

BOROUGH OF HARVEY CEDARS

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

**BOROUGH OF HARVEY CEDARS
COUNTY OF OCEAN, NEW JERSEY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015**

	EXHIBIT	PAGE
PART I		
Independent Auditor's Report		1
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		5
Financial Statements – Regulatory Basis:		
<u>Current Fund:</u>		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	A	9
Comparative Statement of Operations and Changes in Fund Balance – Regulatory Basis	A-1	11
Statement of Revenues – Regulatory Basis	A-2	12
Statement of Expenditures – Regulatory Basis	A-3	14
<u>Trust Fund:</u>		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	B	21
<u>General Capital Fund:</u>		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	C	23
Comparative Statement of Fund Balance - Regulatory Basis	C-1	24
<u>Water-Sewer Utility Fund:</u>		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	D	25
Comparative Statement of Operations & Changes in Fund Balance - Regulatory Basis	D-1	27
Comparative Statement of Fund Balance - Regulatory Basis	D-1a	28
Statement of Revenues - Regulatory Basis	D-2	29
Statement of Expenditures - Regulatory Basis	D-3	30
<u>General Fixed Assets Account Group:</u>		
Comparative Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis	E	31
Notes to Financial Statements		35
Supplementary Exhibits:		
<u>Current Fund:</u>		
Schedule of Cash - Collector/Treasurer	A-4	63
Schedule of Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	A-5	64
Schedule of Taxes Receivable & Analysis of Property Tax Levy	A-6	65
Schedule of Tax Title Liens	A-7	66
Schedule of Revenue Accounts Receivable	A-8	67
Schedule of 2014 Appropriation Reserves	A-9	68
Schedule of Deferred Charges - N.J.S.A.:4-54	A-10	71
Schedule of Encumbrances Payable	A-11	72
Schedule of Due To/From State & Local Agencies	A-12	73
Statement of Tax Overpayments	A-13	74
Schedule of Prepaid Taxes	A-14	75
Schedule of County Taxes Payable	A-15	76
Schedule of Regional School Taxes	A-16	77
Schedule of Regional High School Taxes	A-17	78
Schedule of Various Reserves	A-18	79
Schedule of Special Emergency Note Payable	A-19	80
Schedule of Grants Receivable	A-20	81
Schedule of Reserve for Grant Expenditures - Appropriated	A-21	82
Schedule of Reserve for Grant Expenditures - Unappropriated	A-22	83

(Continued)

**BOROUGH OF HARVEY CEDARS
COUNTY OF OCEAN, NEW JERSEY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015**

	EXHIBIT	PAGE
<u>Trust Fund:</u>		
Schedule of Cash Receipts and Disbursements	B-1	87
Schedule of Reserve for Expenditures	B-2	88
Schedule of Due to State of New Jersey	B-3	89
Schedule of Trust - Other Reserves	B-4	90
Schedule of Investments	B-5	91
Schedule of Miscellaneous Reserves	B-6	92
Schedule of Reserve for Payroll Deductions	B-7	93
<u>General Capital Fund:</u>		
Schedule of Cash	C-2	97
Schedule of Analysis of Cash & Investments	C-3	98
Schedule of Deferred Charges to Future Taxation – Unfunded	C-4	99
Schedule of Bond Anticipation Notes	C-5	100
Schedule of Improvement Authorizations	C-6	101
Schedule of Capital Improvement Fund	C-7	102
Schedule of Bonds & Notes Authorized But Not Issued	C-8	103
<u>Water-Sewer Utility Fund</u>		
Schedule of Cash - Treasurer	D-4	107
Schedule of Analysis of Water-Sewer Utility Capital Fund Cash	D-5	108
Schedule of Water Consumer Accounts Receivable	D-6	109
Schedule of Water Overpayments	D-7	110
Schedule of Sewer Consumer Accounts Receivable	D-8	111
Schedule of Sewer Overpayments	D-9	112
Schedule of Fixed Capital	D-10	113
Schedule of Fixed Capital Authorized and Uncompleted	D-11	114
Schedule of 2014 Appropriation Reserves	D-12	115
Schedule of Encumbrances Payable	D-13	116
Schedule of Accrued Interest on Bonds and Notes	D-14	117
Schedule of Bond Anticipation Notes	D-15	118
Schedule of Environmental Infrastructure Trust Loans	D-16	119
Schedule of Improvement Authorizations	D-17	120
Schedule of Capital Improvement Fund	D-18	121
Schedule of Reserve for Amortization	D-19	122
Schedule of Deferred Reserve for Amortization	D-20	123
Schedule of Bonds and Notes Authorized but Not Issued	D-21	124
<u>General Fixed Assets:</u>		
Schedule of General Fixed Assets	E-1	127

PART II

<u>Comments and Recommendations:</u>	
General Comments	131
Contracts & Agreements Required to be Advertised	131
Contracts & Agreements Requiring Solicitation of Quotations	131
Collection of Interest on Delinquent Taxes	132
Delinquent Taxes & Tax Title Liens	132
Deductions from Taxes	133
Examination of Bills	133
Municipal Court	133
Follow-up Prior Year Findings	133
Officials in Office	134
Acknowledgment	135

(Concluded)

**BOROUGH OF HARVEY CEDARS
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Board of Commissioners
Borough of Harvey Cedars
Harvey Cedars, New Jersey 08008

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Harvey Cedars, County of Ocean, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 discussed in Note 1 to the financial statements, the Borough of Harvey Cedars prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of 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 the State of New Jersey.

The effects on the financial statements of the variances between these 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 the Borough of Harvey Cedars, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 52.11% and 64.11% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Harvey Cedars, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Township of Mullica adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, on our consideration of the Borough of Harvey Cedars' 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 the 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 Borough of Harvey Cedars' internal control over financial reporting and compliance.

Respectfully submitted,
HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison, CPA, RMA
Certified Public Accountant
Registered Municipal Accountant
RMA #483

April 26, 2016
Freehold, New Jersey

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**INDEPENDENT AUDITER'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the Board of Commissioners
Borough of Harvey Cedars
Harvey Cedars, New Jersey 08008

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Harvey Cedars (herein referred to as "the Municipality"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated April 26, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. Further, our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund ("LOSAP") Trust Fund. The LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements as of and for the year ended December 31, 2015. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal 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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 Municipality'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* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

April 26, 2016
Freehold, New Jersey

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF HARVEY CEDARS
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	REFERENCE	2015	2014
ASSETS			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 4,116,215.04	\$ 3,544,656.35
Change Fund	A	200.00	200.00
Total		<u>4,116,415.04</u>	<u>3,544,856.35</u>
Other Receivable:			
Due from State of NJ - Senior Citizens' and Veterans Dedutions	A-5	<u>750.00</u>	<u>500.00</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-6	60,435.28	53,929.96
Due From Stafford - UCC Fees	A	-	576.45
Regional School Tax Receivable	A-16	11,740.69	-
Revenue Accounts Receivable	A-8	<u>2,226.53</u>	<u>1,115.86</u>
Total Receivables & Other Assets With Full Reserves		<u>74,402.50</u>	<u>55,622.27</u>
Deferred Charges:			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-10	<u>199,049.60</u>	<u>298,574.40</u>
		<u>199,049.60</u>	<u>298,574.40</u>
Total Regular Funds		<u>4,390,617.14</u>	<u>3,899,553.02</u>
Federal & State Grants:			
Cash	A-4	25,470.16	24,025.74
Federal and State Grants Receivable	A-20	339,624.18	55,948.91
Due From Current Fund	A-19	1,668.53	18,802.71
Due From Utility Operating Fund	D	<u>7,540.00</u>	<u>-</u>
Total State & Federal Grants		<u>374,302.87</u>	<u>98,777.36</u>
Total Assets		<u>\$ 4,764,920.01</u>	<u>\$ 3,998,330.38</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	REFERENCE	2015	2014
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 240,768.47	\$ 279,812.00
Encumbrances Payable	A-11	87,766.68	74,264.53
Due to Utility Capital	D	65,700.00	65,700.00
Due to Federal and State Grant Fund	A-19	1,668.53	18,802.71
Due to State and Local Agencies	A-12	19,545.13	4,505.76
Tax Overpayments	A-13	7,062.42	10,215.49
Prepaid Taxes	A-14	152,178.21	134,013.54
County Taxes Payable	A-15	27,045.61	14,071.24
Regional School Tax Payable	A-16	-	139,556.31
Regional High School Tax Payable	A-17	1,538,708.34	1,333,437.41
Various Reserves	A-18	884,322.82	710,848.53
Subtotal Regular Fund		3,024,766.21	2,785,227.52
Reserve for Receivables & Other Assets	A	74,402.50	55,622.27
Fund Balance	A-1	1,291,448.43	1,058,703.23
Total Regular Fund		4,390,617.14	3,899,553.02
Federal and State Grant Fund:			
Encumbrances Payable	A-21	47.97	6,475.00
Reserve for Grants Expenditures:			
Appropriated	A-21	371,548.46	87,456.96
Unappropriated	A-22	2,706.44	4,845.40
Total State & Federal Grants		374,302.87	98,777.36
Total Liabilities, Reserves & Fund Balance		\$ 4,764,920.01	\$ 3,998,330.38

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 346,000.00	\$ 135,906.09
Miscellaneous Revenue Anticipated	1,004,682.11	1,261,800.24
Receipts From Delinquent Taxes	52,154.20	51,488.45
Non-Budget Revenue	73,384.65	67,481.18
Receipts From Current Taxes	12,207,906.22	11,650,950.31
Other Credits To Income:		
Unexpended Balance of Appropriation		
Reserves	240,526.25	123,108.00
Cancellation of Prior Year Payable	0.04	-
Return of Prior Year Receivable	576.45	-
Prior Year Interfunds Returned	-	929.06
Total Revenues	<u>13,925,229.92</u>	<u>13,291,663.33</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	1,760,168.28	1,669,443.50
Other Expenses	1,089,865.67	1,079,881.78
Deferred Charges and Statutory		
Expenditures	338,775.60	345,379.00
Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	515,068.14	248,357.15
Capital Improvements	180,000.00	107,000.00
Municipal Debt Service	205,963.00	621,869.08
Deferred Charges	99,524.80	121,197.26
County Taxes	5,037,063.93	4,944,167.08
County Share of Added Taxes	27,045.61	14,071.24
Regional School Tax	470,548.00	537,868.00
Regional High School Tax	3,610,721.00	3,191,088.00
Overpayment of Regional School Taxes Payable	11,740.69	-
Overpayment of Construction Code Fees to Stafford	-	576.45
Total Expenditures	<u>13,346,484.72</u>	<u>12,880,898.54</u>
Statutory Excess To Fund Balance	578,745.20	410,764.79
Fund Balance, January 1	<u>1,058,703.23</u>	<u>783,844.53</u>
	1,637,448.43	1,194,609.32
Decreased By:		
Utilized as Anticipated Revenue	<u>346,000.00</u>	<u>135,906.09</u>
Fund Balance, December 31	<u><u>\$ 1,291,448.43</u></u>	<u><u>\$ 1,058,703.23</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	Budget <u>Amendments</u>	<u>Realized</u>	Excess/ <u>(Deficit)</u>
Fund Balance Anticipated	\$ 346,000.00	\$ -	\$ 346,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4,650.00	-	4,650.00	-
Fees and Permits	19,009.00	-	19,044.00	35.00
Fines and Costs:				
Municipal Court	37,713.11	-	38,376.87	663.76
Interest and Costs on Taxes	20,900.00	-	22,550.29	1,650.29
Beach Badge Fees	237,080.00	-	236,077.00	(1,003.00)
Rents	121,137.30	-	119,338.37	(1,798.93)
Energy Receipts Tax	105,628.00	-	105,628.00	-
Uniform Construction Code Fees	35,061.00	-	45,051.00	9,990.00
FEMA - Superstorm Sandy 2012	99,524.80	-	99,524.80	-
Clean Communities Program	-	5,768.38	5,768.38	-
COPS in Shops	-	1,600.00	1,600.00	-
Ocean County Tourism Grant	-	1,000.00	1,000.00	-
Recycling Tonnage Grant	3,173.00	-	3,173.00	-
Bulletproof Vest Partnership	-	2,131.51	2,131.51	-
Alcohol Education and Rehabilitation	414.00	235.73	649.73	-
Body Armor Fund	1,259.16	-	1,259.16	-
80th Street Electrical Panel	-	45,000.00	45,000.00	-
80th Street Generator	-	97,860.00	97,860.00	-
Holly Avenue Road Project	-	144,000.00	144,000.00	-
Utility Operating Surplus of Prior Year	12,000.00	-	12,000.00	-
	<u>697,549.37</u>	<u>297,595.62</u>	<u>1,004,682.11</u>	<u>9,537.12</u>
Receipts From Delinquent Taxes	-	-	52,154.20	52,154.20
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>3,099,079.46</u>	<u>-</u>	<u>3,313,386.64</u>	<u>214,307.18</u>
Budget Totals	4,142,628.83	297,595.62	4,716,222.95	275,998.50
Non-Budget Revenue	-	-	73,384.65	73,384.65
	<u>\$ 4,142,628.83</u>	<u>\$ 297,595.62</u>	<u>\$ 4,789,607.60</u>	<u>\$ 349,383.15</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

Analysis of Realized Revenue

Allocation of Current Tax Collection:

Revenue from Collections	\$ 12,207,906.22
Allocated to School and County Taxes	<u>9,145,378.54</u>

Balance for Support of Municipal Budget	3,062,527.68
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Add:

Appropriation for Uncollected Taxes	<u>250,858.96</u>
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Balance for Support of Municipal Budget	<u><u>\$ 3,313,386.64</u></u>
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Miscellaneous Revenue Not Anticipated:

Copies	\$ 128.46
Resale CO's	2,400.00
Assessor Lists	210.00
Plumbing/Fire Fees	3,368.30
Sale of Asset	11,915.26
Tax Costs of Sale	1,818.77
Miscellaneous	12,591.95
Payment in Lieu of Taxes	20,101.49
Interest Income	1,598.39
Certified Copies	207.25
Yard Sale Permits	45.00
Street Openings	4,800.00
Police Discovery	113.20
Administration Fee:	
Senior Citizens' and Veterans'	155.00
TV Cable Franchise Fees	10,269.18
Public Property Use Fee	2,762.50
MV Inspection Fines	<u>899.90</u>
	<u><u>\$ 73,384.65</u></u>

Fees and Permits:

Marriage Licenses - Municipal Share	\$ 24.00
Certificate of Occupancy	420.00
Tennis Court Fees	3,670.00
Land Use Board App Fee	1,900.00
Beach Buggy Permits	3,350.00
Zoning Permits	5,080.00
Police Vendor Permits	3,900.00
Boat Permits	<u>700.00</u>
	<u><u>\$ 19,044.00</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
General Appropriations					
Operations - Within "CAPS"	\$				
	6,500.00	\$ 6,500.00	\$ 6,500.00	\$ -	-
	3,500.00	3,500.00	1,324.72	2,175.28	-
GENERAL GOVERNMENT					
Department of Public Affairs and Safety					
Director's Office:					
Salaries and Wages					
Other Expenses					
Administrator:					
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-
Municipal Clerk:					
Salaries and Wages	61,822.14	61,822.14	60,469.44	1,352.70	-
Other Expenses	12,000.00	12,000.00	9,833.52	2,166.48	-
Legal Services and Costs:					
Other Expenses	20,000.00	20,000.00	4,242.75	15,757.25	-
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Board of Adjustment:					
Salaries and Wages	36,695.00	31,795.00	26,187.63	5,607.37	-
Other Expenses	6,000.00	6,000.00	5,763.48	236.52	-
Zoning Enforcement					
Other Expenses	1,000.00	1,000.00	1,000.00	-	-
Police Department:					
Salaries and Wages	864,950.19	877,450.19	877,010.19	440.00	-
Other Expenses	80,000.00	87,500.00	76,938.28	10,561.72	-
Office of Emergency Management:					
Salaries and Wages	4,000.00	4,600.00	3,055.00	1,545.00	-
Other Expenses	2,000.00	3,500.00	2,500.00	1,000.00	-
Fire:					
Aid To Volunteer Fire Company	12,000.00	12,000.00	12,000.00	-	-
First Aid Organization Contribution	9,500.00	9,500.00	9,500.00	-	-
Municipal Prosecutor's Office:					
Other Expenses	6,500.00	6,500.00	6,000.00	500.00	-
Contribution To Senior Citizen Center	1,500.00	1,500.00	1,500.00	-	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (continued)					
Lifeguards:					
Salaries and Wages	275,000.00	265,000.00	264,636.88	363.12	-
Other Expenses	22,008.00	32,008.00	31,713.92	294.08	-
Beach Operations					
Salaries and Wages	22,888.80	19,938.80	18,009.12	1,929.68	-
Other Expenses	6,500.00	6,500.00	5,744.02	755.98	-
Department of Revenue and Finance					
Director's Office:					
Salaries and Wages	6,500.00	6,500.00	6,500.00	-	-
Other Expenses	2,000.00	2,000.00	1,893.71	106.29	-
Financial Administration:					
Salaries and Wages	38,421.70	40,021.70	39,963.54	58.16	-
Other Expenses	6,120.00	8,320.00	8,320.00	-	-
Audit Services	29,850.00	29,850.00	25,592.50	4,257.50	-
Collector of Taxes:					
Salaries and Wages	48,700.45	51,000.45	50,965.75	34.70	-
Other Expenses	3,850.00	6,150.00	6,150.00	-	-
Tax Assessment Administration:					
Salaries and Wages	19,254.00	19,254.00	19,254.00	-	-
Other Expenses	6,000.00	1,600.00	1,600.00	-	-
Department of Public Works, Parks, and Public Property					
Director's Office:					
Salaries and Wages	6,500.00	6,500.00	6,500.00	-	-
Other Expenses	2,000.00	2,000.00	957.72	1,042.28	-
Engineering Services and Costs:					
Other Expenses	15,000.00	15,000.00	13,208.21	1,791.79	-
Road Repair and Maintenance:					
Salaries and Wages	292,500.00	292,500.00	292,371.22	128.78	-
Other Expenses	35,000.00	15,000.00	12,401.29	2,598.71	-
Garbage and Trash Removal:					
Other Expenses	132,000.00	132,000.00	121,585.50	10,414.50	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (continued)					
Public Buildings and Grounds:					
Other Expenses	75,000.00	75,000.00	72,783.14	2,216.86	-
Vehicle Maintenance:					
Salaries and Wages	39,956.00	39,956.00	34,224.70	5,731.30	-
Other Expenses	30,000.00	30,000.00	30,000.00	-	-
Recreation:					
Salaries and Wages	3,000.00	3,000.00	2,953.72	46.28	-
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Park Maintenance:					
Other Expenses	8,150.00	8,150.00	7,262.56	887.44	-
Beachfront Maintenance:					
Other Expenses	30,000.00	30,000.00	20,670.66	9,329.34	-
Sanitary Landfill:					
Other Expenses	61,500.00	61,500.00	52,930.46	8,569.54	-
Special Activity:					
Other Expenses	5,000.00	5,000.00	4,699.48	300.52	-
Municipal Court:					
Salaries and Wages	7,799.00	7,799.00	7,799.00	-	-
Other Expenses	2,000.00	2,650.00	2,648.43	1.57	-
Public Defender (P.L. 1997, c.256):					
Other Expenses	800.00	800.00	800.00	-	-
Insurance (N.J.S.A. 40A:4-45.3(00)):					
General Liability	31,000.00	31,000.00	31,000.00	-	-
Workers Compensation	43,000.00	43,000.00	42,691.41	308.59	-
Employee Group Health	267,500.00	267,500.00	259,472.93	8,027.07	-
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS					
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Construction Code Official:					
Salaries and Wages	6,531.00	6,531.00	5,903.20	627.80	-
Other Expenses	3,000.00	3,000.00	720.58	2,279.42	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNCLASSIFIED					
Electricity	16,561.21	16,561.21	16,561.21	-	-
Street Lighting	36,434.66	36,434.66	35,636.21	798.45	-
Telecommunications	14,353.04	14,353.04	11,557.49	2,795.55	-
Natural Gas	10,488.76	10,488.76	4,932.80	5,555.96	-
Gasoline	40,000.00	40,000.00	19,545.96	20,454.04	-
Accumulated Leave Compensation	10,000.00	10,000.00	10,000.00	-	-
Total Operations - Within "CAPS"	2,851,133.95	2,850,033.95	2,715,986.33	134,047.62	-
Detail:					
Salaries and Wages	1,761,018.28	1,760,168.28	1,742,303.39	17,864.89	-
Other Expenses	1,090,115.67	1,089,865.67	973,682.94	116,182.73	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					
Statutory Expenditures: Contribution To:					
Public Employees' Retirement System of NJ	61,843.60	61,843.60	61,843.60	-	-
Social Security System (O.A.S.I.)	133,000.00	133,000.00	126,659.34	6,340.66	-
Police and Firemen's Retirement System of NJ	135,682.00	135,682.00	135,682.00	-	-
Unemployment Insurance (N.J.S.A. 43:21-3 et seq.)	7,150.00	8,250.00	6,941.84	1,308.16	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	337,675.60	338,775.60	331,126.78	7,648.82	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	3,188,809.55	3,188,809.55	3,047,113.11	141,696.44	-
Recycling Tax	3,165.00	3,165.00	2,016.69	1,148.31	-
LOSAP	40,000.00	40,000.00	-	40,000.00	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Interlocal Municipal Service Agreements:					
Police Dispatch/911	32,462.00	32,462.00	32,462.00	-	-
Code Enforcement and Administration	47,754.36	47,754.36	18,472.03	29,282.33	-
Public Health Services	40,245.00	40,245.00	40,245.00	-	-
Animal Control Services	10,000.00	10,000.00	3,645.00	6,355.00	-
LBI Trolley	10,000.00	10,000.00	10,000.00	-	-
IT Services	9,000.00	9,000.00	350.00	8,650.00	-
Municipal Court Administrator	20,000.00	20,000.00	14,222.06	5,777.94	-
Public and Private Programs Offset By Revenues:					
Clean Communities Program	-	5,768.38	5,768.38	-	-
Ocean County Tourism Grant	-	1,000.00	1,000.00	-	-
COPS In Shops	-	1,600.00	1,600.00	-	-
Recycling Tonnage Grant	3,173.00	3,173.00	3,173.00	-	-
Alcohol Education and Rehabilitation	414.00	649.73	649.73	-	-
Body Armor Fund	1,259.16	1,259.16	1,259.16	-	-
Bulletproof Vest Partnership	-	2,131.51	2,131.51	-	-
80th Street Electrical Panel	-	45,000.00	45,000.00	-	-
80th Street Generator	-	97,860.00	97,860.00	-	-
Holly Avenue Road Project	-	144,000.00	144,000.00	-	-
Total Operations - Excluded From "CAPS"	217,472.52	515,068.14	423,854.56	91,213.58	-
Detail:					
Other Expenses	217,472.52	515,068.14	423,854.56	91,213.58	-
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	-	-
Camera System - Police/PW	5,000.00	5,000.00	5,000.00	-	-
Vehicles - Police	50,000.00	50,000.00	49,991.74	8.26	-
VHF Radio Upgrade	4,000.00	4,000.00	3,130.40	869.60	-
Lawn Mower	16,000.00	16,000.00	11,619.41	4,380.59	-
Playground Renovations - Fibar	5,000.00	5,000.00	2,400.00	2,600.00	-
Total Capital Improvements - Excluded From "CAPS"	180,000.00	180,000.00	172,141.55	7,858.45	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Anticipation Notes and Capital Notes Interest on Notes	194,265.00 11,698.00	194,265.00 11,698.00	194,265.00 11,698.00	- -	- -
Total Municipal Debt Service - Excluded From "CAPS"	205,963.00	205,963.00	205,963.00	-	-
Deferred Charges - Municipal - Excluded From "CAPS"					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	99,524.80	99,524.80	99,524.80	-	-
Total Deferred Charges - Municipal - Excluded From "CAPS"	99,524.80	99,524.80	99,524.80	-	-
Total General Appropriations - Excluded From "CAPS"	702,960.32	1,000,555.94	901,483.91	99,072.03	-
Subtotal General Appropriations	3,891,769.87	4,189,365.49	3,948,597.02	240,768.47	-
Reserve for Uncollected Taxes	250,858.96	250,858.96	250,858.96	-	-
Total General Appropriations	4,142,628.83	4,440,224.45	4,199,455.98	240,768.47	-
Analysis of Modified Budget:					
Original Budget	\$ 4,142,628.83				
Special Item of Revenue	<u>297,595.62</u>				
	\$ <u>4,440,224.45</u>				
Analysis of Paid or Charged:					
Reserve for Uncollected Taxes	\$ 250,858.96				
Special Emergency Authorizations	99,524.80				
Cash Disbursements	3,517,183.22				
Encumbrances Payable	87,766.68				
Reserve for Grant Expenditures - Appropriated	302,441.78				
Cash Reimbursements	<u>(58,319.46)</u>				
	\$ <u>4,199,455.98</u>				

The accompanying Notes to the Financial Statements are an integral part of this Statement.

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**BOROUGH OF HARVEY CEDARS
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Animal Control Fund:			
Cash	B-1	\$ 47.60	\$ 480.80
Total Animal Control Fund		47.60	480.80
Trust - Other Fund:			
Cash	B-1	286,855.32	190,111.64
Total Trust - Other Fund		286,855.32	190,111.64
Payroll Fund:			
Cash	B-1	44,974.50	2,280.31
Total Payroll Fund		44,974.50	2,280.31
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Investments	B-5	361,133.83	344,497.10
Total Assets		\$ 693,011.25	\$ 537,369.85
 LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 47.60	\$ 480.80
Total Animal Control Fund		47.60	480.80
Trust - Other Fund:			
Trust - Other Reserves	B-4	286,855.32	190,111.64
Total Trust - Other Fund		286,855.32	190,111.64
Payroll Fund			
Reserve for Payroll Deductions	B-7	44,974.50	2,280.31
Total Payroll Fund		44,974.50	2,280.31
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Miscellaneous Reserves	B-6	361,133.83	344,497.10
Total		\$ 693,011.25	\$ 537,369.85

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

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**BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

ASSETS	REFERENCE	2015	2014
Cash	C-2,C-3	\$ 470,088.54	\$ 533,888.18
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>3,543,202.47</u>	<u>3,737,467.47</u>
Total Assets		<u>\$ 4,013,291.01</u>	<u>\$ 4,271,355.65</u>
LIABILITIES, RESERVES & FUND BALANCE			
Bond Anticipation Notes	C-5	\$ 1,822,675.00	\$ 2,016,940.00
Improvement Authorizations:			
Funded	C-6	25,451.99	26,115.97
Unfunded	C-6	1,601,310.65	1,600,160.31
Capital Improvement Fund	C-7	546,734.03	446,734.03
Encumbrances Payable	C-6	-	164,286.00
Fund Balance	C-1	<u>17,119.34</u>	<u>17,119.34</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 4,013,291.01</u>	<u>\$ 4,271,355.65</u>

There were \$1,720,527.47 of bonds and notes authorized but not issued on December 31, 2015 and 2014.

**BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	
Balance, December 31, 2015 and 2014	C	<u>\$ 17,119.34</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	REFERENCE	2015	2014
ASSETS			
Operating Fund:			
Cash	D-4	\$ 378,052.48	\$ 342,029.82
Total		<u>378,052.48</u>	<u>342,029.82</u>
Receivables With Full Reserves:			
Water Rents Receivable	D-6	22,276.05	25,705.96
Sewer Rents Receivable	D-8	<u>16,180.48</u>	<u>17,610.13</u>
Total		<u>38,456.53</u>	<u>43,316.09</u>
Total Operating Fund		<u>416,509.01</u>	<u>385,345.91</u>
Capital Fund:			
Cash	D-4	\$ 284,125.92	836,711.43
Fixed Capital	D-10	4,753,688.47	4,753,688.47
Fixed Capital Authorized and Uncompleted	D-11	3,735,737.00	3,383,737.00
Due from Current Fund	A	<u>65,700.00</u>	<u>65,700.00</u>
Total Capital Fund		<u>8,839,251.39</u>	<u>9,039,836.90</u>
Total Operating & Capital Fund		<u>\$ 9,255,760.40</u>	<u>\$ 9,425,182.81</u>

There were \$231,139.58 of bonds and notes authorized but not issued on December 31, 2015 and 2014.

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	REFERENCE	2015	2014
LIABILITIES RESERVES & FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 67,205.08	\$ 94,880.38
Water Overpayments	D-7	2,270.57	-
Sewer Overpayments	D-9	942.19	-
Encumbrances Payable	D-13	13,032.34	11,941.71
Accrued Interest on Bonds and Notes	D-14	10,206.39	10,596.45
Due to State & Federal Grant Fund	A	7,540.00	-
Subtotal		101,196.57	117,418.54
Reserve for Receivables	D	38,456.53	43,316.09
Fund Balance	D-1	276,855.91	224,611.28
Total Operating Fund		416,509.01	385,345.91
Capital Fund:			
Bond Anticipation Notes	D-15	1,079,485.00	820,850.00
Loans Payable	D-16	960,868.02	1,041,880.10
Improvement Authorizations:			
Funded	D-17	17,793.12	30,684.12
Unfunded	D-17	415,504.59	154,650.35
Capital Improvement Fund	D-18	43,604.00	65,604.00
Reserve for Amortization	D-19	5,573,019.45	5,450,642.37
Deferred Reserve for Amortization	D-20	644,913.42	592,913.42
Encumbrances Payable	D-17	63,720.25	842,269.00
Fund Balance	D-1a	40,343.54	40,343.54
Total Capital Fund		8,839,251.39	9,039,836.90
Total Liabilities, Reserves & Fund Balance		\$ 9,255,760.40	\$ 9,425,182.81

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:		
Fund Balance Anticipated	\$ 36,902.12	\$ 17,515.32
Water/Sewer Rents	1,197,224.76	1,183,709.65
Miscellaneous Revenues Anticipated	7,723.61	5,114.46
Unexpended Balance of Appropriation Reserves	<u>65,233.56</u>	<u>26,584.73</u>
Total Revenues	<u>1,307,084.05</u>	<u>1,232,924.16</u>
Expenditures:		
Budget Appropriations:		
Operating	926,347.91	869,410.00
Capital Improvements	70,000.00	65,000.00
Debt Service	145,111.99	173,997.56
Deferred Charges	-	22,800.00
Statutory Expenditures	64,477.40	61,334.00
Surplus (General Budget)	<u>12,000.00</u>	<u>12,000.00</u>
Total Expenditures	<u>1,217,937.30</u>	<u>1,204,541.56</u>
Excess in Revenue	89,146.75	28,382.60
Fund Balance, January 1	<u>224,611.28</u>	<u>213,744.00</u>
	313,758.03	242,126.60
Decreased By:		
Utilized as Anticipated Revenue	<u>36,902.12</u>	<u>17,515.32</u>
Fund Balance, December 31	<u><u>\$ 276,855.91</u></u>	<u><u>\$ 224,611.28</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Balance, December 31, 2015 and 2014

\$ 40,343.54

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 36,902.12	\$ 36,902.12	\$ -
Water Rents	816,083.41	829,744.28	13,660.87
Sewer Rents	367,626.24	367,480.48	(145.76)
Miscellaneous	3,613.88	7,723.61	4,109.73
	<u>\$ 1,224,225.65</u>	<u>\$ 1,241,850.49</u>	<u>\$ 17,624.84</u>

Analysis of Realized Rents

Consumer Accounts Receivable:
Collected

\$ 1,197,224.76

Analysis of Miscellaneous Revenue

Interest on Delinquents
Interest on Investments
Miscellaneous

\$ 1,297.94
207.99
6,217.68

\$ 7,723.61

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		PAID OR CHARGED			Cancelled
	Original Budget	Budget After Modification	Paid	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 405,347.91	\$ 405,347.91	\$ 391,006.18	\$ -	\$ 14,341.73	\$ -
Other Expenses	523,000.00	521,000.00	496,219.51	13,032.34	11,748.15	-
Total Operating	928,347.91	926,347.91	887,225.69	13,032.34	26,089.88	-
Capital Improvements:						
Capital Improvement Fund	30,000.00	30,000.00	30,000.00	-	-	-
Capital Outlay	40,000.00	40,000.00	-	-	40,000.00	-
Total Capital Improvements	70,000.00	70,000.00	30,000.00	-	40,000.00	-
Debt Service:						
Bond Anticipation Notes	41,365.00	41,365.00	41,365.00	-	-	-
Interest on Notes	4,417.00	4,417.00	4,417.00	-	-	-
Principal on NJEIT Loan	81,012.08	81,012.08	81,012.08	-	-	-
Interest on NJEIT Loan	24,606.26	24,606.26	18,317.91	-	-	6,288.35
Total Debt Service	151,400.34	151,400.34	145,111.99	-	-	6,288.35
Statutory Expenditures:						
Contribution To:						
Public Employees' Retirement System	33,300.40	33,300.40	33,300.40	-	-	-
Social Security System (O.A.S.I.)	27,412.00	29,412.00	28,296.80	-	1,115.20	-
Unemployment Compensation Insurance	1,765.00	1,765.00	1,765.00	-	-	-
Total Statutory Expenditures	62,477.40	64,477.40	63,362.20	-	1,115.20	-
Surplus (General Budget)	12,000.00	12,000.00	12,000.00	-	-	-
Total Water/Sewer Utility Fund Appropriations	\$ 1,224,225.65	\$ 1,224,225.65	\$ 1,137,699.88	\$ 13,032.34	\$ 67,205.08	\$ 6,288.35

Cash Disbursements	\$ 1,161,976.33
Cash Reimbursements	(31,426.39)
Accrued Interest on Bonds and Notes	(390.06)
Due to State & Federal Grant Fund	7,540.00
	<u>\$ 1,137,699.88</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF HARVEY CEDARS
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	Balance December 31, <u>2015</u>	Balance December 31, <u>2014</u>
Land	E-1	\$ 926,392.47	\$ 926,392.47
Land Improvements	E-1	601,459.00	601,459.00
Buildings and Improvements	E-1	1,384,625.00	1,384,625.00
Machinery and Equipment	E-1	<u>2,150,552.41</u>	<u>2,217,633.00</u>
Total General Fixed Assets		<u>\$ 5,063,028.88</u>	<u>\$ 5,130,109.47</u>
Investment in General Fixed Assets	E	<u>\$ 5,063,028.88</u>	<u>\$ 5,130,109.47</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

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**BOROUGH OF HARVEY CEDARS
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Harvey Cedars has operated under the Walsh Act Commission form of New Jersey municipal government since 1923. The governing body is a 3-member Board of Commissioners. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are not considered component units under GASB 14. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads.

Component Units

The Borough of Harvey Cedars had no component units as defined by Governmental Accounting Standards Board Statement No.14, as amended by GASB Statement No. 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Borough of Harvey Cedars contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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 respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Harvey Cedars accounts for its financial transactions through the use of separate funds which are described as follows:

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

Trust Funds – various Trust Funds account for 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 capital facilities, other than those acquired in the Current Fund.

Water/Sewer Utility Fund - is used to account for the operations and acquisition of capital facilities of the municipally-owned Water/Sewer Utility.

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. *N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

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 Borough 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 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.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Fund Balance - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Ocean, the Long Beach Island School District and the Southern Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Long Beach Island School District and the Southern Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31 and for the regional high school district the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2014 and decreased by the amount deferred at December 31, 2015.

County Taxes - The Borough is responsible for levying, collecting, and remitting county taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Length of Service Award Program ("LOSAP")

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code".

LOSAP Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements.

Impact of Recently Issued Accounting Principles - For the year ended December 31, 2015, the Borough implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No.27). The implementation of the Statement requires the Borough to disclose its portion of the collective net pension liability of the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS).

Note 2. Cash

The Borough is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2015, and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 5,606,128.03
Total Deposits	<u>\$ 5,606,128.03</u>

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 2. Cash (continued):

Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance:

Current Fund	\$ 4,116,513.51
Grant Fund	25,470.16
Animal Control Trust Fund	47.60
Trust - Other Fund	286,855.32
Trust - Payroll	44,974.50
General Capital Fund	470,088.54
Water/Sewer Utility Operating Fund	378,052.48
Water/Sewer Utility Capital Fund	<u>284,125.92</u>
Total Cash	<u>\$ 5,606,128.03</u>

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Borough 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 Borough relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows.

As of December 31, 2015, the Borough's bank balances of \$5,594,539.03 were exposed to custodial credit risk as follows:

Uninsured & Uncollateralized	\$ 333,950.72
Insured Under F.D.I.C.	500,000.00
Collateralized Under GUDPA	<u>4,760,588.31</u>
Total	<u>\$ 5,594,539.03</u>

Custodial Credit Risk Related to Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for Custodial Risk. As of December 31, 2015 and 2014, \$361,133.83 and \$344,497.10, respectively, of the Borough's investments was exposed to Custodial Credit Risk, as follows:

	Fair Value (LOSAP)	Book Value	Total Reported Value
<u>2015</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 361,133.83</u>	<u>\$ 361,133.83</u>	<u>\$ 361,133.83</u>

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 2. Cash (continued):

	Fair Value (<u>LOSAP</u>)	Book Value	Total Reported Value
<u>2014</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 344,497.10</u>	<u>\$ 344,497.10</u>	<u>\$ 344,497.10</u>

Interest Rate Risk - The Borough 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.

Credit Risk - State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information

	2015	2014	2013
Total Tax Rate	<u>\$0.989</u>	<u>\$0.946</u>	<u>\$0.931</u>
Apportionment of Tax Rate:			
Municipal	0.251	0.244	0.243
County	0.408	0.400	0.389
Regional School District	0.038	0.044	0.042
Regional High School District	0.292	0.258	0.257

Net Valuation Taxable:

2015	<u>\$1,235,487,081</u>
2014	<u>\$1,234,684,266</u>
2013	<u>\$1,235,925,523</u>

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage Of Collection
2015	\$ 12,285,858.58	\$ 12,207,906.22	99.36%
2014	\$ 11,712,951.73	\$ 11,650,950.31	99.47%
2013	\$ 11,529,196.61	\$ 11,469,162.38	99.47%

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 3. Property Taxes (continued):

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2015	\$ -	\$ 60,435.28	\$ 60,435.28	0.49%
2014	-	53,929.96	53,929.96	0.46%
2013	3,004.30	50,716.69	53,720.99	0.47%

Note 4. Property Acquired By Tax Title Lien Liquidation

The Borough had no property acquired by liquidation of tax title liens on December 31, 2015.

Note 5. Fund Balance Appropriated

The following schedule details the amount of fund balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2015	\$ 1,291,448.43	\$ 375,000.00	29.04%
2014	1,058,703.23	346,000.00	32.68%
2013	783,844.53	135,906.09	17.34%
2012	825,603.51	390,123.49	47.25%
2011	802,752.44	521,000.00	64.90%
WATER/SEWER UTILITY FUND:			
2015	\$ 276,855.91	\$ 9,745.00	3.52%
2014	224,611.28	36,902.12	16.43%
2013	213,744.00	17,515.32	8.19%
2012	206,412.60	27,872.21	13.50%
2011	240,449.47	34,036.87	14.16%

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$95,144 for 2015.

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At December 31, 2015, the Borough's proportionate share of the PERS net pension liability is valued to be \$2,649,115. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Borough's proportion measured as of June 30, 2015, was .01180%, which was an increase of .00026% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	2,649,115	2,160,829
District's portion of the Plan's total net pension Liability	0.01180%	0.01154%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$191,484.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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 the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 3,292,526	\$ 2,649,115	\$ 2,109,684

Pension Plan Fiduciary Net Position

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

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires 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 2015, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PFRS amounted to \$135,682 for 2015.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Special Funding Situation – Under *N.J.S.A. 43:16A-15*, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Net Pension Liability and Pension Expense - At December 31, 2015, the Borough's proportionate share of the PFRS net pension liability is valued to be \$3,211,732. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Borough's proportion measured as of June 30, 2015, was .01928%, which was an increase of .00161% from its proportion measured as of June 30, 2014.

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	3,211,732	2,222,136
District's portion of the Plan's total net pension Liability	0.01928%	0.01767%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$295,145.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$281,658 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2015 was .01928%, which was an increase of .00161% from its proportion measured as of June 30, 2014, which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 3,211,732
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>281,658</u>
Total Net Pension Liability	<u><u>\$ 3,493,390</u></u>

For the year ended December 31, 2015, the Borough's total allocated pension expense was \$330,278.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals 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 nonemployer contributing entity will be made on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Borough's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 4,605,397	\$ 3,493,390	\$ 2,586,647

Pension Plan Fiduciary Net Position

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

Note 7. Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the State has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Borough estimated the current cost of such unpaid compensation to be \$185,888.90 at December 31, 2015. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Reserve for Accumulated Leave totaled \$67,359.45 at December 31, 2015.

Note 8. Deferred Compensation Program

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 9. Local District School and Regional High School Taxes

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough has elected to defer school taxes as follows:

	Regional District School Tax		Regional High School Tax	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Balance of Tax	\$ 117,634.00	\$ 268,931.00	\$ 1,742,505.48	\$ 1,537,234.55
Deferred	129,374.69	129,374.69	203,797.14	203,797.14
	<hr/>		<hr/>	
Tax Payable (Receivable)	\$ (11,740.69)	\$ 139,556.31	\$ 1,538,708.34	\$ 1,333,437.41
	<hr/>		<hr/>	

Note 10. Interfunds Receivables and Payables

The following interfunds remained as of December 31, 2015:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 67,368.53
Federal and State Grant Fund	9,208.53	-
Water-Sewer Operating Fund	-	7,540.00
Water-Sewer Capital Fund	65,700.00	-
	<hr/>	<hr/>
	\$ 74,908.53	\$ 74,908.53
	<hr/>	<hr/>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 33,077.31	\$ 15,943.13
Federal and State Grant Fund	23,483.13	33,077.31
Water-Sewer Operating Fund	-	7,540.00
	<hr/>	<hr/>
	\$ 56,560.44	\$ 56,560.44
	<hr/>	<hr/>

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 10. Interfunds Receivables and Payables (continued):

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 11. Long-Term Debt

A. Long-Term Liabilities

During the fiscal year ended December 31, 2015 the following changes occurred in other long-term liabilities:

	December 31, 2014	Accrued/ Increases	Retired/ Decreases	December 31, 2015	Due Within One Year
Net Pension Liability - PERS	\$ 2,160,829.00	\$ 488,286.00	\$ -	\$ 2,649,115.00	\$ -
Net Pension Liability - PFRS	2,222,136.00	989,596.00	-	3,211,732.00	-
Compensated Absences	160,711.88	25,177.02	-	185,888.90	-
Total	<u>\$ 4,543,676.88</u>	<u>\$ 1,503,059.02</u>	<u>\$ -</u>	<u>\$ 6,046,735.90</u>	<u>\$ -</u>

B. Capital Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the Borough at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

During the fiscal year ended December 31, 2015 the following changes occurred in General Capital debt:

	December 31, 2014	Accrued/ Increases	Retired/ Decreases	December 31, 2015	Due Within One Year
Bond Anticipation Notes	\$ 2,016,940.00	\$ 1,822,675.00	\$ (2,016,940.00)	\$ 1,822,675.00	\$ 1,822,675.00
Authorized but Not Issued	1,720,527.47	-	-	1,720,527.47	-
Total	<u>\$ 3,737,467.47</u>	<u>\$ 1,822,675.00</u>	<u>\$ (2,016,940.00)</u>	<u>\$ 3,543,202.47</u>	<u>\$ 1,822,675.00</u>

During the fiscal year ended December 31, 2015 the following changes occurred in Utility Capital debt:

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11. Long-Term Debt (continued):

B. Capital Debt (continued):

	December 31, 2014	Accrued/ Increases	Retired/ Decreases	December 31, 2015	Due Within One Year
Bond Anticipation Notes	\$ 820,850.00	\$ 1,079,485.00	\$ (820,850.00)	\$ 1,079,485.00	\$ 1,079,485.00
NJEIT Loan Payable	1,041,880.10	-	(81,012.08)	960,868.02	88,170.41
Authorized but Not Issued	231,139.58	300,000.00	(300,000.00)	231,139.58	-
Total	<u>\$ 2,093,869.68</u>	<u>\$ 1,379,485.00</u>	<u>\$ (1,201,862.08)</u>	<u>\$ 2,271,492.60</u>	<u>\$ 1,167,655.41</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 0.281%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School	\$ 98,610.54	\$ 98,610.54	\$ -
Water/Sewer Utility	2,271,492.60	2,271,492.60	-
General Debt	<u>3,543,202.47</u>	<u>-</u>	<u>3,543,202.47</u>
Total	<u>\$ 5,913,305.61</u>	<u>\$ 2,370,103.14</u>	<u>\$ 3,543,202.47</u>

Net Debt, \$3,543,202.47 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,260,859,358.00 equals 0.281%

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 44,130,077.53
Net Debt	<u>3,543,202.47</u>
Remaining Borrowing Power	<u>\$ 40,586,875.06</u>

Calculation of Self-Liquidating Purposes – Water-Sewer Utility per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents & Other Charges	\$ 1,204,948.37
Deductions:	
Operating & Maintenance Costs	\$ 990,825.31
Debt Service	<u>145,111.99</u>
	<u>1,135,937.30</u>
Excess in Revenue - Self Liquidating	<u>\$ 69,011.07</u>

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11. Long-Term Debt (continued):

B. Capital Debt (continued):

Summary of Municipal Debt

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Issued & Outstanding:			
General			
Bonds, Loans and Notes	1,822,675.00	2,016,940.00	2,612,835.39
Water/Sewer Utility			
Bonds, Loans and Notes	2,040,353.02	1,862,730.10	1,511,961.78
Total Debt Issued	<u>3,863,028.02</u>	<u>3,879,670.10</u>	<u>4,124,797.17</u>
Authorized But Not Issued:			
General			
Bonds, Loans and Notes	1,720,527.47	1,720,527.47	1,742,199.93
Water/Sewer Utility			
Bonds, Loans and Notes	231,139.58	231,139.58	253,689.58
Total Authorized But Not Issued	<u>1,951,667.05</u>	<u>1,951,667.05</u>	<u>1,995,889.51</u>
Total Capital Debt	<u>\$ 5,814,695.07</u>	<u>\$ 5,831,337.15</u>	<u>\$ 6,120,686.68</u>

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

<u>WATER/SEWER UTILITY DEBT</u>				
<u>Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$	88,170.41	\$ 23,006.26	\$ 111,176.67
2017		87,027.76	21,206.26	108,234.02
2018		94,059.13	19,406.26	113,465.39
2019		92,710.17	17,281.26	109,991.43
2020		91,361.22	15,156.26	106,517.48
2021-2025		507,539.33	39,812.54	547,351.87
Total	<u>\$</u>	<u>960,868.02</u>	<u>\$ 135,868.84</u>	<u>\$ 1,096,736.86</u>

Note 12. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 12. Deferred Charges to be Raised in Succeeding Budgets (continued):

	<u>Balance 12/31/2015</u>	<u>2016 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization (N.J.S.A. 40A: 4-55)	\$ 199,049.60	\$ 99,524.80

The appropriations in the 2016 budget as introduced are not less than that required by the statutes.

Note 13. Joint Insurance Pool

During 2015, the Borough of Harvey Cedars was provided insurance as part of the Municipal Excess Liability Joint Insurance Fund. The Government Crime Policy coverage is as follows:

Forgery or Alteration
Theft, Disappearance and Destruction
Robbery and Safe Burglary
Computer Fraud
Public Employee Dishonesty

The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained from:

Municipal Excess Liability Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054

Note 14. Fixed Assets

The following schedule is a summarization of changes in General Fixed Assets for the fiscal year ended December 31, 2015:

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
Land	\$ 926,392.47	\$ -	\$ -	\$ 926,392.47
Land Improvements	601,459.00	-		601,459.00
Buildings and Improvements	1,384,625.00	-		1,384,625.00
Machinery & Equipment	<u>2, 217,633.00</u>	11,619.41	(78,700.00)	<u>2,150,552.41</u>
Total	<u>\$5,130,109.47</u>	<u>\$ 11,619.41</u>	<u>\$(78,700.00)</u>	<u>\$5,063,028.88</u>

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 15. Post-Employment Benefits

The Borough 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 N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The Borough authorized participation in the SHBP's post-retirement benefit program through resolution. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Borough.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly-available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

The Borough currently does not contribute to post retirement benefits for any retirees.

Note 16. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Ocean County Municipal Joint Insurance Fund ("JIF"). The joint insurance pool is both an insured and self-administered group of 30 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess liability insurance for property. The Fund also purchased an excess Faithful Performance and Employee Dishonesty Bond.

Note 17. Litigation

State and Federal Grants - The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2015, the Borough estimates that no material liabilities will result from such audits.

BOROUGH OF HARVEY CEDARS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 17. Litigation (continued):

Pending Litigation - There are other actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

Note 18: Length of Service Awards Program

The Borough's Length of Service Awards Program (LOSAP) was created by a Borough Ordinance adopted in 2001 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Harvey Cedars approved the adoption of the LOSAP at the general election held on November 6, 2001, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2002. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency squad members.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors.

As required by *N.J.A.C.5:30-14.49*, the Borough must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Note 19. Subsequent Events

The Borough of Harvey Cedars has evaluated subsequent events occurring after December 31, 2015 through the date of April 26, 2016, which is the date the financial statements were available to be issued.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR/TREASURER
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 3,568,682.09
Increased By:		
Miscellaneous Revenue Not Anticipated	\$ 73,384.65	
State of New Jersey - Senior Citizens' and Veterans' Deductions	7,750.00	
Taxes Receivable	12,116,488.77	
Revenue Accounts Receivable	602,715.53	
Due To State and Local Agencies	37,387.70	
Prepaid Taxes	152,178.21	
Petty Cash	610.00	
Grants Receivable	1,684.42	
Various Reserves	272,999.09	
Cash Reimbursements	58,319.46	
Due Federal & State Grant Fund	15,943.13	
		<u>13,339,460.96</u>
		16,908,143.05
Decreased By:		
2015 Budget Appropriations	3,517,183.22	
2014 Appropriation Reserves	113,550.28	
Due To State and Local Agencies	21,771.88	
Petty Cash	610.00	
Tax Overpayments	1,594.96	
County Taxes Payable	5,051,135.13	
Regional School Tax	621,845.00	
Regional High School Tax	3,405,450.07	
Grant Expenditures - Appropriated	240.00	
Due Federal & State Grant Fund	33,077.31	
		<u>12,766,457.85</u>
Balance, December 31, 2015		<u>\$ 4,141,685.20</u>
Current Fund		\$ 4,116,215.04
Federal & State Grant Fund		25,470.16
Total		<u>\$ 4,141,685.20</u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	500.00
Increased By:			
2015 Deductions per Tax Billing			
Senior Citizens'	\$	1,250.00	
Veterans'		6,500.00	
2015 Deductions Allowed By Collector		<u>750.00</u>	
			<u>8,500.00</u>
			9,000.00
Decreased By:			
Cash Receipts		7,750.00	
2015 Deductions Disallowed By Collector		<u>500.00</u>	
			<u>8,250.00</u>
Balance, December 31, 2015		<u>\$</u>	<u>750.00</u>

BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2015

<u>Year</u>	<u>Balance December 31, 2014</u>	<u>2015 Levy</u>	<u>Collections</u>		<u>Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)</u>	<u>Adjustments/ (Cancelled)</u>	<u>Balance December 31, 2015</u>
2014	\$ 53,929.96	\$ -	\$ -	\$ 52,154.20	\$ -	\$ (1,775.76)	\$ -
2015	-	12,285,858.58	134,013.54	12,065,892.68	8,000.00	(17,517.08)	60,435.28
	\$ 53,929.96	\$ 12,285,858.58	\$ 134,013.54	\$ 12,118,046.88	\$ 8,000.00	\$ (19,292.84)	\$ 60,435.28

Current Year Cash Receipts \$ 12,116,488.77
Overpayments Applied 11,179.46
Overpayments Transferred (9,621.35)

\$ 12,118,046.88

Analysis of Property Tax Levy

Tax Yield:
General Purpose Tax \$ 12,220,358.64
Added and Omitted Taxes
(N.J.S.A. 54:4-63.1 et seq.)
65,499.94

\$ 12,285,858.58

Tax Levy:
Regional School Tax
Regional High School Taxes \$ 470,548.00
County Taxes 3,610,721.00
Due To County for Added
and Omitted Taxes \$ 5,037,063.93
27,045.61

5,064,109.54

Local Tax for Municipal
Purposes 3,099,079.46
Additional Tax Levied 41,400.58

\$ 12,285,858.58

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014

\$ -

BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

	Balance December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collected</u>	Balance December 31, <u>2015</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 4,650.00	\$ 4,650.00	\$ -
Fees and Permits	-	19,044.00	19,044.00	-
Fines and Costs:				
Municipal Court	1,115.86	39,487.54	38,376.87	2,226.53
Interest and Costs on Taxes	-	22,550.29	22,550.29	-
Beach Badge Fees	-	236,077.00	236,077.00	-
Rents	-	119,338.37	119,338.37	-
Energy Receipts Tax	-	105,628.00	105,628.00	-
Uniform Construction Code Fees	-	45,051.00	45,051.00	-
FEMA - Superstorm Sandy 2012	-	99,524.80	99,524.80	-
Utility Operating Surplus of Prior Year	-	12,000.00	12,000.00	-
	<u>\$ 1,115.86</u>	<u>\$ 703,351.00</u>	<u>\$ 702,240.33</u>	<u>\$ 2,226.53</u>

Cash Receipts	\$ 602,715.53
Various Reserves	<u>99,524.80</u>
	<u><u>\$ 702,240.33</u></u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Balance After <u>Transfer</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT				
Department of Public Affairs and Safety				
Director's Office:				
Other Expenses	\$ 69.19	\$ 208.19	\$ 139.00	\$ 69.19
Municipal Clerk:				
Salaries and Wages	1,325.77	1,325.77	-	1,325.77
Other Expenses	668.40	9,676.41	8,964.35	712.06
Legal Services and Costs:				
Other Expenses	7,417.95	7,417.95	3,553.21	3,864.74
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Board of Adjustment:				
Salaries and Wages	388.23	388.23	-	388.23
Other Expenses	3,022.76	3,222.76	200.00	3,022.76
Zoning Enforcement:				
Other Expenses	650.47	650.47	-	650.47
Police Department:				
Salaries and Wages	1,011.62	1,011.62	-	1,011.62
Other Expenses	12,882.76	23,422.54	12,029.67	11,392.87
Office of Emergency Management:				
Salaries and Wages	590.40	590.40	-	590.40
Municipal Prosecutor's Office:				
Other Expenses	1,000.00	1,000.00	-	1,000.00
Lifeguards:				
Salaries and Wages	3,744.98	3,744.98	-	3,744.98
Other Expenses	2,431.59	10,419.85	7,970.66	2,449.19
Beach Operations:				
Salaries and Wages	354.48	354.48	-	354.48
Other Expenses	801.25	882.25	157.36	724.89
Department of Revenue and Finance				
Director's Office:				
Other Expenses	1,241.73	1,241.73	-	1,241.73
Financial Administration:				
Other Expenses	10.86	2,875.31	2,868.76	6.55
Audit Services	2,441.28	2,441.28	-	2,441.28
Collector of Taxes:				
Other Expenses	-	1,500.00	1,500.00	-
Tax Assessment Administration:				
Other Expenses	2,516.89	5,724.54	3,399.65	2,324.89
Department of Public Works, Parks, and Public Property				
Director's Office:				
Other Expenses	793.07	811.26	-	811.26
Engineering Services and Costs:				
Other Expenses	629.16	629.16	629.16	-
Road Repair and Maintenance:				
Salaries and Wages	9,637.95	9,637.95	-	9,637.95
Other Expenses	14,343.06	14,916.29	2,811.15	12,105.14

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Balance After <u>Transfer</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Garbage and Trash Removal:				
Other Expenses	10,834.15	10,834.15	10,834.15	-
Public Buildings and Grounds:				
Other Expenses	5.65	15,373.05	14,530.62	842.43
Vehicle Maintenance:				
Salaries and Wages	3,201.89	3,201.89	-	3,201.89
Other Expenses	2,478.32	7,805.44	3,954.01	3,851.43
Recreation:				
Salaries and Wages	293.72	293.72	-	293.72
Other Expenses	977.99	977.99	-	977.99
Park Maintenance:				
Other Expenses	3,974.87	4,811.67	836.80	3,974.87
Beachfront Maintenance:				
Other Expenses	36,720.00	36,720.00	-	36,720.00
Sanitary Landfill:				
Other Expenses	16,361.10	16,361.10	1,705.24	14,655.86
Municipal Court:				
Salaries and Wages	2,975.25	2,975.25	2,975.25	-
Other Expenses	46.08	155.76	155.76	-
Public Defender (P.L. 1997, c.256):				
Other Expenses	200.00	200.00	175.00	25.00
Insurance (N.J.S.A. 40A:4-45.3(00)):				
Workers Compensation	3,629.08	3,629.08	-	3,629.08
Employee Group Health	2,050.45	5,706.17	3,655.72	2,050.45
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS				
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)				
Construction Code Official:				
Salaries and Wages	152.56	152.56	-	152.56
Other Expenses	1,058.03	1,058.03	-	1,058.03
UNCLASSIFIED				
Electricity	3,825.69	3,825.69	-	3,825.69
Street Lighting	3,536.82	3,536.82	-	3,536.82
Telecommunications	3,176.47	3,176.47	-	3,176.47
Natural Gas	3,315.02	4,312.30	997.28	3,315.02
Gasoline	15,846.76	16,603.72	756.96	15,846.76
Statutory Expenditures:				
Contribution To:				
Public Employees' Retirement System of NJ	6,248.45	6,248.45	-	6,248.45
Social Security System (O.A.S.I.)	9,537.46	9,537.46	-	9,537.46
Police and Firemen's Retirement System of NJ	9,944.00	9,944.00	-	9,944.00
Unemployment Insurance (N.J.S.A. 43:21-3 et seq.)	1,262.97	1,262.97	-	1,262.97

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Balance After <u>Transfer</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Recycling Tax	1,278.18	1,278.18	75.00	1,203.18
LOSAP	40,000.00	40,000.00	7,440.00	32,560.00
Interlocal Municipal Service Agreements:				
Police Dispatch/911	626.00	626.00	-	626.00
Code Enforcement and Administration	20,751.19	29,487.17	18,652.50	10,834.67
Public Health Services	1,570.00	1,570.00	-	1,570.00
Animal Control Services	5,960.00	5,960.00	225.00	5,735.00
Capital Improvements:				
Computers - Police	-	2,358.02	2,358.02	-
Total General Appropriations	<u>\$ 279,812.00</u>	<u>\$ 354,076.53</u>	<u>\$ 113,550.28</u>	<u>\$ 240,526.25</u>

2014 Appropriation Reserves
Encumbrances Payable

\$ 279,812.00

74,264.53

\$ 354,076.53

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES - N.J.S.A. 40A:4-54
SPECIAL EMERGENCY AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015**

<u>Year</u>	<u>Description</u>	<u>Amount</u>	Balance December 31, <u>2014</u>	Raised in 2015 <u>Budget</u>	Balance December 31, <u>2015</u>
2013	2012 Superstorm Sandy	\$ 338,624.00	\$ 171,374.40	\$ 67,724.80	\$ 103,649.60
2014	2013 Amendment to Superstorm Sandy	159,000.00	127,200.00	31,800.00	95,400.00
			<u>\$ 298,574.40</u>	<u>\$ 99,524.80</u>	<u>\$ 199,049.60</u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$	74,264.53
Increased By:		
Current Appropriations		<u>87,766.68</u>
		162,031.21
Decreased By:		
Transferred To Appropriation Reserves		<u>74,264.53</u>
Balance, December 31, 2015	\$	<u><u>87,766.68</u></u>

BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF DUE TO/(FROM) STATE AND LOCAL AGENCIES
YEAR ENDED DECEMBER 31, 2015

<u>Description</u>	Balance December 31, <u>2014</u>	Cash <u>Received</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2015</u>
State of New Jersey:				
Marriage Licenses	\$ -	\$ 200.00	\$ 175.00	\$ 25.00
Training Fees	4,505.76	6,889.00	5,092.88	6,301.88
Ocean County Construction Department:				
Plumbing/Fire Sub Code	(576.45)	30,298.70	16,504.00	13,218.25
	<u>\$ 3,929.31</u>	<u>\$ 37,387.70</u>	<u>\$ 21,771.88</u>	<u>\$ 19,545.13</u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
STATEMENT OF TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	10,215.49
Increased By:			
Overpayments Created for Taxes			<u>9,621.35</u>
			9,621.35
Decreased By:			
Cash Disbursements	\$	1,594.96	
Overpayments Applied to Taxes		<u>11,179.46</u>	
			<u>12,774.42</u>
Balance, December 31, 2015		\$	<u><u>7,062.42</u></u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF PREPAID TAXES
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 134,013.54
Increased By:	
Prepaid Taxes Collected	<u>152,178.21</u>
	286,191.75
Decreased By:	
Applied To Taxes Receivable	<u>134,013.54</u>
Balance, December 31, 2015	<u><u>\$ 152,178.21</u></u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	14,071.24
Increased By:			
2015 Tax Levy:			
County Taxes	\$	4,408,705.88	
County Library Taxes		477,411.31	
County Open Space Taxes		150,946.74	
Due To County for Added and Omitted Taxes		<u>27,045.61</u>	
			<u>5,064,109.54</u>
			5,078,180.78
Decreased By:			
Cash Disbursements		5,051,135.13	
Cancelled		<u>0.04</u>	
			<u>5,051,135.17</u>
Balance, December 31, 2015		\$	<u><u>27,045.61</u></u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAXES
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014:		
School Tax Payable	\$ 139,556.31	
School Tax Deferred	<u>129,374.69</u>	
		\$ 268,931.00
Increased By:		
Levy - July 1, 2015 to June 30, 2016		<u>470,548.00</u>
		739,479.00
Decreased By:		
Cash Disbursements		<u>621,845.00</u>
Balance, December 31, 2015:		
School Tax Receivable	(11,740.69)	
School Tax Deferred	<u>129,374.69</u>	
		<u>\$ 117,634.00</u>
<u>2015 Liability for Regional School Tax</u>		
Tax Receivable, December 31, 2015		\$ (11,740.69)
Tax Paid		<u>621,845.00</u>
		610,104.31
Less:		
Tax Payable, December 31, 2014		<u>139,556.31</u>
Amount Charged To 2015 Operations		<u>\$ 470,548.00</u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014:		
School Tax Payable	\$ 1,333,437.41	
School Tax Deferred	<u>203,797.14</u>	
		\$ 1,537,234.55
Increased By:		
Levy - July 1, 2015 to June 30, 2016		<u>3,610,721.00</u>
		5,147,955.55
Decreased By:		
Cash Disbursements	<u>3,405,450.07</u>	
		<u>3,405,450.07</u>
Balance, December 31, 2015:		
School Tax Payable	1,538,708.34	
School Tax Deferred	<u>203,797.14</u>	
		<u>\$ 1,742,505.48</u>
<u>2015 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2015		\$ 1,538,708.34
Tax Paid		<u>3,405,450.07</u>
		4,944,158.41
Less:		
Tax Payable, December 31, 2014		<u>1,333,437.41</u>
Amount Charged To 2015 Operations		<u>\$ 3,610,721.00</u>

**BOROUGH OF HARVEY CEDARS
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2015</u>
Debt Service	\$ 3,828.56	\$ 63,750.00	\$ -	\$ 67,578.56
FEMA Proceeds	149,908.52	97,827.65	99,524.80	148,211.37
Acquisition of Easements	557,111.45	111,421.44	-	668,532.89
	<hr/>			
	\$ 710,848.53	\$ 272,999.09	\$ 99,524.80	\$ 884,322.82
	<hr/>			

Cash Receipts	\$ 272,999.09	\$ -
Budget Appropriations	-	99,524.80
	<hr/>	
	\$ 272,999.09	\$ 99,524.80
	<hr/>	

**BOROUGH OF HARVEY CEDARS
FEDERAL AND STATE GRANT FUND
DUE FROM CURRENT FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 18,802.71
Increased By:	
Cash Receipts	<u>15,943.13</u>
	34,745.84
Decreased By:	
Cash Disbursements	<u>33,077.31</u>
Balance, December 31, 2015	<u><u>\$ 1,668.53</u></u>

**BOROUGH OF HARVEY CEDARS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015**

<u>Program</u>	<u>Balance</u> December 31, <u>2014</u>	<u>Revenue</u> Anticipated <u>2015</u>	<u>Transferred</u> From Grants <u>Unappropriated</u>	<u>Cash</u> <u>Received</u>	<u>Balance</u> December 31, <u>2015</u>
Community Development Block Grant	\$ 33,000.00	\$ -	\$ -	\$ -	\$ 33,000.00
COPS In Shops	2,160.00	1,600.00	-	1,600.00	2,160.00
Clean Communities Program	84.59	5,768.38	-	5,768.38	84.59
Ocean County Tourism Grant	-	1,000.00	-	1,000.00	-
MPAP and CVA Report	15,000.00	-	-	-	15,000.00
OEM - 966 Reimbursement - Motorola Base Station	4,517.00	-	-	4,517.00	-
Recycling Tonnage Grant	-	3,173.00	3,172.68	-	0.32
Alcohol Education and Rehabilitation	-	649.73	413.56	235.73	0.44
Body Armor Grant	-	1,259.16	1,259.16	-	-
Bulletproof Vest Partnership	1,187.32	2,131.51	-	800.00	2,518.83
FEMA Hazard Mitigation Grant - 80th Street Electrical Panel	-	45,000.00	-	-	45,000.00
FEMA Hazard Mitigation Grant - 80th Street Generator	-	97,860.00	-	-	97,860.00
NJ DOT Grant - Holly Avenue Road Project	-	144,000.00	-	-	144,000.00
	<u>\$ 55,948.91</u>	<u>\$ 302,441.78</u>	<u>\$ 4,845.40</u>	<u>\$ 13,921.11</u>	<u>\$ 339,624.18</u>
Adopted Budget		\$ 4,846.16			
Ch. 159 Budget Amendments		<u>297,595.62</u>			
		<u>\$ 302,441.78</u>			

**BOROUGH OF HARVEY CEDARS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED
YEAR ENDED DECEMBER 31, 2015**

<u>Program</u>	Balance December 31, 2014	Transferred From <u>Budget</u>	Transferred From Encumbrances <u>Payable</u>	<u>Expended</u>	Transferred To Encumbrances <u>Payable</u>	Balance December 31, 2015
Alcohol Education Rehabilitation Program	\$ 1,929.08	\$ 649.73	\$ -	\$ -	\$ -	\$ 2,578.81
Drunk Driving Enforcement Fund	2,301.47	-	-	-	-	2,301.47
COPS in Shops	2,520.00	1,600.00	-	1,600.00	-	2,520.00
Clean Communities Program	2,307.38	5,768.38	-	4,364.68	-	3,711.08
Ocean County Tourism Grant	14.36	2,000.00	-	2,000.00	-	14.36
Recycling Tonnage Grant	17,246.81	3,173.00	70.00	240.00	47.97	20,201.84
Body Armor Fund	1,240.94	1,259.16	1,888.00	2,979.00	-	1,409.10
MPAP and CVA Report	14,400.00	-	-	942.66	-	13,457.34
Community Development Block Grant	33,000.00	-	-	7,047.47	-	25,952.53
OEM - 966 Reimbursement - Motorola Base Station	-	-	4,517.00	4,517.00	-	-
JIF Police Accreditation Program	11,248.76	-	-	7,500.00	-	3,748.76
Bulletproof Vest Partnership	1,248.16	2,131.51	-	1,091.50	-	2,288.17
FEMA Hazard Mitigation Grant - 80th Street Electrical Panel	-	45,000.00	-	1,035.00	-	43,965.00
FEMA Hazard Mitigation Grant - 80th Street Electrical Panel - Township Match	-	5,000.00	-	-	-	5,000.00
FEMA Hazard Mitigation Grant - 80th Street Generator	-	97,860.00	-	-	-	97,860.00
FEMA Hazard Mitigation Grant - 80th Street Generator - Township Match	-	2,540.00	-	-	-	2,540.00
NJ DOT Grant - Holly Avenue Road Project	-	144,000.00	-	-	-	144,000.00
	<u>\$ 87,456.96</u>	<u>\$ 310,981.78</u>	<u>\$ 6,475.00</u>	<u>\$ 33,317.31</u>	<u>\$ 47.97</u>	<u>\$ 371,548.46</u>

**BOROUGH OF HARVEY CEDARS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2015**

<u>Program</u>	Balance December 31, <u>2014</u>	Cash <u>Receipts</u>	Transferred To Grants <u>Receivable</u>	Balance December 31, <u>2015</u>
Recycling Tonnage Grant	\$ 3,172.68	\$ 1,448.69	\$ 3,172.68	\$ 1,448.69
Alcohol Education & Rehabilitation Grant	413.56	-	413.56	-
Body Armor Grant	1,259.16	1,257.75	1,259.16	1,257.75
	<u>\$ 4,845.40</u>	<u>\$ 2,706.44</u>	<u>\$ 4,845.40</u>	<u>\$ 2,706.44</u>

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TRUST FUND

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BOROUGH OF HARVEY CEDARS
TRUST FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2015

	<u>Animal</u> <u>Control</u>	<u>Trust -</u> <u>Other</u>	<u>Payroll</u>
Balance, December 31, 2014	\$ 480.80	\$ 190,111.64	\$ 2,280.31
Increased By Receipts:			
Dog License Fees - Borough Share	210.80	-	-
Dog License Fees - State Portion	43.20	-	-
Trust - Other Reserves	-	211,193.75	-
Reserve for Payroll Deductions	-	-	2,546,135.43
	<u>254.00</u>	<u>211,193.75</u>	<u>2,546,135.43</u>
	<u>734.80</u>	<u>401,305.39</u>	<u>2,548,415.74</u>
Decreased By Disbursements:			
Animal Control Statutory Excess			
Expenditures Under R.S. 4:19-15.11	644.00	-	-
Due To State of New Jersey	43.20	-	-
Trust - Other Reserves	-	114,450.07	-
Reserve for Payroll Deductions	-	-	2,503,441.24
	<u>687.20</u>	<u>114,450.07</u>	<u>2,503,441.24</u>
Balance, December 31, 2015	<u>\$ 47.60</u>	<u>\$ 286,855.32</u>	<u>\$ 44,974.50</u>

**BOROUGH OF HARVEY CEDARS
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR EXPENDITURES
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 480.80
Increased By:	
Dog License Fees Collected	<u>210.80</u>
	691.60
Decreased By:	
Cash Disbursements	<u>644.00</u>
Balance, December 31, 2015	<u><u>\$ 47.60</u></u>

<u>Year</u>	<u>Amount</u>
2013	\$ 258.40
2014	<u>210.80</u>
	<u><u>\$ 469.20</u></u>

**BOROUGH OF HARVEY CEDARS
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ -
Increased By:	
Registration Fees Collected	<u>43.20</u>
	43.20
Decreased By:	
Cash Disbursements	<u>43.20</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

**BOROUGH OF HARVEY CEDARS
TRUST - OTHER FUND
SCHEDULE OF TRUST - OTHER RESERVES
YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2015</u>
Recreation Special Activities:				
Trust Fund	\$ 11,337.17	\$ 34,768.78	\$ 30,498.25	\$ 15,607.70
Tax Collector Trust	45,100.00	80,797.14	33,797.14	92,100.00
P.O.A.A.	98.00	-	-	98.00
Public Defender	100.00	531.00	375.00	256.00
Forfeited Funds	135.28	-	-	135.28
Cash Bonds	22,951.60	33,130.00	9,794.00	46,287.60
Trust Special	125.72	1,554.84	811.49	869.07
Lifeguard in Training	29,686.39	31,071.55	26,649.91	34,108.03
Inspection Costs	11,850.53	5,609.44	6,721.78	10,738.19
Street Opening Bonds	9,170.00	3,000.00	-	12,170.00
Traffic Control	2,197.50	7,385.00	5,802.50	3,780.00
Canine Trust	-	3,346.00	-	3,346.00
Accumulated Absences	57,359.45	10,000.00	-	67,359.45
	<u>\$ 190,111.64</u>	<u>\$ 211,193.75</u>	<u>\$ 114,450.07</u>	<u>\$ 286,855.32</u>

BOROUGH OF HARVEY CEDARS
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") (Unaudited)
SCHEDULE OF INVESTMENTS
YEAR ENDED DECEMBER 31, 2015

Balance, December 31, 2014		\$	344,497.10
Increased By:			
Borough Contributions	\$	12,720.00	
Appreciation on Investments		<u>4,791.73</u>	
			<u>17,511.73</u>
			362,008.83
Decreased By:			
Accounting Charges		<u>875.00</u>	
			<u>875.00</u>
Balance, December 31, 2015		\$	<u><u>361,133.83</u></u>

BOROUGH OF HARVEY CEDARS
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") (Unaudited)
SCHEDULE OF MISCELLANEOUS RESERVES
YEAR ENDED DECEMBER 31, 2015

Balance, December 31, 2014		\$	344,497.10
Increased By:			
Borough Contributions	\$	12,720.00	
Appreciation on Investments		<u>4,791.73</u>	
			<u>17,511.73</u>
			362,008.83
Decreased By:			
Accounting Charges		<u>875.00</u>	
			<u>875.00</u>
Balance, December 31, 2015		\$	<u><u>361,133.83</u></u>

**BOROUGH OF HARVEY CEDARS
PAYROLL FUND
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 2,280.31
Increased By:	
Cash Receipts	<u>2,546,135.43</u>
	2,548,415.74
Decreased By:	
Cash Disbursements	<u>2,503,441.24</u>
Balance, December 31, 2015	<u><u>\$ 44,974.50</u></u>

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GENERAL CAPITAL FUND

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**BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 533,888.18
Increased By:		
Capital Improvement Fund	<u>\$ 100,000.00</u>	<u>100,000.00</u>
		633,888.18
Decreased By:		
Improvement Authorizations	<u>163,799.64</u>	<u>163,799.64</u>
Balance, December 31, 2015		<u><u>\$ 470,088.54</u></u>

**BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2015**

		Balance December 31, <u>2015</u>
Fund Balance		\$ 17,119.34
Capital Improvement Fund		546,734.03
<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	
96-11	Restoration of Beaches	80,545.86
08-03	Road and Drainage Improvements	39,640.07
08-12	Borough's Share of Beach Replenishment Project	29,976.22
09-14	Acquisition of a Fire Engine and Related Expenses	3,255.49
11-07	Improvement To Warwick & Buckingham Avenue	14,674.91
11-13	Certain Capital Improvements	318.00
11-15	Certain Capital Improvements	6,444.54
12-02/13-08	Amend Ord 2007-16, Acquisition of Easements	(144,349.72)
12-10	Certain Capital Improvements	729.80
13-11	Improvement of Various Municipal Roadways	<u>(125,000.00)</u>
		<u><u>\$ 470,088.54</u></u>

BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2015

<u>Improvement Authorizations</u>	<u>Ordinance Number</u>	<u>Bond</u>		<u>Analysis of Balance</u>			
		<u>Balance December 31, 2014</u>	<u>Anticipation Note Paid By Budget</u>	<u>Balance December 31, 2015</u>	<u>Anticipation Notes</u>	<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
Restoration of Beaches	96-11	\$ 250,128.41	\$ 2,414.41	\$ 247,714.00	\$ 42,714.00	-	\$ 205,000.00
Acquisition of Easements for Public Access	07-16/08-15/09-01/10-01/10-19/10-24/11-11/12-02/13-08			-			
To Beach		2,221,780.40	39,999.47	2,181,780.93	1,032,081.00	144,349.72	1,005,350.21
Repair, Reconstruction and Additions to the Public Works Garage	06-08	59,882.46	3,205.46	-	56,677.00	-	-
Acquisition of Various Equipment	07-15	57,618.98	8,424.98	49,194.00	49,194.00	-	-
Road and Drainage Improvements	08-03	103,263.33	25,559.33	77,704.00	70,204.00	-	7,500.00
Borough's Share of Beach Replenishment Project	08-12	612,200.68	69,235.68	542,965.00	397,965.00	-	145,000.00
Acquisition of a Fire Engine and Related Expenses	09-14	157,690.67	42,000.67	115,690.00	115,690.00	-	0.00
Amend Ord 2009-02, Imp. To Cedars & Warwick Ave	10-12	23,327.54	-	23,327.54	-	-	23,327.54
Improvement To Warwick & Buckingham Avenue	11-07	126,575.00	3,425.00	123,150.00	58,150.00	-	65,000.00
Improvement of Various Municipal Roadways	13-11	125,000.00	-	125,000.00	-	125,000.00	-
		<u>\$ 3,737,467.47</u>	<u>\$ 194,265.00</u>	<u>\$ 3,543,202.47</u>	<u>\$ 1,822,675.00</u>	<u>\$ 269,349.72</u>	<u>\$ 1,451,177.75</u>
Improvement Authorizations - Unfunded							
Less: Unexpended Proceeds of Bond Anticipation Notes - Issued:							
				ORD			\$ 1,601,310.65
				96-11			62,586.21
				08-03			39,640.07
				08-12			29,976.22
				09-14			3,255.49
				11-07			14,674.91
							<u>\$ 1,451,177.75</u>

**BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2015**

Ordinance Number	Improvement Description	Original Issue Date	Date of Issue	Date of Maturity	Interest Rate	Balance		Increase		Balance	
						December 31, 2014				December 31, 2015	
07-15	Acquisition of Various Equipment	12/14/07	12/04/15	11/11/16	0.75%	\$ 57,618.98	\$	49,194.00	\$	57,618.98	\$ 49,194.00
96-11	Restoration of Beaches	12/12/08	12/04/15	11/11/16	0.75%	45,128.41		42,714.00		45,128.41	42,714.00
08-03	Road and Drainage Improvements	12/12/08	12/04/15	11/11/16	0.75%	95,763.33		70,204.00		95,763.33	70,204.00
06-08	Repair, Reconstruction and Additions to the Public Works Garage	12/12/08	12/04/15	11/11/16	0.75%	59,882.46		56,677.00		59,882.46	56,677.00
08-12	Borough's Share - Beach Replenishment Project	12/12/08	12/04/15	11/11/16	0.75%	467,200.68		397,965.00		467,200.68	397,965.00
09-14	Acquisition of Fire Engine and Related Expenses	12/10/10	12/04/15	11/11/16	0.75%	157,690.67		115,690.00		157,690.67	115,690.00
11-07	Improvement To Warwick & Buckingham Avenue	12/09/11	12/04/15	11/11/16	0.75%	61,575.00		58,150.00		61,575.00	58,150.00
12-02	Amend Ord 2007-16, Acquisition of Easements	12/06/13	12/04/15	11/11/16	0.75%	1,072,080.47		1,032,081.00		1,072,080.47	1,032,081.00
						\$ 2,016,940.00	\$	1,822,675.00	\$	2,016,940.00	\$ 1,822,675.00
Renewal						\$ 1,822,675.00	\$	-		-	
Paid By Budget Appropriation						-				194,265.00	
Rollover						-				1,822,675.00	
						\$ 1,822,675.00	\$	2,016,940.00	\$	2,016,940.00	

BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015

Improvement Authorizations	Ordinance Number	Balance December 31, 2014		Encumbrances		Paid	Encumbered	Balance December 31, 2015	
		Funded	Unfunded	Reclassified				Funded	Unfunded
Restoration of Beaches	96-11	\$ 18,623.63	\$ 267,586.21	\$ -	\$ 663.98	\$ -	-	\$ 17,959.65	\$ 267,586.21
Acquisition of Easements for Public Access	07-16/08-15/09-01/10-01/10-19/10-24/11-11/12-02/13-08	-	1,007,863.37	1.00	2,514.16	-	-	-	1,005,350.21
Road and Drainage Improvements	08-03	-	41,788.80	52,874.32	47,523.05	-	-	-	47,140.07
Borough's Share of Beach Replenishment Project	08-12	-	175,640.20	-	663.98	-	-	-	174,976.22
Improvement To Cedars Avenue and Warwick Avenue	09-02/10-12	-	23,327.54	-	-	-	-	-	23,327.54
Acquisition of a Fire Engine and Related Expenses	09-14	-	4,279.28	-	1,023.79	-	-	-	3,255.49
Improvement To Warwick & Buckingham Avenue	11-07	-	79,674.91	-	-	-	-	-	79,674.91
Certain Capital Improvements	11-13	318.00	-	-	-	-	-	318.00	-
Certain Capital Improvements	11-15	6,444.54	-	-	-	-	-	6,444.54	-
Certain Capital Improvements	12-10	729.80	-	-	-	-	-	729.80	-
Improvement of Various Municipal Roadways	13-11	-	-	111,410.68	111,410.68	-	-	-	-
		\$ 26,115.97	\$ 1,600,160.31	\$ 164,286.00	\$ 163,799.64	\$ -	-	\$ 25,451.99	\$ 1,601,310.65

**BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 446,734.03
Increased By:	
2015 Budget Appropriation	<u>100,000.00</u>
Balance, December 31, 2015	<u><u>\$ 546,734.03</u></u>

**BOROUGH OF HARVEY CEDARS
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015**

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	Balance December 31, <u>2014</u>	<u>Decreased</u>	Balance December 31, <u>2015</u>
96-11	Restoration of Beaches	\$ 205,000.00	\$ -	\$ 205,000.00
08-03	Road and Drainage Improvements	7,500.00	-	7,500.00
08-12	Borough's Share of Beach Replenishment Project	145,000.00	-	145,000.00
10-12	Amend Ord 2009-02, Imp. To Cedars & Warwick Avenue	23,327.54	-	23,327.54
11-07	Improvement To Warwick & Buckingham Avenue	65,000.00	-	65,000.00
12-02	Amend Ord 2007-16, Acquisition of Easements	199,699.93	-	199,699.93
13-08	Amend Ord 2007-16, Acquisition of Easements	950,000.00	-	950,000.00
13-11	Improvement of Various Municipal Roadways	125,000.00	-	125,000.00
		<u>\$ 1,720,527.47</u>	<u>\$ -</u>	<u>\$ 1,720,527.47</u>

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WATER/SEWER UTILITY FUND

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**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2015**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2014	\$ 342,029.82	\$ 836,711.43
Increased By Receipts:		
Miscellaneous Income	\$ 7,723.61	\$ -
Water Utility Rents	832,014.85	-
Sewer Utility Rents	368,422.67	-
Cash Reimbursements	31,426.39	6,900.00
Bond Anticipation Notes	-	1,079,485.00
Capital Improvement Fund	-	30,000.00
Due from Current Fund	-	41,365.00
	<u>1,239,587.52</u>	<u>1,157,750.00</u>
	1,581,617.34	1,994,461.43
Decreased By Disbursements:		
2015 Budget Appropriations	1,161,976.33	-
2014 Appropriation Reserves	41,588.53	-
Bond Anticipation Notes	-	820,850.00
Improvement Authorization	-	889,485.51
	<u>1,203,564.86</u>	<u>1,710,335.51</u>
Balance, December 31, 2015	<u><u>\$ 378,052.48</u></u>	<u><u>\$ 284,125.92</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF WATER-SEWER UTILITY CAPITAL FUND CASH
YEAR ENDED DECEMBER 31, 2015**

		Balance December 31, <u>2015</u>
Capital Improvement Fund		\$ 43,604.00
Due from Current Fund		(65,700.00)
Fund Balance		40,343.54
<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	
98-08	Repair Wells and Reconstruct Water Main	32,639.00
02-06	Construction of Generator Housing and Generator Installation	(45,600.00)
03-07	Reconstruct Water Mains	27,070.36
06-10/06-17	Repainting and Repairs of Water Tower	(158,500.00)
07-16	Acquisition and Installation of Residential Water Meters	25,728.12
12-11/14-05/14-07/14-16	Improvements to Elevated Water Tank	32,845.05
15-10	Purchase of Utility Dump Truck	52,000.00
15-11	Improvements to 80th Street Water Plant	299,695.85
		<u>\$ 284,125.92</u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	25,705.96
Increased By:			
2015 Water Rents Levied	\$	826,314.37	
Overpayments Created		<u>2,270.57</u>	
			<u>828,584.94</u>
			854,290.90
Decreased By:			
Cash Collections			<u>832,014.85</u>
Balance, December 31, 2015		\$	<u><u>22,276.05</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ -
Increased By:	
Transferred from Current Year Rents	<u>2,270.57</u>
Balance, December 31, 2015	<u><u>\$ 2,270.57</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	17,610.13
Increased By:			
2015 Sewer Rents Levied	\$	366,050.83	
Overpayments Created		<u>942.19</u>	
			<u>366,993.02</u>
			384,603.15
Decreased By:			
Cash Collections			<u>368,422.67</u>
Balance, December 31, 2015		\$	<u><u>16,180.48</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ -
Increased By:	
Transferred from Current Year Rents	<u>942.19</u>
Balance, December 31, 2015	<u><u>\$ 942.19</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2015**

	Balance, December 31, <u>2015 and 2014</u>
Water Tower	\$ 868,630.75
Structure, Springs and Wells	717,457.68
Pumping and Distribution	592,139.32
Meters and Meter Accessories	115,946.88
Fire Hydrants	2,088.20
Furniture and Equipment	260,196.92
Sewer Collection System	1,661,367.16
Construction of Generator Housing and Generator Installation	120,000.00
Construction of Utility Garage and Purchase of Replacement Aerator	274,817.56
Vehicles / Pick Up Truck	63,291.00
Dump Truck/Roller/Trailer	43,000.00
Salem Plant Motor	6,559.00
Purchase of Utility Truck	28,194.00
	<hr/>
	\$ 4,753,688.47
	<hr/> <hr/>

BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2015

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Ordinance</u>		<u>Balance December 31, 2014</u>	<u>Increase</u>	<u>Balance December 31, 2015</u>
		<u>Date</u>	<u>Amount</u>			
98-08	Repair Wells/Reconstruct Water Mains	11/17/98	\$ 64,000.00	\$ 64,000.00	\$ -	\$ 64,000.00
01-05	Replace Filter Media and Inspect Filler Vessel at the Salem Avenue Water Plant	05/15/01	40,000.00	40,000.00	-	40,000.00
03-07/05-15	Reconstruct Water Mains	07/03/03	1,894,737.00	1,894,737.00	-	1,894,737.00
06-10/06-17	Repainting and Repairs of Water Tower	06/27/06-10/17/06	350,000.00	350,000.00	-	350,000.00
07-06	Acquisition and Installation of Residential Water Meters	04/24/07	280,000.00	280,000.00	-	280,000.00
12-11/14-05/14-07/14-16	Improvements to Elevated Water Tank	11/02/12	755,000.00	755,000.00	-	755,000.00
15-10	Purchase of Utility Dump Truck	10/22/15	52,000.00	-	52,000.00	52,000.00
15-11	Improvements to 80th Street Water Plant	11/10/15	300,000.00	-	300,000.00	300,000.00
				<u>\$ 3,383,737.00</u>	<u>\$ 352,000.00</u>	<u>\$ 3,735,737.00</u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

<u>Appropriation</u>	Balance December 31, <u>2014</u>	Balance After <u>Transfers</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 7,294.42	\$ 7,294.42	\$ -	\$ 7,294.42
Other Expenses	47,590.04	59,531.75	11,806.53	47,725.22
Capital Improvements:				
Capital Outlay	35,000.00	35,000.00	29,782.00	5,218.00
Statutory Expenditures:				
Contribution To:				
Public Employees' Retirement System	3,364.55	3,364.55	-	3,364.55
Social Security System (O.A.S.I.)	845.57	845.57	-	845.57
Unemployment Compensation Insurance	785.80	785.80	-	785.80
	<u>\$ 94,880.38</u>	<u>\$ 106,822.09</u>	<u>\$ 41,588.53</u>	<u>\$ 65,233.56</u>
Appropriations Reserves		\$ 94,880.38		
Encumbrances Payable		<u>11,941.71</u>		
		<u>\$ 106,822.09</u>		

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 11,941.71
Increased By:	
Current Appropriations	<u>13,032.34</u>
	24,974.05
Decreased By:	
Transferred To Appropriation Reserves	<u>11,941.71</u>
Balance, December 31, 2015	<u><u>\$ 13,032.34</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 10,596.45
Increased By:	
Budget Appropriation	<u>22,734.91</u>
	33,331.36
Decreased By:	
Paid	<u>23,124.97</u>
Balance, December 31, 2015	<u><u>\$ 10,206.39</u></u>

Analysis of Balance - December 31, 2015

	Outstanding December 31, <u>2015</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Note	\$ 1,079,485.00	0.75%	12/04/15	12/31/15	28 Days	\$ 620.49
Loan	535,000.00	various	08/01/15	12/31/15	5 Months	<u>9,585.90</u>
						<u><u>\$ 10,206.39</u></u>

118

BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS
YEAR ENDED DECEMBER 31, 2015

<u>Improvement Description</u>	<u>Amount</u>	<u>Date of Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	Balance December 31, 2014	Decreased	Balance December 31, 2015
Trust Loan	\$ 850,000.00	11/01/05	08/01/16-17	45,000.00	4.000%			
			08/01/18-19	50,000.00	4.250%			
			08/01/20	50,000.00	4.500%			
			08/01/21-22	55,000.00	4.375%			
			08/01/23-24	60,000.00	4.375%			
			08/01/25	65,000.00	4.375%	\$ 575,000.00	\$ 40,000.00	\$ 535,000.00
Fund Loan	826,634.00	11/01/05	02/01/16	7,302.19	Nil			
			08/01/16	35,868.22	Nil			
			02/01/17	6,730.87	Nil			
			08/01/17	35,296.89	Nil			
			02/01/18	6,159.55	Nil			
			02/01/18	37,899.58	Nil			
			02/01/19	5,485.07	Nil			
			02/01/19	37,225.10	Nil			
			02/01/20	4,810.59	Nil			
			08/01/20	36,550.63	Nil			
			02/01/21	4,096.44	Nil			
			08/01/21	39,010.48	Nil			
			02/01/22	3,332.70	Nil			
			08/01/22	38,246.73	Nil			
			02/01/23	2,568.95	Nil			
			08/01/23	40,656.99	Nil			
			02/01/24	1,735.78	Nil			
			08/01/24	39,823.82	Nil			
			02/01/25	902.60	Nil			
			08/01/25	42,164.84	Nil			
						466,880.10	41,012.08	425,868.02
						\$ 1,041,880.10	\$ 81,012.08	\$ 960,868.02

BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015

Ordinance Number	Purpose	Ordinance Date	December 31, 2014		2015 Authorization	Capital Improvement Fund		Encumbrances Reclassified	Paid	December 31, 2015	
			Funded	Unfunded		Fund				Encumbered	Funded / Unfunded
98-08	Repair Wells/Reconstruct Water Mains	11/17/98	\$ -	\$ 32,639.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,564.00	\$ - / \$ 29,075.00
01-05	Replace Filter Media and Inspect Filler Vessel	05/15/01	-	3,423.58	-	-	-	-	-	-	- / 3,423.58
03-07/05-15	Reconstruct Water Mains	07/03/03-07/19/05	-	51,100.32	-	-	-	-	663.96	-	- / 50,436.36
06-10/06-17	Repainting and Repairs of Water Tower	06/27/06-10/17/06	-	-	-	-	160,249.06	160,249.06	160,249.06	-	- / -
07-16	Acquisition and Installation of Residential Water Meters	04/24/07	30,684.12	-	-	-	-	-	4,956.00	8,000.00	17,728.12 / -
12-11/14-05/14-07/14-16	Improvements to Elevated Water Tank	11/02/12-9/5/14	-	67,487.45	-	-	682,019.94	716,412.34	716,412.34	221.25	- / 32,873.80
15-10	Purchase of Utility Dump Truck	10/22/15	-	-	-	52,000.00	-	-	-	51,935.00	65.00 / -
15-11	Improvements to 80th Street Water Plant	11/10/15	-	-	300,000.00	-	-	-	304.15	-	- / 299,695.85
			<u>\$ 30,684.12</u>	<u>\$ 154,650.35</u>	<u>\$ 300,000.00</u>	<u>\$ 52,000.00</u>	<u>\$ 842,269.00</u>	<u>\$ 882,585.51</u>	<u>\$ 63,720.25</u>	<u>\$ 17,793.12</u>	<u>\$ 415,504.59</u>

Cash Reimbursements	\$ (6,900.00)
Cash Disbursements	<u>889,485.51</u>
	<u>\$ 882,585.51</u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 65,604.00
Increased By:	
2015 Budget Appropriations	<u>30,000.00</u>
	95,604.00
Decreased By:	
Improvement Authorization Down Payment	<u>52,000.00</u>
Balance, December 31, 2015	<u><u>\$ 43,604.00</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	5,450,642.37
Increased By:			
B.A.N.s Paid	\$	41,365.00	
Infrastructure Trust Loans Paid		<u>81,012.08</u>	
			<u>122,377.08</u>
Balance, December 31, 2015		\$	<u><u>5,573,019.45</u></u>

**BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 592,913.42
Increased By:	
Funding of Ord. No. # 15-10	<u>52,000.00</u>
Balance, December 31, 2015	<u><u>\$ 644,913.42</u></u>

<u>Analysis of Balance</u>	
<u>Ordinance Number</u>	
98-08	\$ 24,900.00
01-05	36,576.42
03-07/05-15	136,187.00
06-10/06-17	77,750.00
07-06	280,000.00
12-11/14-05/14-07/14-16	37,500.00
15-10	<u>52,000.00</u>
	<u><u>\$ 644,913.42</u></u>

BOROUGH OF HARVEY CEDARS
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

<u>Ordinance Number</u>	<u>Purpose</u>	Balance December 31, 2014	<u>Increased</u>	<u>Decreased</u>	Balance December 31, 2015
01-05	Replace Filter Media and Inspect Filler Vessel at Salem Avenue Water Plant	\$ 3,423.58	\$ -	\$ -	\$ 3,423.58
02-06	Construction of Generator Housing and Generator Installation	45,600.00	-	-	45,600.00
03-07/05-15	Reconstruct Water Mains	23,366.00	-	-	23,366.00
06-10/06-17	Repainting and Repairs of Water Tower	158,500.00	-	-	158,500.00
12-11/14-05/14-07/14-16	Improvements to Elevated Water Tank	250.00	-	-	250.00
15-10	Improvements to 80th Street Water Plant	-	300,000.00	300,000.00	-
		<u>\$ 231,139.58</u>	<u>\$ 300,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 231,139.58</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF HARVEY CEDARS
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
Land	\$ 926,392.47	\$ -	\$ -	\$ 926,392.47
Land Improvements	601,459.00	-	-	601,459.00
Buildings and Improvements	1,384,625.00	-	-	1,384,625.00
Machinery and Equipment	2,217,633.00	11,619.41	78,700.00	2,150,552.41
	<u>\$ 5,130,109.47</u>	<u>\$ 11,619.41</u>	<u>\$ 78,700.00</u>	<u>\$ 5,063,028.88</u>

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COMMENTS AND RECOMMENDATIONS

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To the Honorable Mayor and
Members of the Board of Commissioners
Borough of Harvey Cedars
Harvey Cedars, New Jersey 08008

We have audited the financial statements and transactions of the Borough of Harvey Cedars in the County of Ocean for the year ended December 31, 2015. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 for the period of January 1, 2015 to June 30, 2015, and \$40,000 for the period of July 1, 2015 to December 31, 2015, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.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 the furnishing 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.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 for the period of January 1, 2015 to June 30, 2015, and in excess of \$6,000 for the period of July 1, 2015 to December 31, 2015, thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes

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

On December 16, 2014, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED, by the Board of Commissioners of the Borough of Harvey Cedars, New Jersey, that:

1. A charge of eight percent (8%) per annum on the first \$1,500.00 of delinquent amounts and eighteen percent (18%) per annum on any amount in excess of \$1,500.00 of delinquencies of tax and water/sewer bills for the year 2012, and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31 of the tax year, an additional penalty of six percent (6%) shall be charged against the delinquency.
2. There will be a ten (10)-day grace period for quarterly tax payments and a ten (10)-day grace period for quarterly payments of water/sewer bills.
3. The Tax Collector is hereby authorized to hold a Lien Sale as provided for in N.J.S.A. 54:5 and is hereby authorized to send notification in lieu of two of the normal lien advertisement publications as per N.J.S.A. 54:4-104.48 and to charge \$25.00 per notice sent to each property-owner included in said Lien Sale.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2015 included only 2015 real estate taxes.

There was a tax sale held on February 26, 2016 and was complete.

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

YEAR	NUMBER OF LIENS
2015	0
2014	0
2013	1

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Municipal Court

A separate report of the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the Municipal Court records, no attempt was made to differentiate between fines due the Borough, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE

<u>Name of Officials</u>	<u>Title</u>
Jonathan Oldham	Mayor
Judith E. Gerkens	Commissioner
Michael Garofalo	Commissioner
Daina Dale	Clerk/Utility Collector
Laura Cohen	Chief Financial Officer, Tax Collector
Frank Salzer	Municipal Court Judge
Jessica Jenkins	Court Administrator
Bernard Haney	Assessor
William Hierung, Jr., Esq.	Attorney
Owen, Little & Associates	Engineer

During 2015, the Borough of Harvey Cedars was provided insurance as part of the Municipal Excess Liability Joint Insurance Fund. The Government Crime Policy coverage is as follows:

Forgery or Alteration	\$ 1,000,000.00
Theft, Disappearance and Destruction	1,000,000.00
Robbery or Safe Burglary	1,000,000.00
Computer Fraud	1,000,000.00
Public Employee Dishonesty	1,000,000.00

All of the Bonds were examined and appear to be properly executed.

Acknowledgment

We received the complete cooperation of all the staff of the Borough and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert Allison
Certified Public Accountant
Registered Municipal Accountant
No. CR483

April 26, 2016
Freehold, New Jersey