

**CITY OF SEA ISLE CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2016**

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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, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

To the Honorable Mayor and
Members of the 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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, or changes in financial position for the years then ended.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2016 and 2015, 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, 2016 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, are 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 14, 2017 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.

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 14, 2017

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 6,450,384.95	5,941,391.32
Cash - Change	555.00	555.00
Total Cash	<u>6,450,939.95</u>	<u>5,941,946.32</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	404,045.72	316,126.45
Tax Title and Other Liens	9,088.01	9,073.22
Property Acquired for Taxes - at Assessed Valuation	22,372.00	22,372.00
Revenue Accounts Receivable	2,885.54	3,021.16
Total Receivables and Other Assets	<u>438,391.27</u>	<u>350,592.83</u>
Deferred Charges:		
Special Emergency Appropriation	300,000.00	450,000.00
Total Deferred Charges	<u>300,000.00</u>	<u>450,000.00</u>
Total Regular Fund	<u>7,189,331.22</u>	<u>6,742,539.15</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	5,558.63	4,495.29
Due from Current Fund	76,794.04	39,583.66
Total Federal and State Grant Fund	<u>82,352.67</u>	<u>44,078.95</u>
Total Current Fund	<u>\$ 7,271,683.89</u>	<u>6,786,618.10</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>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,034,411.06	1,120,294.52
Reserve for Encumbrances	602,532.78	445,005.79
Accounts Payable	-	6,000.00
Prepaid Taxes	702,386.25	666,931.23
Payroll Taxes Payable	5,475.12	-
County Added Tax Payable	80,216.99	44,259.00
Due to State:		
Marriage Licenses	-	125.00
Senior Citizens' & Veterans's Ded	11,555.80	11,805.80
Interfund Payable:		
Federal and State Grant Fund	76,794.04	39,583.66
Other		
Reserve for Revaluation - Current	15,408.85	150,083.85
Reserve for Revaluation - Prior	130,117.83	130,117.83
Reserve for Tourism Community	-	950.00
Other Liabilities	176.00	176.00
Reserve for Insurance Claims	249,546.33	249,546.33
	2,908,621.05	2,864,879.01
Reserve for Receivables and Other Assets	438,391.27	350,592.83
Fund Balance	3,842,318.90	3,527,067.31
Total Regular Fund	7,189,331.22	6,742,539.15
Federal and State Grant Fund:		
Unappropriated Reserves	40,362.16	39,582.40
Appropriated Reserves	41,990.51	4,496.55
Total Federal and State Grant Fund	82,352.67	44,078.95
Total Current Fund	\$ 7,271,683.89	6,786,618.10

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,**

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ 2,100,000.00	2,100,000.00
Miscellaneous Revenue Anticipated	4,732,355.47	4,533,373.50
Receipts from Delinquent Taxes	308,270.27	306,000.80
Receipts from Current Taxes	30,136,436.86	28,455,552.53
Non Budget Revenue	195,595.62	115,612.83
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	977,183.64	880,533.11
Cancellation of Taxes Overpaid	-	5,902.48
Cancelation Prior Year Accounts Payable	6,000.00	-
Total Income	38,455,841.86	36,396,975.25
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	8,602,922.00	8,408,955.00
Other Expenses	6,716,454.80	6,384,902.00
Deferred Charges & Statutory Expenditures	1,825,325.00	1,681,769.53
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	124,075.00	75,000.00
Capital Improvements	155,000.00	155,000.00
Debt Service	4,982,164.89	4,528,827.69
Deferred Charges	159,615.00	150,000.00
State and Federal Grants	82,924.06	40,895.58
Transfer to Board of Education	32,000.00	-
Local District School Tax	1,827,302.00	1,827,302.00
County Tax	11,451,012.17	10,985,564.97
County Share of Added Tax	80,216.99	44,259.00
Refund of Prior Year's Revenue	1,578.36	26,786.72
Total Expenditures	36,040,590.27	34,309,262.49
Excess/(Deficit) in Revenue	2,415,251.59	2,087,712.76

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

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

	<u>2016</u>	<u>2015</u>
Statutory Excess to Fund Balance	<u>2,415,251.59</u>	<u>2,087,712.76</u>
Fund Balance January 1	<u>3,527,067.31</u>	<u>3,539,354.55</u>
	5,942,318.90	5,627,067.31
Decreased by:		
Utilization as Anticipated Revenue	<u>2,100,000.00</u>	<u>2,100,000.00</u>
Fund Balance December 31	<u>\$ 3,842,318.90</u>	<u>3,527,067.31</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 2,100,000.00	-	-
Total Fund Balance Anticipated	<u>2,100,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	15,000.00	-	3,855.56
Other	200,000.00	-	10,455.01
Fees and Permits	50,000.00	-	36,122.00
Fines and Costs:			
Municipal Court	185,000.00	-	23,318.25
Interest and Costs on Taxes	60,000.00	-	10,866.67
Interest Earned on Investments	25,000.00	-	13,617.69
Parking Meters	255,000.00	-	87,942.63
Beach Fees	1,280,000.00	-	169,090.00
Marina Slips Rentals	150,000.00	-	20,608.00
Local Franchise Fee - Cable and Beach Vendors	250,000.00	-	196,779.13
Telephone Call Tower Rental	393,000.00	-	(1,599.53)
Total Section A: Local Revenues	<u>2,863,000.00</u>	<u>-</u>	<u>571,055.41</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	293,009.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	<u>293,009.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	300,000.00	-	67,438.00
Total Section C: Uniform Construction Code Fees	<u>300,000.00</u>	<u>-</u>	<u>67,438.00</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	29,025.07	-	29,025.07	-
Municipal Alliance on Alcoholism and Drug Abuse	5,905.00	-	5,905.00	-
COPS in Shops	8,205.06	-	8,205.06	-
Body Armor	2,352.27	-	2,352.27	-
Drunk Driving Enforcement	-	35,960.66	35,960.66	-
Total Section F: Special Items - Public and Private Programs	45,487.40	35,960.66	81,448.06	-
Section G: Other Special Items				
General Capital Surplus	233,000.00	-	233,000.00	-
Recreation Fees	40,000.00	-	44,705.00	4,705.00
Reserve for Payment of Bonds	217,000.00	-	217,000.00	-
Festival Income	65,000.00	-	61,700.00	(3,300.00)
Total Section G: Other Special Items	555,000.00	-	556,405.00	1,405.00
Total Miscellaneous Revenues:	4,056,496.40	35,960.66	4,732,355.47	639,898.41
Receipts from Delinquent Taxes	300,000.00		308,270.27	8,270.27
Amount to be Raised by Taxes for Support of Municipal Budget	16,936,675.69	-	17,526,322.59	589,646.90
Local Tax for Municipal Purposes				
Total Amount to be Raised by Taxes for Support of Municipal Budget	16,936,675.69	-	17,526,322.59	589,646.90
Budget Totals	23,393,172.09	35,960.66	24,666,948.33	1,237,815.58
Non- Budget Revenues:				
Other Non- Budget Revenues:				
	-	-	195,595.62	195,595.62
	23,393,172.09	35,960.66	24,862,543.95	1,433,411.20

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections 30,136,436.86

Less: Reserve for Tax Appeals Pending -

Net Revenue from Collections 30,136,436.86

Allocated to:

School, County and Other Taxes 13,358,531.16

Balance for Support of Municipal Budget Appropriations 16,777,905.70

Increased by:

Appropriation "Reserved for Uncollected Taxes" 748,416.89

Amount for Support of Municipal Budget Appropriations 17,526,322.59

Receipts from Delinquent Taxes:

Delinquent Tax Collection 308,270.27

Tax Title Lien Collections -

Total Receipts from Delinquent Taxes 308,270.27

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Bookeeping/Liens 80.00

City Clerk Revenue 8,283.70

Div of Fire Safety 14,105.78

Facility Rental Fees 200.00

Funland Payment 27,101.27

Homestead Rebate 187.80

Insurance Refund 85,931.32

Motor Vehicle Inspection Fines 200.00

Municipal Court Fees 3,024.23

Other Miscellaneous 2,695.14

Police Extra Duty 7,875.00

Police Report Copy Fees 317.63

Police Training 20,717.99

Sale of Assets 14,033.51

Shared Services 7,050.00

Vets & SC Admin fee 687.23

Voided Checks 3,075.02

Total Miscellaneous Revenue Not Anticipated: 195,565.62

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
General Administration						
Salaries and Wages	\$ 322,870.00	322,870.00	317,113.49	-	5,756.51	-
Other Expenses	151,700.00	167,700.00	97,238.22	47,763.12	22,698.66	-
Mayor						
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-	-
Other Expenses	1,700.00	1,700.00	359.48	51.70	1,288.82	-
City Council						
Salaries and Wages	45,000.00	45,000.00	45,000.00	-	-	-
Other Expenses	6,800.00	6,800.00	533.73	-	6,266.27	-
Municipal Clerk						
Salaries and Wages	201,855.00	201,855.00	159,390.57	-	42,464.43	-
Other Expenses	32,695.00	32,695.00	16,953.50	4,571.54	11,169.96	-
Elections						
Salaries and Wages	6,120.00	6,120.00	1,309.35	-	4,810.65	-
Other Expenses	13,600.00	13,600.00	(0.38)	200.00	13,400.38	-
Municipal Engineer						
Other Expenses	93,500.00	93,500.00	73,444.98	3,347.21	16,707.81	-
Fire Inspector						
Salaries and Wages	17,650.00	17,650.00	17,288.97	-	361.03	-
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Insurance						
Surety Bond Premiums	700.00	700.00	700.00	-	-	-
Reserve for Insurance	21,000.00	21,000.00	900.00	-	20,100.00	-
Other Expenses	10,500.00	10,500.00	5,873.73	2,101.22	2,525.05	-
General Liability	177,569.77	177,569.77	171,453.69	-	6,116.08	-
Workers Compensation Insurance	432,090.23	432,090.23	432,090.23	-	-	-
Employee Group Health	2,941,900.80	2,892,200.80	2,663,969.20	38,668.20	189,563.40	-
Health Benefits Waiver						
Salaries and Wages	15,000.00	15,000.00	5,000.00	-	10,000.00	-
DEPARTMENT OF LAW						
Legal Services and Costs						
Other Expenses	270,000.00	286,500.00	261,871.76	23,347.39	1,280.85	-
Municipal Prosecutor						
Other Expenses	22,500.00	22,500.00	-	22,500.00	-	-
Public Defender						
Other Expenses	4,500.00	4,500.00	4,500.00	-	-	-

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF FINANCE						
Financial Administration						
Salaries and Wages	161,900.00	161,900.00	142,069.19	-	19,830.81	-
Other Expenses						
Postage	42,400.00	42,400.00	42,400.00	-	-	-
Audit Services	40,000.00	40,000.00	40,000.00	-	-	-
Miscellaneous Other Expenses	34,085.00	34,085.00	13,677.05	6,291.51	14,116.44	-
Collection of Taxes						
Salaries and Wages	100,290.00	100,290.00	86,296.02	-	13,993.98	-
Other Expenses	9,809.00	9,809.00	2,466.08	783.00	6,559.92	-
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	750.00	750.00	-	-	750.00	-
Assessment of Taxes						
Salaries and Wages	146,000.00	146,000.00	142,653.72	-	3,346.28	-
Other Expenses	10,700.00	10,700.00	7,135.93	2,660.04	904.03	-
Street Signals and Safety Lanes						
Salaries and Wages	94,695.00	87,695.00	85,902.24	-	1,792.76	-
Other Expenses	53,400.00	60,400.00	59,649.01	-	750.99	-
Bathing Beaches						
Salaries and Wages	198,842.00	198,842.00	168,476.76	-	30,365.24	-
Other Expenses	33,450.00	33,450.00	10,342.39	22,670.00	437.61	-
Marina						
Salaries and Wages	101,915.00	101,915.00	93,112.38	-	8,802.62	-
Other Expenses	12,550.00	12,550.00	5,920.33	1,281.33	5,348.34	-
Shade Tree Commission						
Other Expenses	1,000.00	1,000.00	645.00	355.00	-	-
Environmental Commission (NJS 40:56A-1, et seq.)						
Salaries and Wages	2,680.00	2,680.00	2,672.69	-	7.31	-
Other Expenses	4,000.00	4,000.00	3,527.86	-	472.14	-

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF POLICE						
Police						
Salaries and Wages	3,278,060.00	3,278,060.00	3,215,585.42	-	62,474.58	-
Other Expenses	240,150.00	240,150.00	121,234.91	93,756.99	25,158.10	-
Emergency Management Services						
Salaries and Wages	28,500.00	28,500.00	28,499.97	-	0.03	-
Other Expenses	3,500.00	3,500.00	3,087.50	200.00	212.50	-
Fire						
Salaries and Wages	19,100.00	19,100.00	11,897.65	-	7,202.35	-
Other Expenses	88,700.00	88,700.00	52,659.35	856.91	35,183.74	-
First Aid Organization - Contribution (R.S. 40:5-2)	29,000.00	29,000.00	25,264.00	3,300.00	436.00	-
Smoke Detector Program						
Salaries and Wages	2,030.00	2,030.00	1,982.03	-	47.97	-
Other Expenses	5,175.00	5,175.00	784.00	-	4,391.00	-
Maintenance - Vehicle						
Salaries and Wages	69,300.00	69,300.00	68,887.98	-	412.02	-
Other Expenses	33,550.00	33,550.00	26,336.52	3,900.41	4,314.07	-
Lifeguards						
Salaries and Wages	593,340.00	593,340.00	592,817.00	-	523.00	-
Other Expenses	59,775.00	59,775.00	58,241.81	1,082.54	450.65	-
Animal Control Contract						
Contractual	28,500.00	28,500.00	13,268.00	-	15,232.00	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS						
Administration of Public Works						
Salaries and Wages	347,145.00	347,145.00	315,235.78	-	31,909.22	-
Other Expenses	28,075.00	28,075.00	4,498.89	-	23,576.11	-
Road Repairs and Maintenance						
Salaries and Wages	297,850.00	297,850.00	255,069.84	-	42,780.16	-
Other Expenses	39,430.00	39,430.00	13,809.68	11,343.80	14,276.52	-
Street Cleaning						
Salaries and Wages	266,310.00	266,310.00	261,136.53	-	5,173.47	-
Other Expenses	23,375.00	23,375.00	720.12	19,439.78	3,215.10	-
Solid Waste Management (40A.4-45.32)						
Salaries and Wages	413,780.00	413,780.00	413,475.38	-	304.62	-
Other Expenses	36,300.00	36,300.00	20,840.91	7,547.17	7,911.92	-
Garbage and Trash Removal						
Salaries and Wages	297,420.00	297,420.00	297,164.37	-	255.63	-
Other Expenses						
Contractual						
Miscellaneous Other Expenses	321,300.00	334,300.00	319,849.41	-	14,450.59	-
Public Buildings and Grounds	69,980.00	69,980.00	39,737.62	9,834.52	20,407.86	-
Salaries and Wages	410,375.00	416,875.00	414,464.06	-	2,410.94	-
Other Expenses	128,270.00	128,270.00	78,254.25	48,292.27	1,723.48	-
Shore Protection						
Salaries and Wages	276,730.00	270,230.00	209,073.13	-	61,156.87	-
Other Expenses	37,650.00	37,650.00	20,846.90	9,950.00	6,853.10	-
American with Disabilities Act						
Other Expenses	5,000.00	5,000.00	3,998.00	-	1,002.00	-
Historical Commission						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Zoning Board						
Salaries and Wages	7,090.00	7,090.00	5,316.86	-	1,773.14	-
Other Expenses	8,800.00	8,800.00	5,470.66	-	3,329.34	-
Planning Board						
Salaries and Wages	7,090.00	7,090.00	5,568.89	-	1,521.11	-
Other Expenses	11,200.00	11,200.00	6,498.46	-	4,701.54	-
Preparation of Master Plan						
Other Expenses	50,000.00	50,000.00	49,934.75	65.25	-	-

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF COMMUNITY SERVICES						
Recreation						
Salaries and Wages	219,890.00	219,890.00	215,720.92	-	4,169.08	-
Other Expenses	131,700.00	131,700.00	91,538.72	19,168.99	20,992.29	-
Expense of Participation in Free County Library						
Salaries and Wages	4,480.00	4,480.00	2,596.73	-	1,883.27	-
Tourism						
Salaries and Wages	188,330.00	188,330.00	181,645.65	-	6,684.35	-
Other Expenses	202,425.00	202,425.00	193,379.84	6,668.85	2,376.31	-
DEPARTMENT OF MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	183,700.00	183,700.00	175,237.65	-	8,462.35	-
Other Expenses	16,800.00	16,800.00	14,873.39	812.80	1,113.81	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code Construction Official						
Salaries and Wages	238,150.00	238,150.00	231,070.25	-	7,079.75	-
Other Expenses	21,750.00	21,750.00	14,817.07	4,203.87	2,729.06	-
Electrical Inspector						
Salaries and Wages	14,985.00	14,985.00	14,985.00	-	-	-
Plumbing Inspector						
Salaries and Wages	16,450.00	16,450.00	16,265.81	-	184.19	-
UNCLASSIFIED						
Computer Services - All Departments						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity						
Street Lighting	170,000.00	170,000.00	150,065.55	16,703.46	3,230.99	-
Telephone	125,000.00	125,000.00	103,560.68	21,439.32	-	0.00
Natural Gas	65,000.00	65,000.00	48,675.28	2,690.49	13,634.23	-
Fuel Oil	73,000.00	73,000.00	53,493.14	18,506.86	1,000.00	-
Gasoline	2,000.00	2,000.00	-	-	2,000.00	-
Water & Sewer	180,000.00	141,500.00	88,902.26	12,624.98	39,972.76	-
	58,000.00	62,000.00	61,851.73	-	148.27	-
TOTAL OPERATIONS WITHIN "CAPS"	15,352,076.80	15,316,376.80	13,842,446.37	488,980.52	984,949.91	0.00
Contingent	3,000.00	3,000.00	-	-	3,000.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	15,355,076.80	15,319,376.80	13,842,446.37	488,980.52	987,949.91	0.00

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Detail:						
Salaries and Wages	8,609,922.00	8,602,922.00	8,214,982.28	-	387,939.72	-
Other Expenses	6,745,154.80	6,716,454.80	5,627,464.09	488,980.52	600,010.19	0.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	560,691.00	561,391.00	560,691.00	20,700.00	-	-
Social Security System (O.A.S.I.)	658,675.00	658,675.00	618,845.73	-	39,829.27	-
Police and Firemen's Retirement System	509,259.00	524,259.00	509,259.00	15,000.00	-	-
Unemployment Compensation Insurance	36,000.00	36,000.00	29,825.77	-	6,174.23	-
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	10,000.00	10,000.00	6,690.09	2,852.26	457.65	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,789,625.00	1,825,325.00	1,740,311.59	38,552.26	46,461.15	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	17,144,701.80	17,144,701.80	15,582,757.96	527,532.78	1,034,411.06	0.00
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS" Insurance: NJSA 40A:4-45.3	49,075.00	49,075.00	49,075.00	-	-	-
Employee Group Health	75,000.00	75,000.00	-	75,000.00	-	-
LOSAP						
	124,075.00	124,075.00	49,075.00	75,000.00	-	-

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities	29,025.07	29,025.07	29,025.07	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	5,905.00	5,905.00	5,905.00	-	-	-
Local Share	1,476.00	1,476.00	1,476.00	-	-	-
Body Armor	2,352.27	2,352.27	2,352.27	-	-	-
COPS in Shops	8,205.06	8,205.06	8,205.06	-	-	-
Drunk Driving Enforcement Grant	-	35,960.66	35,960.66	-	-	-
Total Public and Private Programs Off-Set by Revenues	46,963.40	82,924.06	82,924.06	-	-	-
Total Operations - Excluded from "CAPS"	171,038.40	206,999.06	131,999.06	75,000.00	-	-
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	171,038.40	206,999.06	131,999.06	75,000.00	-	-
(C) Capital Improvements						
Capital Improvement Fund	155,000.00	155,000.00	155,000.00	-	-	-
Total Capital Improvements	155,000.00	155,000.00	155,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	3,845,000.00	3,845,000.00	3,845,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes						
Interest on Bonds	781,000.00	781,000.00	780,833.33	-	-	166.67
Interest on Notes	325,300.00	325,300.00	325,239.97	-	-	60.03
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	31,100.00	31,100.00	31,091.59	-	-	8.41
Total Debt Service	4,982,400.00	4,982,400.00	4,982,164.89	-	-	235.11
(E) Deferred Charges						
Special Emergency Authorizations - 5 Years	150,000.00	150,000.00	150,000.00	-	-	-
Ordinance #1463, 1503	9,615.00	9,615.00	9,615.00	-	-	-
Total Deferred Charges	159,615.00	159,615.00	159,615.00	-	-	-

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(N) Transferred to BOE for Use of Local School	32,000.00	32,000.00	32,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	5,500,053.40	5,536,014.06	5,460,778.95	75,000.00	-	235.11
SUBTOTAL GENERAL APPROPRIATIONS	22,644,755.20	22,680,715.86	21,043,536.91	602,532.78	1,034,411.06	235.11
(M) Reserve for Uncollected Taxes	748,416.89	748,416.89	748,416.89	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 23,393,172.09	23,429,132.75	21,791,953.80	602,532.78	1,034,411.06	235.11
Budget		23,393,172.09			Cancelled	235.11
Appropriations by 40A.4-87		35,960.66			Overexpended	-
Special Emergency		-				
Emergency Appropriations		23,429,132.75				235.11
Reserve for Uncollected Taxes			748,416.89			
Federal and State Grants			82,924.06			
Deferred Charges			150,000.00			
Capital Improvement Fund			155,000.00			
Reserve for Revaluation			-			
Disbursements			20,655,612.85			
			<u>21,791,953.80</u>			

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**EXHIBIT - B
TRUST FUND**

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

	2016	2015
<u>Assets</u>		
<u>Assessment Fund:</u>		
Cash and Investments	46,655.28	46,655.28
	46,655.28	46,655.28
<u>Animal Control Fund</u>		
Cash and Investments	\$ 142.80	\$ 209.40
Due from State of New Jersey	-	2.40
	142.80	211.80
<u>Other Funds</u>		
Cash and Investments	1,864,481.70	1,930,865.58
Due from Current (Tourism)	-	950.00
	1,864,481.70	1,931,815.58
	\$ 1,911,279.78	\$ 1,978,682.66

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,

	2016	2015
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Assessment Fund:</u>		
Reserve for Assessments & Liens	-	-
Fund Balance	\$ 46,655.28	46,655.28
	46,655.28	46,655.28
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	142.80	\$ 211.80
	142.80	211.80
<u>Other Funds</u>		
Deposits for Redemption	-	38,332.99
Reserve for Retirement Fund	70,660.14	65,590.78
Reserve for Lifeguard Pension Fund	875,661.43	851,422.46
Reserve for Tennis Fees	108,571.06	87,393.38
Reserve for Cafeteria Plan	946.12	285.00
Reserve for Police Forefeited Fund	5,674.56	9,628.53
Reserve for Police Lost and Found	313.85	285.38
Reserve for Escrow Deposits	334,749.05	350,627.37
Reserve for POAA Fund	1,921.40	581.40
Reserve for Recycling Fund	258,136.77	262,730.34
Reserve for Environmental Fees	31,299.04	34,899.22
Reserve for Municipal Alliance	2,259.66	1,618.74
Reserve for Donations	1,036.60	-
Reserve for Fire Safety Penalty	250.00	250.00
Reserve for Tourism	108,213.02	104,362.99
Reserve for TTL Redemption Premiums	61,300.00	119,000.00
Due to State of New Jersey - Uniform Construction Code Training Fees	3,489.00	4,807.00
	1,864,481.70	1,931,815.58
	\$ 1,911,279.78	\$ 1,978,682.66

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>2016</u>	<u>2015</u>
Cash	\$ 17,111,846.39	925,311.15
Deferred Charges to Future Taxation -		
Funded	37,174,595.15	27,048,165.57
Unfunded	25,528,000.00	21,015,615.00
	<u>79,814,441.54</u>	<u>48,989,091.72</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	2,037,862.53	2,234,550.17
Bond Anticipation Notes Payable	18,680,000.00	14,000,000.00
Serial Bonds Payable	35,190,000.00	24,140,000.00
Refunding Bonds Payable	1,880,000.00	2,775,000.00
Green Trust Loan Payable	104,595.15	133,165.57
Improvement Authorizations:		
Funded	478,841.09	532,432.68
Unfunded	4,225,227.16	3,746,113.00
Reserve to Pay Bonds & Notes	200,873.80	417,873.80
Reserve to Pay Bonds	1,088,265.34	-
Reserve to Pay Notes - Ordinance#1555	869,225.82	-
Reserve for Notes from Bond Sale	14,000,000.00	-
Capital Improvement Fund	311,925.00	394,925.00
Fund Balance	747,625.65	615,031.50
	<u>\$ 79,814,441.54</u>	<u>48,989,091.72</u>

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

2015	7,015,615.00
2016	6,848,000.00

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,**

	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 615,031.50	181,760.14
Increased by:		
Premiums on sale of Bonds & Notes	365,594.15	417,873.80
Cancellation of Reserve Balances	-	544,703.22
Cancellation of Ordinances (Ord.#1381,1425, 1438, & 1451)	-	22,328.28
Decreased by:		
Reserve to Pay Bonds and Notes	-	417,873.80
2015 Budget - Capital Surplus	233,000.00	133,760.14
Ending Balance December 31	<u>\$ 747,625.65</u>	<u>615,031.50</u>

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,**

	2016	2015
ASSETS		
Operating Fund:		
Cash	\$ 4,307,754.79	3,496,370.91
	4,307,754.79	3,496,370.91
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	341,178.70	350,717.51
	341,178.70	350,717.51
Total Operating Fund	4,648,933.49	3,847,088.42
Assessment Trust Fund:		
Cash	60,265.23	50,847.36
Assessment Receivable	17,315.84	26,733.71
Total Assessment Trust Fund	77,581.07	77,581.07
Capital Fund:		
Cash - Treasurer	7,529,452.95	2,196,664.57
Interfunds and Receivables		
Due from USDA	-	376,074.00
Fixed Capital - Completed	25,864,749.81	25,864,749.81
Fixed Capital - Authorized and Uncompleted	19,495,000.00	15,695,000.00
Total Capital Fund	52,889,202.76	44,132,488.38
	\$ 57,615,717.32	48,057,157.87

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,**

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 455,315.60	445,427.49
Reserve for Encumbrances	67,107.17	156,834.90
Prepaid Utility Rents	318,301.06	339,955.68
Utility Overpayments	2,236.75	2,844.56
Accrued Interest on Bonds and Notes	121,526.91	106,751.90
	964,487.49	1,051,814.53
Reserve for Receivables	341,178.70	350,717.51
Fund Balance	3,343,267.30	2,444,556.38
	4,648,933.49	3,847,088.42
Total Operating Fund		
Assessment Trust Fund:		
Reserve for:		
Assessment Receivable	17,315.84	26,733.71
Fund Balance	60,265.23	50,847.36
	77,581.07	77,581.07
Total Assessment Trust Fund		
Capital Fund:		
Encumbrance Payable	1,812,447.66	1,487,775.56
Bond Anticipation Notes Payable	-	-
Serial Bonds Payable	15,500,000.00	10,550,000.00
USDA Loans Payable	2,460,934.50	2,496,552.50
Refunding Bonds Payable	1,465,000.00	1,995,000.00
Improvement Authorizations:		
Funded	5,128,484.24	1,375,480.29
Unfunded	101,000.00	1,872,630.32
Reserve for Amortization	25,832,815.31	23,761,123.31
Reserve for USDA Receivable	-	376,074.00
Reserve for Pay Bonds	259,000.00	-
Fund Balance	329,521.05	217,852.40
	52,889,202.76	44,132,488.38
Total Capital Fund		
	\$ 57,615,717.32	48,057,157.87

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

2015	2,381,000.00
2016	101,000.00

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, 2016**

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ 775,393.00	470,000.00
Rents	9,068,703.42	9,014,888.68
Penalties	69,034.91	71,900.53
Miscellaneous Revenue Anticipated	268,938.24	257,680.69
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	398,233.12	281,308.14
Total Income	<u>10,580,302.69</u>	<u>10,095,778.04</u>
Expenditures		
Operations	6,485,437.09	6,491,613.81
Debt Service	2,174,911.68	1,880,260.07
Statutory Expenses	245,595.00	243,979.19
Refund of Prior Year Revenue	255.00	831.68
Total Expenditures	<u>8,906,198.77</u>	<u>8,616,684.75</u>
Excess in Revenue	<u>1,674,103.92</u>	<u>1,479,093.29</u>
Excess in Operations	<u>1,674,103.92</u>	<u>1,479,093.29</u>
Fund Balance January 1	<u>2,444,556.38</u>	<u>1,435,463.09</u>
	4,118,660.30	2,914,556.38
Decreased by:		
Utilization as Anticipated Revenue	<u>775,393.00</u>	<u>470,000.00</u>
Fund Balance December 31	<u>\$ 3,343,267.30</u>	<u>2,444,556.38</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>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 217,852.40	70,775.02
Increased by:		
Cancellation of Reserve to Pay Bonds	-	548.75
Cancellation of Authorization Ordinance #1426/1471	-	33,719.63
Reserve for Amortization	-	1,668.00
Premiums on sale of Bonds & Notes	111,668.65	111,141.00
Ending Balance December 31	<u>\$ 329,521.05</u>	<u>217,852.40</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, 2016**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 775,393.00	775,393.00	-
Rents	8,000,000.00	9,068,703.42	1,068,703.42
Penalties	55,000.00	69,034.91	14,034.91
Miscellaneous	150,000.00	268,938.24	118,938.24
	<u>\$ 8,980,393.00</u>	<u>10,182,069.57</u>	<u>1,201,676.57</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	8,729,549.13
Prepaid Applied	339,955.68
Overpayments Applied	2,844.56
Overpayments	(2,236.75)
	<u>9,070,112.62</u>

Miscellaneous

Interest on Investments	16,783.53
Meters	11,690.00
Misc. Deposits	4,589.71
Pilings	500.00
Reconnections	40,300.00
Sewer Connections	1,875.00
Special Meter Reading	20,550.00
Special Sewer Connection	104,100.00
Water Connections	68,550.00
	<u>268,938.24</u>

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, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 1,298,885.00	1,234,554.09	1,180,271.56	-	54,282.53
Other Expenses	603,336.00	598,336.00	403,250.76	63,106.17	131,979.07
Insurance	752,547.00	752,547.00	746,547.00	-	6,000.00
Cape May County MUA	3,900,000.00	3,900,000.00	3,636,946.00	-	263,054.00
	<u>6,554,768.00</u>	<u>6,485,437.09</u>	<u>5,967,015.32</u>	<u>63,106.17</u>	<u>455,315.60</u>
Debt Service:					
Payment of Bond Principal	1,660,000.00	1,660,000.00	1,660,000.00	-	-
Interest on Bonds	400,000.00	465,330.91	410,918.41	-	54,412.50
Interest on Notes	20,000.00	20,000.00	-	-	20,000.00
Other Debt Service - USDA	104,030.00	104,030.00	103,993.27	-	36.73
	<u>2,184,030.00</u>	<u>2,249,360.91</u>	<u>2,174,911.68</u>	<u>-</u>	<u>74,449.23</u>
Deferred Charges and Statutory Expenditures:					
Public Employees' Retirement System	132,695.00	136,695.00	132,694.00	4,001.00	-
Social Security System	99,400.00	99,400.00	99,400.00	-	-
Unemployment Compensation Insurance	9,500.00	9,500.00	9,500.00	-	-
	<u>241,595.00</u>	<u>245,595.00</u>	<u>241,594.00</u>	<u>4,001.00</u>	<u>-</u>
\$	<u>8,980,393.00</u>	<u>8,980,393.00</u>	<u>8,383,521.00</u>	<u>67,107.17</u>	<u>74,449.23</u>
Statement of Expenditures:					
Accrued Interest on Bonds			121,526.91		-
Deferred Charge			-		74,449.23
Disbursed			8,261,994.09		
			<u>8,383,521.00</u>		<u>74,449.23</u>
				Over expended	
				Cancelled	

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>2016</u>	<u>2015</u>
General Fixed Assets:		
Land and Buildings	\$ 3,138,438.00	\$ 3,138,438.00
Buildings	16,044,869.00	16,019,869.00
Machinery and Equipment	10,438,015.97	9,370,646.12
Total General Fixed Assets	<u>\$ 29,621,322.97</u>	<u>\$ 28,528,953.12</u>
Investment in General Fixed Assets	<u>\$ 29,621,322.97</u>	<u>\$ 28,528,953.12</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, 2016 AND 2015**

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, 2016 AND 2015**

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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

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

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

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

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

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "Irrevocable Split-Interest Agreements" This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "Pension issues – an amendment of GASB Statements No. 67, No.68, and No. 73". This statement, which is effective for fiscal periods beginning after June 15, 2016, may have an effect on the City's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations" This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$748,416.89 and \$725,179.73. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$2,100,000.00 and \$2,100,000.00. In addition, the entity operates a self-liquidating Water and Sewer utility. Under New Jersey Statutes a

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 2016 and 2015 statutory budgets was \$775,393.00 and \$470,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2016 and 2015 calendar years:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
<u>Current Fund:</u>		
General Administration		
Other Expenses	16,000.00	-
Municipal Engineer		
Other Expenses	-	60,000.00
Fire Inspector		
Salaries and Wages	-	340.00
Road Repairs		
Salaries and Wages	-	10,000.00
Insurance		
Employee Group Health	(49,700.00)	(83,615.00)
Legal Services and Cost		
Other Expenses	16,500.00	
Street Signals & Safety Lanes		
Salaries and Wages	(7,000.00)	
Other Expenses	7,000.00	
Street Cleaning		
Other Expenses	-	15,000.00
Solid Waste Management		
Salaries and Wages	-	10,000.00
Garbage and Trash Removal		
Salaries and Wages	-	15,000.00
Other Expenses	13,000.00	
Public Buildings & Grounds		
Salaries and Wages	6,500.00	
Shore Protection		
Salaries and Wages	(6,500.00)	(24,000.00)
Construction Official		
Other Expenses	-	12,139.00
Plumbing Inspector		
Salaries and Wages	-	10.00
Computer Services	3,000.00	
Gasoline	(38,500.00)	(30,000.00)
Water and Sewer	4,000.00	2,039.00
Public Employees Retirement System	20,700.00	
Police & Firemens Retirement System	15,000.00	
Interest on Notes	-	13,087.00
<u>Water and Sewer Utility Fund:</u>		
Salaries and Wages	(64,330.91)	(18,407.00)
Other Expenses	(5,000.00)	-
Cape May County MUA	-	18,407.00
Interest on Bonds	65,330.91	
Public Employees Retirement System	4,000.00	

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 2015, however, one significant budget insertion was approved in 2016.

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Drunk Driving Enforcement Fund	\$ 35,960.66	\$ -

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 2016 and 2015 calendar years. Special emergency appropriations are permitted to be raised 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, 2016 was \$300,000.00.

NOTE 3: INVESTMENTS

As of December 31, 2016 and 2015, the municipality held certificates of deposits in the amount of \$20,602,000.00 and \$818,000.00 with First Bank of Sea Isle City. The certificates matured every 7 or 14 days depending on the maturity date in 2016 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.

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, 2016, \$37,814,910.91 of the government's bank balance of \$1,927,120.12 was exposed to custodial credit risk. As of December 31, 2015, \$1,932,116.22 of the government's bank balance of \$15,022,685.96 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015:

	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land	\$ 3,138,438.00	-	-	3,138,438.00
Building	4,110,676	11,937,683.00	(28,490.00)	16,019,869.00
Equipment and Machinery	8,655,723	788,664.56	(73,741.00)	9,370,646.12
	<u>\$ 15,904,836.56</u>	<u>12,726,347.56</u>	<u>(102,231.00)</u>	<u>28,528,953.12</u>

	Balance 12/31/2015	Additions	Retirements/ Adjustments	Balance 12/31/2016
Land	\$ 3,138,438.00	-	-	3,138,438.00
Building	16,019,869.00	-	25,000.00	16,044,869.00
Equipment and Machinery	9,370,646.12	1,851,442.85	(784,073.00)	10,438,015.97
	<u>\$ 28,528,953.12</u>	<u>1,851,442.85</u>	<u>(759,073.00)</u>	<u>29,621,322.97</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation Notes payable:				
General	\$ 22,900,000.00	22,500,000.00	31,400,000.00	14,000,000.00
Utility	6,000,000.00	3,600,000.00	9,600,000.00	-
	<u>\$ 28,900,000.00</u>	<u>26,100,000.00</u>	<u>41,000,000.00</u>	<u>14,000,000.00</u>
	Balance 12/31/15	Issued	Retired	Balance 12/31/16
Bond Anticipation Notes payable:				
General	\$ 14,000,000.00	23,360,000.00	18,680,000.00	18,680,000.00
Utility	-	-	-	-
	<u>\$ 14,000,000.00</u>	<u>23,360,000.00</u>	<u>18,680,000.00</u>	<u>18,680,000.00</u>

The General note was issued on 07/20/16 and is due and payable on 01/10/17 with interest at 1.50%. There is no balance of Utility notes payable as of 12/31/16. As of December 31, 2016, the entity has authorized but not issued bonds in the amount of \$6,848,000.00 and \$101,000.00 in the General Capital Fund and Utility Capital Fund respectively.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	\$ 21,655,000.00	8,500,000.00	3,240,000.00	26,915,000.00	3,845,000.00
Utility	9,400,000.00	4,600,000.00	1,455,000.00	12,545,000.00	1,660,000.00
Total	\$ 31,055,000.00	13,100,000.00	4,695,000.00	39,460,000.00	5,505,000.00
Other liabilities:					
Loans Payable Green Trust	\$ 161,173.05	-	28,007.48	133,165.57	28,570.42
Loans Payable USDA	\$ -	2,514,000.00	17,447.50	2,496,552.50	104,030.00
Compensated Absences Payable	1,392,570.73	123,595.56	187,086.08	1,329,080.21	-
Total long-term liabilities	\$ 32,608,743.78	15,737,595.56	4,927,541.06	43,418,798.28	5,637,600.42

	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within One Year
Bonds payable:					
General	\$ 26,915,000.00	14,000,000.00	3,845,000.00	37,070,000.00	3,650,000.00
Utility	12,545,000.00	6,080,000.00	1,660,000.00	16,965,000.00	1,355,000.00
Total	\$ 39,460,000.00	20,080,000.00	5,505,000.00	54,035,000.00	5,005,000.00
Other liabilities:					
Loans Payable Green Trust	\$ 133,165.57	-	28,570.42	104,595.15	29,144.69
Loans Payable USDA	\$ 2,496,552.50	-	35,618.00	2,460,934.50	104,030.00
Compensated Absences Payable	1,329,080.21	154,339.95	41,920.64	1,441,499.52	-
Total long-term liabilities	\$ 43,418,798.28	20,234,339.95	5,611,109.06	58,042,029.17	5,138,174.69

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

\$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, 2016, is \$4,200,000.00.

\$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, 2016, is \$8,940,000.00.

\$8,500,000 General Improvement Bonds dated September 15, 2015, due in annual installments through September 15, 2026, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2016, is \$8,050,000.00.

\$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, 2016, is \$1,880,000.00.

\$14,000,000 General Improvement Bonds dated October 13, 2016, due in annual installments through November 1, 2034, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2016, is \$14,000,000.00.

\$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, 2016, is \$104,595.15.

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

\$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, 2016, is \$2,650,000.00.

\$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, 2016, is \$2,370,000.00.

\$4,600,000 General Improvement Bonds dated September 15, 2015, due in annual installments through September 15, 2029, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2016, is \$4,400,000.00.

\$6,080,000.00 General Improvement Bonds dated October 13, 2016, due in annual installments through November 1, 2034, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2016, is \$6,080,000.00.

\$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, 2016, is \$1,465,000.00.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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>
2017	3,650,000.00	1,071,250.00	1,355,000.00	514,762.50
2018	3,780,000.00	954,750.00	1,425,000.00	471,487.50
2019	3,890,000.00	831,550.00	1,455,000.00	425,387.50
2020	2,320,000.00	713,700.00	1,465,000.00	377,937.50
2021	2,450,000.00	652,150.00	1,515,000.00	328,562.50
2022-2026	12,860,000.00	2,202,625.00	5,370,000.00	1,084,375.00
2027-2031	4,720,000.00	932,625.00	3,200,000.00	425,500.00
2032-2034	3,400,000.00	207,000.00	1,180,000.00	70,200.00
	<u>\$ 37,070,000.00</u>	<u>7,565,650.00</u>	<u>16,965,000.00</u>	<u>3,698,212.50</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>
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>104,595.15</u>	<u>4,225.45</u>

As of December 31, 2016, 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 \$1,137,164.89 and to the utility budget was \$410,918.41.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

<u>Summary of Municipal Debt</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 55,854,595.15	41,048,165.57	44,716,173.05
Sewer Utility - Bonds and Notes	19,425,934.50	15,041,552.50	15,400,000.00
Total Issued	<u>75,280,529.65</u>	<u>56,089,718.07</u>	<u>60,116,173.05</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	6,848,000.00	7,015,615.00	5,514,615.00
Sewer Utility - Bonds and Notes	101,000.00	2,381,000.00	3,495,000.00
Total Authorized But Not Issued	<u>6,949,000.00</u>	<u>9,396,615.00</u>	<u>9,009,615.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 82,229,529.65</u>	<u>\$ 65,486,333.07</u>	<u>69,125,788.05</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 1.404%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	-	-
Sewer Utility Debt	19,526,934.50	19,526,934.50	-
General Debt	62,702,595.15	-	62,702,595.15
	<u>82,229,529.65</u>	<u>19,526,934.50</u>	<u>62,702,595.15</u>

Net Debt \$62,702,595.15 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,464,623,166.67 = 1.404%

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 156,261,811.00
Net Debt	62,702,595.15
Remaining Borrowing Power	<u>\$ 93,559,215.85</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, 2016 AND 2015**

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017 and 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 and 2016 were as follows:

		<u>2017</u>	<u>2016</u>
Current Fund	\$	2,150,000.00	2,100,000.00
Sewer Utility		835,000.00	775,393.00

As of the date of this audit, the City has not adopted their 2017 municipal budget and the amount of fund balance appropriated for 2017 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, 2016, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance December 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation	<u>\$ 300,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>
	<u>300,000.00</u>	<u>150,000.00</u>	<u>150,000.00</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 12/31/2016</u>	<u>Local School Tax Balance 12/31/2015</u>
Balance of Tax	\$ 913,651.00	\$ 913,651.00
Deferred	913,651.00	913,651.00
Tax Payable	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 12/31/16	Balance 12/31/15
Prepaid Taxes	\$ 702,386.25	\$ 666,931.23
Cash Liability for Taxes Collected in Advance	<u>\$ 702,386.25</u>	<u>\$ 666,931.23</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. The City currently has nine employees enrolled as of December 31, 2016.

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, 2016 AND 2015**

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 6.92% through June 30, 2015 and 7.06% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 12.44% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2016, 2015, and 2014 were \$509,259.00, \$661,719.00, and \$590,906.00.

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 23.08% of covered payroll. The entity's contributions to PFRS for the years ended December 31, 2016, 2015, and 2014 were \$693,385.00, \$450,471.00, and \$463,908.00.

The total payroll for the year ended December 31, 2016, 2015 and 2014 was \$9,798,059.67, \$9,228,546.39 and \$9,400,490.62. Payroll covered by PFRS was \$1,992,399.00, \$1,951,641.00, and \$1,904,927.00. Payroll covered by PERS was \$4,939,971.00, \$4,749,140.00, and \$5,176,205.00.

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, 2016, 2015 and 2014 was \$10,000.00, \$10,000.00 and \$10,000.00. The City's trust for the Lifeguard Pension at December 31, 2016 was \$875,661.43. Currently there are currently no individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2016, 2015 and 2014 were \$10,918.32, \$0 and \$0.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

NOTE 13: PENSION LIABILITIES

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

The following represents the municipality's pension liabilities as June 30, 2016:

Public Employees' Retirement System

The Municipality has a liability of \$20,497,058.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.06920676330%, which would be a decrease of 8.08% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$1,819,852.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 381,183.00	
Changes of assumptions	4,245,896.00	
Changes in proportion	279,141.00	(991,495.00)
Net difference between projected and actual earnings on pension plan investments	781,571.00	
Total	<u>\$ 5,687,791.00</u>	<u>(991,495.00)</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

<u>Year ended June 30,</u>		
2017	\$	1,062,801.06
2018		1,062,801.06
2019		1,214,999.95
2020		1,016,752.55
2021		338,941.39
Total	<u>\$</u>	<u>4,696,296.00</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$ 24,563,751.01	20,497,058.00	17,143,255.13

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$11,819,802.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.06187549160%, which would be an increase of 2.75% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$1,299,617.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience		(77,481.00)
Changes of assumptions	1,637,140.00	
Changes in proportion	538,232.00	(333,370.00)
Net difference between projected and actual earnings on pension plan investments	828,190.00	
Total	<u>\$ 3,003,562.00</u>	<u>(410,851.00)</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

<u>Year ended June 30,</u>			
2016	\$	626,950.52	
2017		626,950.52	
2018		832,148.50	
2019		487,491.18	
2020		19,170.29	
Total	\$	<u>2,592,711.00</u>	

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 15,026,002.61	11,819,802.00	9,206,388.33

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.06187549160% for 2016. The net pension liability amount allocated to the Municipality was \$992,570.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$126,775.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 14: 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 March 1, 2015, the medical and prescription drug benefits were administered through 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, 2016 and 2015 were \$1,185,175.98 and \$941,710.50 respectively.

As of December 31, 2016, the actuarial valuation report was based on 151 total participants including 61 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, 2016 actuarial valuation, the projected unit credit cost method was used for all participants. The retiree health calculation uses the initial trend rate of 8.0%, decreasing by 0.5% per year for 7 years to 5% and then continues at 5% thereafter.

Other Post-Employment Benefit Costs and Obligations

In the December 31, 2016 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2016 was projected as follows:

		<u>12/31/2016</u>
Normal Cost	\$	180,000.00
Amortization of Unfunded Liability		460,000.00
Interest on Normal Cost		30,000.00
Total ARC	\$	<u><u>670,000.00</u></u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

The following reflects the components of the 2016 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 2016:

	<u>12/31/2016</u>
Net OPEB Obligation - Beginning of Year	\$ -
Annual OPEB Cost	\$ 670,000.00
OPEB Payments	\$ 90,000.00
Increase in Net OPEB Obligation	<u>\$ 580,000.00</u>
Net OPEB Obligation - End of Year	<u>\$ 580,000.00</u>
Percentage of OPEB Cost Contributed	<u>-13.43%</u>

Required Supplementary Information:

	<u>12/31/2016</u>
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	\$ 7,860,000.00
Total Unfunded AAL (UAAL)	<u>\$ 7,860,000.00</u>
Funded ratio	0.00%
Covered payroll	<u>\$ 7,150,000.00</u>

NOTE 15: 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, 2016, the City estimates this liability to approximate \$1,441,499.52 based on 2016 pay rates and compensated absence balances. At December 31, 2015, the liability was \$1,392,570.73. 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 16: 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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 17: 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, 2016 and 2015 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 18: 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 19: 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, 2016 AND 2015**

NOTE 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2016, the following inter-funds 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	-	76,794.04
Grant Fund:		
Current Fund	76,794.04	-
	<u>\$ 76,794.04</u>	<u>76,794.04</u>

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 21: LENGTH OF SERVICE AWARDS PROGRAM

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 2016 and 2015 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 22: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through April 14, 2017, 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

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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 group as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated April 14, 2017, 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 14, 2017

CITY OF SEA ISLE CITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2016

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting".**

Internal control over financial reporting:

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

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

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is not required for 2016.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2015	\$ 5,941,946.32	-
Increased by Receipts:		
Tax Collector	30,554,841.48	-
Revenue Accounts Receivable	4,580,040.74	-
Miscellaneous Revenue	195,565.62	-
State of New Jersey:		
Senior Citizen and Veterans Deductions	34,361.64	-
Marriage Licenses	1,000.00	-
Payroll Deductions Payable	10,575,031.12	-
Due to Tourism Commission	102,209.99	-
Due to Grant Fund	81,164.48	-
Due to Current Fund	-	45,430.10
Federal and State Unallocated	-	40,362.16
Federal and State Receivables	-	40,802.32
	46,124,215.07	126,594.58
	52,066,161.39	126,594.58
Decreased by Disbursements:		
Current Year Appropriation	20,655,612.85	-
Prior Year Appropriations	588,116.67	-
Special Emergency - Revaluation	134,675.00	-
County Taxes	11,495,271.17	-
Local District School Taxes	1,827,302.00	-
Refund of Tax Overpayments	39,282.66	-
Payroll Taxes Paid	10,569,556.00	-
Refund Prior Year Revenue	690.00	-
Contribution to Capital Improvement Fund	155,000.00	-
Due to Grant Fund	45,430.10	-
Due to Tourism Commission	103,159.99	-
State of New Jersey:		
Marriage Licenses	1,125.00	-
Due to Current Fund	-	81,164.48
Federal and State Disbursements	-	45,430.10
	45,615,221.44	126,594.58
Balance December 31, 2016	\$ <u>6,450,939.95</u>	<u>-</u>

See Accompanying Auditor's Report

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

Balance December 31, 2015		\$	-
Increased by Receipts:			
Prepaid Taxes	702,101.99		
Taxes Receivable	29,679,422.20		
Homestead Rebate	102,420.62		
Revenue Accounts Receivable	70,896.67		
			30,554,841.48
			30,554,841.48
Payments to Treasurer			30,554,841.48
Balance December 31, 2016		\$	-

See Accompanying Auditor's Report

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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2016
				2015	2016				
2015	\$ 316,126.45	-	-	-	308,270.27	7,856.18	-	-	-
	316,126.45	-	-	-	308,270.27	7,856.18	-	-	-
2016	-	30,474,832.23	80,216.99	666,931.23	29,469,505.63	14,551.85	14.79	-	404,045.72
	\$ 316,126.45	30,474,832.23	80,216.99	666,931.23	29,777,775.90	22,408.03	14.79	-	404,045.72

Cash Receipts
 29,679,422.20
 Homestead Rebate 102,420.62
 Senior Citizens and Veterans 35,500.00
 Overpayments (39,566.92)
29,777,775.90

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax 30,474,832.23
 Added Taxes (54:4-63.1 et. Seq.) 80,216.99
30,555,049.22

Tax Levy:
 General County Taxes 9,708,745.04
 County Library Taxes 1,295,921.28
 County Open Space Taxes 446,345.85
 County Added and Omitted Taxes 80,216.99
 Total County Taxes 11,531,229.16

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

Local Tax for Municipal Purposes 16,936,675.69
 Add: Additional Tax Levied 259,842.37
17,196,518.06

30,555,049.22

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

Balance December 31, 2015	\$	9,073.22
Increased by:		
Transfers from Taxes Receivable		14.79
		<hr/>
		14.79
		<hr/>
Balance December 31, 2016	\$	<u>9,088.01</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2015	Collected by		Balance Dec. 31, 2016
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	-	18,855.56	-	18,855.56	-
Other	-	210,455.01	-	210,455.01	-
Fees an Permits	-	86,122.00	-	86,122.00	-
Fines and Costs:					
Municipal Court	3,021.16	208,182.63	-	208,318.25	2,885.54
Interest and Costs on Taxes	-	70,866.67	70,866.67	-	-
Parking Meters	-	342,942.63	-	342,942.63	-
Interest Earned on Investments	-	38,617.69	-	38,617.69	-
Beach Fees	-	1,449,090.00	-	1,449,090.00	-
Marina Slip Rentals	-	170,608.00	-	170,608.00	-
Local Franchise Fee - Cable/Beach	-	446,779.13	-	446,779.13	-
Telephone Cell Tower Rental	-	391,400.47	-	391,400.47	-
Energy Receipts Tax	-	293,009.00	-	293,009.00	-
Construction Code Fees	-	367,438.00	-	367,438.00	-
General Capital Surplus	-	233,000.00	-	233,000.00	-
Recreation Fees	-	44,705.00	-	44,705.00	-
Festival Income	-	61,700.00	-	61,700.00	-
Reserve to Pay Bonds	-	217,000.00	-	217,000.00	-
Miscellaneous Revenue Not Anticipated	-	195,595.62	30.00	195,565.62	-
	<u>\$ 3,021.16</u>	<u>4,846,367.41</u>	<u>70,896.67</u>	<u>4,775,606.36</u>	<u>2,885.54</u>
		Cash Received by Treasurer		4,775,606.36	
		Cash Received by Collector		70,896.67	
		Non-Cash Miscellaneous Non-Budgeted Revenue		-	
				<u>4,846,503.03</u>	

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF ADMINISTRATION					
General Administration					
Salaries and Wages	\$ 10,872.06	10,872.06	8,189.00	2,683.06	-
Other Expenses	20,710.52	20,710.52	16,583.09	4,127.43	-
Mayor					
Other Expenses	392.87	392.87	120.00	272.87	-
City Council					
Other Expenses	6,123.08	6,123.08	1,565.00	4,558.08	-
Municipal Clerk					
Salaries and Wages	23,284.49	23,284.49	1,837.28	21,447.21	-
Other Expenses	22,139.32	22,139.32	5,511.87	16,627.45	-
Elections					
Salaries and Wages	3,427.73	3,427.73	16.53	3,411.20	-
Other Expenses	11,638.37	11,638.37	-	11,638.37	-
Municipal Engineer					
Other Expenses	6,275.32	6,275.32	5,998.50	276.82	-
Fire Inspector					
Salaries and Wages	340.00	340.00	-	340.00	-
Other Expenses	812.25	812.25	-	812.25	-
Insurance					
Surety Bond Premiums	700.00	700.00	-	700.00	-
Reserve for Insurance	20,920.00	20,920.00	145.00	20,775.00	-
Other Expenses	5,696.22	5,696.22	285.02	5,411.20	-
General Liability	7,044.81	7,044.81	-	7,044.81	-
Workers Compensation Insurance	1.10	1.10	-	1.10	-
Employee Group Health	166,284.85	166,284.85	30,177.31	136,107.54	-
Health Benefit Waiver (Salaries & Wages)	50,000.00	50,000.00	-	50,000.00	-
DEPARTMENT OF LAW					
Legal Services and Costs					
Other Expenses	51,154.94	51,154.94	35,812.13	15,342.81	-
Municipal Prosecutor					
Other Expenses	22,500.00	22,500.00	22,500.00	-	-
Public Defender					
Other Expenses	1,125.00	1,125.00	1,125.00	-	-

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF FINANCE					
Financial Administration					
Salaries and Wages	10,071.29	10,071.29	-	10,071.29	-
Other Expenses					
Miscellaneous Other Expenses	15,143.31	15,143.31	9,153.90	5,989.41	-
Collection of Taxes					
Salaries and Wages	21.33	21.33	-	21.33	-
Other Expenses	7,504.79	7,504.79	-	7,504.79	-
Liquidation of Tax Title Liens & Foreclosed Property					
Other Expenses	750.00	750.00	-	750.00	-
Assessment of Taxes					
Salaries and Wages	4,676.56	4,676.56	3,019.12	1,657.44	-
Other Expenses	8,622.99	8,622.99	-	8,622.99	-
Street Signals and Safety Lanes					
Salaries and Wages	15,964.31	8,664.31	2,405.97	6,258.34	-
Other Expenses	20,710.94	28,010.94	26,305.79	1,705.15	-
Bathing Beaches					
Salaries and Wages	13,371.03	13,371.03	-	13,371.03	-
Other Expenses	23,791.09	23,791.09	20,600.77	3,190.32	-
Marina					
Salaries and Wages	9,917.82	9,917.82	1,482.80	8,435.02	-
Other Expenses	8,848.72	8,848.72	892.96	7,955.76	-
Shade Tree Commission					
Other Expenses	25.00	25.00	-	25.00	-
Environmental Commission (NJS 40:56A-1, et seq.)					
Salaries and Wages	57.30	57.30	51.24	6.06	-
Other Expenses	131.20	131.20	119.98	11.22	-
DEPARTMENT OF POLICE					
Police					
Salaries and Wages	83,854.44	83,854.44	83,854.20	0.24	-
Other Expenses	96,870.43	96,870.43	59,251.03	37,619.40	-
Emergency Management Services					
Salaries and Wages	125.40	125.40	123.74	1.66	-
Other Expenses	3,500.00	3,500.00	-	3,500.00	-

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Fire					
Salaries and Wages	7,294.42	7,294.42	282.82	7,011.60	-
Other Expenses	42,641.43	42,641.43	6,386.13	36,255.30	-
First Aid Organization - Contribution (R.S. 40:5-2)	700.00	700.00	-	700.00	-
Smoke Detector Program					
Salaries and Wages	124.89	124.89	-	124.89	-
Other Expenses	5,175.00	5,175.00	-	5,175.00	-
Maintenance - Vehicles					
Salaries and Wages	4,626.87	4,626.87	1,206.77	3,420.10	-
Other Expenses	15,375.26	15,375.26	9,965.36	5,409.90	-
Lifeguards					
Salaries and Wages	1,048.00	1,048.00	-	1,048.00	-
Other Expenses	3,260.98	3,260.98	2,820.52	440.46	-
Animal Control Contract					
Contractual	2,636.00	2,636.00	-	2,636.00	-
DEPARTMENT OF PUBLIC WORKS					
Administration of Public Works					
Salaries and Wages	56,404.98	56,404.98	4,583.16	51,821.82	-
Other Expenses	5,969.67	5,969.67	-	5,969.67	-
Road Repairs and Maintenance					
Salaries and Wages	12,471.58	12,471.58	6,208.38	6,263.20	-
Other Expenses	18,389.22	18,389.22	5,403.54	12,985.68	-
Street Cleaning					
Salaries and Wages	52,337.68	52,337.68	3,806.61	48,531.07	-
Other Expenses	30,072.76	30,072.76	17,124.99	12,947.77	-
Solid Waste Management (40A:4-45.32)					
Salaries and Wages	12,830.38	12,830.38	9,291.06	3,539.32	-
Other Expenses	25,509.84	25,509.84	6,818.82	18,691.02	-
Garbage and Trash Removal					
Salaries and Wages	11,145.77	11,145.77	5,164.81	5,980.96	-
Other Expenses					
Contractual	28,214.09	28,214.09	10,302.91	17,911.18	-
Miscellaneous Other Expenses	29,183.44	29,183.44	5,914.15	23,269.29	-
Public Buildings and Grounds					
Salaries and Wages	38,607.27	38,607.27	7,642.62	30,964.65	-
Other Expenses	24,940.35	24,940.35	23,608.46	1,331.89	-

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Shore Protection					
Salaries and Wages	18,578.92	18,578.92	4,150.28	14,428.64	-
Other Expenses	15,798.35	15,798.35	7,021.57	8,776.78	-
Americans with Disabilities Act Other Expenses	1,980.00	1,980.00	-	1,980.00	-
Historical Commission Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Demolition of Buildings					
DEPARTMENT OF COMMUNITY DEVELOPMENT					
Municipal Land Use Law (NJSA 40:55D-1) Zoning Board					
Salaries and Wages	806.74	806.74	119.33	687.41	-
Other Expenses	2,998.03	2,998.03	-	2,998.03	-
Planning Board					
Salaries and Wages	1,033.96	1,033.96	119.33	914.63	-
Other Expenses	5,591.47	5,591.47	-	5,591.47	-
DEPARTMENT OF COMMUNITY SERVICES					
Recreation					
Salaries and Wages	10,581.43	10,581.43	4,992.08	5,589.35	-
Other Expenses	20,153.84	20,153.84	12,818.88	7,334.96	-
Expense of Participation in Free County Library					
Salaries and Wages	1,887.32	1,887.32	49.43	1,837.89	-
Tourism					
Salaries and Wages	10,611.36	10,611.36	2,188.13	8,423.23	-
Other Expenses	11,411.25	11,411.25	3,825.61	7,585.64	-
DEPARTMENT OF MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	21,373.15	21,373.15	3,665.68	17,707.47	-
Other Expenses	2,352.35	2,352.35	129.41	2,222.94	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code Construction Code Official					
Salaries and Wages	4,779.48	4,779.48	4,121.34	658.14	-
Other Expenses	10,897.39	10,897.39	8,825.07	2,072.32	-

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Electrical Inspector					
Salaries and Wages	698.10	698.10	279.83	418.27	-
Plumbing Inspector					
Salaries and Wages	317.73	317.73	314.78	2.95	-
UNCLASSIFIED					
Computer Services All Departments	5,528.68	5,528.68	3,728.30	1,800.38	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	6,802.17	6,802.17	2,617.34	4,184.83	-
Street Lighting	10,706.55	10,706.55	10,000.00	706.55	-
Telephone	16,362.91	16,362.91	1,879.89	14,483.02	-
Natural Gas	9,698.85	9,698.85	-	9,698.85	-
Fuel Oil	2,000.00	2,000.00	-	2,000.00	-
Gasoline	47,238.60	47,238.60	(1,760.42)	48,999.02	-
Water and Sewer	0.64	0.64	-	0.64	-
Contingent	3,000.00	3,000.00	-	3,000.00	-
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System (O.A.S.I.)	57,481.88	57,481.88	42.65	57,439.23	-
Unemployment Compensation Insurance	365.37	365.37	-	365.37	-
DCRP	3,903.03	3,903.03	129.82	3,773.21	-
OPERATIONS EXCLUDED FROM "CAPS"					
Insurance: NJSA 40A:4-45.3	75,000.00	75,000.00	55,200.00	19,800.00	-
LOSAP					
	<u>\$ 1,565,300.31</u>	<u>1,565,300.31</u>	<u>588,116.67</u>	<u>977,183.64</u>	<u>-</u>

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

Balance December 31, 2015			
School Tax Payable	\$	-	
School Tax Deferred		<u>913,651.00</u>	
			\$ 913,651.00
Increased by:			
Levy - School Year July 1, 2016 to June 30, 2017			<u>1,827,302.00</u>
			2,740,953.00
Decreased by:			
Adjustment of Payable			-
Payments			<u>1,827,302.00</u>
Balance December 31, 2016			
School Tax Payable		-	
School Tax Deferred		<u>913,651.00</u>	
			<u>913,651.00</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,827,302.00
Tax Payable Ending			<u>-</u>
			1,827,302.00
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u>\$ 1,827,302.00</u>

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred From 2015 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
STATE GRANTS:					
Municipal Alliance Program - 2015	\$ 4,495.29	5,905.00	4,841.66	-	5,558.63
Drunk Driving Enforcement Grant	-	35,960.66	35,960.66	-	-
Total State	<u>4,495.29</u>	<u>41,865.66</u>	<u>40,802.32</u>	<u>-</u>	<u>5,558.63</u>
	<u>\$ 4,495.29</u>	<u>41,865.66</u>	<u>40,802.32</u>	<u>-</u>	<u>5,558.63</u>
		<u>Cash</u>	1,219.92		
		<u>Unappropriated Reserves</u>	39,582.40		
			<u>40,802.32</u>		

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

	Balance December 31, 2015		2016 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
Cops in Shops	-	-	8,205.06	7,030.39	-	-	1,174.67
Total Federal	-	-	<u>8,205.06</u>	<u>7,030.39</u>	-	-	<u>1,174.67</u>
STATE GRANTS:							
Clean Communities	-	-	29,025.07	29,025.07	-	-	-
Body Armor	-	-	2,352.27	1,918.00	-	-	434.27
Drunk Driving Enforcement Grant	-	-	35,960.66	-	-	-	35,960.66
Municipal Alliance Program							
County Share	3,120.55	-	5,905.00	6,769.14	-	-	2,256.41
Local Share	1,376.00	-	1,476.00	687.50	-	-	2,164.50
Total State	<u>4,496.55</u>	-	<u>74,719.00</u>	<u>38,399.71</u>	-	-	<u>40,815.84</u>
\$	<u>4,496.55</u>	-	<u>82,924.06</u>	<u>45,430.10</u>	-	-	<u>41,990.51</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2015 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
FEDERAL GRANTS:					
COPS in Shops	\$ 8,205.06	8,205.06	5,000.00		5,000.00
	<u>8,205.06</u>	<u>8,205.06</u>	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>
Total Federal					
STATE GRANTS:					
Body Armor	2,352.27	2,352.27	2,184.17	-	2,184.17
Clean Communities	29,025.07	29,025.07	33,177.99	-	33,177.99
	<u>31,377.34</u>	<u>31,377.34</u>	<u>35,362.16</u>	<u>-</u>	<u>35,362.16</u>
Total State					
	<u>\$ 39,582.40</u>	<u>39,582.40</u>	<u>40,362.16</u>	<u>-</u>	<u>40,362.16</u>

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

Balance December 31, 2015		\$	209.40
Increased By Receipts:			
Dog Licenses Fees	212.00		
State License Fees	2.40		
			214.40
			423.80
Decreased By Disbursements:			
Animal Control Expenditures	281.00		
			281.00
Balance December 31, 2016		\$	142.80

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Other	Assessment
	\$	\$
Balance December 31, 2015	1,930,865.58	46,655.28
Increased By Receipts:		
Retirement	5,000.00	-
Lifeguard Pension	33,009.19	-
Tennis Fees	31,217.68	-
Cafeteria Plan	3,308.00	-
Donations	1,036.60	-
Police Forefeited Property	5.53	-
Site Plan	137,719.01	-
Escrow - Rental Bonds	5,669.23	-
Escrow - Trustee	116,611.20	-
DCA Fees	21,843.00	-
POAA	1,740.00	-
Recycling Fees	22,098.61	-
Environmental Fees	13,133.00	-
Municipal Alliance	703.00	-
Police Lost & Found Cash	1,482.24	-
Tourism Fees	101,709.99	-
Tax Title Lien Redemption:		
Redemption of Tax Sale Certificates	173,713.03	-
Premiums	34,900.00	-
Interest on Investments	3,021.07	-
	<u>707,920.38</u>	<u>46,655.28</u>
	2,638,785.96	
Decreased By Disbursements:		
Tennis Fees	10,040.00	-
Cafeteria Plan	2,646.88	-
Police Forefeited Property	3,960.93	-
Lifeguard Pension	10,918.32	-
Site Plan	139,512.51	-
Escrow - Rental Bonds Returned	6,968.22	-
Escrow - Trustee - Returned	130,199.21	-
Police Lost & Found Cash	1,453.77	-
Recycling	26,692.18	-
Refunds of Tax Sale Certificates	92,600.00	-
Tax Title Lien Redemptions	212,046.02	-
POAA	400.00	-
Due to State DCA (SUCC)	23,161.00	-
Environmental Commission	16,733.18	-
Municipal Alliance	62.08	-
Tourism	96,909.96	-
	<u>774,304.26</u>	<u>-</u>
	\$ 1,864,481.70	\$ 46,655.28

See Accompanying Auditor's Report

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

Balance December 31, 2015	\$	211.80
Increased By:		
Dog Licenses Fees Collected		212.00
		212.00
		423.80
Decreased By Disbursements:		
Animal Control Expenditures		281.00
		281.00
Balance December 31, 2016	\$	142.80

License Fees Collected	<u>Year</u>	
	2014	258.60
	2015	264.00
		522.60

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

Balance December 31, 2015	\$	(2.40)
Increased By:		
Collected in 2016		2.40
		2.40
Balance December 31, 2016	\$	-

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR LIFEGUARD PENSION

Balance December 31, 2015		\$ 851,422.46
Increased By Receipts:		
Employee Withholdings	23,009.19	
City Contribution	10,000.00	
Interest on Deposits	2,148.10	
	<hr/>	<hr/>
		35,157.29
Decreased By Disbursements:		
Retirement Payouts	10,918.32	
	<hr/>	<hr/>
		10,918.32
Balance December 31, 2016		\$ <u><u>875,661.43</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR RETIREMENT

Balance December 31, 2015		\$	65,590.78
Increased By Receipts:			
City Contribution	5,000.00		
Interest on Deposits	69.36		
			5,069.36
Balance December 31, 2016		\$	70,660.14

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR TENNIS FEES

Balance December 31, 2015		\$ 87,393.38
Increased By Receipts:		
Parking Meters	4,029.68	
Tennis Fees	27,188.00	
	<hr/>	<hr/>
		31,217.68
Decreased By Disbursements:		
Tennis Expenditures	10,040.00	
	<hr/>	<hr/>
		10,040.00
Balance December 31, 2016		\$ <u><u>108,571.06</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR CAFETERIA PLAN

Balance December 31, 2015		\$	285.00
Increased By Receipts:			
Employee Contributions	3,308.00		
	<hr/>		<hr/>
			3,308.00
Decreased By Disbursements:			
Medical Reimbursements	2,646.88		
	<hr/>		<hr/>
			2,646.88
Balance December 31, 2016		\$	<u>946.12</u>

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

Balance December 31, 2015		\$ 925,311.15
Increased by:		
Budget Appropriation :		
Capital Improvement Fund	155,000.00	
Ordinance #1463	3,000.00	
Ordinance #1503	6,615.00	
Reserve to Pay Bonds	1,088,265.34	
Reserve to Pay Notes - Ordinance #1555	869,225.82	
Premium Received on Sale of Notes	365,594.15	
Proceeds from Bond Sale	14,000,000.00	
Proceeds from Bond Anticipation Notes	23,360,000.00	
	<hr/>	<u>39,847,700.31</u>
		40,773,011.46
Decreased by:		
Improvement Authorizations	4,531,165.07	
Bond Anticipation Notes	18,680,000.00	
Reserve to Pay Bonds	217,000.00	
2015 Budget Capital Surplus	233,000.00	
	<hr/>	<u>23,661,165.07</u>
Balance December 31, 2016		\$ <u><u>17,111,846.39</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2015		Receipts		Disbursements		Transfers		Balance Dec. 31, 2016	
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To		
\$	615,031.50	-	365,594.15	-	-	233,000.00	-	-	-	747,625.65
Capital Improvement Fund	394,925.00	-	155,000.00	-	-	-	238,000.00	-	-	311,925.00
Contracts Payable	2,234,550.17	-	-	-	-	-	2,234,550.17	2,037,862.53	-	2,037,862.53
Bond Proceeds to Pay Notes	-	-	14,000,000.00	-	-	-	-	-	-	14,000,000.00
Reserve to Pay Bonds & Notes	417,873.80	-	-	-	-	217,000.00	-	-	-	200,873.80
Reserve to Pay Bonds	-	-	1,088,265.34	-	-	-	-	-	-	1,088,265.34
Reserve to Pay Notes - Ordinance #1555	-	-	869,225.82	-	-	-	-	-	-	869,225.82
Improvement Authorizations:										
1391 Various Capital Improvements	41,147.07	-	-	-	36,455.00	-	-	1,640.00	-	6,332.07
1463 Various Capital Improvements	(225,561.21)	-	3,000.00	235,000.00	25,435.21	-	62,808.01	79,314.81	-	3,710.48
1469 Various Capital Improvements	26,149.87	-	-	-	1,100.00	-	-	-	-	25,049.87
1475 Beach Replenishment	161,448.13	-	-	-	-	-	3,694.50	3,694.50	-	161,448.13
1478 Various Improvements	36,417.90	-	-	-	552.75	-	33.25	586.00	-	36,417.90
1488 Beach to Bay Corridor Project	2,885.00	-	-	-	2,800.00	-	-	-	-	85.00
1494 Various Capital Improvements	29,102.71	-	-	-	-	-	2,351.00	2,804.24	-	29,555.95
1501 Beach Replenishment	128,502.21	-	-	-	26,107.80	-	538.50	4,023.50	-	105,879.41
1503 Various Capital Improvements	34,141.85	-	-	-	18,957.13	-	6,155.99	27,245.55	-	42,889.28
1518 Equipment	30,807.52	-	6,615.00	-	5,985.00	-	-	-	-	24,822.52
1525 Various Capital Improvements	15,066.42	-	-	-	237,142.15	-	25,320.46	249,574.14	-	2,177.95
1535 Various Capital Improvements	108,014.55	-	-	-	189,780.52	-	4,293.49	103,478.47	-	17,419.01
1555 Various Capital Improvements	(1,024,954.07)	-	-	1,945,000.00	1,395,945.27	-	154,753.18	731,505.10	-	100,852.58
1565 Various Capital Improvements	(913,320.84)	-	-	1,000,000.00	808,901.86	-	746,527.90	302,339.76	-	(1,166,410.84)
1572 Purchase of Fire Truck	26,764.00	-	-	-	-	-	-	-	-	26,764.00
1576 Various Capital Improvements	(1,213,980.43)	-	-	1,500,000.00	795,696.95	-	11,600.00	728,344.00	-	207,366.62
1588 Various Capital Improvements	-	-	-	-	985,646.27	-	484,141.25	210,000.00	-	(1,259,787.52)
1592 Purchase of Fire Truck	-	-	-	-	659.16	-	535,845.00	28,000.00	-	(508,504.16)
\$	925,311.15	4,660,000.00	16,487,700.31	4,531,165.07	4,510,412.70	450,000.00	4,510,412.70	4,510,412.70	17,111,846.39	

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

Balance December 31, 2015		\$ 394,925.00
Increased by:		
Current Budget Appropriation	155,000.00	
	<hr/>	<hr/>
		155,000.00
		549,925.00
Decreased by:		
Improvement Authorizations Funded	238,000.00	
	<hr/>	<hr/>
		238,000.00
Balance December 31, 2016		\$ <u><u>311,925.00</u></u>

See Accompanying Auditor's Report

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

Balance December 31, 2015		\$ 27,048,165.57
Increased by:		
General Serial Bonds	14,000,000.00	
		14,000,000.00
		41,048,165.57
Decreased by:		
General Serial Bonds Payments	2,950,000.00	
Refunding Bonds - General Payments	895,000.00	
Green Trust Loan Payments	28,570.42	
		3,873,570.42
Balance December 31, 2016		\$ <u><u>37,174,595.15</u></u>

See Accompanying Auditor's Report

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

Ord #	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Raised in 2016 Budget	Debt Issued	Balance Dec. 31, 2016	Analysis of Balance	
							Bond Anticipation Notes	Unexpended Improvement Authorizations
1483	Various Capital Improvements	\$ 238,000.00	-	3,000.00	-	235,000.00	-	-
1501	Beach Replenishment	475,000.00	-	-	-	475,000.00	-	475,000.00
1503	Various Capital Improvements	6,615.00	-	6,615.00	-	-	-	-
1525	Various Capital Improvements	-	-	-	-	-	-	-
1535	Various Capital Improvements	14,000,000.00	-	-	-	14,000,000.00	-	-
1555	Various Capital Improvements	1,945,000.00	-	-	-	1,945,000.00	-	-
1565	Various Capital Improvements	2,850,000.00	-	-	-	1,000,000.00	-	-
1576	Various Capital Improvements	1,501,000.00	-	-	-	1,501,000.00	1,166,410.84	683,589.16
1588	Various Capital Improvements	-	3,990,000.00	-	-	3,990,000.00	-	1,000.00
1592	Purchase of Fire Truck	-	532,000.00	-	-	532,000.00	1,259,787.52	2,730,212.48
							508,504.16	23,495.84
		<u>\$ 21,015,615.00</u>	<u>4,522,000.00</u>	<u>9,615.00</u>	<u>-</u>	<u>25,528,000.00</u>	<u>18,680,000.00</u>	<u>3,913,297.48</u>

Improvement Authorizations Unfunded
Less:
Unexpended Proceeds of Bond
Anticipation Notes Issued:

Ord. Number	
Ord. 1463	3,710.48
Ord. 1555	100,852.58
Ord. 1576	207,366.62
	<u>311,929.68</u>

\$ 3,913,297.48

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Authorizations		Paid or Charged	Balance December 31, 2016	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
1361	Recreation Improvements to Dealy Field	10/27/2004	2,800,000	\$ -	-	-	-	-	-	-
1391	Various Capital Improvements	5/9/2008	555,000	41,147.07	-	-	34,815.00	6,332.07	-	-
1463	Various Capital Improvements	2/10/2009	4,380,000	-	-	-	8,728.31	-	-	3,710.48
1469	Various Capital Improvements	8/25/2009	3,570,000	26,149.87	12,438.79	-	1,100.00	25,049.87	-	-
1475	Beach Replenishment	1/26/2010	6,500,000	161,448.13	-	-	-	161,448.13	-	-
1478	Various Capital Improvements	3/9/2010	700,000	36,417.90	-	-	-	36,417.90	-	-
1488	Beach to Bay Corridor Project	8/24/2010	1,700,000	2,885.00	-	-	2,800.00	85.00	-	-
1494	Various Capital Improvements	1/11/2011	1,600,000	29,102.71	-	-	(453.24)	29,555.95	-	-
1501	Beach Replenishment	7/19/2011	5,000,000	128,502.21	475,000.00	-	22,622.80	105,879.41	-	475,000.00
1503	Various Capital Improvements	7/19/2011	3,600,000	34,141.85	6,615.00	-	(2,132.43)	42,889.28	-	-
1518	Equipment	3/27/2012	85,300	30,807.52	-	-	-	5,985.00	-	-
1525	Various Capital Improvements	12/15/2012	4,600,000	15,066.42	-	-	12,888.47	2,177.95	-	-
1535	Various Capital Improvements	2/13/2013	14,000,000	-	108,014.55	-	90,585.54	17,419.01	-	-
1555	Various Capital Improvements	11/12/2013	3,100,000	-	920,045.93	-	819,193.35	-	-	100,852.58
1565	Various Capital Improvements	3/11/2014	3,000,000	-	1,936,679.16	-	1,253,090.00	-	-	683,589.16
1572	Purchase of Truck	9/9/2014	120,000	26,764.00	-	-	-	26,764.00	-	-
1576	Various Capital Improvements	2/24/2015	1,580,000	-	287,319.57	-	78,952.95	-	-	208,366.62
1588	Various Capital Improvements	3/15/2016	4,200,000	-	-	210,000.00	1,469,787.52	-	-	2,730,212.48
1592	Purchase of Fire Truck	6/14/2016	580,000	-	-	28,000.00	536,504.16	-	-	23,495.84
				\$ 532,432.68	3,746,113.00	238,000.00	4,334,477.43	478,841.09	4,225,227.16	

**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, 2015	Increased	Decreased	Balance Dec. 31, 2016	
			Date	Amount						
General Obligation Bonds of 2005	4/1/2005	5,800,000	11/15/2017	1,400,000.00	3.750%	600,000.00	-	600,000.00	-	
	11/15/2009	8,340,000	11/15/2018	1,400,000.00	4.000%	5,200,000.00	-	1,000,000.00	4,200,000.00	
			11/15/2019	1,400,000.00	4.000%					
General Obligation Bonds of 2012	4/15/2012	11,640,000	4/15/2017	900,000.00	2.000%	9,840,000.00	-	900,000.00	8,940,000.00	
			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%					
General Obligation Bonds of 2015	9/15/2015	8,500,000	9/15/2017	600,000.00	3.000%	8,500,000.00	-	450,000.00	8,050,000.00	
			9/15/2018	650,000.00	3.000%					
			9/15/2019	700,000.00	3.000%					
			9/15/2020	750,000.00	3.000%					
			9/15/2021	850,000.00	3.000%					
			9/15/2022	900,000.00	2.000%					
			9/15/2023	900,000.00	2.125%					
			9/15/2024	900,000.00	3.000%					
			9/15/2025	900,000.00	3.000%					
			9/15/2026	900,000.00	3.000%					
General Obligation Bonds of 2016	10/13/2016	14,000,000	11/1/2017	150,000.00	2.000%	-	14,000,000.00	-	14,000,000.00	
			11/1/2018	170,000.00	2.000%					
			11/1/2019	200,000.00	2.000%					
			11/1/2020	600,000.00	2.000%					
			11/1/2021	600,000.00	2.000%					
			11/1/2022	730,000.00	3.000%					
			11/1/2023	800,000.00	3.000%					
			11/1/2024	850,000.00	3.000%					
			11/1/2025	880,000.00	3.000%					
			11/1/2026	900,000.00	3.000%					
			11/1/2027	900,000.00	2.125%					
			11/1/2028	940,000.00	3.000%					
			11/1/2029	940,000.00	3.000%					
11/1/2030	950,000.00	3.000%								
11/1/2031	990,000.00	3.000%								
11/1/2032	1,100,000.00	3.000%								
11/1/2033	1,100,000.00	3.000%								
11/1/2034	1,200,000.00	3.000%								
						\$	24,140,000.00	14,000,000.00	2,950,000.00	35,190,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
General Refunding Issue of 2009	6/11/2009	2,360,000			\$ 315,000.00	-	315,000.00	-
General Refunding Issue of 2014	4/3/2014	2,460,000	600,000.00	4.000%	2,460,000.00	-	580,000.00	1,880,000.00
			640,000.00	4.000%				
			640,000.00	4.000%				
					\$ 2,775,000.00	\$ -	885,000.00	1,880,000.00

**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, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount	December 31, 2016					
Marina Recreation Development Complex	5/2/2000	500,000	2017	29,144.69	2,000%	\$ 133,165.57	-	28,570.42	104,595.15	
			2018	29,730.50	2,000%					
			2019	30,328.08	2,000%					
			2020	15,391.88	2,000%					
						\$ 133,165.57	-	28,570.42	104,595.15	

**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, 2015	Increased	Decreased	Balance Dec. 31, 2016
Various Capital Improvements	1463/1529	6/25/2010	1/27/2016	7/21/2016	2.00%	-	235,000.00	235,000.00	-
			7/20/2016	1/10/2017	1.50%	-	235,000.00	-	235,000.00
Various Capital Improvements	1535	7/22/2014	7/21/2015	7/21/2016	2.00%	14,000,000.00	-	-	-
			7/20/2016	1/10/2017	1.50%	-	14,000,000.00	14,000,000.00	14,000,000.00
Various Capital Improvements	1555	7/22/2014	1/27/2016	7/21/2016	2.00%	-	1,945,000.00	1,945,000.00	-
			7/20/2016	1/10/2017	1.50%	-	1,945,000.00	-	1,945,000.00
Various Capital Improvements	1565	7/12/2016	1/27/2016	7/21/2016	2.00%	-	1,000,000.00	1,000,000.00	-
			7/20/2016	1/10/2017	1.50%	-	1,000,000.00	-	1,000,000.00
Various Capital Improvements	1576	7/12/2016	1/27/2016	7/21/2016	2.00%	-	1,500,000.00	1,500,000.00	-
			7/20/2016	1/10/2017	1.50%	-	1,500,000.00	-	1,500,000.00
						\$ 14,000,000.00	23,360,000.00	18,680,000.00	18,680,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Other	Balance Dec. 31, 2016
1463	Various Capital Improvements	\$ 238,000.00	-	235,000.00	3,000.00	-
1501	Beach Replenishment	475,000.00	-	-	-	475,000.00
1503	Various Improvements	6,615.00	-	-	6,615.00	-
1555	Various Capital Improvements	1,945,000.00	-	1,945,000.00	-	-
1565	Various Capital Improvements	2,850,000.00	-	1,000,000.00	-	1,850,000.00
1576	Various Capital Improvements	1,501,000.00	-	1,500,000.00	-	1,000.00
1588	Various Capital Improvements	-	3,990,000.00	-	-	3,990,000.00
1592	Purchase of Fire Truck	-	532,000.00	-	-	532,000.00
		<u>\$ 7,015,615.00</u>	<u>4,522,000.00</u>	<u>4,680,000.00</u>	<u>\$ 9,615.00</u>	<u>6,848,000.00</u>

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

	Operating Fund	Assessment Trust Fund	Capital Fund
Balance December 31, 2015	\$ 3,496,370.91	50,847.36	2,196,664.57
Increased by Receipts:			
Collector	8,729,549.13	9,417.87	-
Miscellaneous Revenue	268,938.24	-	-
Penalties	69,034.91	-	-
Serial Bond Sale	-	-	6,080,000.00
USDA Receivable	-	-	635,074.00
Prepaid Rents	316,891.86	-	-
Premium on Bond Sale	-	-	111,668.65
	<u>9,384,414.14</u>	<u>9,417.87</u>	<u>6,826,742.65</u>
	12,880,785.05	60,265.23	9,023,407.22
Decreased by Disbursements:			
Current Year Appropriation	8,261,994.09	-	-
Prior Year Appropriations	204,029.27	-	-
Improvement Authorizations	-	-	1,493,954.27
Accrued Interest on Bonds and Notes	106,751.90	-	-
Refund of Prior Year Revenue	255.00	-	-
	<u>8,573,030.26</u>	<u>-</u>	<u>1,493,954.27</u>
Balance December 31, 2016	\$ <u>4,307,754.79</u>	<u>60,265.23</u>	<u>7,529,452.95</u>

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

	Balance Dec. 31, 2015		Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 217,852.40		111,668.65	-	-	-	-	-	329,521.05
Encumbrance Payable	1,487,775.56		-	-	-	-	1,487,775.56	1,812,447.66	1,812,447.66
Reserve to Pay Bonds	(376,074.00)		635,074.00	-	-	-	259,000.00	259,000.00	259,000.00
USDA Grant Receivable									
Improvement Authorizations:									
Ord. Number									
1437	506,607.77		-	-	11,488.50	-	1,116.00	686.25	494,689.52
1479	170,095.96		-	-	77,484.58	-	71,872.29	91,809.42	112,548.51
1483	150,515.82		-	-	1,545.86	-	79,547.49	79,547.49	148,969.96
1495	16,764.58		-	-	-	-	160,588.77	160,588.77	16,764.58
1496	135,628.31		-	-	-	-	3,388.00	9,764.82	142,005.13
1502	20,979.06		-	-	-	-	-	-	20,979.06
1524	374,888.79		-	380,000.00	462,434.10	-	444,079.36	400,665.81	249,041.14
1566	(508,369.68)		-	1,900,000.00	918,489.86	-	778,863.75	744,713.00	438,989.71
1589			-	3,800,000.00	22,511.37	-	272,992.00	-	3,504,496.63
	\$ 2,196,664.57		746,742.65	6,080,000.00	1,493,954.27	-	3,559,223.22	3,559,223.22	7,529,452.95

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

Balance December 31, 2015		\$	3,496,370.91
Increased by Receipts:			
Consumer Accounts Receivable	9,511,374.02		
	<hr/>		<hr/>
			9,511,374.02
			13,007,744.93
Payments to Treasurer			<hr/>
			8,699,990.14
Balance December 31, 2016		\$	<hr/> <hr/>
			4,307,754.79

See Accompanying Auditor's Report

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

Balance December 31, 2015		\$ 350,717.51
Increased by Receipts:		
Consumer Accounts Charges and Levies	9,060,573.81	
Overpayments & Adjustments	2,236.75	
		9,062,810.56
		9,413,528.07
Decreased by Disbursements:		
Collections	8,729,549.13	
Prepaid Applied	339,955.68	
Overpayments Applied	2,844.56	
		9,072,349.37
Balance December 31, 2016		\$ <u><u>341,178.70</u></u>

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 175,612.94	175,612.94	35,497.36	140,115.58	-
Other Expenses	170,256.53	170,256.53	96,480.82	73,775.71	-
Insurance	5,376.44	5,376.44	-	5,376.44	-
Cape May County MUA	244,288.00	244,288.00	70,168.00	174,120.00	-
Statutory Expenditures					
Contribution to:					
Unemployment	6,728.48	6,728.48	1,883.09	4,845.39	-
	<u>\$ 602,262.39</u>	<u>602,262.39</u>	<u>204,029.27</u>	<u>398,233.12</u>	<u>-</u>

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

Balance December 31, 2015		\$	106,751.90
Increased by:			
Budget Appropriations			121,526.91
			121,526.91
			228,278.81
Decreased By:			
Payments of Debt Service Interest			106,751.90
Payments to Treasurer			106,751.90
			106,751.90
Balance December 31, 2016		\$	121,526.91

Analysis of Accrued Interest December 31, 2015

	Principal Outstanding December 31, 2016	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	2,650,000.00	Var	11/15/16	12/31/2016	45	13,109.38
	2,370,000.00	Var	10/15/16	12/31/2016	75	13,208.33
	4,400,000.00	Var	09/15/16	12/31/2016	105	36,644.27
	1,465,000.00	Var	07/15/16	12/31/2016	165	28,210.42
	6,080,000.00	Var	11/01/16	12/31/2016	60	27,816.67
<u>USDA</u>						
\$	2,460,934.50	2.75%	12/03/16	12/31/2016	27	2,537.84
						121,526.91

See Accompanying Auditor's Report

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Authorizations		Paid or Charged	Balance December 31, 2016	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
1437	Various Improvements	02/11/08	2,400,000	\$ 506,607.77	-	-	-	11,918.25	494,689.52	-
1479	Various Improvements	03/09/10	1,780,000	170,095.96	-	-	-	57,547.45	112,548.51	-
1483	Various Improvements	06/29/10	1,100,000	150,515.82	100,000.00	-	-	1,545.86	148,969.96	100,000.00
1495	Various Improvements	01/11/11	315,000	16,764.58	-	-	-	-	16,764.58	-
1496	Various Improvements	01/11/11	3,200,000	135,628.31	-	-	-	(6,376.82)	142,005.13	-
1502	Various Improvements	07/19/11	2,000,000	20,979.06	-	-	-	-	20,979.06	-
1524	Various Improvements	06/26/12	2,000,000	374,888.79	381,000.00	-	-	505,847.65	249,041.14	1,000.00
1566	Various Improvements	04/08/14	2,900,000	-	1,391,630.32	-	-	952,640.61	438,989.71	-
1589	Various Improvements	03/15/16	3,800,000	-	-	-	-	295,503.37	3,504,496.63	-
				\$ 1,375,480.29	1,872,630.32	-	-	1,816,626.37	5,128,484.24	101,000.00

**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, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
General Obligation Bonds of 2005	4/1/2005	2,600,000.00			\$	300,000.00	-	300,000.00	-
General Obligation Bonds of 2009	11/15/2009	5,030,000	11/15/2017	450,000.00	3.750%	3,100,000.00	-	450,000.00	2,650,000.00
			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%				
General Obligation Bonds of 2012	4/15/2012	3,000,000	11/15/2022	400,000.00	4.000%				
			11/15/2023	120,000.00	4.000%				
			4/15/2017	190,000.00	2.000%	2,550,000.00	-	180,000.00	2,370,000.00
			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%				
General Obligation Bonds of 2015	9/15/2015	4,600,000	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%				
			9/15/2017	230,000.00	3.000%	4,600,000.00	-	200,000.00	4,400,000.00
			9/15/2018	260,000.00	3.000%				
			9/15/2019	280,000.00	3.000%				
			9/15/2020	300,000.00	3.000%				
			9/15/2021	320,000.00	3.000%				
		9/15/2022	330,000.00	2.000%					
		9/15/2023	350,000.00	2.125%					
		9/15/2024	370,000.00	3.000%					
		9/15/2025	380,000.00	3.000%					
		9/15/2026	380,000.00	3.000%					
		9/15/2027	400,000.00	3.000%					
		9/15/2028	400,000.00	3.000%					
		9/15/2029	400,000.00	3.000%					

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
General Obligation Bonds of 2016	11/1/2016	6,080,000	11/1/2017	200,000.00	2.000%	-	6,080,000.00		6,080,000.00
			11/1/2018	220,000.00	2.000%				
			11/1/2019	240,000.00	2.000%				
			11/1/2020	260,000.00	2.000%				
			11/1/2021	280,000.00	2.000%				
			11/1/2022	300,000.00	3.000%				
			11/1/2023	320,000.00	3.000%				
			11/1/2024	340,000.00	3.000%				
			11/1/2025	360,000.00	3.000%				
			11/1/2026	380,000.00	3.000%				
			11/1/2027	400,000.00	2.125%				
			11/1/2028	400,000.00	3.000%				
			11/1/2029	400,000.00	3.000%				
			11/1/2030	400,000.00	3.000%				
		11/1/2031	400,000.00	3.000%					
		11/1/2032	400,000.00	3.000%					
		11/1/2033	400,000.00	3.000%					
		11/1/2034	380,000.00	3.000%					
						\$ 10,550,000.00	6,080,000.00	1,130,000.00	15,500,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
Refunding Issue of 2009	6/11/2009	3,005,000.00			\$	240,000.00	-	240,000.00	-
Refunding Issue of 2014	4/3/2014	1,755,000.00	1/15/2017	285,000.00	4.000%	1,755,000.00	-	290,000.00	1,465,000.00
			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%				
					\$	1,995,000.00	-	530,000.00	1,465,000.00

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016	Interest Rate	Balance		Decreased	Balance Dec. 31, 2016
					Dec. 31, 2015	Increased		
USDA Loans Payable - 2015	6/3/2015	2,514,000.00	*****	2.750%	2,496,552.50	-	35,618.00	2,460,934.50
USDA Bond - semi-annual payments of \$52,015.00 due on June 3 and December 3. Final payment June 3, 2055								
					\$ 2,496,552.50	-	35,618.00	2,460,934.50

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Other	Balance Dec. 31, 2016
1483	Various Improvements	\$ 100,000.00	-	-	-	100,000.00
1524	Various Improvements	381,000.00	-	380,000.00	-	1,000.00
1566	Various Improvements	1,900,000.00	-	1,900,000.00	-	-
1589	Various Improvements	-	3,800,000.00	3,800,000.00	-	-
		<u>\$ 2,381,000.00</u>	<u>3,800,000.00</u>	<u>6,080,000.00</u>	<u>-</u>	<u>101,000.00</u>

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CITY OF SEA ISLE CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2016

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. However, effective July 1, 2015, 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 \$40,000 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of \$40,000.

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 Counselor'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 27, 2016 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 1, 2016 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>
2016	4
2015	4
2014	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 2016 and 2017 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>
2016 \$	30,555,049	30,136,437	98.63%
2015	28,851,137	28,455,553	98.63%
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%

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CITY OF SEA ISLE CITY

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 0.672	0.589	0.584	0.583	0.579
Apportionment of Tax Rate:					
Municipal	0.376	0.325	0.324	0.313	0.293
County	0.255	0.226	0.222	0.219	0.214
Local School	0.041	0.038	0.038	0.051	0.072
Assessed Valuation	4,515,427,300	4,878,736,975	4,854,226,695	4,862,480,888	4,865,134,887

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>
2016 \$	9,081.01	404,045.72	413,126.73	1.35%
2015	9,073.22	316,126.45	325,199.67	1.13%
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%

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

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

April 14, 2017