assessment of Taxes					
Salaries and Wages	1,294.77	1,294.77	214.00	1,080.77	-
Other Expenses	5,186.08	5,186.08	1,278.00	3,908.08	-
Street Signals and Safety Lanes					
Salaries and Wages	228.24	228.24	-	228.24	-
Other Expenses	9,024.27	9,024.27	653.52	8,370.75	-
Bathing Beaches					
Salaries and Wages	11,706.44	11,706.44	196.00	11,510.44	-
Other Expenses	22,496.95	22,496.95	20,620.46	1,876.49	-
Marina					
Salaries and Wages	7,823.18	7,823.18	-	7,823.18	-
Other Expenses	4,389.70	4,389.70	417.93	3,971.77	-
Shade Tree Commission					
Other Expenses	505.00	505.00	-	505.00	-
Environmental Commission (NJS 40:56A-1, et seq.)					
Salaries and Wages	4.84	4.84	-	4.84	-
Other Expenses	3,770.00	3,770.00	230.00	3,540.00	-
DEPARTMENT OF POLICE					
Police					
Salaries and Wages	185,184.73	165,184.73	7,854.27	157,330.46	-
Other Expenses	67,100.65	67,100.65	57,545.93	9,554.72	-
Emergency Management Services					
Salaries and Wages	8.82	8.82	-	8.82	-
Other Expenses	3,500.00	3,500.00	3,200.00	300.00	-

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

	Balance	Balance	Paid or	Balance	Over-
	Dec. 31, 2013	After Transfers	Charges	Lapsed	Expended
Fire					
Salaries and Wages	6,901.61	6,901.61	-	6,901.61	-
Other Expenses	19,450.98	19,450.98	4,686.95	14,764.03	-
First Aid Organization - Contribution (R.S. 40:5-2)	400.00	400.00	-	400.00	-
Smoke Detector Program					
Salaries and Wages	44.64	44.64	-	44.64	-
Other Expenses	5,175.00	5,175.00	-	5,175.00	-
Maintenance - Vehicles					
Salaries and Wages	4,020.78	4,020.78	-	4,020.78	-
Other Expenses	11,618.39	11,618.39	1,804.60	9,813.79	-
Lifeguards					
Salaries and Wages	276.75	276.75	-	276.75	-
Other Expenses	790.94	790.94	150.00	640.94	-
Animal Control Contract					
Contractual	2,212.00	2,212.00	294.10	1,917.90	-
DEPARTMENT OF PUBLIC WORKS					
Administration of Public Works					
Salaries and Wages	642.00	642.00	-	642.00	-
Other Expenses	9,745.06	9,745.06	1,079.47	8,665.59	-
Road Repairs and Maintenance					
Salaries and Wages	20,985.40	20,985.40	2,212.00	18,773.40	-
Other Expenses	14,755.35	14,755.35	13,253.79	1,501.56	-
Street Cleaning					
Salaries and Wages	43,144.38	43,144.38	-	43,144.38	-
Other Expenses	6,867.93	6,867.93	3,226.87	3,641.06	-
Solid Waste Management (40A:4-45.32)					
Salaries and Wages	18,106.16	18,106.16	1,770.00	16,336.16	-
Other Expenses	8,989.04	8,989.04	3,976.79	5,012.25	-
Garbage and Trash Removal					
Salaries and Wages	16,072.21	16,072.21	1,092.84	14,979.37	-
Other Expenses					
Contractual	23,867.75	23,867.75	11,133.00	12,734.75	-
Miscellaneous Other Expenses	13,943.83	13,943.83	5,985.45	7,958.38	-
Public Buildings and Grounds					
Salaries and Wages	7,489.47	7,489.47	-	7,489.47	-
Other Expenses	25,312.82	25,312.82	8,352.77	16,960.05	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Shore Protection					
Salaries and Wages	14,325.56	14,325.56	182.00	14,143.56	-
Other Expenses	16,491.32	16,491.32	3,219.83	13,271.49	-
Americans with Disabilities Act					
Other Expenses	3,400.00	3,400.00	-	3,400.00	-
Historical Commission					
Other Expenses	1,000.00	1,000.00	225.00	775.00	-
Demolition of Buildings					
Other Expenses	5,000.00	5,000.00	-	5,000.00	-
DEPARTMENT OF COMMUNITY DEVELOPMENT					
Municipal Land Use Law (NJSA 40:55D-1)					
Zoning Board					
Salaries and Wages	390.51	390.51	-	390.51	-
Other Expenses	2,980.35	2,980.35	8.00	2,972.35	-
Planning Board					
Salaries and Wages	950.88	950.88	-	950.88	-
Other Expenses	5,214.18	5,214.18	416.74	4,797.44	-
DEPARTMENT OF COMMUNITY SERVICES					
Recreation					
Salaries and Wages	6,888.85	6,888.85	2,728.32	4,160.53	-
Other Expenses	26,361.70	26,361.70	13,399.74	12,961.96	-
Expense of Participation in Free County Library					
Salaries and Wages	156.74	156.74	-	156.74	-
Tourism					
Salaries and Wages	5,736.84	5,736.84	165.00	5,571.84	-
Other Expenses	17,607.10	17,607.10	10,889.00	6,718.10	-
DEPARTMENT OF MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	5,299.62	5,299.62	802.80	4,496.82	-
Other Expenses	6,431.68	6,431.68	361.03	6,070.65	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Code Official					
Salaries and Wages	5,222.40	5,222.40	600.00	4,622.40	-
Other Expenses	8,744.66	8,744.66	139.95	8,604.71	-

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Electrical Inspector	397.52	397.52	-	397.52	-
Salaries and Wages					
Plumbing Inspector	84.72	84.72	-	84.72	-
Salaries and Wages					
UNCLASSIFIED					
Computer Services All Departments	7,659.78	7,659.78	-	7,659.78	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	14,304.49	24,304.49	4,202.09	20,102.40	-
Street Lighting	24,413.07	24,413.07	10,560.44	13,852.63	-
Telephone	13,642.64	13,642.64	2,100.91	11,541.73	-
Natural Gas	3,697.40	13,697.40	12,593.00	1,104.40	-
Fuel Oil	2,000.00	2,000.00	511.18	1,488.82	-
Gasoline	26,886.54	26,886.54	3,744.13	23,142.41	-
Water and Sewer	10.38	10.38	-	10.38	-
Contingent	2,900.00	2,900.00	-	2,900.00	-
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System (O.A.S.I.)	26,040.75	26,040.75	-	26,040.75	-
Unemployment Compensation Insurance	1,200.00	1,200.00	1,200.00	-	-
DCRP	315.60	315.60	315.60	-	-
OPERATIONS EXCLUDED FROM "CAPS"					
Insurance: NJSA 40A:4-45.3	90,225.63	90,225.63	39,334.20	50,891.43	-
Employee Group Health	75,000.00	75,000.00	58,650.00	16,350.00	-
LOSAP					
All Other Accounts - No Change	-	-	-	-	-
	<u>\$ 1,243,165.78</u>	<u>1,243,165.78</u>	<u>433,465.03</u>	<u>809,700.75</u>	<u>-</u>

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

Balance December 31, 2013			
School Tax Payable	\$	-	
School Tax Deferred		1,232,236.00	
		1,232,236.00	\$ 1,232,236.00
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			1,827,302.00
			3,059,538.00
Decreased by:			
Adjustment of Payable Payments			-
			2,145,887.00
Balance December 31, 2014			
School Tax Payable		-	
School Tax Deferred		913,651.00	
		913,651.00	913,651.00
Current Year Liability for Local School District School Tax:			
Tax Paid			2,145,887.00
Tax Payable Ending			-
			2,145,887.00
Less: Tax Payable Beginning			-
			-
Amount charged to Current Year Operations			\$ 2,145,887.00

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

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred From 2014 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2014</u>
STATE GRANTS:					
Municipal Alliance Program	2,947.00	-	2,718.70	228.30	-
Municipal Alliance Program - 2014	\$	8,531.00	3,031.00	-	5,500.00
Total State	<u>2,947.00</u>	<u>8,531.00</u>	<u>5,749.70</u>	<u>228.30</u>	<u>5,500.00</u>
	\$	<u>8,531.00</u>	<u>5,749.70</u>	<u>228.30</u>	<u>5,500.00</u>
		Cash	(34,093.83)		
		Unappropriated Reserves	39,843.53		
			<u>5,749.70</u>		

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

	Balance December 31, 2013	Reserve for		2014	Disbursed	Encumbrances	Canceled	Balance
	Appropriated	Encumbrances	Appropriations	Appropriations	Disbursed	Encumbrances	Canceled	Dec. 31, 2014
FEDERAL GRANTS:								
COPS in Shops	\$ -	-	7,677.36	7,677.36	7,677.36	-	-	-
Total Federal	-	-	7,677.36	7,677.36	7,677.36	-	-	-
STATE GRANTS:								
DWI Police Grant	2,205.10	-	-	-	2,205.10	-	-	-
DWI Overtime - Court	884.50	-	-	-	-	-	884.50	-
Clean Communities	-	-	25,460.22	25,460.22	25,460.22	-	-	-
State Office of Emergency Management	2,405.72	-	-	-	-	-	2,405.72	-
Body Armor	2,709.43	-	3,011.63	-	-	-	-	5,721.06
NJDHTS - Over the Limit Under Arrest	-	-	3,694.32	3,694.32	3,694.32	-	-	-
Municipal Alliance Program	-	-	-	-	-	-	-	-
County Share	70.00	-	8,531.00	8,531.00	4,476.13	-	228.30	3,896.57
Local Share	-	-	2,133.00	2,133.00	1,444.50	-	-	688.50
Total State	8,274.75	-	42,830.17	42,830.17	37,280.27	-	3,518.52	10,306.13
	\$ 8,274.75	-	50,507.53	50,507.53	44,957.63	-	3,518.52	10,306.13

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

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred To 2014 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2014</u>
STATE GRANTS:					
Body Armor	\$ 3,011.63	3,011.63	2,355.73	-	2,355.73
Clean Communities	25,460.22	25,460.22	23,873.89	-	23,873.89
COPS in Shops	7,677.36	7,677.36	4,266.32	-	4,266.32
NJDHTS - Over the Limit Under Arrest	3,694.32	3,694.32	-	-	-
Drive Sober/Get Pulled Over	-	-	2,032.96	-	2,032.96
Seat Belt Overtime	-	-	3,625.04	-	3,625.04
Total State	<u>39,843.53</u>	<u>39,843.53</u>	<u>36,153.94</u>	<u>-</u>	<u>36,153.94</u>
	<u>\$ 39,843.53</u>	<u>39,843.53</u>	<u>36,153.94</u>	<u>-</u>	<u>36,153.94</u>

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

Balance December 31, 2013	\$	58.80
Increased By Receipts:		
Dog Licenses Fees	261.60	
State License Fees	66.60	
		328.20
		387.00
Decreased By Disbursements:		
State of New Jersey	69.60	
Animal Control Expenditures	69.60	
		139.20
Balance December 31, 2014	\$	247.80

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

	Other	Assessment
	\$	\$
Balance December 31, 2013	1,825,884.20	44,815.53
Increased By Receipts:		
Retirement	5,000.00	-
Lifeguard Pension	29,451.19	-
Tennis Fees	27,330.56	-
Cafeteria Plan	2,028.00	-
Police Forfeited Property	2,502.20	-
Site Plan	86,714.20	-
Escrow - Trustee	54,550.60	-
DCA Fees	17,748.00	-
POAA	1,696.00	-
Recycling Fees	63,933.46	-
Environmental Fees	11,808.74	-
Municipal Alliance	155.00	-
Tourism Fees	121,177.96	-
Tax Title Lien Redemption:		
Redemption of Tax Sale Certificates	219,487.42	-
Premiums	71,800.00	-
Assessments Received	-	1,839.75
Interest on Investments	3,145.90	-
	718,529.23	1,839.75
	2,544,413.43	46,655.28
Decreased By Disbursements:		
Tennis Fees	55,051.10	-
Cafeteria Plan	6,590.00	-
Site Plan	71,166.07	-
Escrow - Rental Bonds Returned	2,232.36	-
Escrow - Trustee - Returned	52,487.05	-
Recycling	47,654.26	-
Refunds of Tax Sale Certificates	137,800.00	-
Tax Title Lien Redemptions	226,220.12	-
POAA	3,200.00	-
Due to State DCA (SUCC)	17,398.00	-
Environmental Commission	9,575.22	-
Municipal Alliance	45.16	-
Tourism	90,320.54	-
	719,739.88	-
Balance December 31, 2014	1,824,673.55	46,655.28

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF RESERVE/(DEFICIT) FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2013	\$	58.80
Increased By:		
Dog Licenses Fees Collected	258.60	
Due from State	3.00	
		261.60
		320.40
Decreased By Disbursements:		
Animal Control Expenditures	69.60	
		69.60
Balance December 31, 2014	\$	250.80

License Fees Collected	<u>Year</u>	
	2012	232.00
	2013	254.20
		486.20

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

Balance December 31, 2013	\$	-
Increased By:		
Collected in 2014	66.60	
		66.60
		66.60
Decreased By:		
Paid to State of New Jersey	69.60	
		69.60
Balance December 31, 2014	\$	(3.00)

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR LIFEGUARD PENSION

Balance December 31, 2013		\$ 785,188.37
Increased By Receipts:		
Employee Withholdings	19,451.19	
City Contribution	10,000.00	
Interest on Deposits	2,850.99	
		32,302.18
Balance December 31, 2014		\$ <u><u>817,490.55</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR RETIREMENT

Balance December 31, 2013		\$	55,468.02
Increased By Receipts:			
City Contribution	5,000.00		
Interest on Deposits	59.11		
			5,059.11
Balance December 31, 2014		\$	60,527.13

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR TENNIS FEES

Balance December 31, 2013		\$ 110,549.23
Increased By Receipts:		
Parking Meters	3,791.56	
Tennis Fees	23,539.00	
		27,330.56
Decreased By Disbursements:		
Tennis Expenditures	55,051.10	
		55,051.10
Balance December 31, 2014		\$ <u><u>82,828.69</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR CAFETERIA PLAN

Balance December 31, 2013		\$	5,602.94
Increased By Receipts:			
Employee Contributions	2,028.00		
	2,028.00		2,028.00
Decreased By Disbursements:			
Medical Reimbursements	6,590.00		
	6,590.00		6,590.00
Balance December 31, 2014		\$	1,040.94

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

Balance December 31, 2013		\$ 4,039,177.38
Increased by:		
Budget Appropriation :		
Capital Improvement Fund	250,000.00	
Reserve to Pay Bonds and Notes	2,901,764.26	
Proceeds from Bond Anticipation Notes	22,900,000.00	
		26,147,624.26
		30,186,801.64
Decreased by:		
Improvement Authorizations	10,467,905.93	
Bond Anticipation Notes	10,800,000.00	
		21,267,905.93
Balance December 31, 2014		\$ <u><u>8,918,895.71</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2013		Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
			Miscellaneous		Improvement Authorizations		Miscellaneous		
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	205,900.14	-	-	-	-	-	-	181,760.14
Capital Improvement Fund		218,925.00	95,860.00	-	-	-	120,000.00	-	318,925.00
Contracts Payable		1,554,682.73	250,000.00	-	-	-	150,000.00	-	6,649,460.38
Grant Reserve to Pay Notes		29,180.00	-	-	-	-	1,554,682.73	6,649,460.38	29,180.00
Reserve for County Improvement Projects		146,362.00	-	-	-	-	-	-	146,362.00
Reserve to Pay Bonds & Notes		262,295.50	2,901,764.26	-	-	2,900,000.00	-	-	264,059.76
Reserve for Insurance		183,728.28	-	-	-	-	-	-	183,728.28
Reserve for State Projects		185,432.94	-	-	-	-	-	-	185,432.94
Improvement Authorizations:									
1361 Recreation Improvements		-	-	-	6.25	-	-	6.25	-
1381 Various Capital Improvements		19,022.43	-	-	7,523.50	-	-	3,363.58	14,697.13
1391 Various Capital Improvements		47,194.51	-	-	5,320.80	-	-	-	47,194.51
1425 Various Capital Improvements		12,032.50	-	-	78,864.32	-	-	-	7,934.78
1438 Various Capital Improvements		784.98	-	-	-	-	-	-	816.66
1451 Various Capital Improvements		-	-	-	13,890.23	-	-	1,129.50	2,607.28
1463 Various Capital Improvements		(223,739.09)	-	-	44,830.44	-	-	83,857.83	(224,986.20)
1469 Various Capital Improvements		36,018.50	-	-	166,347.22	-	-	8,571.75	17,578.12
1475 Beach Replenishment		168,448.13	-	-	7,790.50	-	-	3,694.50	161,448.13
1478 Various Improvements		73,789.98	-	-	101,544.92	-	-	17,945.00	50,893.28
1488 Beach to Bay Corridor Project		-	-	-	-	-	2,885.00	2,885.00	-
1494 Various Capital Improvements		74,070.46	-	-	29,002.00	-	-	3,563.54	43,220.46
1501 Beach Replenishment		346,829.47	-	-	24,008.70	-	-	2,996.00	320,119.52
1503 Various Capital Improvements		233,204.92	-	-	178,213.74	-	-	24,419.20	74,949.30
1518 Equipment		30,807.52	-	-	-	-	-	44,377.32	30,807.52
1525 Various Capital Improvements		1,135,550.18	-	-	1,486,855.63	-	-	431,702.34	212,423.30
1535 Various Capital Improvements		(855,568.26)	-	14,000,000.00	7,021,422.29	-	-	5,344,432.03	798,644.36
1555 Various Capital Improvements		154,224.56	-	1,000,000.00	868,651.26	-	-	357,017.29	(70,843.99)
1565 Various Capital Improvements		-	-	-	433,634.13	-	-	270,646.82	(554,280.95)
1572 Purchase of Fire Truck		-	-	-	-	-	-	93,236.00	26,764.00
	\$	4,039,177.38	3,247,624.26	15,000,000.00	10,467,905.93	2,900,000.00	8,474,143.11	8,474,143.11	8,918,895.71

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

Balance December 31, 2013		\$ 218,925.00
Increased by:		
Current Budget Appropriation	250,000.00	
	250,000.00	250,000.00
Decreased by:		
Improvement Authorizations Funded	150,000.00	
	150,000.00	150,000.00
Balance December 31, 2014		\$ <u><u>318,925.00</u></u>

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

Balance December 31, 2013		\$ 24,848,628.67
Increased by:		
Refunding General Serial Bonds	2,460,000.00	
	<hr/>	<hr/> 2,460,000.00
		27,308,628.67
Decreased by:		
General Serial Bonds Payments	5,130,000.00	
Refunding Bonds - General Payments	335,000.00	
Green Trust Loan Payments	27,455.62	
	<hr/>	<hr/> 5,492,455.62
Balance December 31, 2014		\$ <u><u>21,816,173.05</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Raised in 2014 Budget	Debt Issued	Balance Dec. 31, 2014	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1463	Various Capital Improvements	\$ 238,000.00	-	-	-	238,000.00	-	224,986.20	13,013.80
1501	Beach Replenishment	3,580,000.00	-	-	2,900,000.00	680,000.00	205,000.00	-	475,000.00
1503	Various Capital Improvements	3,331,615.00	-	-	-	3,331,615.00	3,325,000.00	-	6,615.00
1525	Various Capital Improvements	4,370,000.00	-	-	-	4,370,000.00	4,370,000.00	-	-
1535	Various Capital Improvements	14,000,000.00	-	-	-	14,000,000.00	14,000,000.00	-	-
1555	Various Capital Improvements	2,945,000.00	-	-	-	2,945,000.00	1,000,000.00	70,843.99	1,874,156.01
1565	Various Capital Improvements	-	2,850,000.00	-	-	2,850,000.00	-	554,280.95	2,295,719.05
		<u>\$ 28,464,615.00</u>	<u>2,850,000.00</u>	<u>-</u>	<u>2,900,000.00</u>	<u>28,414,615.00</u>	<u>22,900,000.00</u>	<u>850,111.14</u>	<u>4,664,503.86</u>

Improvement Authorizations Unfunded	6,070,640.34
Less:	
Unexpended Proceeds of Bond	
Anticipation Notes Issued:	
Ord. Number	
Ord. 1501	320,119.52
Ord. 1503	74,949.30
Ord. 1525	212,423.30
Ord. 1535	798,644.36
	<u>1,406,136.48</u>
	<u>\$ 4,664,503.86</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Authorizations		Paid or Charged	Balance December 31, 2014	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
1272/1286	Construction of Handicap Ramp	4/24/2001	100,000	\$ -	-	-	-	-	-	-
1287/1342	Library Building	4/9/2002	200,000	-	-	-	-	-	-	-
1311	Various Capital Improvements	2/11/2003	395,000	-	-	-	-	-	-	-
1351	Downtown Master Plan Study	7/27/2004	50,000	-	-	-	-	-	-	-
1361	Recreation Improvements to Dealy Field	10/27/2004	2,800,000	-	-	-	-	-	-	-
1381	Various Capital Improvements	10/25/2005	2,748,900	19,022.43	-	-	-	4,325.30	14,697.13	-
1391	Various Capital Improvements	5/9/2006	555,000	47,194.51	-	-	-	-	47,194.51	-
1395	Various Capital Improvements	6/10/2006	291,500	-	-	-	-	-	-	-
1425	Various Capital Improvements	6/26/2007	1,849,990	12,032.50	-	-	-	4,097.72	7,934.78	-
1429	Police Radio System	8/14/2007	85,000	-	-	-	-	-	-	-
1438	Various Capital Improvements	2/11/2008	665,000	784.98	-	-	-	(31.68)	816.66	-
1451	Various Capital Improvements	8/12/2008	4,655,000	-	-	-	-	(2,607.28)	2,607.28	-
1463	Various Capital Improvements	2/10/2009	4,380,000	-	14,260.91	-	-	1,247.11	-	13,013.80
1469	Various Capital Improvements	8/25/2009	3,570,000	36,018.50	-	-	-	18,440.38	17,578.12	-
1475	Beach Replenishment	1/26/2010	6,500,000	168,448.13	-	-	-	7,000.00	161,448.13	-
1478	Various Capital Improvements	3/9/2010	700,000	73,789.98	-	-	-	22,896.70	50,893.28	-
1488	Beach to Bay Corridor Project	8/24/2010	1,700,000	-	-	-	-	-	-	-
1494	Various Capital Improvements	1/11/2011	1,600,000	74,070.46	-	-	-	30,850.00	43,220.46	-
1501	Beach Replenishment	7/19/2011	5,000,000	-	821,829.47	-	-	26,709.95	-	795,119.52
1503	Various Capital Improvements	7/19/2011	3,600,000	-	239,819.92	-	-	158,255.62	-	81,564.30
1518	Equipment	3/27/2012	85,300	30,807.52	-	-	-	-	30,807.52	-
1525	Various Capital Improvements	12/15/2012	4,600,000	-	1,135,550.18	-	-	923,126.88	-	212,423.30
1535	Various Capital Improvements	2/13/2013	14,000,000	-	13,144,431.74	-	-	12,345,787.38	-	798,644.36
1555	Various Capital Improvements	11/12/2013	3,100,000	155,000.00	2,944,224.56	-	-	1,225,068.55	-	1,874,156.01
1565	Various Capital Improvements	3/11/2014	3,000,000	-	-	150,000.00	-	704,280.95	-	2,295,719.05
1572	Purchase of Truck	9/9/2014	120,000	-	-	120,000.00	-	93,236.00	-	26,764.00
				\$ 617,169.01	18,300,116.78	270,000.00	2,850,000.00	15,562,683.58	403,961.87	6,070,640.34

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014	
			Date	Amount						
General Obligation Bonds of 2005	4/1/2005	5,800,000	4/1/2015	670,000.00	3.750% \$	1,920,000.00	-	650,000.00	1,270,000.00	
			4/1/2016	600,000.00	3.750%					
General Obligation Bonds of 2007	4/1/2007	6,140,000	1/15/2015	580,000.00	3.875%	3,660,000.00	-	3,080,000.00	580,000.00	
			11/15/2015	1,000,000.00	3.500%					
General Obligation Bonds of 2009	11/15/2009	8,340,000	11/15/2016	1,000,000.00	3.500%	7,000,000.00	-	800,000.00	6,200,000.00	
			11/15/2017	1,400,000.00	3.750%					
			11/15/2018	1,400,000.00	4.000%					
			11/15/2019	1,400,000.00	4.000%					
General Obligation Bonds of 2012	4/15/2012	11,640,000	4/15/2015	650,000.00	2.000%	11,090,000.00	-	600,000.00	10,490,000.00	
			4/15/2016	900,000.00	2.000%					
			4/15/2017	900,000.00	2.000%					
			4/15/2018	920,000.00	2.000%					
			4/15/2019	950,000.00	2.000%					
			4/15/2020	970,000.00	3.000%					
			4/15/2021	1,000,000.00	2.500%					
			4/15/2022	1,000,000.00	2.750%					
			4/15/2023	1,000,000.00	3.000%					
			4/15/2024	1,100,000.00	3.000%					
4/15/2025	1,100,000.00	3.000%								
\$						<u>23,670,000.00</u>	<u>-</u>	<u>5,130,000.00</u>	<u>18,540,000.00</u>	

**GENERAL CAPITAL FUND
SCHEDULE OF REFUNDING BONDS - GENERAL**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
General Refunding Issue of 2009	6/1/2009	2,360,000	9/1/2015	340,000.00	5.000%	990,000.00	-	335,000.00	655,000.00
			9/1/2016	315,000.00	5.000%				
General Refunding Issue of 2014	4/3/2014	2,460,000	1/15/2016	580,000.00	3.000%	-	2,460,000.00	-	2,460,000.00
			1/15/2017	600,000.00	4.000%				
			1/15/2018	640,000.00	4.000%				
			1/15/2019	640,000.00	4.000%				
\$						990,000.00	2,460,000.00	335,000.00	3,115,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
Marina Recreation Development Complex	5/2/2000	500,000	2015	28,007.48	2.0000%	188,628.67	-	27,455.62	161,173.05
			2016	28,570.42	2.0000%				
			2017	29,144.69	2.0000%				
			2018	29,730.50	2.0000%				
			2019	30,328.08	2.0000%				
			2020	15,391.88	2.0000%				
						\$ 188,628.67	-	27,455.62	161,173.05

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Beach Replenishment	1501	9/21/2011	9/19/2013 9/21/2014	9/19/2014 7/22/2015	1.000% 1.000%	3,105,000.00	205,000.00	3,105,000.00	205,000.00
Various Capital Improvements	1503	9/20/2012	9/19/2013 9/21/2014	9/19/2014 7/22/2015	1.000% 1.000%	3,325,000.00	3,325,000.00	3,325,000.00	3,325,000.00
Various Capital Improvements	1525	9/20/2012	9/19/2013 9/21/2014	9/19/2014 7/22/2015	1.000% 1.000%	4,370,000.00	4,370,000.00	4,370,000.00	4,370,000.00
Various Capital Improvements	1535	7/22/2014	7/22/2014	7/22/2015	0.750%	-	14,000,000.00	-	14,000,000.00
Various Capital Improvements	1555	7/22/2014	7/22/2014	7/22/2015	0.750%	-	1,000,000.00	-	1,000,000.00
						\$ 10,800,000.00	22,900,000.00	10,800,000.00	22,900,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Other	Balance Dec. 31, 2014
1463	Various Capital Improvements	\$ 238,000.00	-	-	-	238,000.00
1501	Beach Replenishment	475,000.00	-	-	-	475,000.00
1503	Various Improvements	6,615.00	-	-	-	6,615.00
1535	Various Capital Improvements	14,000,000.00	-	14,000,000.00	-	-
1555	Various Capital Improvements	2,945,000.00	-	1,000,000.00	-	1,945,000.00
1565	Various Capital Improvements	-	2,850,000.00	-	-	2,850,000.00
		<u>\$ 17,664,615.00</u>	<u>2,850,000.00</u>	<u>15,000,000.00</u>	<u>-</u>	<u>5,514,615.00</u>

See Accompanying Auditor's Report

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

	Operating Fund	Assessment Trust Fund	Capital Fund
Balance December 31, 2013	1,278,909.24	24,093.10	1,133,730.46
Increased by Receipts:			
Collector	8,660,524.90	13,107.08	-
Miscellaneous Revenue	230,765.90	-	-
Penalties	68,722.03	-	-
Due from Water Operating	-	-	905,000.00
Due from Water Capital	905,000.00	-	-
Emergency	189,000.00	-	-
Prepaid Rents	312,878.90	-	-
Premium on Notes	-	-	14,313.00
Bond Anticipation Notes	-	-	6,000,000.00
	<u>10,366,891.73</u>	<u>13,107.08</u>	<u>6,919,313.00</u>
	11,645,800.97	37,200.18	8,053,043.46
Decreased by Disbursements:			
Current Year Appropriation	8,248,990.10	-	-
Prior Year Appropriations	38,298.08	-	-
Improvement Authorizations	-	-	2,432,586.17
Accrued Interest on Bonds and Notes	116,157.30	-	-
Due to Water Operating	-	-	905,000.00
Due to Water Capital	905,000.00	-	-
Bond Anticipation Note	-	-	2,400,000.00
	<u>9,308,445.48</u>	<u>-</u>	<u>5,737,586.17</u>
Balance December 31, 2014	<u>2,337,355.49</u>	<u>37,200.18</u>	<u>2,315,457.29</u>

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

	Balance Dec. 31, 2013		Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 56,462.02	-	14,313.00	-	-	-	-	-	70,775.02
Encumbrance Payable	2,532,150.73	-	-	-	-	-	2,532,150.73	1,710,953.12	1,710,953.12
Reserve to Pay Bonds	548.75	-	-	-	-	-	-	-	548.75
Due to/from Water/Sewer Operating	-	-	905,000.00	-	-	905,000.00	-	-	-
USDA Grant Receivable	(800,000.00)	-	-	-	-	-	-	-	(800,000.00)
Improvement Authorizations:									
Ord. Number									
1155/1175									
Improvements to Water Utility	1,668.00	-	-	-	-	-	-	-	1,668.00
Water System Improvements	19,028.81	-	-	-	27,811.31	-	5,767.27	14,549.77	-
Various Improvements	606,442.04	-	-	-	213,002.90	-	44,387.09	171,608.93	520,660.98
Various Improvements	27,952.36	-	-	-	-	-	-	-	27,952.36
Various Improvements	(486,189.72)	-	-	780,000.00	201,854.48	-	115,567.06	206,695.89	183,084.63
Various Improvements	167,502.13	-	-	-	18,383.81	-	79,553.74	80,944.99	150,509.57
Various Improvements	16,764.58	-	-	-	-	-	160,588.77	160,588.77	16,764.58
Various Improvements	454,034.57	-	-	2,400,000.00	1,311,442.33	2,400,000.00	279,924.87	1,306,158.81	168,826.18
Various Improvements	(1,282,861.25)	-	-	1,315,000.00	117,730.40	-	343,712.13	458,871.09	29,567.31
Various Improvements	(179,772.56)	-	-	1,505,000.00	451,117.24	-	41,442.10	132,732.48	965,400.58
Various Improvements	-	-	-	-	91,243.70	-	640,010.09	-	(731,253.79)
	\$ 1,133,730.46		919,313.00	6,000,000.00	2,432,586.17	3,305,000.00	4,243,103.85	4,243,103.85	2,315,457.29

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

Balance December 31, 2013		\$ 1,278,909.24
Increased by Receipts:		
Consumer Accounts Receivable	10,281,582.73	
	<hr/>	<hr/>
		10,281,582.73
		11,560,491.97
Payments to Treasurer		<hr/>
		9,223,136.48
Balance December 31, 2014		<hr/> <hr/>
		\$ 2,337,355.49

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

Balance December 31, 2013		\$ 308,666.80
Increased by Receipts:		
Consumer Accounts Charges and Levies	8,992,467.90	
	<hr/>	<hr/>
		8,992,467.90
		9,301,134.70
Decreased by Disbursements:		
Collections	8,660,524.90	
Overpayments Applied	312,966.89	
	<hr/>	<hr/>
		8,973,491.79
Balance December 31, 2014		\$ <u><u>327,642.91</u></u>

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 50,394.05	50,394.05	5,254.84	45,139.21	-
Other Expenses	212,767.15	212,767.15	32,256.35	180,510.80	-
Insurance	19,172.78	19,172.78	-	19,172.78	-
Cape May County MUA	822.88	822.88	-	822.88	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	13,947.50	13,947.50	-	13,947.50	-
Unemployment	4,887.83	4,887.83	786.89	4,100.94	-
	<u>\$ 301,992.19</u>	<u>301,992.19</u>	<u>38,298.08</u>	<u>263,694.11</u>	<u>-</u>

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

Balance December 31, 2013		\$	116,157.30
Increased by:			
Budget Appropriations	102,499.33		
	102,499.33		102,499.33
			218,656.63
Decreased By:			
Payments of Debt Service Interest	116,157.30		
	116,157.30		116,157.30
Payments to Treasurer			116,157.30
Balance December 31, 2014		\$	102,499.33

Analysis of Accrued Interest December 31, 2013

	Principal Outstanding December 31, 2014	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	475,000.00	Var	09/01/14	12/31/2014	120	7,916.67
	600,000.00	Var	10/01/14	12/31/2014	90	5,625.00
	300,000.00	Var	07/15/14	12/31/2014	165	5,328.13
	1,755,000.00	Var	07/15/14	12/31/2014	165	32,197.92
	2,710,000.00	Var	10/15/14	12/31/2014	75	14,625.00
	3,560,000.00	Var	11/15/14	12/31/2014	45	17,090.63
<u>BANS</u>						
	2,400,000.00	Var	07/22/14	12/31/2014	153	7,866.00
	3,600,000.00	Var	07/22/14	12/31/2014	202	11,850.00
						102,499.33

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Authorizations			Balance December 31, 2014	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Funded	Unfunded
1392/1446	Purchase & Installation of Utility Equipment	5/9/2006	\$ 1,700,000	-	-	-	-	-	-	-
1426	Water System Improvements	06/26/07	1,150,000	19,028.81	-	-	-	19,028.81	-	-
1437	Various Improvements	02/11/08	2,400,000	606,442.04	-	-	-	85,781.06	520,660.98	-
1452	Various Improvements	08/12/08	200,000	-	-	-	-	-	-	-
1470	Various Improvements	08/25/09	400,000	27,952.36	-	-	-	-	27,952.36	-
1479	Various Improvements	03/09/10	1,780,000	-	293,810.28	-	-	110,725.65	-	183,084.63
1483	Various Improvements	06/29/10	1,100,000	-	267,502.13	-	-	16,992.56	-	250,509.57
1495	Various Improvements	01/11/11	315,000	-	16,764.58	-	-	-	-	16,764.58
1496	Various Improvements	01/11/11	3,200,000	-	454,034.57	-	-	285,208.39	-	168,826.18
1502	Various Improvements	07/19/11	2,000,000	-	32,138.75	-	-	2,571.44	-	29,567.31
1524	Various Improvements	06/26/12	2,000,000	-	1,820,227.44	-	-	359,826.86	-	1,460,400.58
1566	Various Improvement	04/08/14	3,000,000	-	-	-	2,900,000.00	731,253.79	-	2,168,746.21
			\$	653,423.21	2,884,477.75	-	2,900,000.00	1,611,388.56	548,613.34	4,277,899.06

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014				Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount	Increased	Decreased					
General Obligation Bonds of 2005	4/1/2005	2,600,000.00	4/1/2015	300,000.00	3,750%	\$ 900,000.00	-	300,000.00	600,000.00		
			4/1/2016	300,000.00	3,750%						
General Obligation Bonds of 2007	4/1/2007	3,840,000	1/15/2015	300,000.00	3.875%	2,440,000.00	-	2,140,000.00	300,000.00		
General Obligation Bonds of 2009	11/15/2009	5,030,000	11/15/2015	460,000.00	3.500%	4,160,000.00	-	600,000.00	3,560,000.00		
			11/15/2016	450,000.00	3.500%						
			11/15/2017	450,000.00	3.750%						
			11/15/2018	450,000.00	4.000%						
			11/15/2019	430,000.00	4.000%						
			11/15/2020	400,000.00	4.000%						
			11/15/2021	400,000.00	4.000%						
			11/15/2022	400,000.00	4.000%						
			11/15/2023	120,000.00	4.000%						
General Obligation Bonds of 2012	4/15/2012	3,000,000	4/15/2015	160,000.00	2.000%	2,860,000.00	-	150,000.00	2,710,000.00		
			4/15/2016	180,000.00	2.000%						
			4/15/2017	190,000.00	2.000%						
			4/15/2018	200,000.00	2.000%						
			4/15/2019	210,000.00	2.000%						
			4/15/2020	210,000.00	3.000%						
			4/15/2021	220,000.00	2.500%						
			4/15/2022	240,000.00	2.750%						
			4/15/2023	270,000.00	3.000%						
			4/15/2024	270,000.00	3.000%						
			4/15/2025	280,000.00	3.000%						
		4/15/2026	280,000.00	3.000%							
						\$ 10,360,000.00	-	3,190,000.00	7,170,000.00		

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF REFUNDING BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
Refunding Issue of 2009	6/11/2009	3,005,000.00	9/1/2015	235,000.00	5.000%	715,000.00	-	240,000.00	475,000.00
			9/1/2016	240,000.00	5.000%				
Refunding Issue of 2014	4/3/2014	1,755,000.00	1/15/2016	290,000.00	3.000%	-	1,755,000.00	-	1,755,000.00
			1/15/2017	285,000.00	4.000%				
			1/15/2018	295,000.00	4.000%				
			1/15/2019	295,000.00	4.000%				
			1/15/2020	295,000.00	4.000%				
			1/15/2021	295,000.00	5.000%				
						\$ 715,000.00	1,755,000.00	240,000.00	2,230,000.00

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Various Improvements	1496	1/11/2011	6/4/2013	6/4/2014	1.250%	\$ 2,400,000.00	-	2,400,000.00	-
			6/3/2014	6/3/2015	0.570%	-	2,400,000.00	-	2,400,000.00
Various Improvements	1479	7/22/2014	7/22/2014	7/22/2015	0.750%	-	780,000.00	-	780,000.00
Various Improvements	1502	7/22/2014	7/22/2014	7/22/2015	0.750%	-	1,315,000.00	-	1,315,000.00
Various Improvements	1524	7/22/2014	7/22/2014	7/22/2015	0.750%	-	1,505,000.00	-	1,505,000.00
						\$ 2,400,000.00	6,000,000.00	2,400,000.00	6,000,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Other	Balance Dec. 31, 2014
1479	Various Improvements	\$ 780,000.00	-	780,000.00	-	-
1483	Various Improvements	100,000.00	-	-	-	100,000.00
1502	Various Improvements	1,315,000.00	-	1,315,000.00	-	-
1524	Various Improvements	2,000,000.00	-	1,505,000.00	-	495,000.00
1566	Various Improvements	-	2,900,000.00	-	-	2,900,000.00
		<u>\$ 4,195,000.00</u>	<u>2,900,000.00</u>	<u>3,600,000.00</u>	<u>-</u>	<u>3,495,000.00</u>

CITY OF SEA ISLE CITY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2014

CITY OF SEA ISLE CITY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective January 1, 2011, the bid threshold was \$17,500. Pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$36,000 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of \$36,000.

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide 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 on December 23, 2013 authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the City Council of the City of Sea Isle City, in the County of Cape May that pursuant to N.J.S.A. 54:4-67, the following interest rates be and are hereby fixed for property taxes and other municipal claims, which may be or may hereafter become delinquent, at 8% per annum on the first \$1,500.00 of the aggregate delinquency and 18% per annum on any amount in excess of \$1,500.00 of the aggregate delinquency.

BE IT FURTHER RESOLVED that there be accorded to the taxpayer a ten (10) day grace period for the payment of property taxes from the date when due, after which the payments on said municipal assessments shall become delinquent and interest payable there under as fixed by this resolution shall be calculated from the due date of said municipal claims and assessments.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held on December 4, 2014 and was complete.

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

CITY OF SEA ISLE CITY

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

<u>Year</u>	<u>Number</u>
2014	3
2013	3
2012	3

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as, 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>
Payments of 2014 and 2015 Taxes	5
Delinquent Taxes	10
Current Water and Sewer Utility Rents	10
Delinquent Water and Sewer Rents	5
Total	<u>30</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2014 \$	28,493,716	28,090,622	98.59%
2013	28,441,567	27,942,503	98.25%
2012	28,272,501	27,734,407	98.10%
2011	28,029,604	27,612,742	98.51%
2010	27,806,113	27,380,913	98.47%

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CITY OF SEA ISLE CITY

Comparative Schedule of Tax Rate Information

		<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$	0.584	0.583	0.579	0.575	0.572
Apportionment of Tax Rate:						
Municipal		0.324	0.313	0.293	0.292	0.293
County		0.222	0.219	0.214	0.213	0.21
Local School		0.038	0.051	0.072	0.07	0.069
Assessed Valuation		4,854,226,695	4,862,480,888	4,865,134,887	4,858,099,090	4,846,091,487

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.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2014 \$	9,022.58	311,153.28	320,175.86	1.12%
2013	8,932.62	337,596.18	346,528.80	1.22%
2012	8,904.63	386,228.49	395,133.12	1.40%
2011	8,876.85	307,290.84	316,167.69	1.13%
2010	8,849.25	349,522.33	358,371.58	1.29%

Uniform Construction Code

The City of Sea Isle City construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

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

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

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

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

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CITY OF SEA ISLE CITY

FINDINGS AND RECOMMENDATIONS

None

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

Leon P. Costello

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

April 27, 2015