

**EGG HARBOR CITY**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**



**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, 2016**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

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

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of City of Egg Harbor, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Egg Harbor on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Egg Harbor as of December 31, 2016 and 2015, 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, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Egg Harbor’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been 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 May 4, 2017 on our consideration of the City of Egg Harbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Egg Harbor's internal control over financial reporting and compliance.

Very truly yours,

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

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

May 4, 2017

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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>2016</u>	<u>2015</u>
Regular Fund:		
Cash:		
Treasurer	\$ 864,297.69	546,294.20
Change	400.00	300.00
Investment in Bond Anticipation Notes	-	151,664.00
Total Cash	<u>864,697.69</u>	<u>698,258.20</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	12,553.76	19,961.63
Tax Title and Other Liens	836,702.76	708,331.30
Code Enforcement Charges Receivable	-	900.00
Property Acquired for Taxes - at Assessed Valuation	467,289.00	491,289.00
Revenue Accounts Receivable	4,375.40	8,329.73
Total Receivables and Other Assets	<u>1,320,920.92</u>	<u>1,228,811.66</u>
Deferred Charges:		
Emergency Appropriation	27,500.00	-
Special Emergency NJSA 40:A;4-53	200,000.00	12,000.00
Total Deferred Charges	<u>227,500.00</u>	<u>12,000.00</u>
Total Regular Fund	<u>2,413,118.61</u>	<u>1,939,069.86</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,271,891.50	1,023,757.88
Due from Current Fund	56,079.75	105,107.33
Total Federal and State Grant Fund	<u>1,327,971.25</u>	<u>1,128,865.21</u>
Total Current Fund	<u>\$ 3,741,089.86</u>	<u>3,067,935.07</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 70,283.49	42,461.99
Reserve for Encumbrances	263,037.76	71,185.87
Accounts Payable	6,960.28	6,223.91
Taxes Collected in Advance	98,258.68	109,589.11
Overpaid Taxes	43,884.97	48,098.88
Payroll Taxes Payable	47,049.89	27,624.76
Special Emergency Note Payable	200,000.00	12,000.00
County Added Tax Payable	3,647.59	1,636.00
Regional High School District-Taxes	30,643.37	34,871.37
Due to State:		
Veterans and Senior Citizens	10,678.58	13,640.91
Marriage Licence Fees	150.00	175.00
Burial Permit Fees	-	5.00
DCA Training Fees	877.00	688.00
Interfund Payable:		
Federal and State Grant Fund	56,079.75	105,107.33
Animal Control Fund	-	7.20
Other Reserve for		
Reassessment	16,838.00	-
Curbs and Sidewalks	7,651.71	7,651.71
	<u>856,041.07</u>	<u>480,967.04</u>
Reserve for Receivables and Other Assets	1,320,920.92	1,228,811.66
Fund Balance	<u>236,156.62</u>	<u>229,291.16</u>
Total Regular Fund	<u>2,413,118.61</u>	<u>1,939,069.86</u>
Federal and State Grant Fund:		
Unappropriated Reserves	4,991.77	2,998.72
Appropriated Reserves	709,968.66	891,349.56
Encumbrances Payable	509,524.45	131,030.56
Due to Capital Fund	35,349.00	35,349.00
Due to Trust Fund	68,137.37	68,137.37
Total Federal and State Grant Fund	<u>1,327,971.25</u>	<u>1,128,865.21</u>
Total Current Fund	<u>\$ 3,741,089.86</u>	<u>3,067,935.07</u>



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

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ 229,000.00	237,000.00
Miscellaneous Revenue Anticipated	1,877,787.22	2,078,808.79
Receipts from Delinquent Taxes	3,875.77	19,512.85
Receipts from Current Taxes	10,004,768.74	9,445,215.47
Non Budget Revenue	105,140.90	40,112.92
Other Credits to Income:		
Premium on Tax Anticipation Note	76.00	-
Unexpended Balance of Appropriation Res.	27,661.14	45,073.69
Cancellation of Prior Year Liabilities	3,050.67	136.00
Total Income	12,251,360.44	11,865,859.72
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,034,302.00	2,031,202.00
Other Expenses	2,799,507.00	2,395,626.00
Deferred Charges & Statutory Expenditures	531,453.00	567,658.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	435,372.54	112,399.34
Capital Improvements	221,000.00	735,921.00
Debt Service	276,837.86	341,757.48
Deferred Charges	12,000.00	34,000.00
Transferred to Board of Education for use by Local and Regional High School Districts	18,423.00	18,423.00
Local District School Tax	3,234,420.00	3,097,713.00
County Tax	1,201,778.19	1,057,452.00
County Share of Added Tax	3,647.39	1,636.00
Regional High School Tax	1,474,254.00	1,265,513.00
Refund of Prior Year's Revenue	-	42.00
Total Expenditures	12,242,994.98	11,659,342.82
Excess in Revenue	8,365.46	206,516.90

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

	2016	2015
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	27,500.00	-
Special Emergency Appropriation	200,000.00	-
Total Adjustments	227,500.00	-
Statutory Excess to Fund Balance	235,865.46	206,516.90
Fund Balance January 1	229,291.16	259,774.26
	465,156.62	466,291.16
Decreased by:		
Utilization as Anticipated Revenue	229,000.00	237,000.00
Fund Balance December 31	\$ 236,156.62	229,291.16

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 217,000.00		217,000.00
Surplus Anticipated with Prior Written Consent of Local Government Services	12,000.00		12,000.00
<b>Total Fund Balance Anticipated</b>	<b>229,000.00</b>	<b>-</b>	<b>229,000.00</b>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	25,000.00		2,618.34
Other	49,000.00		6,384.00
Fines and Costs:			
Municipal Court	105,000.00		(12,845.02)
Interest and Costs on Taxes	50,000.00		(9,760.35)
Interest Earned on Investments	1,500.00		761.40
Rental of Municipal Property	30,800.00		33,016.00
Lake Parking Fees	65,000.00		69,529.00
Campground Royalty	3,300.00		4,559.30
<b>Total Section A: Local Revenues</b>	<b>329,600.00</b>	<b>-</b>	<b>324,762.67</b>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief Act	41,226.00		41,226.00
Energy Receipts Tax	432,235.00		432,235.00
<b>Total Section B: State Aid Without Offsetting Appropriations</b>	<b>473,461.00</b>	<b>-</b>	<b>473,461.00</b>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	55,000.00		59,323.20
<b>Total Section C: Uniform Construction Code Fees</b>	<b>55,000.00</b>	<b>-</b>	<b>4,323.20</b>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
N.J. Transportation Trust Fund Authority Act - FY 2016				
Washington & Norfolk Aves		196,000.00	196,000.00	-
Recycling Tonnage Grant		7,476.24	7,476.24	-
Clean Communities Program		15,826.16	15,826.16	-
Municipal Alliance on Alcoholism and Drug Abuse			12,963.00	-
NJDEP-Community Stewardship Incentive	12,963.00			
Program-Tree Planting		30,000.00	30,000.00	-
Body Armor Fund	1,678.00		1,678.00	-
Bulletproof Vest	1,320.00		1,320.00	-
AtlantiCare Garden Grant	500.00		500.00	-
Drunk Driving Enforcement Fund		4,568.14	4,568.14	-
Small Cities - London Avenue Reconstruction	275,000.00	50,800.00	325,800.00	-
Attorney General Body Camera Grant	6,000.00		6,000.00	-
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>297,461.00</b>	<b>304,670.54</b>	<b>602,131.54</b>	<b>-</b>
Off-Set with Appropriations				

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87 Realized	
Section G: Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government			
Services - Other Special Items			
Uniform Fire Safety Act	11,500.00	14,587.08	3,087.08
Rental Registrations	55,000.00	54,500.00	(500.00)
Payment in Lieu of Taxes	60,000.00	55,368.77	(4,631.23)
Cemetery Contribution	15,000.00	15,000.00	-
Conifer PILOT	53,000.00	24,865.96	(28,134.04)
Wetlands Deed Restriction Income	110,000.00	220,800.00	110,800.00
JIF Dividend	32,987.00	32,987.00	-
<b>Total Section G: Other Special Items</b>	<b>337,487.00</b>	<b>418,108.81</b>	<b>80,621.81</b>
<b>Total Miscellaneous Revenues:</b>	<b>1,493,009.00</b>	<b>1,877,787.22</b>	<b>80,107.68</b>
Receipts from Delinquent Taxes	20,000.00	3,875.77	(16,124.23)
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	4,235,739.00	4,235,471.16	(267.84)
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	<b>4,235,739.00</b>	<b>4,235,471.16</b>	<b>(267.84)</b>
<b>Budget Totals</b>	<b>5,977,748.00</b>	<b>6,346,134.15</b>	<b>63,715.61</b>
Non- Budget Revenues:			
Other Non- Budget Revenues:		105,140.90	105,140.90
<b>\$</b>	<b>5,977,748.00</b>	<b>6,451,275.05</b>	<b>168,856.51</b>

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections	\$	10,004,768.74
Allocated to:		
School, County and Other Taxes		<u>5,914,099.58</u>
Balance for Support of Municipal Budget Appropriations		4,090,669.16
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>144,802.00</u>
Amount for Support of Municipal Budget Appropriations		<u><u>4,235,471.16</u></u>

Receipts from Delinquent Taxes:		
Delinquent Tax Collection	3,210.67	
Tax Title Lien Collections	<u>665.10</u>	
Total Receipts from Delinquent Taxes		<u><u>3,875.77</u></u>

Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Cable Franchise Fee	14,093.93	
Sale of Property	3,780.00	
Code Enforcement	11,561.00	
Police Department	3,685.50	
Vacant Property Registrations	71,050.00	
Veteran's and Senior Citizen 2% Administrative Fee	741.64	
Other Miscellaneous	<u>228.83</u>	
Subtotal Miscellaneous Revenue - Cash		105,140.90
Non-cash Miscellaneous Revenue		<u>                    </u>
Total Miscellaneous Revenue Not Anticipated	\$	<u><u>105,140.90</u></u>

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

	Appropriations		Paid or Charged	Expended		(Over expended Unexpended Balance Cancelled)
	Budget	Budget After Modifications		Encumbered	Reserve	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
Administrative and Executive Salaries and Wages	\$ 27,500.00	27,500.00	27,500.00	-	318.18	
Governing Body Municipal Clerk (Other)	97,000.00	96,000.00	95,681.82			
Other Expenses	17,750.00	18,650.00	18,418.03	137.88	94.09	
City Clerk	9,500.00	9,600.00	9,580.16	14.94	4.90	
Governing Body Financial Administration						
Salaries and Wages	73,500.00	71,100.00	70,827.07		272.93	
Other Expenses	53,000.00	56,500.00	55,724.12	768.11	7.77	
Audit Services	26,500.00	26,500.00	26,500.00		-	
Assessment of Taxes						
Salaries and Wages	19,477.00	19,477.00	19,476.96		0.04	
Other Expenses	9,500.00	9,500.00	8,934.04	8.06	557.90	
Reassessment		200,000.00	200,000.00		-	
Tax Collector						
Salaries and Wages	35,100.00	33,900.00	33,856.11		43.89	
Other Expenses						
Tax Sale Costs	600.00	600.00	-	425.94	174.06	
Miscellaneous Other Expense: Liquidation of Tax Title Liens and Foreclosed Property	5,500.00	5,500.00	5,106.06	320.85	73.09	
Other Expenses	100.00	100.00	-		100.00	
Legal Services and Costs						
Municipal Prosecutor	120,000.00	166,000.00	146,397.02	16,573.89	3,029.09	
Salaries and Wages	11,500.00	11,500.00	11,499.96		0.04	
Engineering Services and Cost						
Other Expenses	7,750.00	20,250.00	13,458.25	6,494.00	297.75	
Public Buildings and Grounds						
Other Expenses	23,000.00	57,000.00	51,159.64	3,441.32	2,399.04	
Municipal Land Use Law (NJSA 40:55D-1), Combined Planning & Zoning/Code Board						
Salaries and Wages	60,000.00	47,900.00	47,870.66		29.34	
Other Expenses	14,950.00	19,450.00	15,486.15	3,770.00	193.85	
Economic Development						
Other Expenses	100.00	100.00	-		100.00	

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

	Appropriations		Paid or Charged	Expended		(Over expended Unexpended Balance Cancelled)
	Budget	Budget After Modifications		Encumbered	Reserve	
<b>PUBLIC SAFETY</b>						
File						
Salaries and Wages	2,700.00	2,700.00	2,700.00	-	-	
Other Expenses	30,000.00	30,000.00	30,000.00	-	-	
Aid to Volunteer Companies						
Fire Preventor						
Salaries and Wages	13,500.00	13,500.00	13,500.00	-	-	
Other Expenses	1,500.00	1,000.00	629.06	370.94	370.94	
Right to Know Act/Safety Coordinato						
Salaries and Wages	1,500.00	1,500.00	1,500.00	-	-	
Other Expenses	250.00	250.00	-	250.00	250.00	
Police						
Salaries and Wages	1,372,000.00	1,365,250.00	1,345,668.90	12,081.10	12,081.10	7,500.00
Other Expenses	21,780.00	21,780.00	21,779.84	0.16	0.16	
Purchase of Police Car	35,000.00	51,700.00	46,647.39	5,050.63	1.98	
Miscellaneous Other Expense:						
Police Radio and Communications	3,875.00	2,675.00	2,583.36	91.64	91.64	
Salaries and Wages	181,423.00	179,423.00	163,846.43	259.55	15,317.02	
Other Expenses	75,000.00	64,600.00	64,384.86	215.14	215.14	
Salaries and Wages	10,000.00	11,750.00	10,863.71	736.43	149.86	
Other Expenses	4,500.00	4,500.00	4,500.00	-	-	
First Aid Organization- Contributor	15,000.00	15,000.00	15,000.00	-	-	
Emergency Management Services:						
Salaries and Wages	1,050.00	1,050.00	1,050.00	644.30	1.92	
Other Expenses	900.00	900.00	253.78			
Public Defender						
Salaries and Wages	250,500.00	233,500.00	233,406.71	93.29	93.29	
Other Expenses	265,000.00	244,500.00	244,149.96	350.04	350.04	
Hauling Fee (Tipping and Hauling Fee	19,000.00	28,000.00	21,325.74	1,032.59	5,641.67	
Miscellaneous Other Expense:						
Vehicle Maintenance	75,000.00	84,000.00	80,178.81	70.42	70.42	
Solid Waste Disposal Cost	130,000.00	173,000.00	172,996.34	3.66	3.66	
City Garage						
Salaries and Wages	100.00	100.00	-	100.00	100.00	
Other Expenses	90.00	90.00	-	90.00	90.00	
<b>PUBLIC WORKS</b>						
Solid Waste Collection (Public Works)						
Salaries and Wages						
Other Expenses						



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

	Appropriations		Paid or Charged	Expended		(Over expended Unexpended Balance Cancelled)
	Budget	Budget After Modifications		Encumbered	Reserve	
<b>HEALTH AND WELFARE</b>						
Animal Control (Dog Regulation)						
Other Expenses	10,200.00	10,200.00	10,200.00	-		
<b>RECREATION AND EDUCATION</b>						
Parks and Playgrounds						
Salaries and Wages	35,400.00	32,950.00	32,939.39	10.61		
Other Expenses						
Lining of Kern Field	25.00	25.00	-			25.00
Miscellaneous Other Expense:	10,400.00	10,400.00	9,690.19	106.13		603.68
Anniversary or Holiday						
Other Expenses	4,500.00	4,500.00	4,232.90	250.00		17.10
Youth Program						
Other Expenses						
Key Rec Youth Group	5,000.00	5,000.00	5,000.00			
Crusaders Youth Program	14,000.00	14,000.00	-	14,000.00		
<b>INSURANCE</b>						
Group Insurance Plans for Employees:						
Firemen's Group Insurance Premiums	612,000.00	593,900.00	582,588.87	306.00	11,005.13	
Surety Bond Premiums	27,500.00	27,500.00	27,134.49		365.51	
Other Insurance Premiums:	1,000.00	100.00	-		100.00	
Liability Insurance (JIF)	188,206.00	188,206.00	188,206.00			
Workers Compensation (JIF)	109,633.00	109,633.00	109,633.00			
Health Benefits Waiver	2,500.00	1,250.00	1,250.00			
<b>UNIFORM CONSTRUCTION CODE</b>						
Construction Official						
Salaries and Wages	60,000.00	60,000.00	59,958.24		41.76	
Other Expenses	1,350.00	1,350.00	1,031.76	133.73		184.51

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

	Appropriations		Paid or Charged	Expended		(Over expended Unexpended Balance Cancelled)
	Budget	Budget After Modifications		Encumbered	Reserve	
<b>UNCLASSIFIED</b>						
Street Lighting	120,000.00	127,000.00	114,222.88	11,651.13	1,125.99	
Gasoline	65,000.00	53,800.00	34,919.37		6,380.63	12,500.00
Electric	110,000.00	95,500.00	75,543.91	9,152.65	3,303.44	7,500.00
Natural Gas	40,000.00	19,000.00	17,631.27		1,368.73	
Telephone	35,000.00	34,000.00	32,341.11	846.86	812.03	
Fire Hydrant Service	30,000.00	30,000.00	30,000.00	-	-	
Accumulated Absences	15,000.00	15,000.00	15,000.00	-	-	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>4,618,709.00</b>	<b>4,861,209.00</b>	<b>4,685,964.32</b>	<b>79,875.76</b>	<b>67,868.92</b>	<b>27,500.00</b>
Contingent	100.00	100.00	-		100.00	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>4,618,809.00</b>	<b>4,861,309.00</b>	<b>4,685,964.32</b>	<b>79,875.76</b>	<b>67,968.92</b>	<b>27,500.00</b>
Detail:						
Salaries and Wages	2,144,202.00	2,089,702.00	2,021,033.38	-	13,268.62	
Other Expenses	2,474,607.00	2,771,607.00	2,664,930.94	79,875.76	54,700.30	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges						
None						
Statutory Expenditures						
Contributions to:						
Public Employees' Retirement System	108,536.00	108,536.00	108,536.00		-	
Social Security System (O.A.S.I.)	165,000.00	153,000.00	151,793.96		1,206.04	
Police and Fireman's Retirement System of N.	265,417.00	265,417.00	265,417.00		-	
Unemployment Compensation Insurance	7,500.00	4,500.00	4,500.00		-	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>546,453.00</b>	<b>531,453.00</b>	<b>530,246.96</b>	<b>-</b>	<b>1,206.04</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>5,165,262.00</b>	<b>5,392,762.00</b>	<b>5,216,211.28</b>	<b>79,875.76</b>	<b>69,174.96</b>	<b>27,500.00</b>

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

	Appropriations		Paid or Charged	Expended		(Over expended Unexpended Balance Cancelled)
	Budget	Budget After Modifications		Encumbered	Reserve	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS" Recycling Tax Appropriator	6,000.00	6,000.00	4,891.47		1,108.53	
	<u>6,000.00</u>	<u>6,000.00</u>	<u>4,891.47</u>	<u>-</u>	<u>1,108.53</u>	<u>-</u>
<b>(A) Public and Private Programs Off-Set by Revenues</b>						
Clean Communities Act (NJSA 13:13-99.1 et. seq.)		15,826.16	15,826.16		-	
Recycling Tonnage Grant		7,476.24	7,476.24		-	
Body Armor Fund	1,678.00	1,678.00	1,678.00		-	
Bulletproof Vest Partnership Grant	1,320.00	1,320.00	1,320.00		-	
Drug Abuse Resistance Education (July-June)	12,963.00	12,963.00	12,963.00		-	
Drug Abuse Resistance Education - Local Match	3,241.00	3,241.00	3,241.00		-	
AtlantiCare Growing Green Initiative	500.00	500.00	500.00		-	
Drunk Driving Enforcement Fund		4,568.14	4,568.14		-	
Attorney General Body Camera Grant	6,000.00	6,000.00	6,000.00		-	
NJDEP - Community Stewardship Incentive Program						
Tree Planting		30,000.00	30,000.00		-	
Small Cities- London Avenue Reconstructor	275,000.00	325,800.00	325,800.00		-	
Small Cities- London Avenue Reconstruction-Local	20,000.00	20,000.00	20,000.00		-	
<b>Total Public and Private Programs Off-Set by Revenues</b>	<u>320,702.00</u>	<u>429,372.54</u>	<u>429,372.54</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Operations - Excluded from "CAPS"</b>	326,702.00	435,372.54	434,264.01		1,108.53	
Detail:						
Salaries and Wages		-				
Other Expenses	326,702.00	435,372.54	434,264.01		1,108.53	
<b>(C) Capital Improvements</b>						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00		-	
NJDOT Trust Fund Authority Act		196,000.00	196,000.00		-	
FY 16-Reconstruction of Washington & Norfolk Avenue:						
<b>Total Capital Improvements</b>	<u>25,000.00</u>	<u>221,000.00</u>	<u>221,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Appropriations		Paid or Charged	Expended		(Over expended Unexpended Balance Cancelled)
	Budget	Budget After Modifications		Encumbered	Reserve	
(D) Debt Service						
Payment of Bond Principal	205,000.00	205,000.00	205,000.00			
Payment of Bond Anticipation Notes and Capital Note:	879.00	879.00	879.00			
Interest on Bonds	52,680.00	52,680.00	44,076.33			8,603.67
Interest on Notes	27,000.00	27,000.00	26,882.53			117.47
<b>Total Debt Service</b>	<b>285,559.00</b>	<b>285,559.00</b>	<b>276,837.86</b>	<b>-</b>	<b>-</b>	<b>8,721.14</b>
(E) Deferred Charge:						
Special Emergency Authorizations - 5 year:	12,000.00	12,000.00	12,000.00			
<b>Total Deferred Charge:</b>	<b>12,000.00</b>	<b>12,000.00</b>	<b>12,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
(N) Transferred to Board of Education for Use c Local Schools (NJSA 40:48-17.1 & 17.3)	18,423.00	18,423.00	18,423.00			
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<b>667,684.00</b>	<b>972,354.54</b>	<b>962,524.87</b>	<b>-</b>	<b>1,108.53</b>	<b>8,721.14</b>
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<b>5,832,946.00</b>	<b>6,365,116.54</b>	<b>6,178,736.15</b>	<b>79,875.76</b>	<b>70,283.49</b>	<b>36,221.14</b>
(M) Reserve for Uncollected Tax	144,802.00	144,802.00	144,802.00			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 5,977,748.00</b>	<b>6,509,918.54</b>	<b>6,323,538.15</b>	<b>79,875.76</b>	<b>70,283.49</b>	<b>36,221.14</b>
Budget	5,977,748.00					
Appropriations by 40A:4-87	304,670.54					
Emergency Appropriations	27,500.00					
Special Emergency (NJSA 40A:4-53)	200,000.00					
	<u>6,509,918.54</u>					
Reserve for Uncollected Tax:						
Federal and State Grants:	144,802.00					
Deferred Charge:	625,372.54					
Reserve for Reassessmen	12,000.00					
Disbursements	200,000.00					
	5,341,363.61					
	<u>6,323,538.15</u>					
				Cancelled Overexpended		36,221.14
						-
						<u>36,221.14</u>

**EXHIBIT B - TRUST FUND**

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

	2016	2015
<b>ASSETS</b>		
Animal Control Fund:		
Cash	\$ -	779.86
Due from Current Fund	-	7.20
	-	787.06
Other Funds:		
Cash - Treasurer	255,099.60	305,095.61
Cash - Collector	175,789.73	292,799.56
Due from Federal and State Grant Fund	68,137.37	68,137.37
	499,026.70	666,032.54
	499,026.70	666,819.60
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Animal Control Fund:		
Due to State of NJ-Animal Control	-	7.20
Reserve for Expenditures	-	779.86
	-	779.86
Other Funds:		
Reserve for Program Loan Repayment	85,128.47	85,494.00
Reserves - Miscellaneous	413,898.23	580,538.54
	499,026.70	666,032.54
	\$ 499,026.70	666,812.40

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>2016</u>	<u>2015</u>
Cash	\$ 8,157.34	1,224.35
Grants Receivable	36,685.62	213,168.29
Due from Federal and State Grant Fund	35,349.00	35,349.00
Deferred Charges to Future Taxation -		
Funded	2,373,000.00	1,012,000.00
Unfunded	831,250.00	2,375,129.00
	<u>3,284,441.96</u>	<u>3,636,870.64</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	67,178.23	516,283.83
Bond Anticipation Notes Payable	796,000.00	2,009,879.00
Serial Bonds Payable	2,373,000.00	1,012,000.00
Improvement Authorizations:		
Funded	14,446.61	2,518.53
Unfunded	21,319.47	82,622.20
Reserves for:		
Demolition of Property	-	4,353.00
Preliminary Expenses -		
Reconstruction of Atlantic Avenue	450.00	-
Capital Improvement Fund	7.60	4.60
Fund Balance	12,040.05	9,209.48
	<u>\$ 3,284,441.96</u>	<u>3,636,870.64</u>

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

2015 365,250.00

2016 35,250.00

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

	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 9,209.48	5,459.75
Increased by:		
Premium on Sale of Bonds & Notes	2,830.57	3,749.73
Ending Balance December 31	\$ <u>12,040.05</u>	<u>9,209.48</u>

**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,**

	2016	2015
<u>ASSETS</u>		
Operating Fund:		
Cash - Treasurer	\$ 306,678.85	456,949.82
Change Fund	200.00	200.00
Due from State-NJDOT Reimbursement	1,305.00	342.00
	308,183.85	457,491.82
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	1,274.79	675.19
Water and Sewer Utility Liens	10,323.04	7,987.29
	11,597.83	8,662.48
Total of Operating Fund	\$ 319,781.68	466,154.30

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

	2016	2015
Capital Fund:		
Cash	\$ 22,658.31	508,281.61
Due from Utility Operating	3,448.22	-
Deferred Charge to future rates	7,113.00	7,113.00
Fixed Capital - Sewer	12,907,365.44	12,902,365.44
Fixed Capital - Water	10,776,712.44	10,771,712.44
Fixed Capital - Authorized & Uncomp.	6,938,100.00	6,938,100.00
Total of Capital Fund	30,655,397.41	31,127,572.49
	30,975,179.09	31,593,726.79
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	16,001.74	37,291.14
Reserve for Encumbrances	15,193.11	6,643.90
Accrued Interest on Bonds	111,578.38	84,092.81
Utility Rent Overpayments	2,349.36	2,638.23
Utility Rents & Fire Receipts Paid in Advance	144,027.48	153,132.96
Due to Utility Capital	3,448.22	-
	292,598.29	283,799.04
Reserve for Receivables	11,597.83	8,662.48
Fund Balance	15,585.56	173,692.78
Total of Operating Fund	\$ 319,781.68	466,154.30

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



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

	2016	2015
Capital Fund:		
Bond Anticipation Notes	\$ 472,000.00	6,465,664.00
Serial Bonds-Water and Sewer	17,170,198.33	11,793,638.00
Encumbrances Payable/Contracts Awarded	3,863.89	3,863.89
Accrued Interest on Notes	3,448.22	57,396.47
Improvement Authorizations		
Funded	25,608.97	-
Unfunded	1,383,100.00	1,460,037.23
Reserves for:		
Amortization - Water	5,443,793.93	5,337,114.43
Amortization - Sewer	3,814,569.50	3,607,144.50
Amortization - Deferred	2,338,516.54	2,338,516.54
Reserve for Land Sales	-	1,012.45
Reserve to Pay Debt	-	431.96
Fund Balance	298.03	62,753.02
	30,655,397.41	31,127,572.49
Total of Capital Fund		
	\$ 30,975,179.09	31,593,726.79
Total Liabilities, Reserves and Fund Balance		

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

2015	1,070,100.00
2016	1,383,100.00

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

	2016	2015
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 173,000.00	208,147.00
Rents	1,237,000.00	1,228,097.26
Miscellaneous Revenue Anticipated	40,996.01	41,578.77
Fire Hydrant Service	30,000.00	15,000.00
Increase in Rental Fees	149,081.42	9,000.00
Reserve to Pay Debt	1,444.00	35,000.00
Capital Fund Balance	70,271.00	26,588.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	30,816.42	30,520.26
 Total Income	 1,732,608.85	 1,593,931.29
<u>Expenditures</u>		
Operating	933,395.00	914,707.00
Capital Improvements	-	2,500.00
Debt Service	764,321.07	599,227.13
Deferred Charges and Statutory Expenditures	20,000.00	21,000.00
 Total Expenditures	 1,717,716.07	 1,537,434.13
 Excess in Revenue	 14,892.78	 56,497.16
 Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year	-	-
 Statutory Excess to Fund Balance	 14,892.78	 56,497.16
 Fund Balance January 1	 173,692.78	 325,342.62
 Decreased by:		
Utilization as Anticipated Revenue	173,000.00	208,147.00
Fund Balance December 31	\$ 15,585.56	173,692.78

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,**

	<u>2016</u>	<u>2015</u>
Balance Beginning of Year	\$ 62,753.02	77,428.43
Increased by:		
Premium on Sale of Bonds & Notes	7,816.01	11,912.59
Decreased by:		
Appropriated as Revenue in the Utility Operating Fund	70,271.00	26,588.00
Balance End of Year	<u>\$ 298.03</u>	<u>62,753.02</u>

**WATER AND SEWER OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 173,000.00	173,000.00	
Water and Sewer Rents	1,237,000.00	1,237,000.00	-
Miscellaneous	51,500.00	40,996.01	(10,503.99)
Fire Hydrant Services	30,000.00	30,000.00	-
Increase in Rental Fees	157,600.00	149,081.42	(8,518.58)
Reserve to Pay Debt	1,444.00	1,444.00	-
Capital Fund Balance	70,271.00	70,271.00	-
	<u>\$ 1,720,815.00</u>	<u>1,701,792.43</u>	<u>(19,022.57)</u>

**Analysis of Realized Revenue**Rents

Consumer Accounts Receivable	1,385,792.55
Tax Title Liens	-
Overpayments Created	<u>288.87</u>
Total Collections	<u><u>1,386,081.42</u></u>

Miscellaneous

Interest and Penalties	5,566.43
Water Tap Fee	2,200.00
Sewer Tap Fee	3,200.00
Fire	25,924.00
Miscellaneous Other	<u>1,793.08</u>
Revenue Realized	38,683.51
Apply Prepaid Fire Receipts	<u>2,312.50</u>
Total Miscellaneous Revenue Realized	<u>\$ 40,996.01</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>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ -	859,675.00
Buildings	1,548,321.11	1,548,321.11
Improvements Other than Buildings	561,682.50	561,682.50
Equipment	754,944.32	738,375.21
Vehicles	1,664,759.48	1,685,759.48
Furniture	<u>12,332.00</u>	<u>12,332.00</u>
Total General Fixed Assets	<u>4,542,039.41</u>	<u>5,406,145.30</u>
Investment in General Fixed Assets	\$ <u>4,542,039.41</u>	<u>5,406,145.30</u>

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## **NOTES TO FINANCIAL STATEMENTS**

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

### **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 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.

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

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.

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.

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

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.

The following schedule is a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015.

	Balance 12/31/2015	Additions/ Transfers	Disposals/ Transfers	Balance 12/31/2016
Land	\$ 859,675.00		\$ 859,675.00	\$ -
Buildings	1,548,321.11			1,548,321.11
Improvements	561,682.50			561,682.50
Equipment	738,375.21	41,691.11	25,122.00	754,944.32
Furniture	12,332.00			12,332.00
Vehicles	1,685,759.48		21,000.00	1,664,759.48
	<u>\$ 5,406,145.30</u>	<u>\$ 41,691.11</u>	<u>\$ 905,797.00</u>	<u>\$ 4,542,039.41</u>

	Balance 12/31/2014	Additions/ Transfers	Disposals/ Transfers	Balance 12/31/2015
Land	\$ 859,675.00			\$ 859,675.00
Buildings	1,548,321.00	0.11		1,548,321.11
Improvements	561,682.00	0.50		561,682.50
Equipment	738,375.00	0.21		738,375.21
Furniture	12,332.00			12,332.00
Vehicles	1,621,010.00	64,749.48		1,685,759.48
	<u>\$ 5,341,395.00</u>	<u>\$ 64,750.30</u>	<u>\$ -</u>	<u>\$ 5,406,145.30</u>

The following schedule is a summarization of the changes in utility capital fixed assets for the calendar years ended December 31, 2016 and 2015. Under the New Jersey Regulatory Basis of Accounting no depreciation is taken on these assets.

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

	Balance 12/31/2015	Additions	Adjustments/ Disposals	Balance 12/31/2016
Sewer Assets	\$ 12,902,365.44	5,000.00		12,907,365.44
Water Assets	10,771,712.44	5,000.00		10,776,712.44
Authorized Assets				
Water	6,938,100.00			6,938,100.00
	<u>\$ 30,612,177.88</u>	<u>10,000.00</u>	<u>-</u>	<u>30,622,177.88</u>

	Balance 12/31/2014	Additions	Adjustments/ Disposals	Balance 12/31/2015
Sewer Assets	\$ 12,902,365.44			12,902,365.44
Water Assets	10,771,712.44			10,771,712.44
Authorized Assets				
Water	6,938,100.00			6,938,100.00
	<u>\$ 30,612,177.88</u>	<u>-</u>	<u>-</u>	<u>30,612,177.88</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 2016 and 2015 the City charged 8% of the first \$1,500.00 of delinquency and 18% for any cumulative amount in excess of \$1,500.00. In addition, there is an annual charge of 6% for any delinquencies in excess of \$10,000.00 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 \$44,076.33 in 2016 and \$48,080.00 in 2015. 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 \$450,216.07 in 2016 and \$367,453.13 in 2015. During the years ended December 31, 2016 and 2015, \$27,167.64 and \$61,962.71, respectively, was charged to utility capital projects.

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.



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

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

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

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

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

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

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

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

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

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

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To

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

accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$144,802.00 and \$116,729.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$229,000.00 and \$237,000.00.

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

	<u>2016</u>	<u>2015</u>
Insurance		
Group Insurance for Employees	(18,100.00)	
Legal		
Other Expenses	\$ 46,000.00	30,000.00
Engineering		
Other Expenses	12,500.00	
Land Use Board-Planning & Zoning		
Salaries and Wages	(12,100.00)	
Police		
Other Expenses	9,200.00	
Municipal Court		
Salaries and Wages	(10,400.00)	
Department of Public Works		
Salaries and Wages	(17,000.00)	
Other Expenses	9,000.00	18,150.00
Vehicle Maintenance	9,000.00	
Hauling Fee	(20,500.00)	
Buildings & Grounds		
Other Expenses	14,000.00	
Electric	(14,500.00)	
Gasoline	(11,200.00)	(18,000.00)
Natural Gas	(21,000.00)	
Solid Waste Disposal Cost	43,000.00	
Social Security System	(12,000.00)	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2016 and 2015 calendar years, City Council approved the following significant budget insertions:

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

	2016	2015
New Jersey Department of Transportation		
Safe Routes to School	\$	35,349.00
Transportation Alternatives		296,000.00
Diesterweg Street		190,000.00
Washington & Norfolk Avenues	196,000.00	
Clean Communities	15,826.16	
Recycling Tonnage Grant	7,476.24	
Drunk Driving Enforcement Fund	4,568.14	24,882.57
NJDEP Community Stewardship Incentive	30,000.00	
Small Cities-London Avenue Reconstruction	50,800.00	
JIF Safety Grant		1,431.00
	\$ 304,670.54	547,662.57

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. During the 2016 calendar year, City Council adopted a special emergency in the amount of \$200,000 for the City-wide Reassessment Program. The City Council did not approve any special emergency appropriations during 2015. During the 2016 and 2015 calendar years, the following emergency appropriations were approved by the Common Council:

	2016	2015
Current Operating:		
Police		
Other Expenses	\$ 7,500.00	-
Buildings & Grounds		
Other Expenses	20,000.00	-
	27,500.00	-

**Note 3: INVESTMENTS**

As of December 31, 2016 and 2015, the municipality has investments totaling \$0.00 and \$151,664.00.

During the period ended December 31, 2016 and 2015 the City held investments in Bond Anticipations Notes of the City in the amounts of \$0.00 and \$151,664.00. 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.

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

**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 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, 2016 and 2015, \$0 of the municipality's bank balance of \$1,906,104.00 and \$2,412,843.00 was exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

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

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016	Due in One Year
General	\$ 1,012,000.00	2,578,000.00	1,217,000.00	2,373,000.00	323,000.00
Water and Sewer Utility	11,793,637.88	6,019,000.00	642,439.55	17,170,198.33	476,363.70
Compensated Absences	475,466.85	115,092.64	176,854.20	413,705.29	-
Total	<u>13,281,104.73</u>	<u>8,712,092.64</u>	<u>2,036,293.75</u>	<u>19,956,903.62</u>	<u>799,363.70</u>

  

	Balance 12/31/2014	Additions	Reductions	Balance 12/31/2015	Due in One Year
General	1,202,000.00		190,000.00	1,012,000.00	200,000.00
Water and Sewer Utility	11,998,245.00		204,607.00	11,793,638.00	276,522.00
Compensated Absences	353,809.28	312,651.83	190,994.26	475,466.85	112,376.42
Total	<u>\$ 13,554,054.28</u>	<u>312,651.83</u>	<u>585,601.26</u>	<u>13,281,104.85</u>	<u>588,898.42</u>

**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 was paid semiannually at varying rates ranging from 3.25% to 4.00%. During 2016 \$1,012,000 was refunded with the Refunding Bonds Series 2016. The balance remaining as of December 31, 2016 was \$0.00.

\$1,543,000 General Improvement Bond dated 4/13/16 payable in annual installments commencing 4/1/17 and continuing through 4/1/26. Interest is paid semiannually at 2.250% per annum. The bonds are not subject to redemption prior to their stated maturities. The balance remaining as of December 31, 2016 was \$1,543,000.

\$1,035,000 Refunding Bonds, Series 2016, dated 6/7/16 payable in annual installments commencing 12/1/16 and continuing through 12/1/20. Interest is paid semiannually at 1.50% per annum. These bonds were issued to advance refund the callable portion of the General Improvement Bonds, Series 2005. The bonds that were called had maturities from 12/1/17 to 12/1/20 in the total amount of \$1,012,000.00. The total savings to the City was \$38,106.50, or 3.810% as a result of refunding the 2005 bond issue. The balance remaining as of December 31, 2016 was \$803,000.00.

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

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

\$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%. During 2016 \$335,000 was refunded with the Refunding Bonds Series 2016. The balance remaining as of December 31, 2016 was \$0.00.

\$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, 2016 was \$1,310,000.00.

\$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 as of December 31, 2016 was \$4,642,116.83.

\$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, 2016 was \$5,295,000.00.

\$1,700,000 Water and Sewer Utility Bond dated 4/13/16 payable in annual installments commencing 4/1/17 and continuing through 4/1/31. Interest is paid semiannually at varying rates ranging from 2.25% to 2.5%. Bonds maturing on or after 4/1/27 are redeemable at the option of the City in whole or in part on any date on or after 4/1/26. The balance remaining as of December 31, 2016 was \$1,700,000.00.

\$3,974,000 Water and Sewer Utility Bond dated 4/14/16 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$75,626 through 4/14/56. 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 as of December 31, 2016 was \$3,943,081.50.

\$345,000 Water and Sewer Refunding Bonds dated 6/7/16 payable in annual installments commencing 12/1/16 and continuing through 12/1/20. Interest is paid semiannually at 1.50% per annum. These bonds were issued to advance refund the callable portion of the Water and Sewer Utility, Series 2005. The bonds that were called had maturities from 12/1/17 to 12/1/20 in the total amount of \$335,000.00. The total savings to the City was \$13,211.74, or 3.944% as a result of refunding the 2005 bond issue. The balance remaining as of December 31, 2016 was \$280,000.00.

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

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

Year	General Capital		Utility Capital	
	Principal	Interest	Principal	Interest
2017	\$ 323,000.00	46,065.00	476,363.70	476,601.55
2018	310,000.00	40,518.75	539,788.54	466,157.96
2019	310,000.00	35,100.00	553,290.87	452,449.38
2020	290,000.00	29,587.50	571,872.45	438,349.05
2021	190,000.00	23,512.50	550,535.06	423,355.19
2022-2026	950,000.00	53,437.50	2,865,581.64	1,872,450.86
2027-2031			2,640,407.57	1,493,006.18
2032-2036			2,202,641.70	1,160,503.30
2037-2041			2,588,752.78	776,342.22
2042-2046			1,995,383.43	369,636.57
2047-2051			1,544,925.49	169,049.32
2052-2056			640,655.10	36,417.00
	<u>\$ 2,373,000.00</u>	<u>228,221.25</u>	<u>17,170,198.33</u>	<u>8,134,318.58</u>

As of December 31, 2016, the carrying value of the above bonds approximates the fair value of the bonds.

Summary of Municipal Debt

	Year 2016	Year 2015	Year 2014
Issued			
General - Bonds and Notes	\$ 3,169,000.00	3,021,879.00	2,977,129.00
Water & Sewer Utility - Bonds and Notes	<u>17,642,198.33</u>	<u>18,259,301.88</u>	<u>17,741,076.00</u>
Total Issued	<u>20,811,198.33</u>	<u>21,281,180.88</u>	<u>20,718,205.00</u>
Authorized But Not Issued			
General - Bonds and Notes	35,250.00	365,250.00	206,250.00
Water & Sewer Utility - Bonds and Notes	<u>1,383,100.00</u>	<u>1,070,100.00</u>	<u>1,348,100.00</u>
Total Authorized But Not Issued	<u>1,418,350.00</u>	<u>1,435,350.00</u>	<u>1,554,350.00</u>
Total	<u>\$ 22,229,548.33</u>	<u>22,716,530.88</u>	<u>22,272,555.00</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 2.042%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 8,160,000.00	6,770,006.23	1,389,993.77
Regional High School District Debt	2,029,701.51	2,029,701.51	-
Water & Sewer Utility Debt	19,025,297.38	19,025,297.38	-
General Debt	<u>3,219,250.00</u>	-	<u>3,219,250.00</u>
	<u>\$ 32,434,248.89</u>	<u>27,825,005.12</u>	<u>4,609,243.77</u>

**NOTES TO FINANCIAL STATEMENTS  
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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 \$4,609,243.77 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$225,666,874.33 =2.042%.

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 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,898,340.60
Net Debt	<u>4,609,243.77</u>
Remaining Borrowing Power	<u><u>\$ 3,289,096.83</u></u>

**Note 6: SHORT TERM OBLIGATIONS**

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016
General Capital Notes	\$ 2,009,879.00	2,339,000.00	3,552,879.00	796,000.00
Utility Capital Notes	6,465,664.00	6,931,000.00	12,924,664.00	472,000.00
Special Emergency Notes	12,000.00	200,000.00	12,000.00	200,000.00
Tax Anticipation Notes	-	1,500,000.00	1,500,000.00	-
	<u>8,487,543.00</u>	<u>10,970,000.00</u>	<u>16,489,543.00</u>	<u>1,468,000.00</u>

  

	Balance 12/31/2014	Additions	Reductions	Balance 12/31/2015
General Capital Notes	1,775,129.00	316,000.00	81,250.00	2,009,879.00
Utility Capital Notes	5,742,831.00	750,000.00	27,167.00	6,465,664.00
Special Emergency Notes	24,000.00	12,000.00	24,000.00	12,000.00
	<u>\$ 7,541,960.00</u>	<u>1,078,000.00</u>	<u>132,417.00</u>	<u>8,487,543.00</u>

The City borrowed \$1,500,000 in Tax Anticipation Notes on June 30, 2016 in anticipation of the receipt of taxes and other revenue for the calendar year. The note matured September 29, 2016 and was paid in full. Interest was paid at a rate of 2.25% per annum.

The City has outstanding at December 31, 2016 the following special emergency and bond anticipation notes:

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

	Amount	Issue Date	Maturity Date	Interest Rate
Current Fund:				
Ocean First Bank	\$ 200,000.00	12/30/16	12/15/17	1.75%
General Capital:				
Township of South Brunswick	796,000.00	4/13/16	4/12/17	1.00%
Water & Sewer Capital				
Township of South Brunswick	472,000.00	4/13/16	4/12/17	1.00%
Total Special Emergency And Bond Anticipation Notes	1,468,000.00			

Upon maturity of the general and utility capital notes, the City borrowed \$1,258,000 in a new bond anticipation note, after a \$10,000 paydown. The note, which is held by West Windsor Township, will mature on April 10, 2018 and bears interest at 1.2467% per annum.

**Note 7: LEASE OBLIGATIONS**

During the year ended December 31, 2015, the City had lease agreements in effect for the following:

Operating Lease:

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 \$196.00 are due monthly.

Future minimum payments under this lease are as follows:

Year	Amount
2017	\$ 2,352.00
2018	1,176.00
Total	\$ 3,528.00

Capital Leases:

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

Year	Amount
2017	\$ 16,689.00
Total Minimum Lease Payments	16,689.00
Less: Amount Representing Interest	1,061.43
Present Value of Net Minimum Lease Payments	\$ 15,627.57

The City is leasing One (1) police vehicles totaling \$13,735.00 under a capital lease. Annual payments are made to Kansas State Bank and include interest of 5.5% per annum. The following is a schedule of the future minimum lease payments under this capital lease.



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

<u>Year</u>	<u>Amount</u>
2017	\$ 5,090.84
2018	<u>5,090.84</u>
Total Minimum Lease Payments	10,181.68
Less: Amount Representing Interest	<u>782.23</u>
Present Value of Net Minimum Lease Payments	<u>\$ 9,399.45</u>

Rental expenses charged to operations in 2016 and 2015 were \$22,727.84 and \$20,949.00, respectively.

**Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2016 and 2015 which are anticipated to be appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 and 2016 were as follows:

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2016	\$ 236,155.95	208,500.00	88.29%
	2015	229,291.16	229,000.00	99.87%
	2014	259,776.00	237,000.00	91.23%
	2013	283,706.00	182,000.00	64.15%
	2012	220,108.00	182,000.00	82.69%
Water & Sewer Utility Fund	2016	15,585.56	15,000.00	96.24%
	2015	173,692.78	173,000.00	99.60%
	2014	325,341.00	208,147.00	63.98%
	2013	85,263.00	7,000.00	8.21%
	2012	90,635.00	90,000.00	0.00%

As of the date of this audit report, the City has not adopted the 2017 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 2017 budget is \$208,656.02 for the current fund and \$15,585.56 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, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance 12/31/2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Emergency Authorization	\$ 27,500.00	27,500.00	-
Special Emergency NJSA 40A:4-55	<u>200,000.00</u>	<u>40,000.00</u>	<u>160,000.00</u>
	<u>\$ 200,000.00</u>	<u>40,000.00</u>	<u>160,000.00</u>

The appropriations in the 2017 Budget are not less than that required by statute.

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

**Note 10: SCHOOL TAXES**

Local District School Taxes in the amounts of \$3,234,420.00 and \$3,097,713.00 have been raised for the 2016 and 2015 calendar years and remitted to the local school district. Regional High School Tax in the amounts of \$1,474,254.00 and \$1,265,513.00 have been raised for the 2016 and 2015 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 fiscal year.

	Regional High School Tax	
	Balance 12/31/2016	Balance 12/31/2015
Balance of Tax	\$ 515,751.37	519,979.37
Deferred	485,108.00	485,108.00
Tax Payable	\$ 30,643.37	34,871.37

**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 12/31/2016	Balance 12/31/2015
Prepaid Taxes	\$ 98,258.68	109,589.11
Cash Liability for Taxes Collected in Advance	98,258.68	109,589.11

**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

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

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, 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 7.06% through June 30, 2016 and 7.20% 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 14.06% of covered payroll. The City's contributions to PERS for the years ended December 31, 2016, 2015, and 2014 were \$108,536.00, \$111,283.00, and \$105,842.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The current PFRS rate is 25.70% of covered payroll. The City's contributions to PFRS for the years ended December 31, 2016, 2015, and 2014 were \$265,417.00, \$288,375.00, and \$281,948.00.

The total payroll for the year ended December 31, 2016, 2015, and 2014 was \$2,336,261.07, \$2,402,854.18, and \$2,384,560.00. Payroll covered by PERS was \$771,510.00, \$807,587.00, and \$848,118.00. Covered payroll by PFRS was \$1,032,897, \$1,069,858.00, and \$978,428.00.

### Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 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.

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

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

### **NOTE 13: PENSION LIABILITIES**

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

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

#### **Public Employees' Retirement System**

The Municipality has a liability of \$3,578,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.01208146390%, which would be an increase of 1.64% from its proportion measured as of June 30, 2015.

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

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$305,351. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 66,543	
Changes of assumptions	741,208	
Changes in proportion	31,754	(156,641)
Net difference between projected and actual earnings on pension plan investments	136,439	
 Total	 \$ 975,944	 (156,641)

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

Year ended June 30,		
2017	\$	185,413
2018		185,413
2019		211,966
2020		177,380
2021		59,131
 Total	\$	 819,303

**Actuarial Assumptions**

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

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

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

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

beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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

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

*Discount Rate*

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

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

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$ 4,288,108	3,578,183	\$ 2,992,708

*Pension plan fiduciary net position.*

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

**Police and Firemen's Retirement System**

The Municipality has a liability of \$6,317,330 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.03307059680%, which would be an increase of 7.06% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$592,213. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 442,643	(41,411)
Changes of assumptions	875,002	
Changes in proportion	251,004	(480,928)
Net difference between projected and actual earnings on pension plan investments		
<b>Total</b>	<b>\$ 1,568,649</b>	<b>(522,339)</b>

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

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

Year ended June 30,			
2016	\$	253,011	
2017		253,011	
2018		335,820	
2019		196,731	
2020		7,736	
Total	\$	1,046,310	

**Actuarial Assumptions**

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

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

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

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

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



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

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

*Discount Rate*

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

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

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

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 8,030,948	6,317,330	4,920,539

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

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

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

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.03307059680% for 2016. The net pension liability amount allocated to the Municipality was \$530,499. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$67,757.00 is allocated to the Municipality.

### *Pension plan fiduciary net position.*

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

### **Note 14: 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.

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.

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

The City's contributions to SHBP for post-retirement benefits for the years ended December 31, 2016, 2015 and 2014, were \$58,935.44, \$61,145.45, and \$59,747.00, respectively, which equaled the required contribution for the year.

### **Note 15: 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 16: 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 \$413,705.29 in 2016 and \$475,466.85 in 2015. 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, 2016 and 2015 the total amount accumulated was \$8,416.41 and \$15,157.32, respectively.

### **Note 17: 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 18: 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, 2016 and 2015 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

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

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 2016 or 2015. 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.

Calendar Year	City Contributions	Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2016	5,500.00	8.58	3,665.03	9,338.51	4,841.54
2015	8,500.00	5.31	3,598.00	10,278.43	5,006.44
2014	8,500.00	12.87	3,680.60	14,079.08	3,181.56

**Note 19: 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.

**Note 20: LITIGATION**

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 21: 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. Subsequent to December 31, 2016, City Council and the Teamsters Local have agreed to a new three year contract through December 31, 2019. The City and PBA Local have gone to arbitration regarding their contract.

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

<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 22: 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 2016 and 2015 calendar years, the City paid \$10,000.00 and \$44,003.00, respectively for salaries and related benefits for Cemetery employees. In addition, they charged the Cemetery \$15,000.00 for maintenance services performed at the Cemetery during 2016 and 2015. The Cemetery has reimbursed the City for all expenses.

**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 \$8,336.15 and \$8,324.86 on December 31, 2016 and 2015. 100% of the landfill capacity has been used and, therefore the landfill has no remaining useful life. 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 \$8,336.15 certificate of deposit is restricted for post closure use.

**Note 24: INTERFUND BALANCE**

As of December 31, 2016, the following interfunds were included on the balance sheets of the various funds of Egg Harbor City:

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

	Due From	Due To
Current Fund:		
Grant Fund		56,079.75
Grant Fund:		
Current Fund	56,079.75	
Trust Fund		68,137.37
Capital Fund		35,349.00
Trust Fund:		
Grant Fund	68,137.37	
Capital Fund:		
Grant Fund	35,349.00	
Utility Operating Fund:		
Utility Capital Fund		3,448.22
Utility Capital Fund:		
Utility Operating Fund	3,448.22	
	<u>163,014.34</u>	<u>163,014.34</u>

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**

The City has evaluated subsequent events through May 4, 2017, 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.

## **SUPPLEMENTARY DATA**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account groups as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 4, 2017, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Very truly yours,

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

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

May 4, 2017

***FINDINGS AND RECOMMENDATIONS***

**NONE**

***STATUS OF PRIOR RECOMMENDATIONS***

**NONE**

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2015	\$	546,294.20
Increased by Receipts:		
Tax Collector	10,062,823.49	
Revenue Accounts Receivable	945,087.03	
Miscellaneous Revenue	105,140.90	
Wetlands Deed Restriction Income	220,800.00	
State of New Jersey		
Senior Citizens and Veterans	37,082.19	
Marriage License Fees	525.00	
Burial Permit Fees	10.00	
DCA Training Fees	4,349.00	
Amounts Due From		
General Capital	4,980,830.57	
Utility Operating	6,684,313.72	
Utility Capital	6,484,663.27	
Animal Control Fund	1,925.26	
Unemployment Trust Fund	9,338.51	
Cemetery Fund	10,000.00	
Grant Fund		
Current year Grants Receivable	348,385.73	
Unappropriated Reserves	4,991.17	
Tax Anticipation Note	1,500,075.00	
Special Emergency Note	200,000.00	
		<u>31,600,340.84</u>
		32,146,635.04

**CURRENT FUND  
 SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Decreased by Disbursements:		
Current Year Appropriation	5,341,363.61	
Appropriations Reserves	80,105.44	
Accounts Payable	2,094.91	
County Taxes	1,203,414.19	
Local District School Tax	3,234,420.00	
Regional High School Tax	1,478,482.00	
Refund Overpayments		
Special Emergency Note	12,000.00	
Tax Anticipation Note	1,500,000.00	
Increase in Change Fund	100.00	
State of New Jersey		
Marriage License Fees	550.00	
Burial Permit Fees	15.00	
DCA Training Fees	4,160.00	
Amounts Due To		
Animal Control Trust	1,145.40	
Grant Fund	425,645.31	
General Capital	4,779,430.57	
Utility Operating	210,833.29	
Utility Capital	12,998,577.63	
Cemetery Fund	10,000.00	
		<u>31,282,337.35</u>
Balance December 31, 2016	\$	<u><u>864,297.69</u></u>

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

Balance December 31, 2015		\$	-
Increased by Receipts:			
Prepaid Taxes	98,258.68		
Taxes Receivable	9,854,131.06		
Revenue Accounts Receivable	109,768.65		
Tax Title and Other Liens	665.10		
	<u>                        </u>		<u>10,062,823.49</u>
			10,062,823.49
Payments to Treasurer			<u>10,062,823.49</u>
Balance December 31, 2016		\$	<u><u>                        </u></u>

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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Overpayments Created	Overpayments 2015	Collections by Cash 2016	Overpayments (Applied)	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2016
Arrears 2015	\$ 3,981.89					44.45					3,937.44
	15,979.74					3,166.22		12,701.18			112.34
	19,961.63					3,210.67		12,701.18			4,049.78
2016		10,146,364.54	30,965.88		109,589.11	9,890,965.39	4,214.24	50,936.41	113,121.29		8,503.98
\$	19,961.63	10,146,364.54	30,965.88		109,589.11	9,894,176.06	4,214.24	63,637.59	113,121.29		12,553.76

9,854,131.06 Cash Receipts  
40,045.00 Senior Citizens and Veterans  
9,894,176.06

**Analysis of Current Year Tax Levy**

Tax Yield:  
 General Property Tax 10,146,364.54  
 Added Taxes (54:4-63.1 et. Seq.) 30,965.88  
10,177,330.42

**Tax Levy:**

General County Taxes 1,071,755.00  
 County Library Taxes 76,857.90  
 County Open Space Taxes 3,852.01  
 County Health Taxes 49,313.28  
 County Added and Omitted Taxes 3,647.39  
 Total County Taxes 1,205,425.58

Local School District Tax 3,234,420.00  
 Regional High School District Tax 1,474,254.00

Local Tax for Municipal Purposes 4,235,739.00  
 Add: Additional Tax Levied 27,491.84  
4,263,230.84

10,177,330.42

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

Balance December 31, 2015		\$ 708,331.30
Increased by:		
Transfers from Taxes Receivable	113,121.29	
Interest and Costs Accrued by Sale of December 20, 2016	4,761.00	
Added Tax Title Liens		
Payments in Lieu of Taxes (PILOT)	8,704.27	
Demolition & Code Enforcement	2,450.00	
		129,036.56
		837,367.86
Decreased by:		
Collections	665.10	
Cancelations	-	
		665.10
Balance December 31, 2016		\$ 836,702.76





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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged		Accounts Payable	Balance Lapsed	Over- Expended
			Cash				
<b>OPERATIONS WITHIN "CAPS"</b>							
<b>GENERAL GOVERNMENT</b>							
Governing Body							
Other Expenses	130.02	130.02	117.84			12.18	
Administrative and Executive Salaries and Wages	239.89	239.89				239.89	
Municipal Clerk (Other)							
Other Expenses	1,067.28	1,067.28	611.88		50.00	405.40	
City Clerk							
Financial Administrator							
Salaries and Wages	482.55	232.55				232.55	
Other Expenses	1,537.32	1,787.32	1,619.32			168.00	
Assessment of Taxes							
Other Expenses	460.54	460.54	8.06			452.48	
Tax Collector							
Salaries and Wages	130.33	130.33				130.33	
Other Expenses:							
Miscellaneous Other Expense:	1,105.13	355.13	56.10			299.03	
Liquidation of Tax Title Liens and Foreclosed Property							
Other Expenses	100.00	100.00				100.00	
Legal Services and Costs							
Other Expenses	18,174.37	18,174.37	12,151.73		5,831.28	191.36	
Engineering Services and Costs							
Other Expenses	1,240.30	2,290.30	2,255.00			35.30	
Public Buildings and Ground:							
Other Expenses	820.54	820.54	820.54			-	
Municipal Land Use Law (NJSA 40:55D-1)							
Combined Planning & Zoning/Code Board Salaries and Wages	711.25	711.25				711.25	
Miscellaneous Other Expense:	161.63	4,361.63	4,242.78			118.85	
Economic Development							
Other Expenses	100.00	100.00				100.00	
<b>PUBLIC SAFETY</b>							
Fire Prevention							
Other Expenses	210.37	210.37				210.37	
Right to Know Act/Safety Coordinator							
Other Expenses:	250.00	250.00				250.00	
Police							
Salaries and Wages	4,955.53	55.53				55.53	
Other Expenses:							
Miscellaneous Other Expense:	5,365.91	10,265.91	6,895.28			3,370.63	

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

	Balance	Paid or Charged		Over- Expended
	Dec. 31, 2015	Balance After Transfers	Cash	
Police Radio and Communications				
Other Expenses	880.96	130.96		130.96
Municipal Court				
Salaries and Wages	755.47	755.47		755.47
Other Expenses	714.75	714.75	91.10	623.65
Emergency Management Services				
Other Expenses	56.16	56.16	11.99	44.17
<b>PUBLIC WORKS</b>				
Solid Waste Collection (Public Works)				
Salaries and Wages	2,052.85	52.85		52.85
Other Expenses:				
Hauling Fee (Tipping and Hauling Fee)	495.72	495.72	495.00	0.72
Miscellaneous Other Expense:	4,825.23	10,825.23	5,494.60	5,330.63
Solid Waste Disposal Cost	913.15	913.15	900.00	13.15
City Garage				
Salaries and Wages	100.00	100.00		100.00
Other Expenses	90.00	90.00		90.00
<b>RECREATION AND EDUCATION</b>				
Parks and Playgrounds				
Salaries and Wages	6.47	6.47		6.47
Other Expenses:				
Lining of Kern Field	25.00	25.00		25.00
Miscellaneous Other Expense:	1,979.27	1,979.27	1,942.75	36.52
Anniversary or Holiday				
Other Expenses	208.05	208.05	208.05	-
Youth Program				
Other Expenses:				
Crusaders Youth Program	14,000.00	14,000.00	14,000.00	-
<b>INSURANCE</b>				
Group Insurance Plans for Employees				
Firemen's Group Insurance Premiums	4,158.02	4,158.02		4,158.02
Surety Bond Premiums	302.54	302.54		302.54
UNIFORM CONSTRUCTION CODE	250.00	250.00		250.00
Construction Office				
Salaries and Wages	134.00	134.00		134.00
Other Expenses	1,295.00	1,295.00	862.08	432.92

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

	Balance	Balance After Transfers	Paid or Charged		Balance Lapsed	Over-Expended
	Dec. 31, 2015		Cash	Accounts Payable		
UNCLASSIFIED						
Street Lighting	14,322.10	14,322.10	13,395.21		926.89	
Gasoline	7,116.91	3,116.91	2,150.71		966.20	
Electric	11,113.17	8,863.17	8,571.85		291.32	
Natural Gas	7,006.85	5,506.85	2,387.51		3,119.34	
Telephone	1,321.89	1,321.89	816.06		505.83	
Contingent	100.00	100.00			100.00	
Statutory Expenditures						
Contribution to:						
Social Security	1,322.17	1,322.17			1,322.17	
Recycling Tax Appropriator	859.17	859.17			859.17	
	<u>\$ 113,647.86</u>	<u>113,647.86</u>	<u>80,105.44</u>	<u>5,881.28</u>	<u>27,661.14</u>	<u>-</u>

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

Balance December 31, 2015	\$	-
Increased by:		
Levy - Calendar Year 2016		<u>3,234,420.00</u>
		3,234,420.00
Decreased by:		
Payments		<u>3,234,420.00</u>
Balance December 31, 2016	\$	<u><u>-</u></u>

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

Balance December 31, 2015			
School Tax Payable	\$	34,871.37	
School Tax Deferred		<u>485,108.00</u>	
			519,979.37
Increased by:			
Levy - School Year July 1, 2016 to June 30, 2017			<u>1,474,254.00</u>
			1,994,233.37
Decreased by:			
Payments			<u>1,478,482.00</u>
Balance December 31, 2016			
School Tax Payable		30,643.37	
School Tax Deferred		<u>485,108.00</u>	
			<u><u>515,751.37</u></u>
2016 Liability for Regional High School Tax			
Tax Paid			1,478,482.00
Tax Payable @ December 31, 2016			<u>30,643.37</u>
			1,509,125.37
Less: Tax Payable @ December 31, 2015			<u>34,871.37</u>
Amount Charged to 2016 Operations	\$		<u><u>1,474,254.00</u></u>

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

Purpose	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Adjustments/ (Canceled)	Balance Dec. 31, 2016
<b>FEDERAL GRANTS:</b>					
Transportation Alternatives	\$ 296,000.00				296,000.00
Small Cities - London Avenue		325,800.00			325,800.00
Bulletproof Vest		1,320.00	1,320.00		-
<b>Total Federal</b>	<b>296,000.00</b>	<b>327,120.00</b>	<b>1,320.00</b>	<b>-</b>	<b>621,800.00</b>
<b>STATE GRANTS:</b>					
NJ Transportation Trust Fund Authority Reconstruction of-					
Diesterweg Street - 2013	46,750.00				46,750.00
Diesterweg Street - 2014	199,921.00		199,921.00		-
Diesterweg Street - 2015	190,000.00		78,056.75		111,943.25
Washington & Norfolk Avenues	-	196,000.00			196,000.00
NJ Department of Transportation Discretionary Aid-					
Diesterweg Walkway	25,000.00		25,000.00		-
NJDOT_Safe Routes to School	35,349.00				35,349.00
NJEDA Environmental Clean up	217,084.75				217,084.75
Clean Communities		15,826.16			1.50
Recycling Tonnage Grant		7,476.24	15,825.16	0.50	1.50
Drunk Driving Enforcement Fund		4,568.14	7,475.79	(0.45)	(0.00)
2015 Sustainable Jersey- Capacity Grant		1,678.00	4,568.14		0.00
Body Armor		6,000.00	1,679.00	1.00	-
Attorney General Body Camera		6,000.00	4,000.00	(2,000.00)	-
NJDEP Community Stewardship Incentive Program - Reforestation and Tree Planting Grant		30,000.00			30,000.00
<b>Total State</b>	<b>714,104.75</b>	<b>261,548.54</b>	<b>336,525.84</b>	<b>(1,998.95)</b>	<b>637,128.50</b>

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred From 2016 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
<b>Local Grants:</b>					
Municipal Alliance-Drug Abuse Resistance Education	12,653.13	12,963.00	12,038.89	(614.24)	12,963.00
Atlanticare Garden Grant		500.00	500.00		-
Atlanticare Farmers Market Grant	1,000.00		1,000.00		-
<b>Total State</b>	<u>13,653.13</u>	<u>13,463.00</u>	<u>13,538.89</u>	<u>(614.24)</u>	<u>12,963.00</u>
<b>\$</b>	<u>1,023,757.88</u>	<u>602,131.54</u>	<u>351,384.73</u>	<u>(2,613.19)</u>	<u>1,271,891.50</u>
		Cash	348,385.73		
		Unappropriated Reserves	2,999.00		
		Cancel by Resolution		(2,614.24)	
		Miscellaneous Adjustments		1.05	
			<u>351,384.73</u>	<u>(2,613.19)</u>	

See Accompanying Auditor's Report



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

	Balance December 31., 2015		2016 Appropriations	Disbursed	Reverse Prior Year		Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances			Encumbrances	Encumbrances	
<b>FEDERAL GRANTS:</b>							
Small Cities Community Development Block Grant	\$ 1,853.50		345,800.00	223,257.08	115,316.92		1,853.50
Housing Rehabilitation							7,226.00
Reconstruction of London Avenue							
US Department of Justice	1,066.14		1,320.00	1,320.00			1,066.14
Bulletproof Vest Program	296,000.00						296,000.00
Transportation Alternatives	0.09						0.09
US House Trans & Infrastr-Transit Hub							
<b>Total Federal</b>	<b>298,919.73</b>	<b>-</b>	<b>347,120.00</b>	<b>224,577.08</b>	<b>115,316.92</b>	<b>-</b>	<b>306,145.73</b>
<b>STATE GRANTS:</b>							
Department of Transportation		12,216.94					
Reconstruction of Diesterweg Avenue-2013	-				12,216.94		-
Reconstruction of Diesterweg Avenue-2014	199,921.00			128,957.86			
Reconstruction of Diesterweg Avenue-2015	190,000.00				190,000.00		
Reconstruction of Washington & Norfolk Ave.							
NJ DEP-Hazardous Discharge	143,518.13	117,616.03	196,000.00		117,616.03		196,000.00
NJDEP Community Stewardship Incentive							143,518.13
Program - Reforestation and Tree							
Planting Grant							
Body Armor Fund	3,367.03		30,000.00	3,555.00			30,000.00
Drunk Driving Enforcement Fund	7,201.94		1,678.00	6,404.06			1,490.03
Clean Communities Program	15,514.93	123.99	4,568.14	20,089.39	193.98		5,172.04
Recycling Tonnage Grant	17,190.09		15,826.00	18,819.30	43.44	0.16	11,375.69
2015 Sustainable Jersey- Capacity Grant	884.75		7,476.24	884.75			5,803.59
Attorney General Body Camera Grant			6,000.00	4,000.00		(2,000.00)	-
<b>Total State</b>	<b>577,597.87</b>	<b>129,956.96</b>	<b>261,548.38</b>	<b>182,710.36</b>	<b>391,033.53</b>	<b>(1,999.84)</b>	<b>393,359.48</b>

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

	Balance December 31, 2015		2016		Reverse		Balance	
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	Prior Year Encumbrances	Encumbrances	Refunds/ (Canceled)	Dec. 31, 2016
<b>LOCAL GRANTS:</b>								
Drug Abuse Resistance Education	13,507.75	1,073.60	16,204.00	17,760.04		3,174.00	(614.24)	9,237.07
Egg Harbor City Board of Education	1,226.38		500.00	597.83				1,226.38
Rittenberg School Demolition	97.83							-
Atlantcare Garden Grant								
	<u>14,831.96</u>	<u>1,073.60</u>	<u>16,704.00</u>	<u>18,357.87</u>	<u>-</u>	<u>3,174.00</u>	<u>(614.24)</u>	<u>10,463.45</u>
Total Local	<u>\$ 891,349.56</u>	<u>131,030.56</u>	<u>625,372.38</u>	<u>425,645.31</u>	<u>-</u>	<u>509,524.45</u>	<u>(2,614.08)</u>	<u>709,968.66</u>
			Current Expenditures	425,645.31				
			Cancel by Resolution				(2,614.24)	
			Miscellaneous Adjustments				0.16	
			Cash	425,645.31			(2,614.08)	

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

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Adjustment</u>	<u>Balance Dec. 31, 2016</u>
<b>STATE GRANTS:</b>					
Body Armor	\$ 1,678.72	1,679.00	1,542.58	0.99	1,543.29
Bulletproof Vest	1,320.00	1,320.00		0.33	0.33
Drunk Driving Enforcement Fund			3,448.59	(0.44)	3,448.15
<b>Total State</b>	<u>2,998.72</u>	<u>2,999.00</u>	<u>4,991.17</u>	<u>0.88</u>	<u>4,991.77</u>
	<u>\$ 2,998.72</u>	<u>2,999.00</u>	<u>4,991.17</u>	<u>0.88</u>	<u>4,991.77</u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2015	\$ 779.86	305,095.61
Increased By:		
State Dog License Fees	267.60	
Municipal License Fees	1,145.40	
Developers Escrow		13,789.46
Unemployment Trust		9,173.61
Construction Code Fees		54.22
Law Enforcement		7,487.34
Street Opening Escrow		13,268.84
Accumulated Absences		15,014.76
Community Events		6,497.06
Maintenance Bonds		297.95
Storm Recovery		3,235.25
Parking Offences Adjudication Fund		16.00
Interest Earned		9.28
	<u>1,413.00</u>	<u>68,843.77</u>
	2,192.86	373,939.38
Decreased By:		
Paid to State of NJ	267.60	
Dog Fund Expenditures	1,925.26	
Reserve for Program Loans		365.53
Unemployment Trust		9,338.51
Developers Escrow		32,505.47
Law Enforcement		3,356.00
Street Opening Escrow		13,290.00
Recreation-Developers		3,709.49
Recreation Dedicated Trust		1,518.82
Accumulated Absences		21,755.67
Maintenance Bonds		24,821.58
Storm Recovery		3,277.20
Community Events		4,901.51
	<u>2,192.86</u>	<u>118,839.78</u>
Balance December 31, 2016	\$ <u><u>-</u></u>	<u><u>255,099.60</u></u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
<b>Analysis of December 31, 2016 Balance</b>		
Unemployment Trust Fund	\$	4,841.54
POAA Trust		129.29
Law Enforcement Trust Fund		10,575.49
Sanitary Landfill Escrow		8,334.14
Developer's Escrow		32,843.13
Maintenance Bonds		
Cedar Creek Partners		114,642.54
Program Loans		16,991.10
Reserve For Police MDT Trust Donations		100.00
Community Events		4,022.89
Recreation Trust Fund		51,290.51
Accumulated Absences		8,416.41
Snow Removal		51.64
Fire Prevention Penalty		<u>2,860.92</u>
	\$	<u><u>255,099.60</u></u>

**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2015	\$	292,799.56
Increased by Receipts:		
Deposits for Redemption of Tax Sale Certificates	512,398.32	
Premiums Received at Tax Sale	<u>56,000.00</u>	<u>568,398.32</u>
		861,197.88
Decreased by Disbursements:		
Tax Sale Redemptions	498,208.15	
Premiums Returned	<u>187,200.00</u>	<u>685,408.15</u>
Balance December 31, 2016	\$	<u><u>175,789.73</u></u>

ANALYSIS OF BALANCE - DECEMBER 31, 2016

Tax Title Lien Redemption		27,589.73
Tax Sale Premium		<u>148,200.00</u>
	\$	<u><u>175,789.73</u></u>

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

Balance December 31, 2015	\$	779.86
Increased by:		
Dog License Fees Collected		870.40
Cat License Fees Collected		175.00
Late Fees		100.00
		1,145.40
		1,925.26
Decreased by:		
Expenditures under N.J.S.A. 4:19-15.11:		
Cash		1,925.26
		1,925.26
Balance December 31, 2016	\$	-

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	992.00
2014	1,572.00
	2,564.00
	2,564.00

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Reserve	Increased by			Decreased by		Balance Dec. 31, 2016
	Balance Dec. 31, 2015	Receipts	Budget Appropriation	Disbursements	Payments made by Current Fund	
Unemployment	\$ 5,006.44	3,673.61	5,500.00		9,338.51	4,841.54
Fire Prevention Penalty	2,806.70	54.22				2,860.92
Sanitary Landfill Closure	8,324.86	9.28				8,334.14
Developer's Escrow	51,559.14	13,789.46		32,505.47		32,843.13
Law Enforcement Trust	6,444.15	7,487.34		3,356.00		10,575.49
Recreation Trust	1,518.82			1,518.82		-
Recreation Developers	55,000.00			3,709.49		51,290.51
Parking Offense Adjudication Fund	113.29	16.00				129.29
Street Opening Escrows	21.16	13,268.84		13,290.00		-
Accumulated Absences	15,157.32	14.76	15,000.00	21,755.67		8,416.41
Maintenance Bonds	139,166.17	297.95		24,821.58		114,642.54
Community Events	2,427.34	6,497.06		4,901.51		4,022.89
Snow Removal	93.59	3,235.25		3,277.20		51.64
Reserve For Police MDT Trust Donations	100.00					100.00
Tax Title Lien Redemptions	13,399.56	512,398.32		498,208.15		27,589.73
Tax Sale Premiums	279,400.00	56,000.00		187,200.00		148,200.00
	<u>\$ 580,538.54</u>	<u>616,742.09</u>	<u>20,500.00</u>	<u>794,543.89</u>	<u>9,338.51</u>	<u>413,898.23</u>

See Accompanying Auditor's Report



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

Balance December 31, 2015		\$	1,224.35
Increased by:			
Capital Improvement Fund	25,000.00		
Grant Receipts	176,482.67		
Due from Current Fund	2,830.57		
Bond Anticipation Notes Issued	<u>330,000.00</u>		
			<u>534,313.24</u>
			535,537.59
Decreased by:			
Improvement Authorizations	497,985.30		
Expenditures Charged to Reserves:			
Preliminary Expense			
Diesterweg Road Reconstruction Phil/Buf	12,024.95		
Atlantic Avenue	15,120.00		
Diesterweg Road Reconstruction (Bremen to New Orleans Avenue)	<u>2,250.00</u>		
			<u>527,380.25</u>
Balance December 31, 2016		\$	<u><u>8,157.34</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 9,209.48	2,830.57						12,040.05
Capital Improvement Fund	4.60	25,000.00						7.60
Encumbrances Payable	516,283.83							67,178.23
Reserves for:								
Demolition of Property	4,353.00							-
Design Expenses for Diesterweg Walkway/Bikepath Phase II	-			2,250.00				-
Preliminary Expenses								
Reconstruction of Washington & Norfolk Avenue	-				12,024.95	75.05		-
Reconstruction of Atlantic Avenue					15,120.00	7,200.00		450.00
Grants Receivable	(213,168.29)							(36,685.62)
Interfund Receivable	(35,349.00)	176,482.67						(35,349.00)
Improvement Authorizations:								
#19-2008 Reconstruction of St. Louis Avenue and Acquisition of Street Sweeper	3,400.58			3,400.58				-
#11-2010 EHC North Preliminary Expenses	868.53			868.53				-
#14-2012 Various General Improvements	23,594.29			17,589.38		2,500.00	9,291.70	12,796.61
#15-2012 EHC North Pinelands Preliminary Study	1,650.00					2,427.00	2,427.00	1,650.00
#8-2013 Various General Improvements	(24,379.40)			96,492.81		52,308.18	144,904.47	(28,275.92)
#12-2014 Various General Improvements	40,355.43			34,011.80			5,941.46	12,285.09
#11-2015 Various Road Reconstructions	(325,598.70)		330,000.00	345,622.20		2,668.00	345,949.20	2,060.30
	\$ 1,224.35	204,313.24	330,000.00	497,985.30	29,394.95	617,165.06	617,165.06	8,157.34

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

Balance December 31, 2015		\$	4.60
Increased by:			
Budget Appropriation - 2016	25,000.00		
Cancelled Reserve for Preliminary Expenses	4,353.00		
			29,353.00
			29,357.60
Decreased by:			
Preliminary Expenses:			
Washington Avenue	12,100.00		
Atlantic Avenue	17,250.00		
			29,350.00
Balance December 31, 2016		\$	7.60

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

Balance December 31, 2015		\$ 1,012,000.00
Increased by:		
Serial Bonds Issued	1,543,000.00	
Refunding Bonds Issued	<u>1,035,000.00</u>	
		<u>2,578,000.00</u>
		3,590,000.00
Decreased by:		
Budget Appropriation to Pay Bonds:		
Municipal Bonds	205,000.00	
Paid through refunding	<u>1,012,000.00</u>	
		<u>1,217,000.00</u>
Balance December 31, 2016		\$ <u><u>2,373,000.00</u></u>



**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Current Year Encumbrances	Canceled	Balance December 31, 2016			
				Balance December 31, 2015 Funded	Balance December 31, 2015 Unfunded	Other Funding	Deferred Charges to Future Taxation			Paid or Charged	Prior Year Encumbrances	Funded	Unfunded
19-2008	Reconstruction of St. Louis Avenue and Acquisition of Street Sweeper	8/28/2008	241,000.00	\$	3,400.58		3,400.58						
11-2010	EHC North Preliminary Expenses	4/22/2010	200,000.00		868.53		868.53						
14-2012	Various General Improvements	9/13/2012	225,000.00		23,594.29		17,589.38					12,796.61	
15-2012	EHC North Pinebluffs Preliminary Expenses	9/13/2012	11,500.00		1,650.00							1,650.00	
8-2013	Various General Improvements	5/23/2013	902,000.00		10,870.60		96,492.81						6,874.08
12-2014	Various General Equipment	12/4/2014	180,000.00		40,355.43		34,011.80						12,285.09
11-2015	Various Road Reconstructions	7/16/2015	500,000.00		4,401.30		345,622.20						2,060.30
				\$	2,518.53		497,985.30					14,446.61	21,319.47
					82,622.20		(508,513.83)						

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016			Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount	Rate					
General Obligation Bonds of 2005	12/1/2005	2,317,000	12/1/2017	210,000.00	4.000%	\$ 1,012,000.00		1,012,000.00	-	
			12/1/2018	210,000.00	4.000%					
			12/1/2019	210,000.00	4.000%					
			12/1/2020	182,000.00	4.000%					
General Obligation Bonds of 2016	4/13/2016	1,543,000	4/1/2017	98,000.00	2.250%		1,543,000.00		1,543,000.00	
			4/1/2018	95,000.00	2.250%					
			4/1/2019	100,000.00	2.250%					
			4/1/2020	110,000.00	2.250%					
			4/1/2021-2026	190,000.00	2.250%					
Refunding Bonds	6/7/2016	1,035,000	12/1/2017	225,000.00	1.500%		1,035,000.00	205,000.00	830,000.00	
			12/1/2018	215,000.00	1.500%					
			12/1/2019	210,000.00	1.500%					
			12/1/2020	180,000.00	1.500%					
						\$	<u>1,012,000.00</u>	<u>2,578,000.00</u>	<u>1,217,000.00</u>	<u>2,373,000.00</u>
								Paid through budget	205,000.00	
								Refunded	<u>1,012,000.00</u>	
									<u>1,217,000.00</u>	

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased/Adjustment	Balance Dec. 31, 2016
Various Capital Improvements	9-06	7/26/2006	-	-	-	\$ 254,307.00	-	254,307.00	-
Various Capital Improvements	7-07	6/1/2007	-	-	-	263,923.00	-	263,923.00	-
Various Capital Improvements	19-08	2/9/2011	-	-	-	101,899.00	-	101,899.00	-
Various Capital Improvements	11-09	2/10/2010	-	-	-	360,000.00	-	360,000.00	-
Various Capital Improvements	10-11	2/6/2012	-	-	-	112,500.00	-	112,500.00	-
Various Capital Improvements	9-12	2/5/2013	-	-	-	237,500.00	-	237,500.00	-
Various Capital Improvements	14-12	2/5/2013	-	-	-	213,750.00	-	213,750.00	-
Various Capital Improvements	8-13	1/31/2014	4/13/2016	4/12/2017	1.000%	150,000.00	-	-	150,000.00
Various Capital Improvements	12-14	1/29/2015	4/13/2016	4/12/2017	1.000%	171,000.00	-	-	171,000.00
Various Capital Improvements	11-15	1/29/2015	4/13/2016	4/12/2017	1.000%	145,000.00	330,000.00	-	475,000.00
						<u>\$ 2,009,879.00</u>	<u>330,000.00</u>	<u>1,543,879.00</u>	<u>796,000.00</u>



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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Paid Through Budget	Balance Dec. 31, 2016
8-2013	Various Capital Improvements	\$ 35,250.00				35,250.00
11-2015	Various Road Reconstruction	330,000.00		330,000.00		-
		<u>\$ 365,250.00</u>	<u>-</u>	<u>330,000.00</u>	<u>-</u>	<u>35,250.00</u>

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

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	\$ 456,949.82	508,281.61
Increased by Receipts:		
Collector	1,378,999.57	
Miscellaneous	38,683.51	
Fire Hydrants	30,000.00	
Reserve to Pay Debt	1,444.00	
Capital Fund Balance	70,271.00	
Petty Cash	200.00	
Due from State of NJ -		
Route 30 Improvements	11,093.00	
Due from Utility Capital	3,448.22	
Due from General Capital		<u>100,000.00</u>
	<u>1,534,139.30</u>	<u>100,000.00</u>
	1,991,089.12	608,281.61
Decreased by Disbursements:		
Appropriations - Current	1,236,305.15	
Appropriations - Prior Year	13,118.62	
Accrued Interest on Bonds	422,730.50	
Accrued Interest on Notes		3,448.22
Petty Cash	200.00	
Reserve to Pay Debt		432.08
Reserve for Property Sales		1,011.92
Due from State-Route 30 Improvements	12,056.00	
Improvement Authorizations		18,698.88
Due to Current Fund		250,000.00
Due to General Capital		241,761.20
Due to Utility operating		
Transfer Budgeted Revenue	<u>-</u>	<u>70,271.00</u>
	<u>1,684,410.27</u>	<u>585,623.30</u>
Balance December 31, 2016	\$ <u><u>306,678.85</u></u>	<u><u>22,658.31</u></u>

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

Balance December 31, 2015		\$	-
Increased by Receipts:			
Consumer Accounts Receivable	1,234,972.09		
Utility Liens	-		
Prepaid Utility Rents	140,527.48		
Prepaid Fire Receipts	<u>3,500.00</u>		
			<u>1,378,999.57</u>
			1,378,999.57
Decreased by Disbursements:			
Payment to Treasurer			<u>1,378,999.57</u>
Balance December 31, 2016		\$	<u><u>-</u></u>

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

Balance December 31, 2015	\$	675.19
Increased by Receipts:		
Utility Rents Levied		<u>1,396,414.05</u>
		1,397,089.24
Decreased by Collections:		
Collections - 2016	1,234,972.09	
Collections - 2015	150,820.46	
Overpayments Created	288.87	
Cancellations	8,536.53	
Transfers to Lien	<u>1,196.50</u>	
		<u>1,395,814.45</u>
Balance December 31, 2016		<u><u>1,274.79</u></u>

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

Balance December 31, 2015		7,987.29
Increased by:		
Transfers from Accounts Receivable	1,196.50	
Fire Subcode Fines	1,512.50	
Adjustment to Actual	(377.56)	
Penalties and Costs Accrued by Sale of December 20, 2016	<u>4.31</u>	
		<u>2,335.75</u>
Balance December 31, 2016	\$	<u><u>10,323.04</u></u>

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

ACCOUNT	Balance Dec. 31, 2015	Additions by		Cancelled	Balance Dec. 31, 2016
		Budget Capital Outlay	By Ordinance		
Sewer Mains	\$ 161,073.44				161,073.44
Engineering and Superintendants	13,131.00				13,131.00
General Equipment	4,726.00				4,726.00
Sewer Line Extension	73,542.00				73,542.00
Sewer Improvements	87,500.00				87,500.00
Erection of Fence	4,361.00				4,361.00
Various Improvements to Sewer System	3,693,400.00				3,693,400.00
8th Terrace Sewer Replacement	65,000.00				65,000.00
Extension of Sanitary Sewers in Buerger Street, Beethoven Street, Baltimore Avenue and Claudius Street	680,000.00				680,000.00
Extension or Replacement of Sanitary Sewers and/or Water Mains on Various City Streets	100,000.00				100,000.00
Sanitary Sewer Replacement and Extension	1,002,066.00				1,002,066.00
#13-03 Sewer Extensions and Replacements	150,582.00				150,582.00
Sewer Extensions - 2004	160,800.00				160,800.00
Sewer Plant Demolition	135,000.00		5,000.00		140,000.00
#13-04 Hamburg Avenue Sanitary Sewer Expansion	3,100,000.00				3,100,000.00
#14-06 Various Sewer Utility Improvements	106,235.00				106,235.00
#11-07 Various Sewer Utility Improvements	250,000.00				250,000.00
#20-08 EHC North Utility Improvements	3,016,001.00				3,016,001.00
#21-08 Various Sewer Utility Improvements	38,219.00				38,219.00
#05-13 Refunding Bond Issue	60,729.00				60,729.00
	\$ 12,902,365.44	-	5,000.00	-	12,907,365.44

See Accompanying Auditor's Report

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

ACCOUNT	Balance Dec. 31, 2015	Additions by		Cancelled	Balance Dec. 31, 2016
		Budget Capital Outlay	By Ordinance		
Reservation Land	\$ 4,416.44				4,416.44
Filters	12,281.00				12,281.00
Chemical Treatment Plant	3,308.00				3,308.00
Pumping Station Structures	50,136.00				50,136.00
Electric Power Pumping Equipment	55,975.00				55,975.00
Other Power Pumping Equipment	755.00				755.00
Storage Reservoirs, Tanks and Sandpipes	153,918.00				153,918.00
Distribution Mains and Accessories	289,769.00				289,769.00
Service Pipes and Stops	13,559.00				13,559.00
Meters, Meter Boxes and Vaults	22,846.00				22,846.00
Fire Hydrants and Fire Cisterns	9,385.00				9,385.00
General Structures	16,699.00				16,699.00
General Equipment	16,219.00				16,219.00
Chlorinator	1,575.00				1,575.00
Water Plant Improvements	51,000.00				51,000.00
Repairs to Water System	25,000.00				25,000.00
General Improvements	124,373.00				124,373.00
Refinishing Water Tower	25,000.00				25,000.00
New Wells and Filters	205,327.00				205,327.00
Various Improvements to Water System	2,356,600.00				2,356,600.00
Improvements to Monitoring Wells	10,000.00				10,000.00
Replacement of Well #3	260,000.00				260,000.00
Purchase of Automated Meter Reading System	15,000.00				15,000.00
#9-03 Water Tank Renovations	269,021.00		5,000.00		274,021.00
Land for Water Plant - 2008	221,487.00				221,487.00
#11-06 Improvements to Hamburg Avenue Water Service	2,950,000.00				2,950,000.00
#14-06 Various Water Utility Improvements	83,114.00				83,114.00
#11-07 Various Water Utility Improvements	250,000.00				250,000.00
#20-08 EHC North Utility Improvements	3,016,000.00				3,016,000.00
#21-08 Various Water Utility Improvements	38,219.00				38,219.00
#12-09 Acquisition of Land for Water Plan	160,000.00				160,000.00
#05-13 Refunding Bond Issue	60,730.00				60,730.00
	\$ 10,771,712.44	-	5,000.00	-	10,776,712.44

See Accompanying Auditor's Report

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

Improvement Description	Date	Amount	2016 Authorizations			Balance Dec. 31, 2016
			Balance Dec. 31, 2015	Deferred Reserve for Amortization	Deferred Charges to Future Revenue	
#12-09 Construction of Water Plant	9/10/09	10,000,000 \$	6,938,100.00			6,938,100.00
		\$	6,938,100.00	-	-	6,938,100.00

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 2,001.83	2,001.83		2,001.83	
Other Expenses	28,107.75	28,107.75	12,865.62	15,242.13	
Engineering Fees	3,869.00	3,869.00		3,869.00	
Legal Fees	2,999.96	2,999.96	253.00	2,746.96	
Atlantic County Sewerage Authority - Contractual	2,282.00	2,282.00		2,282.00	
Capital Improvements					
Down Payments on Improvements	2,500.00	2,500.00		2,500.00	
Deferred Charges and Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	2,174.50	2,174.50		2,174.50	
	<u>43,935.04</u>	<u>43,935.04</u>	<u>13,118.62</u>	<u>30,816.42</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, 2016**

Balance December 31, 2015	\$	84,092.81
Increased by:		
Budget Appropriation for Interest on Bonds and Notes		450,216.07
		534,308.88
Decreased by:		
Interest Paid - Treasurer		422,730.50
Balance December 31, 2016	\$	111,578.38

**ANALYSIS OF ACCRUED INTEREST  
DECEMBER 31, 2016**

Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Period	Amount
Serial Bonds					
1,310,000.00	3.50%	8/1/2016	12/31/2016	153	19,486.25
4,642,116.83	2.25%	10/14/2016	12/31/2016	78	22,630.32
5,295,000.00	3.50%	10/15/2016	12/31/2016	77	39,638.96
1,700,000.00	2.30%	10/1/2016	12/31/2016	92	9,992.22
3,943,081.50	2.25%	10/14/2016	12/31/2016	79	19,468.96
280,000.00	1.50%	12/1/2016	12/31/2016	31	361.67
					111,578.38
Bond Anticipation Notes - Charged Directly to Improvement Authorizations					
472,000.00	1.00%	4/13/2016	12/31/2016	263	3,448.22
					3,448.22
Total Accrued Interest					\$ 115,026.60

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

Balance December 31, 2015	\$	2,638.23
Increased by:		
Overpayments Created		<u>(288.87)</u>
Balance December 31, 2016	\$	<u><u>2,349.36</u></u>



**SCHEDULE OF RESERVE FOR AMORTIZATION - WATER**

Balance December 31, 2015	\$	5,337,114.43
Increased by:		
Serial Bonds Paid	<u>106,679.50</u>	<u>106,679.50</u>
Balance December 31, 2016		<u><u>5,443,793.93</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION - SEWER**

Balance December 31, 2015		3,607,144.50
Increased by:		
Serial Bonds Paid	200,761.00	
Bond Anticipation Notes Paid	<u>6,664.00</u>	<u>207,425.00</u>
Balance December 31, 2016	\$	<u><u>3,814,569.50</u></u>

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

Balance December 31, 2015	\$ 2,338,516.54
No Activity	
Balance December 31, 2016	\$ <u>2,338,516.54</u>

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

Purpose	Date of Issue	Original Issue	Date	Maturities Outstanding December 31, 2016		Int. Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
				Amount	Amount					
Various Water and Sewer Improvements	12/1/05	715,000	12/1/17-18	65,000.00	4.000%	335,000.00				
			12/1/19-20	70,000.00	4.000%					
Refunding Bond Issue	4/26/11	1,690,000	8/1/17	125,000.00	2.500%	1,435,000.00		125,000.00	1,310,000.00	
			8/1/18	130,000.00	4.000%					
			8/1/19	135,000.00	4.000%					
			8/1/20	140,000.00	3.500%					
			8/1/22	295,000.00	3.750%					
8/1/25	485,000.00	4.000%								
Egg Harbor City North Utility Improvements	10/14/11	5,056,000.00	4/14/17	43,992.19		4,728,637.88		86,521.05	4,642,116.83	
			10/14/17	44,487.10						
			4/14/18	44,987.58						
			10/14/18	45,493.69						
			4/14/19	46,005.49						
			10/14/19	46,523.05						
			4/14/2020	47,046.44						
			10/14/2020	47,575.71						
			4/14/2021	48,110.94						
			10/14/2021	48,652.19						
			4/14/22 -							
10/14/51	4,179,242.45	2.250%								

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016	
			Date	Amount						
General Obligation Refunding Bonds, Series 2014	10/8/2014	5,295,000	10/15/2017	55,000.00	2.000%					
			10/15/2018-19	105,000.00	2.000%					
			10/15/2020	110,000.00	3.000%					
			10/15/2021	145,000.00	3.000%					
			10/15/2022	150,000.00	2.500%					
			10/15/2023	155,000.00	2.750%					
			10/15/2024	160,000.00	3.000%					
			10/15/2025	165,000.00 (1)	3.250%					
			10/15/2026	165,000.00 (1)	3.250%					
			10/15/2027	175,000.00 (1)	3.250%					
			10/15/2028	180,000.00 (1)	3.250%					
			10/15/2029	185,000.00 (1)	3.250%					
			10/15/2030	190,000.00 (2)	3.500%					
			10/15/2031	195,000.00 (2)	3.500%					
			10/15/2032	205,000.00 (2)	3.500%					
			10/15/2033	210,000.00 (2)	3.500%					
			10/15/2034	220,000.00 (2)	3.500%					
			10/15/2035	225,000.00 (3)	4.500%					
			10/15/2036	235,000.00 (3)	4.500%					
			10/15/2037	245,000.00 (3)	4.500%					
10/15/2038	260,000.00 (3)	4.500%								
10/15/2039	270,000.00 (3)	4.500%								
10/15/2040	280,000.00 (4)	4.000%								
10/15/2041	295,000.00 (4)	4.000%								
10/15/2042-43	305,000.00 (4)	4.000%						5,295,000.00		
Water Plant Construction	4/13/2016	1,700,000.00	4/1/2017	75,000.00	2.250%					
			4/1/2018	80,000.00	2.250%					
			4/1/2019	85,000.00	2.250%					
			4/1/2020	90,000.00	2.250%					
			4/1/2021	95,000.00	2.250%					
			4/1/22-4/1/25	100,000.00	2.250%					
			4/1/26-4/1/28	150,000.00	2.250%					
			4/1/2029	150,000.00	2.375%					
			4/1/2030	150,000.00	2.500%					
			4/1/2031	125,000.00	2.500%					
						1,700,000.00			1,700,000.00	

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 Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
Water Plant Construction	4/14/2016	3,974,000	4/14/2017	31,266.33	2.250%				
			10/14/2017	31,618.08	2.250%				
			4/14/2018	31,973.78	2.250%				
			10/14/2018	32,333.49	2.250%				
			4/14/2019	32,697.24	2.250%				
			10/14/2019	33,065.08	2.250%				
			4/14/2020	33,437.07	2.250%				
			10/14/2020	33,813.23	2.250%				
			4/14/2021	34,193.63	2.250%				
			10/14/2021	34,578.31	2.250%				
			4/14/2022	34,967.32	2.250%				
			10/14/2022	35,360.70	2.250%				
			4/14/2023	35,758.51	2.250%				
			10/14/2023	36,160.79	2.250%				
			4/14/2024	36,567.60	2.250%				
			10/14/2024	36,978.98	2.250%				
			4/14/2025	37,395.00	2.250%				
			10/14/2025	37,815.69	2.250%				
			4/14/2026	38,241.12	2.250%				
			10/14/2026	38,671.33	2.250%				
		4/14/2027	39,106.38	2.250%					
		10/14/2027	39,546.33	2.250%					
		4/14/2028	39,991.23	2.250%					
		10/14/2028	40,441.13	2.250%					
		4/14/2029	40,896.09	2.250%					
		10/14/2029	41,356.17	2.250%					
		4/14/2030	41,821.43	2.250%					
		10/14/2030	42,291.92	2.250%					
		4/14/2031	42,767.70	2.250%					
		10/14/2031	43,248.84	2.250%					
		4/14/2032	43,735.39	2.250%					
		10/14/2032	44,227.41	2.250%					
		4/14/2033	44,724.97	2.250%					
		10/14/2033	45,228.13	2.250%					

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 Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
Water Plant Construction (continued)	4/14/2016	3,974,000	4/14/2034	45,736.94	2.250%				
			10/14/2034	46,251.48	2.250%				
			4/14/2035	46,771.81	2.250%				
			10/14/2035	47,298.00	2.250%				
			4/14/2036	47,830.10	2.250%				
			10/14/2036	48,368.19	2.250%				
			4/14/2037	48,912.33	2.250%				
			10/14/2037	49,462.59	2.250%				
			4/14/2038	50,019.05	2.250%				
			10/14/2038	50,581.76	2.250%				
			4/14/2039	51,150.81	2.250%				
			10/14/2039	51,726.25	2.250%				
			4/14/2040	52,308.17	2.250%				
			10/14/2040	52,896.64	2.250%				
			4/14/2041	53,491.73	2.250%				
			10/14/2041	54,093.51	2.250%				
			4/14/2042	54,702.06	2.250%				
			10/14/2042	55,317.46	2.250%				
			4/14/2043	55,939.78	2.250%				
			10/14/2043	56,569.10	2.250%				
		4/14/2044	57,205.50	2.250%					
		10/14/2044	57,849.07	2.250%					
		4/14/2045	58,499.87	2.250%					
		10/14/2045	59,157.99	2.250%					
		4/14/2046	59,823.52	2.250%					
		10/14/2046	60,496.53	2.250%					
		4/14/2047	61,177.12	2.250%					
		10/14/2047	61,865.36	2.250%					
		4/14/2048	62,561.35	2.250%					
		10/14/2048	63,265.16	2.250%					
		4/14/2049	63,976.90	2.250%					
		10/14/2049	64,696.64	2.250%					
		4/14/2050	65,424.47	2.250%					
		10/14/2050	66,160.50	2.250%					
		4/14/2051	66,904.80	2.250%					

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Original Issue	Date	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
				Amount	-					
Water Plant Construction (continued)	4/14/2016	3,974,000	10/14/2051	67,657.48	2.250%	3,974,000.00	3,974,000.00	30,918.50	3,943,081.50	
			4/14/2052	68,418.63	2.250%					
			10/14/2052	69,188.34	2.250%					
			4/14/2053	69,966.71	2.250%					
			10/14/2053	70,753.83	2.250%					
			4/14/2054	71,549.81	2.250%					
			10/14/2054	72,354.75	2.250%					
			4/14/2055	73,168.74	2.250%					
			10/14/2055	73,991.89	2.250%					
			4/14/2056	71,262.38	2.250%					
Refunding Bond Issue	6/7/2016	345,000	12/1/2017	70,000.00	1.500%	345,000.00	345,000.00	65,000.00	280,000.00	
			12/1/2018	70,000.00	1.500%					
			12/1/2019	70,000.00	1.500%					
			12/1/2020	70,000.00	1.500%					
						\$	<u>11,793,637.88</u>	<u>6,019,000.00</u>	<u>642,439.55</u>	<u>17,170,198.33</u>
								Paid through budget	307,439.55	
								Refunded	<u>335,000.00</u>	
									<u>642,439.55</u>	

- (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

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

Improvement Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2016
				Dec. 31, 2015	Dec. 31, 2016			
#4-02 Improvements to Sanitary Sewer	4/30/04	-	- \$	6,664.00	-		6,664.00	-
#6-04 Sewer Extensions	4/13/2016	4/12/2017	1.00%		160,000.00	160,000.00		160,000.00
#20-08 Various Water & Sewer Improvements	4/13/2016	4/12/2017	1.00%		312,000.00	312,000.00		312,000.00
#12-09 Water Plant Construction	2/10/10	-	-	5,459,000.00			5,459,000.00	-
#12-09 Water Plant Construction	12/31/14	-	-	1,000,000.00			1,000,000.00	-
			\$	<u>6,465,664.00</u>	<u>472,000.00</u>	<u>472,000.00</u>	<u>6,465,664.00</u>	<u>472,000.00</u>

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

Improvement Description	Date of Ordinance	Balance Dec. 31, 2015	2016 Authorizations	Transfer from BAN	Notes Issued	Paid Through Budget	Balance Dec. 31, 2016
#6-04 Various Water & Sewer Improvements		\$ 160,000.00			160,000.00		-
#20-08 Various Water & Sewer Improvements		312,000.00			312,000.00		-
#12-09 Construction of Water Plant	9/10/09	598,100.00		785,000.00			1,383,100.00
		<u>\$ 1,070,100.00</u>	<u>-</u>	<u>785,000.00</u>	<u>472,000.00</u>	<u>-</u>	<u>1,383,100.00</u>

**EGG HARBOR CITY**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

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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 \$40,000, except by contract or agreement".

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$40,000 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:

Reconstruction of Diesterweg Street, Phase III

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 \$40,000 "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 6, 2016 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 2016 calendar year, the City held their tax sale on December 20, 2016. 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>
2016	4,128
2015	4,108
2014	4,103

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 balances above 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 2016 Taxes	10
Municipal Tax Title Liens	5
Payment of 2016 Water & Sewer Utility Charges	10

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>
2016	\$ 10,177,330.42	10,004,768.74	98.30%
2015	9,639,095.98	9,445,215.47	97.98%
2014	9,436,728.00	9,326,389.00	98.83%
2013	9,319,821.00	9,207,597.00	98.79%
2012	8,899,870.00	8,761,796.00	98.44%

### Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	4.53	4.28	4.18	4.13	3.96
Apportionment of Tax Rate:					
Municipal	1.89	1.87	1.83	1.80	1.71
County	0.54	0.47	0.51	0.53	0.43
Local School	1.44	1.38	1.26	1.26	1.21
Regional High School	0.66	0.56	0.58	0.54	0.61
Assessed Valuation	223,833,300	225,081,400	224,833,752	225,130,678	224,407,533

### 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>
2016	\$ 836,702.76	12,553.76	849,256.52	8.34%
2015	708,331.30	15,961.63	728,292.93	7.70%
2014	623,171.00	5,846.00	629,017.00	6.67%
2013	520,040.00	1,610.00	521,650.00	5.60%
2012	555,883.00	15,206.00	571,089.00	6.42%

### 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

May 4, 2017