

**EGG HARBOR CITY**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

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



# EGG HARBOR CITY

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**EGG HARBOR CITY**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2014**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Common Council  
Egg Harbor City, New Jersey

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of Egg Harbor City, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by Egg Harbor 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 Egg Harbor City as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

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

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

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Egg Harbor 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 and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were 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, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of Egg Harbor 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 Egg Harbor City's internal control over financial reporting and compliance.

Very truly yours,

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

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

*Leon P. Costello*

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

**June 29, 2015**

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**EXHIBIT A - CURRENT FUND**

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Cash:		
Treasurer	\$ 611,743	704,446
Change	300	225
Investment in Bond Anticipation Notes	263,331	19,998
Total Cash	875,374	724,669
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	5,846	1,610
Tax Title and Other Liens	623,171	520,040
Code Enforcement Charges Receivable	900	300
Property Acquired for Taxes - at Assessed Valuation	491,289	491,289
Due from Atlantic County	-	310
Revenue Accounts Receivable	8,071	5,439
Total Receivables and Other Assets	1,129,277	1,018,988
Deferred Charges:		
Emergency Appropriation	22,000	59,250
Special Emergency NJSA 40:A;4-55	24,000	56,000
Total Deferred Charges	46,000	115,250
Total Regular Fund	2,050,651	1,858,907
Federal and State Grant Fund:		
Federal and State Grants Receivable	370,714	604,336
Due from Current Fund	202,256	83,763
Total Federal and State Grant Fund	572,970	688,099
Total Current Fund	\$ 2,623,621	2,547,006

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2014</u>	<u>2013</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 62,172	61,467
Reserve for Encumbrances	86,534	95,673
Accounts Payable	1,886	-
Taxes Collected in Advance	125,526	105,559
Overpaid Taxes	15,632	23,480
Payroll Taxes Payable	4,296	3,583
Special Emergency Note Payable	24,000	56,000
County Added Tax Payable	5,246	3,338
Regional High School District-Taxes	52,011	11,952
Due to State:		
Veterans and Senior Citizens	15,271	17,577
Marriage Licence Fees	300	150
Burial Permit Fees	15	15
DCA Training Fees	301	1,504
Interfund Payable:		
Grant Fund	202,256	83,763
Other Reserve for		
Land Sales	58,500	84,500
Curbs and Sidewalks	7,652	7,652
	661,598	556,213
Reserve for Receivables and Other Assets	1,129,277	1,018,988
Fund Balance	259,776	283,706
Total Regular Fund	2,050,651	1,858,907
Federal and State Grant Fund:		
Unappropriated Reserves	11,196	8,979
Appropriated Reserves	195,052	418,041
Encumbrances Payable	298,585	192,942
Due to Trust Fund	68,137	68,137
Total Federal and State Grant Fund	572,970	688,099
Total Current Fund	\$ 2,623,621	2,547,006



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

	2014	2013
Revenue and Other Income Realized		
Fund Balance	\$ 182,000	182,000
Miscellaneous Revenue Anticipated	1,328,459	1,643,350
Receipts from Delinquent Taxes	14,683	84,364
Receipts from Current Taxes	9,326,389	9,207,597
Non Budget Revenue	38,070	28,855
Other Credits to Income:		
Premium on Tax Anticipation Note	875	-
Unexpended Balance of Appropriation Res.	41,394	76,294
Cancellation of Prior Year Liabilities	675	14,519
Total Income	10,932,545	11,236,979
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,061,562	2,097,711
Other Expenses	2,377,052	2,319,546
Deferred Charges & Statutory Expenditures	554,790	602,712
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	51,234	133,921
Capital Improvements	25,000	208,750
Debt Service	328,055	326,235
Deferred Charges	91,250	89,500
Transferred to Board of Education for use by		
Local and Regional High School Districts	18,222	19,212
Local District School Tax	2,841,100	2,841,129
County Tax	1,138,469	1,188,826
County Share of Added Tax	5,246	3,338
Regional High School Tax	1,304,495	1,215,436
Refund of Prior Year's Revenue	-	778
Other:		
Cancellation of Prior Year Receivables	-	3,227
Interfund Created	-	310
Total Expenditures	10,796,475	11,050,631
Excess in Revenue	136,070	186,348

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

	2014	2013
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	22,000	59,250
Total Adjustments	22,000	59,250
Statutory Excess to Fund Balance	158,070	245,598
Fund Balance January 1	283,706	220,108
	441,776	465,706
Decreased by:		
Utilization as Anticipated Revenue	182,000	182,000
Fund Balance December 31	\$ 259,776	283,706

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 165,000		165,000
Surplus Anticipated with Prior Written Consent of Local Government Services	17,000		17,000
<b>Total Fund Balance Anticipated</b>	<b>182,000</b>	<b>-</b>	<b>182,000</b>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	21,000		1,698
Other	47,000		(297)
Fines and Costs:			
Municipal Court	86,500		3,546
Interest and Costs on Taxes	50,000		135
Interest Earned on Investments	2,600		(447)
Rental of Municipal Property	16,000		(3,049)
Lake Parking Fees	47,000		1,330
Campground Royalty	3,600		699
<b>Total Section A: Local Revenues</b>	<b>273,700</b>	<b>-</b>	<b>3,615</b>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief Act Energy Receipts Tax	48,672		48,672
	424,789		424,789
<b>Total Section B: State Aid Without Offsetting Appropriations</b>	<b>473,461</b>	<b>-</b>	<b>473,461</b>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	58,000		104,233
<b>Total Section C: Uniform Construction Code Fees</b>	<b>58,000</b>	<b>-</b>	<b>46,233</b>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
<b>Section F: Special Items - Public and Private Programs</b>				
Off-Set with Appropriations				
Recycling Tonnage Grant	6,881		6,881	
Clean Communities Program		11,390	11,390	
Municipal Alliance on Alcoholism and Drug Abuse	19,153		19,153	
Body Armor Fund	2,098		2,098	
Bulletproof Vest		673	673	
AtlantiCare Garden Grant		250	250	
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>28,132</b>	<b>12,313</b>	<b>40,445</b>	<b>-</b>
<b>Section G: Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government</b>				
Services - Other Special Items				
Uniform Fire Safety Act	9,000		11,875	2,875
Sale of EMS Building	203,000		249,835	46,835
Rental Registrations	31,500		32,175	675
Payment in Lieu of Taxes	14,000		14,585	585
Cemetery Contribution	15,000		15,000	
Reserve for Land Sales	84,500		84,500	
EMS Rental Income	9,336		9,336	
Prior Year Legal Reimbursement	12,750		15,699	2,949
<b>Total Section G: Other Special Items</b>	<b>379,086</b>	<b>-</b>	<b>433,005</b>	<b>53,919</b>

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Total Miscellaneous Revenues:	1,212,379	12,313	103,767
Receipts from Delinquent Taxes	85,000		(70,317)
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	4,108,341		43,606
Total Amount to be Raised by Taxes for Support of Municipal Budget	4,108,341	-	43,606
Budget Totals	5,587,720	12,313	77,056
Non- Budget Revenues: Other Non- Budget Revenues:			38,070
	\$ 5,587,720	12,313	115,126

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	9,326,389
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Allocated to:

School, County and Other Taxes	5,289,310
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Balance for Support of Municipal Budget Appropriations	4,037,079
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	114,868
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Amount for Support of Municipal Budget Appropriations	4,151,947
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	2,826	
Tax Title Lien Collections	11,857	

Total Receipts from Delinquent Taxes	14,683
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Search Fees	20	
Cable Franchise Fee	12,413	
Sale of Property	8,250	
Division of Motor Vehicles Fines	100	
Code Enforcement	6,215	
Police Department	930	
Reimbursements	6,834	
Other Miscellaneous	2,983	

Subtotal Miscellaneous Revenue - Cash	37,745
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Non-cash Miscellaneous Revenue	325
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Total Miscellaneous Revenue Not Anticipated	\$	38,070
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**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
Administrative and Executive Salaries and Wages	\$ 27,500	27,500	27,500			
Governing Body	97,000	93,900	93,589		311	
Municipal Clerk (Other)						
Other Expenses	17,200	19,200	17,599	1,465	136	
City Clerk	9,420	9,620	9,486	59	75	
Governing Body						
Financial Administration	75,400	71,900	71,659		241	
Salaries and Wages	29,100	32,600	27,836		18	
Other Expenses	26,500	26,500	26,500	4,746		
Audit Services						
Assessment of Taxes						
Salaries and Wages	19,477	19,477	19,477		49	
Other Expenses	8,720	9,320	9,145	126		
Tax Collector						
Salaries and Wages	33,500	34,500	33,865		635	
Other Expenses:						
Tax Sale Costs	500	500	500			
Miscellaneous Other Expenses	5,500	5,000	4,674	198	128	
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	100	100			100	
Legal Services and Costs						
Other Expenses	89,000	140,000	113,114	24,691	2,195	
Municipal Prosecutor						
Salaries and Wages	11,500	11,500	11,500			
Engineering Services and Costs						
Other Expenses	2,200	2,200	1,920		280	
Public Buildings and Grounds						
Other Expenses	22,770	28,570	23,390	5,129	51	
Municipal Land Use Law (NJSA 40:55D-1) Planning Board						
Miscellaneous Other Expenses	8,550	8,550	7,326	1,025	199	
Zoning/Code Board of Adjustment						
Salaries and Wages	62,500	49,500	48,835		665	
Other Expenses	3,500	3,600	3,033	447	120	
Economic Development						
Other Expenses	100	100			100	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC SAFETY</b>						
Fire						
Salaries and Wages	2,700	2,700	2,700			
Other Expenses:						
Aid to Volunteer Companies	21,000	21,000				
Fire Prevention						
Salaries and Wages	13,500	13,500	13,500	1,000	1,340	-
Other Expenses	2,340	2,340				
Right to Know Act/Safety Coordinator						
Salaries and Wages	10	160	127			33
Other Expenses	250	100	-			100
Police						
Salaries and Wages	1,344,000	1,285,000	1,282,700		2,300	
Other Expenses:						
Purchase of Police Car	16,689	16,689	16,689			
Miscellaneous Other Expenses	33,524	54,524	34,289	18,773	1,462	
Police Radio and Communications						
Salaries and Wages	3,875	3,875	3,875			
Other Expenses	176,100	176,100	176,100			
Municipal Court						
Salaries and Wages	77,000	69,000	67,289		1,711	
Other Expenses	9,450	10,950	9,416	1,059	475	
Public Defender						
Salaries and Wages	4,500	4,500	4,500			
Emergency Management Services						
Salaries and Wages	1,050	1,050	1,050			
Other Expenses	900	900	660	90	150	
<b>PUBLIC WORKS</b>						
Solid Waste Collection (Public Works)						
Salaries and Wages	301,000	286,500	286,002		498	
Other Expenses:						
Hauling Fee (Tipping and Hauling Fee)	262,550	262,050	257,418		4,632	
Miscellaneous Other Expenses	41,195	71,195	62,940	7,949	306	
Solid Waste Disposal Cost	128,722	128,722	128,237		485	
City Garage						
Salaries and Wages	100	100	-		100	
Other Expenses	90	90	-		90	



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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>HEALTH AND WELFARE</b>						
Animal Control (Dog Regulation)						
Other Expenses	9,600	9,600	9,600			
<b>RECREATION AND EDUCATION</b>						
Parks and Playgrounds						
Salaries and Wages	35,400	33,400	33,210		190	
Other Expenses:						
Lining of Kern Field	25	25	-		25	
Miscellaneous Other Expenses	10,400	12,400	7,697	4,510	193	
Anniversary or Holiday						
Other Expenses	4,433	4,433	3,610		823	
Youth Program						
Other Expenses:						
Key Rec Youth Group	5,000	5,000	5,000			
Crusaders Youth Program	14,000	14,000	14,000			
<b>INSURANCE</b>						
Group Insurance Plans for Employees	652,000	637,000	623,249		13,751	
Firemen's Group Insurance Premiums	30,000	24,000	22,241		1,759	
Surety Bond Premiums	1,000	150	-		150	
Other Insurance Premiums:						
Liability Insurance (JIF)	123,846	123,846	123,843		3	
Workers Compensation (JIF)	101,328	101,328	101,327		1	
Health Benefits Waiver	2,500	2,500	2,500			
<b>UNIFORM CONSTRUCTION CODE</b>						
Construction Official						
Salaries and Wages	37,500	53,500	53,411		89	
Other Expenses	900	1,150	890		260	
<b>UNCLASSIFIED</b>						
Street Lighting	105,000	121,500	109,882	10,629	989	
Gasoline	71,500	63,500	57,047	3,724	2,729	
Electric	105,000	116,500	102,391		14,109	
Natural Gas	36,000	36,000	35,083		917	
Telephone	35,000	33,500	30,281		2,305	
Fire Hydrant Service	15,000	15,000	15,000	914	-	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Accumulated Absences	25,000	25,000	25,000			
TOTAL OPERATIONS WITHIN "CAPS"	4,411,014	4,438,514	4,294,702	86,534	57,278	-
Contingent	100	100			100	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	4,411,114	4,438,614	4,294,702	86,534	57,378	-
Detail:						
Salaries and Wages	2,147,512	2,061,562	2,054,789	-	6,773	
Other Expenses	2,263,602	2,377,052	2,239,913	86,534	50,605	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	105,842	105,842	105,842			
Social Security System (O.A.S.I.)	165,000	159,500	158,706		794	
Consolidated Police and Firemen's Pension Fund	281,948	281,948	281,948			
Unemployment Compensation Insurance	7,500	7,500	7,500			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	560,290	554,790	553,996	-	794	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	4,971,404	4,993,404	4,848,698	86,534	58,172	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"	6,000	6,000	2,000		4,000	
Recycling Tax Appropriation	6,000	6,000	2,000	-	4,000	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities Act (NJSA 13:13-99.1 et. seq.)		11,390	11,390			
Recycling Tonnage Grant	6,881	6,881	6,881			
Body Armor Fund	2,098	2,098	2,098			
Bulletproof Vest Partnership Grant		673	673			
Drug Abuse Resistance Education	19,153	19,153	19,153			
Drug Abuse Resistance Education - Local Match	4,789	4,789	4,789			
AtlantiCare Growing Green Initiative		250	250			
Total Public and Private Programs Off-Set by Revenues	<u>32,921</u>	<u>45,234</u>	<u>45,234</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	38,921	51,234	47,234	-	4,000	
Detail:						
Salaries and Wages	-	-	-			
Other Expenses	38,921	51,234	47,234		4,000	
(C) Capital Improvements						
Capital Improvement Fund	25,000	25,000	25,000			
Total Capital Improvements	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service						
Payment of Bond Principal	185,000	185,000	185,000			
Payment of Bond Anticipation Notes and Capital Notes	75,000	75,000	75,000			
Interest on Bonds	54,555	54,555	54,555			
Interest on Notes	13,500	13,500	13,500			
Total Debt Service	<u>328,055</u>	<u>328,055</u>	<u>328,055</u>	<u>-</u>	<u>-</u>	<u>-</u>
(E) Deferred Charges						
Emergency Authorizations	59,250	59,250	59,250			
Special Emergency Authorizations - 5 years	32,000	32,000	32,000			
Total Deferred Charges	<u>91,250</u>	<u>91,250</u>	<u>91,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
(N) Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 & 17.3)	18,222	18,222	18,222			

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	501,448	513,761	509,761	-	4,000
SUBTOTAL GENERAL APPROPRIATIONS	5,472,852	5,507,165	5,358,459	86,534	62,172
(M) Reserve for Uncollected Taxes	114,868	114,868	114,868		
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 5,587,720</b>	<b>5,622,033</b>	<b>5,473,327</b>	<b>86,534</b>	<b>62,172</b>
Budget		5,587,720			Cancelled
Appropriations by 40A.4-87		12,313			Overexpended
Emergency Appropriations		22,000			
		<u>5,622,033</u>			
Reserve for Uncollected Taxes			114,868		
Federal and State Grants			45,234		
Deferred Charges			91,250		
Disbursements			5,221,975		
			<u>5,473,327</u>		

**EXHIBIT B - TRUST FUND**

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

	2014	2013
<b>ASSETS</b>		
Animal Control Fund:		
Cash	\$ 2,210	1,172
	2,210	1,172
Other Funds:		
Cash - Treasurer	315,213	318,720
Cash - Collector	87,752	102,446
Due from Grant Fund	68,137	68,137
	471,102	489,303
	473,312	490,475
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Animal Control Fund:		
Reserve for Expenditures	2,210	1,172
	2,210	1,172
Other Funds:		
Reserve for Recreation Fees - Developers	58,000	40,000
Reserve for Program Loan Repayment	85,494	91,854
Reserves - Miscellaneous	327,608	357,449
	471,102	489,303
	\$ 473,312	490,475

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

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**EXHIBIT C - CAPITAL FUND**

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 138,342	34,886
Grants Receivable	300,000	300,000
Deferred Charges to Future Taxation -		
Funded	1,202,000	1,387,000
Unfunded	1,981,379	1,885,379
	<u>3,621,721</u>	<u>3,607,265</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	165,988	60,755
Bond Anticipation Notes Payable	1,775,129	1,700,129
Serial Bonds Payable	1,202,000	1,387,000
Improvement Authorizations:		
Funded	149,424	149,276
Unfunded	312,162	298,552
Reserves for:		
Demolition of Property	4,353	4,353
Development of City Airport	1,920	1,920
Design Expenses for Diesterweg Walkway/ Bikepath Phase II	10	2,260
Preliminary Expense-Diesterweg Road Reconstruction	-	2,355
Capital Improvement Fund	5,275	300
Fund Balance	5,460	365
	<u>\$ 3,621,721</u>	<u>3,607,265</u>

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

2013	185,250
2014	206,250

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

	2014	2013
Beginning Balance January 1	\$ 365	365
Increased by:		
Premiums on sale of Bonds & Notes	5,095	
Ending Balance December 31	\$ 5,460	365

**EXHIBIT D - WATER AND SEWER UTILITY FUND**

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

	2014	2013
<u>ASSETS</u>		
Operating Fund:		
Cash - Treasurer	\$ 617,838	342,430
Change Fund	200	200
	618,038	342,630
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	24,706	18,091
Water and Sewer Utility Liens	6,654	4,927
	31,360	23,018
Deferred Charges:		
Emergency Appropriation	-	70,560
	-	70,560
Total of Operating Fund	\$ 649,398	436,208

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

	2014	2013
Capital Fund:		
Cash	\$ 128,887	693,925
Grants Receivable	-	62,514
Fixed Capital - Sewer	12,902,365	12,952,875
Fixed Capital - Water	10,771,713	10,822,223
Fixed Capital - Authorized & Uncomp.	6,938,100	6,938,100
Total of Capital Fund	30,741,065	31,469,637
	31,390,463	31,905,845
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	17,667	21,914
Reserve for Encumbrances	35,490	28,179
Accrued Interest on Bonds	89,924	126,122
Utility Rent Overpayments	2,511	2,417
Utility Rents & Fire Receipts Paid in Advance	147,105	149,295
	292,697	327,927
Reserve for Receivables	31,360	23,018
Fund Balance	325,341	85,263
Total of Operating Fund	\$ 649,398	436,208



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

	<u>2014</u>	<u>2013</u>
Capital Fund:		
Bond Anticipation Notes	\$ 5,742,831	5,519,998
Serial Bonds-Water and Sewer	11,998,245	12,137,900
Encumbrances Payable/Contracts Awarded	251,129	847,544
Accrued Interest on Notes	63,737	88,497
Improvement Authorizations		
Unfunded	1,527,361	1,842,964
Reserves for:		
Amortization - Water	5,241,811	5,123,334
Amortization - Sewer	3,463,561	3,293,757
Amortization - Deferred	2,338,517	2,338,517
Reserve for Land Sales	1,012	85,461
Reserve to Pay Debt	35,432	152,550
Fund Balance	77,429	39,115
	<u>30,741,065</u>	<u>31,469,637</u>
Total of Capital Fund		
	<u>\$ 31,390,463</u>	<u>31,905,845</u>

There were Bonds and Notes authorized but not issued at December 31

2013	1,820,579
2014	1,348,100

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

	2014	2013
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 7,000	90,000
Rents	1,205,454	1,202,462
Miscellaneous Revenue Anticipated	41,470	42,429
Fire Hydrant Service	15,000	15,000
Increase in Rental Fees	9,000	-
Reserve to Pay Debt	237,000	-
Reserve for Land Sales	-	55,055
EHC North Land Sale	58,500	84,500
Conifer Connection Fee	307,314	-
FEMA Reimbursement	4,336	4,272
Other Credits to Income:		
Apply Prepaid Fire Receipts	2,312	-
Unexpended Balance of Appropriation Reserves	17,911	70,255
 Total Income	 1,905,297	 1,563,973
<u>Expenditures</u>		
Operating	922,691	845,300
Capital Improvements	-	800
Debt Service	643,968	682,805
Deferred Charges and Statutory Expenditures	91,560	21,000
 Total Expenditures	 1,658,219	 1,549,905
 Excess in Revenue	 247,078	 14,068
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year	-	70,560
 Statutory Excess to Fund Balance	 247,078	 84,628
 Fund Balance January 1	 85,263	 90,635
Decreased by:		
Utilization as Anticipated Revenue	7,000	90,000
Fund Balance December 31	\$ 325,341	85,263

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

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

	2014	2013
Balance Beginning of Year	\$ 39,115	38,839
Increased by:		
Premium on Sale of Bonds & Notes	38,314	276
Balance End of Year	\$ 77,429	39,115

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

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 7,000	7,000	
Water and Sewer Rents	1,202,000	1,205,454	3,454
Miscellaneous	42,000	41,470	(530)
Fire Hydrant Services	15,000	15,000	
Increase in Rental Fees	9,000	9,000	
FEMA Reimbursement	4,336	4,336	
Conifer Connection Fee	98,191	307,314	209,123
EHC North Land Sale	84,500	58,500	(26,000)
Reserve to Pay Debt	237,000	237,000	
	<u>\$ 1,699,027</u>	<u>1,885,074</u>	<u>186,047</u>

**Analysis of Realized Revenue**Rents

Consumer Accounts Receivable	1,215,190
Tax Title Liens	-
Overpayments Created	<u>(736)</u>
Total Collections	<u>1,214,454</u>

Miscellaneous

Interest and Penalties	6,469
Water Tap Fee	6,688
Sewer Tap Fee	9,728
Fire	17,787
Miscellaneous Other	<u>798</u>
Total Revenue Realized	<u>\$ 41,470</u>

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATING</b>						
Salaries and Wages	244,000	244,000	240,619		3,381	
Other Expenses	335,202	355,202	317,605	35,490	2,107	
Engineering Fees	5,000	5,000	180		4,820	
Legal Fees	9,500	9,500	4,122		5,378	
Atlantic County Sewerage Authority - Contractual	308,989	308,989	308,989		-	
	<u>902,691</u>	<u>922,691</u>	<u>871,515</u>	<u>35,490</u>	<u>15,686</u>	<u>-</u>
<b>CAPITAL IMPROVEMENTS</b>						
None	-	-	-	-	-	-
<b>DEBT SERVICE</b>						
Payment of Bond Principal	268,108	263,108	261,114			1,994
Payment of Bond Anticipation Notes and Capital Notes	27,167	27,167	27,167			
Interest on Bonds	409,501	394,501	355,687			38,814
	<u>704,776</u>	<u>684,776</u>	<u>643,968</u>	<u>-</u>	<u>-</u>	<u>40,808</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Deferred Charges:						
Emergency Authorization	70,560	70,560	70,560			
Statutory Expenditures						
Contribution to:						
Social Security System (O.A.S.I.)	20,000	20,000	18,019		1,981	
Unemployment Compensation Insurance	1,000	1,000	1,000			
	<u>91,560</u>	<u>91,560</u>	<u>89,579</u>	<u>-</u>	<u>1,981</u>	<u>-</u>
	<u>1,699,027</u>	<u>1,699,027</u>	<u>1,605,062</u>	<u>35,490</u>	<u>17,667</u>	<u>40,808</u>
		Interest on Bonds and Notes	355,687			
		70,560				
		<u>1,178,815</u>				

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

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**EXHIBIT G - GENERAL FIXED ASSET GROUP OF ACCOUNTS**

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

	<u>2014</u>	<u>2013</u>
General Fixed Assets:		
Land	\$ 859,675	859,675
Buildings	1,548,321	1,548,321
Improvements Other than Buildings	561,682	561,682
Equipment	738,375	709,786
Vehicles	1,621,010	1,621,010
Furniture	<u>12,332</u>	<u>12,332</u>
Total General Fixed Assets	<u>5,341,395</u>	<u>5,312,806</u>
Investment in General Fixed Assets	<u>\$ 5,341,395</u>	<u>5,312,806</u>

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## **NOTES TO FINANCIAL STATEMENTS**

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# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2014 AND 2013

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Egg Harbor City was incorporated in 1858 and is located in the northern section of Atlantic County. The population estimate by the US Department of Census as of July 2010 is 4,398. The City provides to its citizens the following services: public safety, recreation, public improvements, planning and zoning, garbage and trash collection, water and sewer services, and general administrative services.

Egg Harbor City is governed by a Mayor and a nine-member City Council. The Mayor is the chief executive officer and Council is the legislative body of the City. The Mayor is elected to a four-year term and the nine City Council members are elected to three-year terms. The Council monitors the daily administrative functions.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Egg Harbor City operates a Cemetery which is managed by a seven member board. Although the Cemetery is a component unit of the City, under State of New Jersey reporting requirements it is not included in these financial statements. Complete financial statements of the Egg Harbor City Cemetery may be obtained from the City Clerk, Egg Harbor City, 500 London Avenue, Egg Harbor City, NJ 08215.

#### B. Description of Funds

The accounting policies of Egg Harbor 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, Egg Harbor 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 and acquisition of capital facilities other than those acquired in the Current Fund.

As permitted by Generally Accepted Accounting Principles (GAAP), the City has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable

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

Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued before November 30, 1989 in its accounting and reporting practices for its water and sewer utility fund.

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

### C. Basis of Accounting

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

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

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended 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. Ordinarily, it is the intention of the City to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of the foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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 are not included on the various balance sheets.

General Fixed Assets -- Egg Harbor City has developed a fixed assets accounting and reporting system in accordance with the requirements of the State of New Jersey, Division of Local Government Services. This reporting system differs in certain respects from Generally Accepted Accounting Principles.

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

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. The City's fixed asset capitalization threshold is \$5,000 for both general and utility capital assets.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

The following schedule is a summarization of the changes in general fixed assets for the calendar years ended December 31, 2014 and 2013.

	Balance 12/31/13	Additions/ Transfers	Disposals/ Transfers	Balance 12/31/14
Land	\$ 859,675			859,675
Buildings	1,548,321			1,548,321
Improvements	561,682			561,682
Equipment	709,786	28,589		738,375
Furniture	12,332			12,332
Vehicles	1,621,010			1,621,010
	<u>5,312,806</u>	<u>28,589</u>	<u>-</u>	<u>5,341,395</u>
	Balance 12/31/12	Additions/ Transfers	Disposals/ Transfers	Balance 12/31/13
Land	859,675			859,675
Buildings	1,548,321			1,548,321
Improvements	561,682			561,682
Equipment	717,813	11,092	(19,119)	709,786
Furniture	12,332			12,332
Vehicles	1,844,303	76,047	(299,340)	1,621,010
	<u>\$ 5,544,126</u>	<u>87,139</u>	<u>(318,459)</u>	<u>5,312,806</u>

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

The following schedule is a summarization of the changes in utility capital fixed assets for the calendar years ended December 31, 2014 and 2013. Under the New Jersey Regulatory Basis of Accounting no depreciation is taken on these assets.

	Balance 12/31/13	Additions	Adjustments/ Disposals	Balance 12/31/14
Sewer Assets	\$ 12,952,875		(50,510)	12,902,365
Water Assets	10,822,223		(50,510)	10,771,713
Authorized Assets				
Water	6,938,100			6,938,100
	<u>30,713,198</u>	<u>-</u>	<u>(101,020)</u>	<u>30,612,178</u>
	Balance 12/31/12	Additions	Adjustments/ Disposals	Balance 12/31/13
Sewer Assets	12,774,065	178,810		12,952,875
Water Assets	10,643,413	178,810		10,822,223
Authorized Assets				
Sewer	67,570		(67,570)	0
Water	7,005,671		(67,571)	6,938,100
	<u>\$ 30,490,719</u>	<u>357,620</u>	<u>(135,141)</u>	<u>30,713,198</u>

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 the 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.

Utility Levy – The City operates both a sewer and water utility. Rates are determined by ordinance and changed when needed. Sewer charges are based on flat fees based on the type of entity. Water charges are based on a flat “meter” charge, based on the size of the meter, plus a usage charge as determined by meter readings. The water and sewer charges are billed on January 1, April 1, July 1, and October 1. The City establishes a 100% reserve for all outstanding water and sewer receivables. Revenue is recognized when the payment is made.

Interest on Delinquencies – On an annual basis, City Council determines the rate of interest to charge for delinquent tax and utility charges. For the years 2014 and 2013 the City charged 8% of the first \$1,500 of delinquency and 18% for any cumulative amount in excess of \$1,500. In addition, there is an annual charge of 6% for any delinquencies in excess of \$10,000 on December 31. The City allows a ten (10) day grace period from the quarterly due date; but, the interest is calculated from the due date for any payments beyond the grace period.

Capitalization of Interest -- It is the policy of Egg Harbor City to treat interest on general capital projects as a current expense and the interest is included in the current operating budget. Total interest charged to the operating budget was \$54,555 in 2014 and \$78,735 in 2013. For utility capital projects, the City elects on a project by project basis the decision to capitalize interest. Total interest charged to the utility operating budget was \$355,687 in 2014 and \$417,856 in 2013. During the years ended December 31, 2014 and 2013, \$71,223 and \$89,492, respectively, was charged to utility capital projects.

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

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 reports amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting. Balance sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

### **E. Comparative Data**

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

### **F. Recent Accounting Pronouncements Not Yet Effective**

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

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

### **Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$114,868 and \$132,553. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$182,000 and \$182,000.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2014 and 2013 calendar years:

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

	<u>2014</u>	<u>2013</u>
Insurance		
Group Insurance for Employees	\$ (15,000)	(10,000)
Legal		
Other Expenses	51,000	
Zoning/Code Enforcement		
Salaries and Wages	(13,000)	
Police		
Salaries and Wages	(59,000)	
Other Expenses	21,000	
Solid Waste Collection (Public Works)		
Other Expenses: Hauling Fee		
Other Expenses		(10,000)
Solid Waste Disposal		20,000
Municipal Court		
Salaries and Wages	(8,000)	(7,500)
Department of Public Works		
Salaries and Wages	(14,500)	
Other Expenses	30,000	
Street Lighting	16,500	
Electric	11,500	12,700
Gasoline	(8,000)	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2014 and 2013 calendar years, City Council approved the following significant budget insertions:

	<u>2014</u>	<u>2013</u>
New Jersey Department of Transportation		
Reconstruction of Diesterweg Street	\$	187,000
Clean Communities	11,390	

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

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Common Council did not approve any special emergency appropriations during 2014 or 2013. During the 2014 and 2013 calendar years, the following emergency appropriations were approved by the Common Council:

	<u>2014</u>	<u>2013</u>
Current Operating:		
Legal Services and Costs		
Other Expenses	\$	50,000
Solid Waste Collection (Public Works)		
Other Expenses		9,250
Construction Code Official		
Salaries and Wages	22,000	
Utility Operating:		
Debt Service		
Interest on Bonds		70,560

**Note 3: INVESTMENTS**

As of December 31, 2014 and 2013, the municipality has investments totaling \$263,331 and \$19,998.

During the period ended December 31, 2014 and 2013 the City held investments in Bond Anticipations Notes of the City in the amounts of \$263,331 and \$19,998. These investments represent 100% of the City's investments. Interest is charged at 0.00% per annum. The fair value measurement of these investments fall within the Level 3 hierarchy level, indicating there is a measurable input for the asset or liability. There has been no change in valuation technique or related inputs.

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

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

**Concentration of Credit Risk.** The municipality places no limit on the amount the City may 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

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

by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2014 and 2013, \$0 of the municipality's bank balance of \$2,236,894 and \$2,721,643 was exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

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

	Balance 12/31/13	Additions	Reductions	Balance 12/31/14	Due in One Year
General	\$ 1,387,000		185,000	1,202,000	190,000
Water and Sewer Utility	12,137,900	5,295,000	5,434,655	11,998,245	204,607
Compensated Absences	332,584	227,733	206,508	353,809	-
<b>Total</b>	<b>13,857,484</b>	<b>5,522,733</b>	<b>5,826,163</b>	<b>13,554,054</b>	<b>394,607</b>

  

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Due in One Year
General	1,562,000		175,000	1,387,000	185,000
Water and Sewer Utility	12,396,182		258,282	12,137,900	268,109
Compensated Absences	344,372	23,204	34,992	332,584	34,078
<b>Total</b>	<b>\$ 14,302,554</b>	<b>23,204</b>	<b>468,274</b>	<b>13,857,484</b>	<b>487,187</b>

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

\$2,317,000 General Improvement Bond dated 12/1/05 payable in annual installments commencing 12/1/08 and continuing through 12/1/20. Interest is paid semiannually at varying rates ranging from 3.25% to 4.00%. The balance remaining as of December 31, 2014 was \$1,202,000.

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

\$220,000 Sewer Utility bond dated 9/26/02 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$5,956 through 3/26/43. Interest is calculated at 4.50% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. Installments due on 3/26/15 through and including 9/26/42 amounting to \$188,443 were refunded on 10/8/14. The remaining balance on this issue as of December 31, 2014 was \$0.

\$839,000 Sewer Utility bond dated 4/22/04 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$22,712 through 10/22/2044. Interest is calculated at 4.50% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. Installments due on 10/22/14 through and including 10/22/44 amounting to \$749,328 were refunded on 10/8/14. The remaining balance on this issue as of December 31, 2014 was \$0.

\$160,800 Sewer Utility bond dated 10/1/05 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$4,199 through 6/1/45. Interest is calculated at 4.25% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. Installments due on 12/10/14 through and including 6/10/45 amounting to \$143,867 were refunded on 10/8/14. The remaining balance on this issue as of December 31, 2014 was \$0.

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

\$715,000 Water and Sewer Utility Bond dated 12/1/05 payable in annual installments commencing 12/1/08 and continuing through 12/1/20. Interest is paid semiannually at varying rates ranging from 3.50% to 4.00%. The balance remaining as of December 31, 2014 was \$400,000.

\$4,400,000 Water and Sewer Utility Bond dated 2/15/08 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$116,996 through 2/15/48. Interest is calculated at 4.375% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. Installments due on 2/15/15 through and including 5/15/48 amounting to \$4,091,903 were refunded on 10/8/14. The remaining balance on this issue as of December 31, 2014 was \$0.

\$1,690,000 Water and Sewer Refunding Bond dated April 26, 2011 payable in annual installments commencing 8/1/11 and continuing through 8/1/25. Interest is paid semiannually at varying rates ranging from 2.00% to 4.00%. The total savings to the City was \$58,271, or 3.695% as a result of refunding the 1990 bond issues. Refunding bonds maturing on or after 8/1/22 are subject to redemption prior to maturity at the option of the City on any date on or after 8/1/21. The balance remaining as of December 31, 2014 was \$1,490,000.

\$5,056,000 Water and Sewer Utility Bond dated 10/14/11 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$96,216 through 10/14/51. Interest is calculated at 2.25% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance on this issue as of December 31, 2014 was \$4,813,245.

\$5,295,000 Water and Sewer Refunding Bonds dated 10/8/14 payable in annual installments commencing 10/15/17 and continuing through 10/15/43. Interest is paid semiannually at varying rates ranging from 2.0% to 4.0%. The total savings to the City was \$254,145, or 4.973% as a result of refunding the 2002, 2004, 2005, and 2008 USDA Loans. Refunding bonds maturing on or after 10/15/25 are subject to redemption prior to maturity at the option of the City on any date on or after 10/15/24. The remaining balance as of December 31, 2014 was \$5,295,000.

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

Year	General Capital		Utility Capital	
	Principal	Interest	Principal	Interest
2015	\$ 190,000	48,080	204,607	373,284
2016	200,000	40,480	276,522	363,923
2017	210,000	32,480	333,479	356,553
2018	210,000	24,080	390,481	347,726
2019	210,000	15,680	402,529	335,778
2020-2024	182,000	7,280	2,035,010	1,492,450
2025-2029			1,593,605	1,195,343
2030-2034			1,639,135	967,625
2035-2039			1,927,421	678,639
2040-2044			1,959,383	307,977
2045-2049			866,046	96,114
2050-2052			370,027	10,391
	\$ <u>1,202,000</u>	<u>168,080</u>	<u>11,998,245</u>	<u>6,525,803</u>

As of December 31, 2014, the carrying value of the above bonds approximates the fair value of the bonds.

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

Summary of Municipal Debt

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
Issued			
General – Bonds and Notes	\$ 2,977,129	3,087,129	2,849,050
Water & Sewer Utility - Bonds & Notes	17,741,076	17,657,898	14,022,847
Total Issued	<u>20,718,205</u>	<u>20,745,027</u>	<u>16,871,897</u>
Authorized But Not Issued			
General – Bonds and Notes	206,250	185,250	505,579
Water & Sewer Utility – Bonds & Notes	1,348,100	1,820,579	5,498,900
Total Authorized But Not Issued	<u>1,554,350</u>	<u>2,005,829</u>	<u>6,004,479</u>
Total	<u>\$ 22,272,555</u>	<u>22,750,856</u>	<u>22,876,376</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 2.001%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 8,400,000	6,949,296	1,450,704
Regional High School District Debt	1,469,776	1,469,776	-
Water & Sewer Utility Debt	19,089,176	19,089,176	-
General Debt	3,183,379	-	3,183,379
	<u>\$ 32,142,331</u>	<u>27,508,248</u>	<u>4,634,083</u>

As a Kindergarten through Grade 8 District, the allowable deduction to gross debt is limited to 3% of the average equalized valuation. As indicated above, the Local School District gross debt exceeded 3%, and therefore a portion is included as Net Debt to the City.

Net Debt \$4,634,083 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$231,643,212 =2.001%.

The above information is in agreement with the Annual Debt Statement filed by Egg Harbor City.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$ 8,107,512
Net Debt	<u>4,634,083</u>
Remaining Borrowing Power	<u>\$ 3,473,429</u>

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

**Note 6: SHORT TERM OBLIGATIONS**

	Balance 12/31/13	Additions	Reductions	Balance 12/31/14
General Capital Notes	\$ 1,700,129	1,775,129	1,700,129	1,775,129
Utility Capital Notes	5,519,998	5,742,831	5,519,998	5,742,831
Special Emergency Notes	56,000	24,000	56,000	24,000
Tax Anticipation Notes	-	2,300,000	2,300,000	-
	<u>7,276,127</u>	<u>9,841,960</u>	<u>9,576,127</u>	<u>7,541,960</u>

  

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13
General Capital Notes	1,287,050	485,579	72,500	1,700,129
Utility Capital Notes	1,626,665	3,900,000	6,667	5,519,998
Special Emergency Notes	88,000		32,000	56,000
	<u>\$ 3,001,715</u>	<u>4,385,579</u>	<u>111,167</u>	<u>7,276,127</u>

The City borrowed \$2,300,000 in Tax Anticipation Notes on July 15, 2014 in anticipation of the receipt of taxes and other revenue for the calendar year. The note matured October 15, 2014 and was paid in full. Interest was paid at a rate of 1.25% per annum.

The City has outstanding at December 31, 2014 the following special emergency and bond anticipation notes:

	Amount	Issue Date	Maturity Date	Interest Rate
Current Fund:				
Ocean City Home Bank	\$ 24,000	2/3/14	1/30/15	1.25%
General Capital:				
Oppenheimer & Co.	1,775,129	2/3/14	1/30/15	1.25%
Water & Sewer Capital				
Oppenheimer & Co.	5,479,500	2/3/14	1/30/15	1.25%
Egg Harbor City	263,331	2/3/14	1/30/15	0.00%
Total Special Emergency And Bond Anticipation Notes	<u>7,541,960</u>			

The City renewed the special emergency note upon maturity, after a pay down of \$12,000, for an additional one year period. The interest rate on this note is 1.25% per annum. Upon maturity of the remaining notes, the City paid down \$101,750 of the existing debt and issued \$171,000 in new debt. The bond anticipation note of \$7,323,879 will mature on 1/28/16, at an interest rate of 1.00% per annum. Although the \$263,331 utility note is non-interest bearing, the discount is not reflected as it is between funds of the City and not significant.

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

**Note 7: LEASE OBLIGATIONS**

During the year ended December 31, 2014, the City had lease agreements in effect for the following:

Operating Lease:

Effective 1/1/12, the City has entered into an agreement for the lease of a copy machine. The term of the lease is 48 months and the City has the option to purchase the equipment at fair market value upon expiration. Payments of \$276 are due monthly.

Effective 7/1/13, the City has entered into an agreement for the lease of a mail system. The term of the lease is 60 months and the city has the option to purchase the equipment at fair market value upon expiration. Payments of \$79 are due monthly.

Future minimum payments under this lease are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 4,260
2016	948
2017	948
2018	474
Total	<u>\$ 6,630</u>

Capital Leases:

The City is leasing three (3) police vehicles totaling \$85,500 under a capital lease. Annual payments are made to MMD Financial, LLC and include interest of 6.5% per annum. The following is a schedule of the future minimum lease payments under this capital lease.

<u>Year</u>	<u>Amount</u>
2015	\$ 16,689
2016	16,719
2017	16,689
Total Minimum Lease Payments	<u>50,097</u>
Less: Amount Representing Interest	<u>6,102</u>
Present Value of Net Minimum Lease Payments	<u>\$ 43,995</u>

Rental expenses charged to operations in 2014 and 2013 were \$20,949 and \$20,001 respectively.

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

**Note 8: FUND BALANCES APPROPRIATED**

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

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2014	\$ 259,776	237,000	91.23%
	2013	283,706	182,000	64.15%
	2012	220,108	182,000	82.69%
	2011	92,952	90,552	97.42%
	2010	240,374	195,000	81.12%
Water & Sewer Utility Fund	2014	325,341	208,147	63.98%
	2013	85,263	7,000	8.21%
	2012	90,635	90,000	99.30%
	2011	-	-	-
	2010	-	-	-

As of the date of this audit report, the City has not adopted the 2015 Local Municipal Budget and the above amounts are subject to change. Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the City to appropriate in the 2015 budget is \$237,776 for the current fund and \$325,343 for the utility fund.

**Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	Balance 12/31/14	2015 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Emergency Appropriation	\$ 22,000	22,000	
Special Emergency NJSA 40A:4-55	24,000	12,000	12,000
	\$ 46,000	34,000	12,000

The appropriations in the 2015 Budget are not less than that required by statute.

**Note 10: SCHOOL TAXES**

Local District School Taxes in the amounts of \$2,841,100 and \$2,841,129 have been raised for the 2014 and 2013 calendar years and remitted to the local school district. Regional High School Tax in the amounts of \$1,304,495 and \$1,215,436 have been raised for the 2014 and 2013 calendar years and remitted to the regional high school district. The regional high school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service, if any. New Jersey Statutes permit a deferral of up to 50% of the current tax levy for those districts that levy on a fiscal year.

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

	Local District School Tax		Regional High School Tax	
	Balance 12/31/14	Balance 12/31/13	Balance 12/31/14	Balance 12/31/13
Balance of Tax	\$ -	-	537,119	497,080
Deferred	-	-	485,108	485,108
Tax Payable	\$ -	-	52,011	11,952

**Note 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/14	Balance 12/31/13
Prepaid Taxes	\$ 125,526	105,559
Cash Liability for Taxes Collected in Advance	125,526	105,559

**Note 12: PENSION FUNDS**

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) 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.

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.

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,

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

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.

### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.78% through June 30, 2014 and 6.92% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 12.5% of covered payroll. The City's contributions to PERS for the years ended December 31, 2014, 2013, and 2012 were \$105,842, \$139,238, and \$156,340.

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 28.8% of covered payroll. The City's contributions to PFRS for the years ended December 31, 2014, 2013, and 2012 were \$281,948, \$277,974, and \$251,464.

The total payroll for the year ended December 31, 2014, 2013, and 2012 was \$2,223,257, \$2,444,356, and \$2,399,588. Payroll covered by PERS was \$848,118, \$893,312, and \$1,169,398. Covered payroll by PFRS was \$978,428, \$1,122,319, and \$1,104,187.

### 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 2012, 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.

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

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

### **Note 13: POST-RETIREMENT BENEFITS**

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

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

It is the policy of the City to pay for the health care coverage for any retired police officers hired prior to 1993 or firefighter, subject to certain requirements. All other retirees are offered benefits through COBRA.

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

Plan Coverage – City employees are currently covered by the Policemen Benevolent Association Mainland Local 77 or Teamsters Local #331. Department heads are not included in either union but have separate employment agreements. It is the policy of the City to pay for the health care coverage for any retired police officers hired prior to 1993 or firefighter, subject to certain requirements. All other retirees are offered benefits through COBRA.

The City's contributions to SHBP for post-retirement benefits for the years ended December 31, 2014, 2013 and 2012, were \$59,747, \$43,142, and \$25,761, respectively, which equaled the required contribution for the year.

#### **Note 14: DEFERRED COMPENSATION**

Employees of Egg Harbor 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 City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan 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 employees.

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

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

The City has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$353,809 in 2014 and \$332,584 in 2013. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Employees covered by the PBA contract will be paid for unused vacation days and up to 45 days of accumulated sick time upon retirement. Employees covered under the Teamsters, as well as non-union employees, will be paid for the number of vacation days accumulated from the current year plus any days remaining from the prior year, along with a maximum of 45 sick days. 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. As of December 31, 2014 and 2013 the total amount accumulated was \$21,886 and \$32,497, respectively.

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

**Note 16: ECONOMIC DEPENDENCY**

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

**Note 17: RISK MANAGEMENT**

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

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

The City is a member of the Statewide Joint Insurance Fund which also includes other municipalities throughout the State. The City is obligated to remit insurance premiums into this fund for sufficient insurance coverage. There is an unknown contingent liability with the Statewide Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a coverage limitation of \$10,000,000. There was no reduction in coverage and no claims in excess of coverage during 2014 or 2013. The Statewide Insurance Fund issues its own financial report which may be obtained from the Statewide Insurance Fund, 30A Vreeland Road, Florham Park, NJ 07932-0678.

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

<u>Calendar Year</u>	<u>City Contributions</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 8,500	12	3,681	14,079	3,181
2013	21,000	5	3,749	22,890	5,067
2012	26,000	19	3,591	33,783	3,203

**Note 18: TAX ABATEMENT PROGRAM**

The tax abatement program was established to encourage commercial and industrial development in Egg Harbor City. It is a five year program where real estate taxes on the approved buildings are abated and payments are made in lieu. The value of the building improvements must exceed \$100,000 for commercial and the properties are tax exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 20% of the assessed value, with annual increases of 20% until the end of five years.

The tax exemption program was established to encourage residential property improvements in Egg Harbor City. This exemption is permitted on properties that are more than twenty (20) years old as well as new dwellings. This is also a five year program. The Assessor’s full and true value of the home improvements must not exceed \$15,000 and will not increase the value of the property for five years.

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

**Note 19: LITIGATION**

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

**Note 20: UNION CONTRACTS**

City employees are organized into two collective bargaining units; the Policeman's Benevolent Association, Inc. and Teamster's Local #331. The current three year contracts are effective for the period of January 1, 2014 through December 31, 2016.

<u>Bargaining Unit</u>	<u>Job Category</u>	<u>Members</u>
PBA Mainland Local No. 77	Police	Full time police personnel with arrest powers, with the exception of the Chief of Police and Police Clerk
Teamsters Local #331	General	All full time and regular part time blue collar employees and white collar employees; Excludes all managerial executives, confidential employees, police employees, supervisors, professional employees, craft employees and all other employees of the City

**Note 21: RELATED PARTY TRANSACTIONS**

The seven members of the Egg Harbor City Cemetery Board of Trustees are appointed by the Common Council of Egg Harbor City. During the 2014 and 2013 calendar years, the City paid \$33,073 and \$30,400, respectively for salaries and related benefits for Cemetery employees. In addition, they charged the Cemetery \$15,000 for maintenance services performed at the Cemetery during 2014 and 2013. The Cemetery has reimbursed the City for all expenses.

**Note 22: CONTINGENCIES, GRANTS AND CONTRACTS**

The City awarded contracts in 2014 and 2013 for various acquisitions and improvements throughout the City. The balance remaining on these contracts as of December 31, 2014 is as follows:

<u>Contract</u>	<u>Funding Source</u>	<u>Balance at 12/31/14</u>
Construction of Water Treatment Plant	US Rural Develop. Grant & Loan	\$ 246,654
Reconstruction of Diesterweg Street	NJ Department of Transportation And City Bond Ordinance #14-2012	194,215

**Note 23: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The City is the owner of a non-operating landfill. The State of New Jersey Department of Environmental Protection is the organization that monitors all activity related to landfills. Prior to closing the landfill certain fees were placed into an escrow which has a balance of \$8,325 and \$8,322 on December 31, 2014 and 2013. 100% of the landfill capacity has been used and, therefore the landfill has no remaining useful life.



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

The recognition of liability for closure and post closure costs is generally based on the landfill capacity used to date. However, the cost to close the landfill and to cover future post closure costs has not been determined. The City anticipates meeting the post closure requirements on a pay as you go basis. The \$8,325 certificate of deposit is restricted for post closure use.

**Note 24: INTERFUND BALANCE**

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

	<u>Due From</u>	<u>Due To</u>
Current Fund: Grant Fund	\$	202,256
Grant Fund: Current Fund	202,256	
Trust Fund		68,137
Trust Fund: Grant Fund	68,137	

The amount due to the Grant Fund from the Current Fund is the result of funds received on the various grants that have not yet been expended. The amounts due to the trust funds is the result of prior housing rehabilitation loans that were repaid and construction fees collected in the current fund that are due to the third party inspectors.

**Note 25: SUBSEQUENT EVENTS**

On March 12, 2015, the City adopted a resolution authorizing the appropriation of \$13,400 from the capital improvement fund for preliminary costs to determine the scope and cost of the reconstruction of Diesterweg Street between Breman and New Orleans Avenues. In addition, on May 14, 2015, the City adopted a resolution authorizing the appropriation of \$18,800 from the capital improvement fund for preliminary costs to determine the scope and cost for the Atlantic Avenue Transit Path Extension.

The City has evaluated subsequent events through June 29, 2015, the date which the financial statements were available to be issued and no additional items, except as noted above, were noted for disclosure or adjustment.

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## **SUPPLEMENTARY DATA**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Common Council  
Egg Harbor City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 29, 2015, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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

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

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

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

### **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Very truly yours,

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

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

*Leon P. Costello*

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

**June 29, 2015**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal or State Grantor/Pass-Through Grantor/Program Title	Grant Period	CFDA # or Pass-Through Grantor's #	Program or Award Amount	Balance Dec. 31, 2013	Receipts or Revenue Recognized	Disbursements/Expenditures	Prior Year Encumbrances Reversed/Adjustment	Balance Dec. 31, 2014
<b>Federal:</b>								
US Department of Agriculture								
Community Facilities Loans and Grants	1/1/13 - 12/31/13	10.766	27,750 \$	25,139	-	25,139	-	-
Purchase of Equipment-Public Works				25,139		25,139		
Total US Department of Agriculture				1,853				1,853
Department of Housing and Urban Development								
Passed through State of New Jersey				1,853				1,853
Department of Community Affairs				1,853				1,853
Division of Housing-Small Cities								
Community Development								
Housing Rehabilitation	1/1/01 - 12/31/01	14.228	350,000					
Total Dept of Housing and Urban Development				300,000				300,000
US House Transportation and Infrastructure								
Pedestrian and Bicycle School Access	1/1/13 - 12/31/13	20.205	300,000					
Total US House Transportation and Infrastructure				300,000				300,000
U.S. Department of Justice								
Bulletproof Vest Program	1/1/12 - 12/31/12	N/A	795	425		425		-
Bulletproof Vest Program	1/1/13 - 12/31/13	N/A	560	560	673	560		-
Bulletproof Vest Program	1/1/14 - 12/31/14	N/A	673					673
Total U.S. Department of Justice				985	673	985		673
Department of Human Services								
Federal Emergency Management Assistance				7,980			(7,980)	-
Pre-Disaster Mitigation Planning Grant	1/1/13 - 12/31/13	97.047	60,000					
Total Department of Human Services				7,980			(7,980)	-
<b>Total Federal Awards</b>				<b>\$ 335,957</b>	<b>673</b>	<b>26,124</b>	<b>(7,980)</b>	<b>302,526</b>

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's #	Program or Award Amount	Balance Dec. 31, 2013	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2014	(Memo Only) Total Cumulative State Expenditures
<b>State of New Jersey</b>									
Department of Environmental Protection									
Hazardous Discharge Site Remediation	1/1/04-12/31/04	NA	280,057 \$	143,518	-	-	-	143,518	136,539
				<u>143,518</u>				<u>143,518</u>	
Solid Waste Administration									
Clean Communities Program	1/1/12-12/31/12	4900-765-178910-6C	10,342	5,475		5,475		5,035	10,342
Clean Communities Program	1/1/13-12/31/13	4900-765-178910-6C	12,142	12,142		7,107		11,390	7,107
Clean Communities Program	1/1/14-12/31/14	4900-765-178910-6C	11,390		11,390			4,073	1,099
Recycling Tonnage	1/1/13-12/31/13	4830-752-050580-5C	5,172	4,256		183		6,881	
Recycling Tonnage	1/1/14-12/31/14	4830-752-050580-5C	6,881		6,881			27,379	
				<u>21,873</u>	<u>18,271</u>	<u>12,765</u>	<u>-</u>	<u>27,379</u>	
Division of Law & Public Safety									
Body Armor Fund	1/1/12-12/31/12	N/A	1,693	1,263		760		503	1,190
Body Armor Fund	1/1/13-12/31/13	N/A	1,726	1,726	2,098			1,726	
Body Armor Fund	1/1/14-12/31/14	N/A	2,098					2,098	
				<u>2,989</u>	<u>2,098</u>	<u>760</u>	<u>-</u>	<u>4,327</u>	
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1/1/08-12/31/08	1110-101-030000-12904C	5,119	1,215		1,215		64	5,119
Drunk Driving Enforcement Fund	1/1/09-12/31/09	1110-101-030000-12904C	64	64		64		2,261	64
Drunk Driving Enforcement Fund	1/1/11-12/31/11	1110-101-030000-12904C	6,412	6,412		2,261		4,151	2,261
				<u>7,697</u>	<u>-</u>	<u>3,540</u>	<u>-</u>	<u>4,151</u>	
New Jersey Department of Transportation									
Reconstruction of Diestenberg Street	1/1/13-12/31/13	6320-480-601381-61	187,000	166,300		166,300		(2,645)	187,000
Reconstruction of New Orleans Avenue	1/1/12-12/31/12	6320-480-601381-61	180,000	38,374		35,729		(2,645)	177,355
				<u>204,674</u>	<u>-</u>	<u>202,029</u>	<u>-</u>	<u>-</u>	
Total State Assistance				<u>380,745</u>	<u>20,369</u>	<u>219,094</u>	<u>(2,645)</u>	<u>179,375</u>	
Total Federal Awards and State Financial Assistance			\$	<u>716,702</u>	<u>21,042</u>	<u>245,218</u>	<u>(10,625)</u>	<u>481,901</u>	



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

**Note 1: BASIS OF PRESENTATION**

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

In calculating the total federal programs expended, the U.S. Department of Agriculture loans have been excluded. Although the Federal government is at risk for these funds, the loan proceeds were received and expended in prior years and there are no compliance requirements other than to repay the loans.

**Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

	<u>State</u>	<u>Federal</u>
Expenditures per Schedule of State Financial		
Assistance and Federal Awards	\$ 219,094	26,124
Less: Current Year Encumbrances	(298,585)	
Add: Prior Year Encumbrances	138,174	51,991
Expenditures reported in Basic Financial Statements	<u>\$ 58,683</u>	<u>78,115</u>

The balance remaining on U.S. Department of Agriculture Rural Development Loans as of December 31, 2014 amounted to \$4,813,245.

***Schedule of Financial Statement Findings***

**NONE**

***Status of Prior Year Recommendations***

**NONE**

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2013	\$	704,446
Increased by Receipts:		
Tax Collector		9,403,509
Revenue Accounts Receivable		1,147,850
Miscellaneous Revenue		37,745
Petty Cash and Change Funds		350
State of New Jersey		
Senior Citizens and Veterans		45,473
Marriage License Fees		750
Burial Permit Fees		10
DCA Training Fees		7,704
Amounts Due From		
General Capital		1,780,224
Utility Operating		356,667
Utility Capital		5,595,982
Animal Control Fund		526
Trust Funds Other		63,251
Unemployment Trust Fund		14,079
Grant Fund		
Current year Grants Receivable		253,953
Unappropriated Reserves		11,196
Lake Security Deposits		450
Prior Year Legal Reimbursement		15,699
Refund Overpayment		1,498
Tax Anticipation Note Proceeds		2,300,875
Special Emergency Note Rollover		24,000
		<u>21,061,791</u>
		21,766,237

**CURRENT FUND  
 SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>
Decreased by Disbursements:	
Current Year Appropriation	5,221,975
Appropriations Reserves	109,925
Accounts Payable	3,313
Petty Cash and Change Funds	425
County Taxes	1,141,807
Local District School Tax	2,841,100
Regional High School Tax	1,264,436
Lake Security Deposits	450
Refund Overpayments	7,267
Special Emergency Note	56,000
Tax Anticipation Note Payoff	2,300,000
State of New Jersey	
Marriage License Fees	500
Burial Permit Fees	5
DCA Training Fees	7,403
Amounts Due To	
Animal Control Trust	1,572
Grant Fund	151,394
General Capital	1,871,439
Utility Capital	5,825,483
Utility Operating	350,000
	<u>21,154,494</u>
Balance December 31, 2014	\$ <u><u>611,743</u></u>

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

Balance December 31, 2013		\$	-
Increased by Receipts:			
Prepaid Taxes	125,526		
Taxes Receivable	9,167,661		
Revenue Accounts Receivable	98,465		
Tax Title and Other Liens	<u>11,857</u>		
			<u>9,403,509</u>
			9,403,509
Payments to Treasurer			<u>9,403,509</u>
Balance December 31, 2014		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2013	Current Year Levy	Added Taxes	Overpayments Created	Overpayments 2013	Collections by Cash 2014	Overpayments (Applied)	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2014
Arrears 2013	\$ 1,349 261 1,610					2,826 2,826				1,273 1,273	2,622 6 2,628
2014		9,393,555	43,173		105,559	9,212,614	8,216	17,390	88,458	(1,273)	3,218
\$	1,610	9,393,555	45,745	-	105,559	9,215,440	8,216	17,391	88,458	-	5,846

Cash Receipts  
9,167,661  
47,779  
Senior Citizens and Veterans  
9,215,440

**Analysis of Current Year Tax Levy**

Tax Yield:  
 General Property Tax 9,393,555  
 Added Taxes (54:4-63.1 et. Seq.) 43,173  
9,436,728

Tax Levy:  
 General County Taxes 955,679  
 County Library Taxes 94,555  
 County Open Space Taxes 13,479  
 County Health Taxes 74,756  
 County Added and Omitted Taxes 5,246  
 Total County Taxes 1,143,715

Local School District Tax 2,841,100  
 Regional High School District Tax 1,304,495

Local Tax for Municipal Purposes 4,108,341  
 Add: Additional Tax Levied 39,077  
4,147,418

9,436,728

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

Balance December 31, 2013	\$	520,040
Increased by:		
Transfers from Taxes Receivable	88,458	
Interest and Costs Accrued by Sale of December 16, 2014	26,141	
Added Tax Title Liens Demolition & Code Enforcement	<u>615</u>	
		<u>115,214</u>
		635,254
Decreased by:		
Collections	11,857	
Cancelations	<u>226</u>	
		<u>12,083</u>
Balance December 31, 2014	\$	<u><u>623,171</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2013	Accrued in 2014	Collected by		Balance Dec. 31, 2014
			Collector	Treasurer	
<b>Tax Collector:</b>					
Interest and Costs on Taxes	\$	50,135	50,135		
Lake Parking Fees		48,330	48,330		
<b>Treasurer:</b>					
<b>Licenses:</b>					
Alcoholic Beverage		22,698		22,698	
Other		46,703		46,703	
Construction Code Fees		104,233		104,233	
<b>Fines and Costs:</b>					
Municipal Court	5,439	92,678		90,046	8,071
Interest Earned on Investments		2,153		2,153	
Consolidated Municipal Property Tax Relief					
Energy Receipts Tax		48,672		48,672	
Rental Registration Fees		424,789		424,789	
Campground Royalty		32,175		32,175	
EMS Rental Property		4,299		4,299	
Rental of Municipal Property		9,336		9,336	
Payment in Lieu of Taxes		12,951		12,951	
Uniform Fire Safety Act		14,585		14,585	
Cemetery Contribution		11,875		11,875	
Proceeds from Sale of EMS Building		15,000		15,000	
Proceeds from EHC North Land Sales		249,835		249,835	
		58,500		58,500	
		<u>1,248,947</u>		<u>98,465</u>	<u>8,071</u>
	\$	5,439	1,248,947	1,147,850	8,071



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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
Governing Body						
Other Expenses	4,300	4,300	4,300	-	-	
Administrative and Executive						
Other Expenses	682	1,682	419		1,263	
City Clerk						
Financial Administration						
Other Expenses	359	359	270		89	
Tax Collector						
Other Expenses:						
Miscellaneous Other Expenses	483	483	89		394	
Tax Sale Costs	500	500	412		88	
Legal Services and Costs						
Other Expenses	13,394	14,394	13,576		818	
Public Buildings and Grounds						
Other Expenses	1,585	3,085	1,217		1,868	
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Miscellaneous Other Expenses	515	3,515	390		3,125	
Zoning/Code Board of Adjustment						
Other Expenses	363	363	7		356	
<b>PUBLIC SAFETY</b>						
Fire						
Other Expenses:						
Aid to Volunteer Fire Company	21,000	21,000	21,000		-	
Fire Prevention						
Other Expenses	1,759	1,759		1,750	9	
Police						
Salaries and Wages	688	4,688	3,926		762	
Other Expenses:						
Miscellaneous Other Expenses	6,934	6,034	4,509		1,525	
Police Radio and Communications						
Salaries and Wages	149	149	149		-	
Municipal Court						
Salaries and Wages	2,646	146			146	
Other Expenses	3,991	1,491	658		833	

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
Emergency Management Services	434	434	433		1	
Other Expenses						
<b>PUBLIC WORKS</b>						
Solid Waste Collection (Public Works)	2,380	2,380	1,500		880	
Salaries and Wages						
Other Expenses:						
Miscellaneous Other Expenses	2,509	5,259	3,807		1,452	
Solid Waste Disposal Cost	4,458	4,458	4,200		258	
<b>RECREATION AND EDUCATION</b>						
Parks and Playgrounds	7,940	7,940	7,936		4	
Other Expenses:						
Miscellaneous Other Expenses						
Youth Program						
Other Expenses:						
Key Rec Youth Program	2,666	2,666	2,666		-	
Crusaders Youth Program	14,000	14,000	14,000		-	
<b>INSURANCE</b>						
Group Insurance Plans for Employees	7,831	4,831	170		4,661	
Firemen's Group Insurance Premiums	1,898	798			798	
<b>UNIFORM CONSTRUCTION CODE</b>						
Construction Official	258	258	64		194	
Other Expenses						
<b>UNCLASSIFIED</b>						
Street Lighting	8,625	8,625	7,203		1,422	
Gasoline	11,474	11,474	2,214		9,260	
Electric	3,922	1,422			1,422	
Natural Gas	6,956	9,206	9,184		22	
Telephone	5,101	2,101	729		1,372	

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

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
<b>Statutory Expenditures</b>						
Contribution to:						
Social Security	53	53	32		21	
Recycling Tax	6,000	6,000	4,865		1,135	
Other Accounts - No Changes	7,216	7,216			7,216	
	<u>\$ 153,069</u>	<u>153,069</u>	<u>109,925</u>	<u>1,750</u>	<u>41,394</u>	<u>-</u>

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

Balance December 31, 2013	\$	-
Increased by:		
Levy - Calendar Year 2014		<u>2,841,100</u>
		2,841,100
Decreased by:		
Payments		<u>2,841,100</u>
Balance December 31, 2014	\$	<u><u>-</u></u>

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

Balance December 31, 2013			
School Tax Payable	\$	11,952	
School Tax Deferred		485,108	
		497,060	
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015			1,304,495
			1,801,555
Decreased by:			
Payments			1,264,436
Balance December 31, 2014			
School Tax Payable		52,011	
School Tax Deferred		485,108	
		537,119	537,119
2014 Liability for Regional High School Tax			
Tax Paid			1,264,436
Tax Payable @ December 31, 2014			52,011
			1,316,447
Less: Tax Payable @ December 31, 2013			11,952
Amount Charged to 2014 Operations	\$		1,304,495

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

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred From 2014 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2014</u>
<b>FEDERAL GRANTS:</b>					
USDA Community Facilities Grant	\$ 27,750		27,750		
Federal Emergency Management Assistance (FEMA)	60,000		51,510	8,490	
Pre-Disaster Mitigation Plan Grant	560	673	1,233		
Bulletproof Vest					
Total Federal	88,310	673	80,493	8,490	-
<b>STATE GRANTS:</b>					
NJ Transportation Trust Fund Authority					
Reconstruction of-					
Diesterweg Street - 2013	187,000		140,250		46,750
New Orleans Avenue-2012	71,560			2,645	68,915
NJ Department of Transportation Discretionary Aid-					
Diesterweg Walkway	25,000				25,000
NJEDA Environmental Clean up	217,086				217,086
Clean Communities		11,390	11,390		
Body Armor Fund		2,098	2,098		
Green Communities	3,000		3,000		
Recycling Tonnage Grant		6,881	6,881		
Total State	503,646	20,369	163,619	2,645	357,751

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred From 2014 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2014</u>
<b>Local Grants:</b>					
Drug Abuse Resistance Education	12,380	19,153	18,570		12,963
Atlantivare Garden Grant		250	250		
Total State	<u>12,380</u>	<u>19,403</u>	<u>18,820</u>	<u>-</u>	<u>12,963</u>
	<u>\$ 604,336</u>	<u>40,445</u>	<u>262,932</u>	<u>11,135</u>	<u>370,714</u>
		Cash	253,953		
		Unappropriated Reserves	8,979		
			<u>262,932</u>		

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

	Balance December 31., 2013		2014		Reverse Prior Year Encumbrances	Encumbrances	Refunds/ (Canceled)	Balance Dec. 31., 2014
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed				
<b>FEDERAL GRANTS:</b>								
Small Cities Community Development Block Grant	\$	1,853						1,853
Housing Rehabilitation								
USDA Community Facilities Grant		25,139		25,139				
Purchase of Equipment - Public Works								
Federal Emergency Management Assistance		7,980		51,510	(52,020)		(8,490)	
Pre-Disaster Mitigation Planning Grant								
US Department of Justice		985	673	481	(481)			673
Local Law Enforcement Block Grant				985				
Bulletproof Vest Program								
<b>Total Federal</b>		<b>35,957</b>	<b>673</b>	<b>78,115</b>	<b>(52,501)</b>	<b>-</b>	<b>(8,490)</b>	<b>2,526</b>
<b>STATE GRANTS:</b>								
Department of Transportation		38,374		35,755	(26)			
Reconstruction of New Orleans Avenue-2012		166,300		4,616	(19,161)		(2,645)	
Reconstruction of Diesterweg Avenue-2013		143,518			(117,616)	180,845		143,518
NJ DEP-Hazardous Discharge		2,989		760		117,616		4,327
Body Armor Fund		7,691	2,098	3,865	(325)			4,151
Drunk Driving Enforcement Fund		17,617	11,390	13,504	(1,046)	124		16,425
Clean Communities Program		4,256	6,881	183				10,954
Recycling Tonnage Grant								
<b>Total State</b>		<b>380,745</b>	<b>20,369</b>	<b>58,683</b>	<b>(138,174)</b>	<b>298,585</b>	<b>(2,645)</b>	<b>179,375</b>



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

	Balance December 31, 2013	2014	Reverse	Encumbrances	Balance
Appropriated	Reserve for Encumbrances	Appropriations	Prior Year Encumbrances	Disbursed	Dec. 31, 2014
					Refunds/ (Canceled)
46		23,942	(2,267)	14,307	(51)
1,226		250		289	
67					
<u>1,339</u>	<u>-</u>	<u>24,192</u>	<u>(2,267)</u>	<u>14,596</u>	<u>(51)</u>
\$ <u>418,041</u>	<u>-</u>	<u>45,234</u>	<u>(192,942)</u>	<u>151,394</u>	<u>(11,186)</u>
				<u>298,585</u>	<u>195,052</u>
2,316		Current Expenditures		151,394	
		Cancel by Resolution			(11,186)
		Cash		151,394	
					(11,186)

**LOCAL GRANTS:**

Drug Abuse Resistance Education  
Egg Harbor City Board of Education  
Rittenberg School Demolition  
Atlantcare Garden Grant

Total Local

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

<u>Purpose</u>	<u>Balance Dec. 31, 2013</u>	<u>Transferred To 2014 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2014</u>
<b>STATE GRANTS:</b>				
Body Armor	2,098	2,098	1,681	1,681
Bulletproof Vest			393	393
Recycling Tonnage Grant	6,881	6,881	9,122	9,122
	<u>8,979</u>	<u>8,979</u>	<u>11,196</u>	<u>11,196</u>
Total State	<u>8,979</u>	<u>8,979</u>	<u>11,196</u>	<u>11,196</u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2013	\$ 1,172	318,720
Increased By:		
State Dog License Fees	330	
Municipal License Fees	1,572	
Developers Escrow		96,523
Unemployment Trust		12,193
Construction Code Fees		2,503
Law Enforcement		945
Street Opening Escrow		17,290
Accumulated Absences		25,031
Community Events		2,555
Police MDT		100
Storm Recovery		9,000
Parking Offences Adjudication Fund		14
Recreation Dedicated Trust		1,350
Recreation - Developer's Fees		18,000
Program Loan Repayments		6,960
Interest Earned		356
	<u>1,902</u>	<u>192,820</u>
	3,074	511,540
Decreased By:		
Paid to State of NJ	330	
Dog Fund Expenditures	534	
Reserve for Program Loans		13,320
Unemployment Trust		14,079
Developers Escrow		91,154
Law Enforcement		15,666
Street Opening Escrow		17,800
Recreation Dedicated Trust		474
Accumulated Absences		35,642
Storm Recovery		5,752
Community Events		1,340
Police MDT		1,100
	<u>864</u>	<u>196,327</u>
Balance December 31, 2014	\$ <u><u>2,210</u></u>	<u><u>315,213</u></u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
<b>Analysis of December 31, 2014 Balance</b>		
Unemployment Trust Fund	\$	3,181
POAA Trust		99
Law Enforcement Trust Fund		6,982
Sanitary Landfill Escrow		8,325
Developer's Escrow		46,206
Maintenance Bonds		
Shocky Pure Water Systems		3,002
World Class Flowers		12,857
Atlantic County Council Education		5,059
Cedar Creek Partners		114,073
Rite Aid		3,866
Street Opening Permits		1,961
Program Loans		17,357
Community Events		3,200
Recreation Trust Fund		61,408
Accumulated Absences		21,886
Snow Removal		3,248
Fire Prevention Penalty		<u>2,503</u>
	\$	<u><u>315,213</u></u>

**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2013	\$	102,446
Increased by Receipts:		
Deposits for Redemption of Tax Sale Certificates	383,474	
Premiums Received at Tax Sale	55,400	
	<hr/>	<hr/> 438,874
		541,320
Decreased by Disbursements:		
Tax Sale Redemptions	382,768	
Premiums Returned	70,800	
	<hr/>	<hr/> 453,568
Balance December 31, 2014	\$	<hr/> <hr/> 87,752

ANALYSIS OF BALANCE - DECEMBER 31, 2014

Tax Title Lien Redemption		1,252
Tax Sale Premium		<hr/> 86,500
	\$	<hr/> <hr/> 87,752

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

Balance December 31, 2013	\$		1,172
Increased by:			
Dog License Fees Collected		1,217	
Cat License Fees Collected		205	
Late Fees		150	
		1,572	1,572
			2,744
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash		534	
		534	534
Balance December 31, 2014	\$		2,210

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	1,010
2012	1,381
	2,391
	2,391

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

Reserve	Balance Dec. 31, 2013	Increased by			Decreased by		Balance Dec. 31, 2014
		Receipts	Other	Disbursements	Payments made by Current Fund		
Unemployment	\$ 5,067	12,193		14,079		3,181	
Fire Prevention Penalty	-	2,503		-		2,503	
Sanitary Landfill Closure	8,322		3			8,325	
Developer's Escrow	40,792	96,523	45	91,154		46,206	
Law Enforcement Trust	21,703	945		15,666		6,982	
Recreation Trust	2,532	1,350		474		3,408	
Parking Offense Adjudication Fund	85	14				99	
Street Opening Escrows	2,471	17,290		17,800		1,961	
Accumulated Absences	32,497	25,031		35,642		21,886	
Maintenance Bonds	138,549		308			138,857	
Community Events	1,985	2,555		1,340		3,200	
Police MDT	1,000	100		1,100		-	
Storm Recovery		9,000		5,752		3,248	
Tax Title Lien Redemptions	546	383,474		382,768		1,252	
Tax Sale Premiums	101,900	55,400		70,800		86,500	
	\$ 357,449	606,378	356	636,575	-	327,608	

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

Balance December 31, 2013		\$	34,886
Increased by:			
Due from Current Fund	180,096		
			180,096
			214,982
Decreased by:			
Improvement Authorizations	66,640		
Expenditures Charged to Reserves:			
Preliminary Expense			
EMS Building Redevelopment	10,000		
			76,640
Balance December 31, 2014		\$	138,342



**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
	Dec. 31, 2013		Dec. 31, 2014		Improvement Authorizations		Miscellaneous		
			Miscellaneous	Debt Issued			From	To	
Fund Balance	\$	365							
Capital Improvement Fund		300	5,095						5,460
Encumbrances Payable		60,755	25,000					36,000	5,275
Reserves for:								60,755	165,988
Demolition of Property		4,353							4,353
Development of City Airport		1,920							1,920
Design Expenses for Diesterweg Walkway/Bikepath Phase II		2,260						2,250	10
Preliminary Expenses		2,356						2,356	
Diesterweg Road Reconstruction									
EMS Building Redevelopment									
Grants Receivable		(300,000)						10,000	(300,000)
<u>Improvement Authorizations:</u>									
#05-2006 Purchase of Radios, Computers, and Ambulance		269				269			
#19-2008 Reconstruction of St. Louis Avenue and Acquisition of Street Sweeper		6,231				2,501			3,730
#9-2009 Lake Improvements/EHC North Preliminary Expense		284				1,026		742	
a - Lake Improvements		32				32			
b - EHC North Preliminary Expenses		837				(32)			869
#4-2011 Various General Improvements		15,975						15,975	
#10-2011 Reconstruction of Various Roads		4,942				4,942			
#9-2012 Reconstruction of Various Roads		102,129				942		942	
#14-2012 Various General Improvements		1,650				19,714		43,213	55,530
#15-2012 EHC North Phelands Preliminary Study		130,228				21,058		2,427	1,650
#8-2013 Various General Improvements				150,000		16,187		2,581	296,905
#3-2014 Various General Improvements								813	17,000
#12-2014 Various General Improvements								112,348	(103,348)
	\$	34,886	30,095	150,000		66,639	278,718	278,718	138,342

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

Balance December 31, 2013		\$	300
Increased by:			
Budget Appropriation - 2014	25,000		
Improvement Authorizations Cancelled	<u>15,975</u>		
			<u>40,975</u>
			41,275
Decreased by:			
Improvement Authorizations Funded	26,000		
Preliminary Expenses:			
EMS Building Redevelopment	<u>10,000</u>		
			<u>36,000</u>
Balance December 31, 2014		\$	<u><u>5,275</u></u>

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

Balance December 31, 2013		\$	1,387,000
Decreased by:			
Serial Bonds Paid	185,000		185,000
Balance December 31, 2014		\$	1,202,000

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

Ord #	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Raised in 2014 Budget	Debt Issued	Balance Dec. 31, 2014	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
9-2006	Various General Improvements	\$ 309,737		27,715		282,022	282,022		
7-2007	Various General Improvements	308,463		22,270		286,193	286,193		
19-2008	Reconstruction of St. Louis Avenue and Acquisition of Street Sweeper	106,929		2,515		104,414	104,414		
11-2009	Reconstruction of Various Roads	405,000		22,500		382,500	382,500		
10-2011	Reconstruction of Various Roads	118,750				118,750	118,750		
9-2012	Reconstruction of Various Roads	237,500				237,500	237,500		
14-2012	Various General Improvements	213,750				213,750	213,750		
8-2013	Various General Improvements	185,250				185,250	150,000		185,250
12-2014	Various General Equipment		171,000			171,000		103,348	67,652
		<u>\$ 1,885,379</u>	<u>171,000</u>	<u>75,000</u>	<u>-</u>	<u>1,981,379</u>	<u>1,775,129</u>	<u>103,348</u>	<u>252,902</u>

  

Improvement Authorizations Unfunded	312,162
Less:	
Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ord. Number	
19-2008	3,730
14-2012	55,530
	<u>59,260</u>
	<u>252,902</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2013		Other Funding	Authorizations		Paid or Charged	Prior Year Encumbrances	Current Year Encumbrances	Canceled	Balance December 31, 2014	
				Funded	Unfunded		Deferred Charges to Future Taxation	Unfunded					Funded	Unfunded
5-2006	Purchase of Radios, Computers, and Ambulance	3/23/2006	235,638	269				269						
19-2008	Reconstruction of St. Louis Avenue and Acquisition of Street Sweeper	8/28/2008	241,000		6,231			2,501						3,730
9-2009	Lake Improvements/EHC North Preliminary Expenses a - Lake Improvements b - EHC North Preliminary Expenses	4/9/2009	37,500 75,000	284 32				1,026 32	(742)					
11-2010	EHC North Preliminary Expenses	4/22/2010	200,000	837				(32)					869	
4-2011	Various General Improvements	2/24/2012	167,500	15,975							15,975			
10-2011	Reconstruction of Various Roads	5/26/2012	125,000		4,942			4,942						
9-2012	Reconstruction of Various Roads	5/24/2012	250,000					942	(942)					
14-2012	Various General Improvements	9/13/2012	225,000		102,129			19,714	(16,328)	43,213				55,530
15-2012	EHC North Pinelands Preliminary Expenses	9/13/2012	11,500	1,650					(2,427)	2,427			1,650	
8-2013	Various General Improvements	5/23/2013	902,000	130,229	185,250			21,059	(40,316)	2,581			146,905	185,250
3-2014	Various General Improvements					17,000		16,187		813				
12-2014	Various General Equipment					9,000				112,348				67,652
				\$ 149,276	298,552	26,000	171,000	66,640	(60,755)	161,382	15,975	149,424	312,162	
	Capital Improvement Fund					26,000								
	Grant Funding					-								
						26,000								

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
General Obligation Bonds of 2005	12/1/2005	2,317,000	12/1/2015	190,000	4.000%	1,387,000	-	185,000	1,202,000
			12/1/2016	200,000	4.000%				
			12/1/17-19	210,000	4.000%				
			12/1/2020	182,000	4.000%				
						\$ 1,387,000	-	185,000	1,202,000

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Various Capital Improvements	9-06	7/26/2006	2/3/2014	1/30/2015	1.250% \$	309,737		27,715	282,022
Various Capital Improvements	7-07	6/1/2007	2/3/2014	1/30/2015	1.250%	308,463		22,270	286,193
Various Capital Improvements	19-08	2/9/2011	2/3/2014	1/30/2015	1.250%	106,929		2,515	104,414
Various Capital Improvements	11-09	12/31/2009	2/3/2014	1/30/2015	1.250%	43,000		2,389	40,611
Various Capital Improvements	11-09	2/10/2010	2/3/2014	1/30/2015	1.250%	362,000		20,111	341,889
Various Capital Improvements	10-11	2/6/2012	2/3/2014	1/30/2015	1.250%	118,750			118,750
Various Capital Improvements	9-12	2/5/2013	2/3/2014	1/30/2015	1.250%	237,500			237,500
Various Capital Improvements	14-12	2/5/2013	2/3/2014	1/30/2015	1.250%	213,750			213,750
Various Capital Improvements	8-13	1/31/2014	1/31/2014	1/30/2015	1.250%		150,000		150,000
					\$	<u>1,700,129</u>	<u>150,000</u>	<u>75,000</u>	<u>1,775,129</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Debt Issued	Paid Through Budget	Balance Dec. 31, 2014
8-13	Various Capital Improvements	\$ 185,250		150,000		35,250
12-14	Various Capital Equipment		171,000			171,000
		<u>\$ 185,250</u>	<u>171,000</u>	<u>150,000</u>	<u>-</u>	<u>206,250</u>



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

		Operating	Capital
Balance December 31, 2013	\$	342,430	693,925
Increased by Receipts:			
Collector		1,215,312	
Miscellaneous		41,470	
Fire Hydrants		15,000	
EHC North Land Sale		58,500	
FEMA Reimbursement		4,336	
Conifer Connection Fee		307,314	
Reserve to Pay Debt		237,000	
Petty Cash		200	
Due from Current Fund			
City Issued Bond Anticipation Note			250,000
Premium on Sale of Bonds			22,588
Due from Utility Operating			20,500
USRDA Grant			35,432
		1,879,132	328,520
		2,221,562	1,022,445
Decreased by Disbursements:			
Appropriations - Current		1,178,815	
Appropriations - Prior Year		32,182	
Accrued Interest on Bonds		391,885	
Petty Cash		200	
Refund Overpayments		642	
Improvement Authorizations			618,316
Due to Current Fund			38,242
Due to Utility Operating			
Transfer Budgeted Revenue			237,000
		1,603,724	893,558
Balance December 31, 2014	\$	617,838	128,887

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

Balance December 31, 2013		\$	-
Increased by Receipts:			
Consumer Accounts Receivable	1,068,207		
Utility Liens	-		
Prepaid Utility Rents	144,043		
Prepaid Fire Receipts	<u>3,062</u>		
			<u>1,215,312</u>
			1,215,312
Decreased by Disbursements:			
Payment to Treasurer			<u>1,215,312</u>
Balance December 31, 2014		\$	<u><u>-</u></u>

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

Balance December 31, 2013	\$	18,091
Increased by Receipts:		
Utility Rents Levied		<u>1,221,419</u>
		1,239,510
Decreased by Collections:		
Collections - 2014	1,068,207	
Collections - 2013	146,983	
Overpayments Created	(736)	
Transfers to Lien	<u>350</u>	
		<u>1,214,804</u>
Balance December 31, 2014		<u><u>24,706</u></u>

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

Balance December 31, 2013		4,927
Increased by:		
Transfers from Accounts Receivable	350	
Fire Subcode Fines	1,250	
Penalties and Costs Accrued by Sale of December 16, 2014	<u>127</u>	
		<u>1,727</u>
		6,654
Decreased by:		
Collections	<u>-</u>	
		<u>-</u>
Balance December 31, 2014	\$	<u><u>6,654</u></u>

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF DEFERRED CHARGES**

	Balance Dec. 31, 2013	Added in 2014	2014 Budget	Balance Dec. 31, 2014
Emergency Appropriation	\$ 70,560	-	70,560	-
	<u>70,560</u>	<u>-</u>	<u>70,560</u>	<u>-</u>

**WATER AND SEWER CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL - SEWER**

ACCOUNT	Balance Dec. 31, 2013	Additions by		Cancelled	Balance Dec. 31, 2014
		Budget Capital Outlay	By Ordinance		
Sewer Mains	\$ 161,073				161,073
Engineering and Superintendants	13,131				13,131
General Equipment	4,726				4,726
Sewer Line Extension	73,542				73,542
Sewer Improvements	87,500				87,500
Erection of Fence	4,361				4,361
Various Improvements to Sewer System	3,693,400				3,693,400
8th Terrace Sewer Replacement	65,000				65,000
Extension of Sanitary Sewers in Buerger Street, Beethoven Street, Baltimore Avenue and Claudius Street	680,000				680,000
Extension or Replacement of Sanitary Sewers and/or Water Mains on Various City Streets	100,000				100,000
Sanitary Sewer Replacement and Extension	1,002,066				1,002,066
#13-03 Sewer Extensions and Replacements	150,582				150,582
Sewer Extensions - 2004	160,800				160,800
Sewer Plant Demolition	135,000				135,000
#13-04 Hamburg Avenue Sanitary Sewer Expansion	3,100,000				3,100,000
#14-06 Various Sewer Utility Improvements	106,235				106,235
#11-07 Various Sewer Utility Improvements	250,000				250,000
#20-08 EHC North Utility Improvements	3,016,001				3,016,001
#21-08 Various Sewer Utility Improvements	38,219				38,219
#05-13 Refunding Bond Issue	111,239			50,510	60,729
	\$ 12,952,875	-	-	50,510	12,902,365

**WATER AND SEWER CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL - WATER**

ACCOUNT	Balance		Additions by		Cancelled	Balance Dec. 31, 2014
	Dec. 31, 2013		Budget			
	Outlay	By Ordinance	Capital Outlay			
Reservation Land	\$ 4,417					4,417
Filters	12,281					12,281
Chemical Treatment Plant	3,308					3,308
Pumping Station Structures	50,136					50,136
Electric Power Pumping Equipment	55,975					55,975
Other Power Pumping Equipment	755					755
Storage Reservoirs, Tanks and Sandpipes	153,918					153,918
Distribution Mains and Accessories	289,769					289,769
Service Pipes and Stops	13,559					13,559
Meters, Meter Boxes and Vaults	22,846					22,846
Fire Hydrants and Fire Cisterns	9,385					9,385
General Structures	16,699					16,699
General Equipment	16,219					16,219
Chlorinator	1,575					1,575
Water Plant Improvements	51,000					51,000
Repairs to Water System	25,000					25,000
General Improvements	124,373					124,373
Refinishing Water Tower	25,000					25,000
New Wells and Filters	205,327					205,327
Various Improvements to Water System	2,356,600					2,356,600
Improvements to Monitoring Wells	10,000					10,000
Replacement of Well #3	260,000					260,000
Purchase of Automated Meter Reading System	15,000					15,000
#9-03 Water Tank Renovations	269,021					269,021
Land for Water Plant - 2008	221,487					221,487
#11-06 Improvements to Hamburg Avenue Water Service	2,950,000					2,950,000
#14-06 Various Water Utility Improvements	83,114					83,114
#11-07 Various Water Utility Improvements	250,000					250,000
#20-08 EHC North Utility Improvements	3,016,000					3,016,000
#21-08 Various Water Utility Improvements	38,219					38,219
#12-09 Acquisition of Land for Water Plan	160,000					160,000
#05-13 Refunding Bond Issue	111,240			50,510		60,730
	\$ 10,822,223			50,510		10,771,713

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Improvement Description	Date	Amount	2013 Authorizations		Balance Dec. 31, 2013	Deferred Reserve for Amortization	Deferred Charges to Future Revenue	To Fixed Capital	Balance Dec. 31, 2014
#12-09 Construction of Water Plant	9/10/09	10,000,000	\$	6,938,100					6,938,100
			\$	6,938,100					6,938,100

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Operating:					
Other Expenses	\$ 27,534	27,534	27,084	450	
Engineering Fees	5,000	5,000	5,000		
Legal Fees	4,921	4,921	98	4,823	
Other Accounts - No Change	12,638	12,638		12,638	
	<u>\$ 50,093</u>	<u>50,093</u>	<u>32,182</u>	<u>17,911</u>	<u>-</u>

See Accompanying Auditor's Report



**WATER AND SEWER OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS  
AND NOTES - ANALYSIS OF BALANCE -  
DECEMBER 31, 2014**

Balance December 31, 2013	\$	126,122
Increased by:		
Budget Appropriation for Interest on Bonds and Notes		355,687
		481,809
Decreased by:		
Interest Paid - Treasurer		391,885
Balance December 31, 2014	\$	89,924

**ANALYSIS OF ACCRUED INTEREST  
DECEMBER 31, 2014**

Principal Outstanding Dec. 31, 2014	Interest Rate	From	To	Period	Amount
Serial Bonds					
400,000	4.00%	12/1/14	12/31/14	31	1,378
1,490,000	3.32%	8/1/14	12/31/14	153	21,024
4,813,245	2.25%	10/14/14	12/31/14	79	23,765
5,295,000	3.50%	10/8/14	12/31/14	85	43,757
					89,924
Bond Anticipation Notes - Charged Directly to Improvement Authorizations					
5,479,500	1.25%	2/1/2014	12/31/14	335	63,737
					63,737
Total Accrued Interest					\$ 153,661

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF RENT OVERPAYMENTS**

Balance December 31, 2013	\$	2,417
Increased by:		
Overpayments Created		<u>736</u>
		3,153
Decreased by:		
Overpayments Refunded		<u>642</u>
Balance December 31, 2014	\$	<u><u>2,511</u></u>

WATER AND SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2013		Deferred Charged to Future Revenue	Authorizations		Paid or Charged Current Year Encumbered	Prior Year Encumbered	Cancelled	Balance Dec. 31, 2014	
			Funded	Unfunded		Down Payment or Capital Improv. Fund	Cash				Funded	Unfunded
#12-09 Construction of Water Plant	9/10/09	10,000,000	-	1,620,485	-	689,539	251,129	(847,544)	101,020	-	1,527,361	
#05-13 Refunding Bond Ordinance	5/9/2013	222,479	-	222,479	-	121,459	251,129	(847,544)	101,020	-	-	
			-	1,842,964	-	810,998	251,129	(847,544)	101,020	-	1,527,361	
Paid in Cash 618,316 Costs of Refunding 121,459 Net Accrued interest charged to ordinances (24,760) BAN interest 95,983 charged to ordinances 810,998												

**SCHEDULE OF RESERVE FOR AMORTIZATION - WATER**

Balance December 31, 2013	\$	5,123,334
Increased by:		
Serial Bonds Paid	97,977	
Bond Anticipation Notes Paid	<u>20,500</u>	
		<u>118,477</u>
Balance December 31, 2014		<u><u>5,241,811</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION - SEWER**

Balance December 31, 2013		3,293,757
Increased by:		
Serial Bonds Paid	163,137	
Bond Anticipation Notes Paid	6,667	
Cancellation of Amount Authorized But Not Issued	<u>-</u>	
		<u>169,804</u>
Balance December 31, 2014	\$	<u><u>3,463,561</u></u>

**WATER AND SEWER CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Balance December 31, 2013	\$	2,338,517
No Activity		
		<hr/>
Balance December 31, 2014	\$	<u><u>2,338,517</u></u>

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding December 31, 2014		Int. Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Date	Amount					
Various Sewer Improvements	9/26/02	220,000	-	-	\$ -	191,762	191,762	-	
Sanitary Sewer Extension & Replacement	10/22/04	839,000	-	-	-	755,051	755,051	-	
Various Sewer Improvements	9/1/05	160,800	-	-	-	144,985	144,985	-	
Various Water and Sewer Improvements	12/1/05	715,000	12/1/15-18	65,000	4.000%	460,000	60,000	400,000	
			12/1/19-20	70,000	4.000%				
Various Water and Sewer Improvements	2/15/08	4,400,000	2/15/15	27,485		4,145,122	4,145,122	-	
			8/15/15	28,087					
			2/15/16	28,701					
			8/15/16	29,329					
			2/15/17	29,970					
			8/15/17	30,626					
			2/15/18	31,296					
			8/15/18	31,981					
			2/15/19 -						
			2/15/48	3,854,426					
Refunding Bond Issue	4/26/11	1,690,000	8/1/15	55,000	2.000%				
			8/1/16	125,000	2.250%				
			8/1/17	125,000	2.500%				
			8/1/18	130,000	4.000%				
			8/1/19	135,000	4.000%				
			8/1/20	140,000	3.500%				
			8/1/22	295,000	3.750%				
			8/1/25	485,000	4.000%				

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

Purpose	Date of Issue	Original Issue	Maturities		Int. Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
			Outstanding December 31, 2014						
			Date	Amount					
Egg Harbor City North Utility Improvements	10/14/11	5,056,000	4/14/15	42,067					
			10/14/15	42,540					
			4/14/16	43,019					
			10/14/16	43,503					
			4/14/17	43,992					
			10/14/17	44,487					
			4/14/18	44,988					
			10/14/18	45,494					
			4/14/19 -						
			10/14/51	4,463,156		2.250%	4,895,980	82,735	4,813,245

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance	Increased	Decreased	Balance
			Date	Amount					
General Obligation Refunding Bonds, Series 2014	10/8/2014	5,295,000	10/15/2017	55,000	2.000%				
			10/15/2018-19	105,000	2.000%				
			10/15/2020	110,000	3.000%				
			10/15/2021	145,000	3.000%				
			10/15/2022	150,000	2.500%				
			10/15/2023	155,000	2.750%				
			10/15/2024	160,000	3.000%				
			10/15/2025	165,000 (1)	3.250%				
			10/15/2026	165,000 (1)	3.250%				
			10/15/2027	175,000 (1)	3.250%				
			10/15/2028	180,000 (1)	3.250%				
			10/15/2029	185,000 (1)	3.250%				
			10/15/2030	190,000 (2)	3.500%				
			10/15/2031	195,000 (2)	3.500%				
10/15/2032	205,000 (2)	3.500%							
10/15/2033	210,000 (2)	3.500%							
10/15/2034	220,000 (2)	3.500%							
10/15/2035	225,000 (3)	4.500%							
10/15/2036	235,000 (3)	4.500%							
10/15/2037	245,000 (3)	4.500%							
10/15/2038	260,000 (3)	4.500%							
10/15/2039	270,000 (3)	4.500%							
10/15/2040	280,000 (4)	4.000%							
10/15/2041	295,000 (4)	4.000%							
10/15/2042-43	305,000 (4)	4.000%				5,295,000		5,295,000	
						\$ 12,137,900		5,434,655	11,998,245

- (1) \$870,000 3.25% Term Bond due October 15, 2029
- (2) \$1,020,000 3.50% Term Bond due October 15, 2034
- (3) \$1,235,000 4.50% Term Bond due October 15, 2039
- (4) \$1,185,000 4.0% Term Bond due October 15, 2043

Paid through budget 261,114  
Refunded 5,173,541  
5,434,655



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

Improvement Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
Improvements to Sanitary Sewer	4/30/04	4/29/15	0.00% \$	19,998		6,667	13,331
Water Plant Construction	2/10/10	1/30/15	1.25%	5,500,000		20,500	5,479,500
Water Plant Construction	12/31/14	12/31/15	0.00%		250,000		250,000
			\$	<u>5,519,998</u>	<u>250,000</u>	<u>27,167</u>	<u>5,742,831</u>

See Accompanying Auditor's Report

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

Improvement Description	Date of Ordinance	Balance Dec. 31, 2013	2014 Authorizations	Notes Issued	Paid Through Budget	Cancelled	Balance Dec. 31, 2014
#12-09 Construction of Water Plant	9/10/09	\$ 1,598,100		250,000			1,348,100
#05-13 Refunding Bond Ordinance	5/9/13	222,479				222,479	-
		<u>\$ 1,820,579</u>		<u>250,000</u>		<u>222,479</u>	<u>1,348,100</u>

**EGG HARBOR CITY**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

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## **GENERAL COMMENTS**

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

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

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

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

Repair of Sanitary Sewer Manhole at 9<sup>th</sup> Terrace and Beethoven Street  
Diesterweg Street Basin Fence  
Leaf Collector Vacuum and Box  
Reconstruction of Diesterweg Street

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

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

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

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

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

The governing body on January 2, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJSA 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes, assessments, and water and sewer bills subject to any abatement or discount for the late payment of taxes and water and sewer bills as provided by law; and

WHEREAS, NJSA 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of Egg Harbor City, County of Atlantic, State of New Jersey as follows:

1. The Tax and Utility Collector's are hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes and water and sewer bills becoming delinquent after due date and 18% per annum on any amount of taxes and water and sewer bills in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

2. There is a ten (10) day grace period of quarterly tax and water and sewer bill payments made by cash, check or money order.

3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

4. This resolution shall be published in its entirety once in an official newspaper of Egg Harbor City.

5. A certified copy of this resolution shall be provided by the City Clerk to the Utility Collector, City Attorney, and City Auditor for Egg Harbor City.

It appears from an examination of the collector's records that interest was collected in accordance with the resolution adopted by the governing body.

### **Delinquent Taxes and Tax Title Liens**

During the 2014 calendar year, the City held their tax sale on December 16, 2014. The sale was complete for all properties which could be included in the sale; however, there are several bankruptcies from prior years that could not be sold.

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

<u>Year</u>	<u>Number of Liens</u>
2014	4,103
2013	3,758
2012	3,740

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis. Included in the December 31, 2014 balance are inactive tax title liens. These liens have been dormant since the early 1940's and represent approximately 3,300 liens.

### **Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2015 and 2014 Taxes	15
Municipal Tax Title Liens	5
Payment of 2014 Water & Sewer Utility Charges	10
Municipal Court	20

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.

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### Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Currently</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2014	\$ 9,436,728	9,326,389	98.83%
2013	9,319,821	9,207,597	98.79%
2012	8,899,870	8,761,796	98.44%
2011	8,912,450	8,776,894	98.47%
2010	8,211,613	8,078,866	98.38%

### Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	4.18	4.13	3.96	2.98	2.72
Apportionment of Tax Rate:					
Municipal	1.83	1.80	1.71	1.28	1.20
County	0.51	0.53	0.43	0.36	0.33
Local School	1.26	1.26	1.21	0.89	0.77
Regional High School	0.58	0.54	0.61	0.45	0.42
Assessed Valuation	224,833,752	225,130,678	224,407,533	298,675,529	300,464,985

A revaluation of properties was performed in 2011 in order to bring the property values in line with their true value. This revaluation was effective for the 2012 tax year.

### Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2013	\$ 623,171	5,846	629,017	6.67%
2013	520,040	1,610	521,650	5.60%
2012	555,883	15,206	571,089	6.42%
2011	489,262	8,671	497,933	5.59%
2010	393,236	5,110	398,346	4.85%

### Uniform Construction Code

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

## RECOMMENDATIONS

NONE

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

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

Very truly yours,

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

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

*Leon P. Costello*

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

**June 29, 2015**