

BOROUGH OF LONGPORT
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2015

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BOROUGH OF LONGPORT

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the Borough Commission
Borough of Longport, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Longport, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Longport as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Longport's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2016 on our consideration of the Borough of Longport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Longport's internal control over financial reporting and compliance.

Ford Scott & Associates, LLC
Ford Scott & Associates, LLC

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

April 15, 2016

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 6,815,602.53	6,581,093.59
Cash - Change	375.00	375.00
Total Cash	<u>6,815,977.53</u>	<u>6,581,468.59</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	250.00	500.00
Total Other Receivables	<u>250.00</u>	<u>500.00</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	141,804.34	229,975.81
Property Acquired for Taxes - at Assessed Valuation	17,695.00	17,695.00
Revenue Accounts Receivable	4,485.32	2,852.08
Interfund Receivable:		
Due from Federal & State Grant Fund	-	47,451.14
Dog Trust Fund	431.86	234.22
Total Receivables and Other Assets	<u>164,416.52</u>	<u>298,208.25</u>
Deferred Charges:		
Emergency Appropriation	-	30,000.00
Special Emergency Appropriations	97,119.42	300,852.95
Total Deferred Charges	<u>97,119.42</u>	<u>330,852.95</u>
Total Regular Fund	<u>7,077,763.47</u>	<u>7,211,029.79</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	182,182.77	280,497.13
Due from Current Fund	81,134.78	-
Total Federal and State Grant Fund	<u>263,317.55</u>	<u>280,497.13</u>
Total Current Fund	<u>\$ 7,341,081.02</u>	<u>7,491,526.92</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 402,314.37	414,824.32
Reserve for Encumbrances	61,659.35	67,285.20
Prepaid Taxes	401,655.60	443,642.05
Overpaid Taxes	10.88	20,879.81
Local School Tax Payable	131,836.46	164,999.10
County Added Tax Payable	49,484.49	87,739.35
Due to State:		
Senior Citizens & Veterans	-	-
Interfund Payable:		
Trust Other	2,830.17	2,750.17
General Capital	3,202,648.15	4,051,991.48
Due to Federal & State Grant Fund	81,134.78	-
Other		
Payroll Taxes Payable	19,692.57	22,731.97
Prepaid Beach Tag Fees	4,200.00	3,469.00
Reserve for Reassessment	468.22	468.22
Reserve for Insurance Reimbursements	103,970.38	114,840.00
Reserve for Hurricane Sandy	171,011.43	177,108.73
Reserve for Tax Sale Premiums	-	-
Special Emergency Note Payable	190,000.00	320,000.00
	<u>4,822,916.85</u>	<u>5,892,729.40</u>
Reserve for Receivables and Other Assets	164,416.52	298,208.25
Fund Balance	<u>2,090,430.10</u>	<u>1,020,092.14</u>
Total Regular Fund	<u>7,077,763.47</u>	<u>7,211,029.79</u>
Federal and State Grant Fund:		
Unappropriated Reserves	15,000.00	3,332.25
Appropriated Reserves	244,317.55	225,713.74
Encumbrances Payable		
Due to Current Fund	-	47,451.14
Due to Utility Operating Fund	4,000.00	4,000.00
	<u>263,317.55</u>	<u>280,497.13</u>
Total Federal and State Grant Fund	<u>263,317.55</u>	<u>280,497.13</u>
Total Current Fund	<u>\$ 7,341,081.02</u>	<u>7,491,526.92</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 695,000.00	954,439.24
Miscellaneous Revenue Anticipated	1,321,917.74	1,055,090.38
Receipts from Delinquent Taxes	224,560.87	232,272.31
Receipts from Current Taxes	16,283,868.13	15,840,801.51
Non Budget Revenue	1,030,721.33	272,290.92
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	348,536.84	280,338.39
Interfund Returned	47,253.50	-
Total Income	<u>19,951,858.41</u>	<u>18,635,232.75</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	3,054,313.49	3,014,116.00
Other Expenses	2,181,862.00	2,120,599.00
Deferred Charges & Statutory Expenditures	724,085.00	691,314.19
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	26,326.16	88,793.03
Capital Improvements	270,000.00	35,000.00
Debt Service	1,280,633.66	1,414,174.87
Deferred Charges	244,501.87	403,247.05
Local District School Tax	1,014,769.00	994,872.00
County Tax	9,340,001.05	9,141,035.71
County Share of Added Tax	49,484.49	87,739.21
Interfund Created	-	47,451.14
Other:		
Prior Year's Deduction Disallowed	543.73	250.00
Total Expenditures	<u>18,186,520.45</u>	<u>18,038,592.20</u>
Excess/(Deficit) in Revenue	<u>1,765,337.96</u>	<u>596,640.55</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2015	2014
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	30,000.00
Total Adjustments	-	30,000.00
Statutory Excess to Fund Balance	1,765,337.96	626,640.55
Fund Balance January 1	1,020,092.14	1,347,890.83
	2,785,430.10	1,974,531.38
Decreased by:		
Utilization as Anticipated Revenue	695,000.00	954,439.24
Fund Balance December 31	\$ 2,090,430.10	1,020,092.14

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 695,000.00		695,000.00	-
Total Fund Balance Anticipated	<u>695,000.00</u>	<u>-</u>	<u>695,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Fees and Permits	3,800.00		4,035.00	235.00
Fines and Costs:				
Municipal Court	80,000.00		61,907.10	(18,092.90)
Interest and Costs on Taxes	50,000.00		52,194.08	2,194.08
Interest Earned on Investments	10,000.00		10,170.43	170.43
Anticipated Utility Operating Surplus	267,000.00		267,000.00	-
Beach Fees	200,000.00		211,708.00	11,708.00
Ice Cream Vendor	31,200.00		32,448.00	1,248.00
Total Section A: Local Revenues	<u>642,000.00</u>	<u>-</u>	<u>639,462.61</u>	<u>(2,537.39)</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	122,345.00		122,345.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>122,345.00</u>	<u>-</u>	<u>122,345.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	175,000.00		153,594.00	(21,406.00)
Total Section C: Uniform Construction Code Fees	<u>175,000.00</u>	<u>-</u>	<u>153,594.00</u>	<u>(21,406.00)</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	-	1,000.00	1,000.00	-
Optional Safety Incentive Grant			170,000.00	-
N.J. Transportation Trust Fund Authority Act	170,000.00	530.40	530.40	-
Alcohol Education Rehabilitation and Enforcement			1,045.00	-
Drunk Driving Enforcement	1,045.00	-	-	-
Over the Limit - Under Arrest	-	-	-	-
Buckle Up South Jersey	-	4,000.00	4,000.00	-
NJ Click it or Ticket			8,453.18	-
Clean Communities Program			7,500.00	-
Drive Sober or Get Pulled Over			2,287.25	-
Recycling Tonnage	2,287.25		1,510.33	-
Body Armor Replacement	-	1,510.33	-	-
Total Section F: Special Items - Public and Private Programs	173,332.25	22,993.91	196,326.16	-
Off-Set with Appropriations				
Section G: Other Special Items				
Comcast Franchise Fee	13,000.00		26,227.49	13,227.49
JIF Insurance Refund			21,750.00	21,750.00
Reserve to Pay Debt Service	12,212.48		12,212.48	-
Capital Fund Balance	150,000.00		150,000.00	-
Total Section G: Other Special Items	175,212.48	-	210,189.97	34,977.49
Total Miscellaneous Revenues:	1,287,889.73	22,993.91	1,321,917.74	11,034.10

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Ref.	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Receipts from Delinquent Taxes	200,000.00		24,560.87
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	5,991,261.42		296,258.71
Total Amount to be Raised by Taxes for Support of Municipal Budget	5,991,261.42	-	296,258.71
Budget Totals	8,174,151.15	22,993.91	331,853.68
Non- Budget Revenues:			
Other Non- Budget Revenues:			
		1,030,721.33	1,030,721.33
	\$ 8,174,151.15	22,993.91	1,362,575.01

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Net Revenue from Collections \$ 16,283,868.13

Allocated to:

School, County and Other Taxes 10,404,254.54

Balance for Support of Municipal Budget Appropriations 5,879,613.59

Increased by:

Appropriation "Reserved for Uncollected Taxes" 407,906.54

Amount for Support of Municipal Budget Appropriations 6,287,520.13

Receipts from Delinquent Taxes:

Delinquent Tax Collection 224,560.87

Total Receipts from Delinquent Taxes 224,560.87

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Zoning Approval 39,600.00

Tennis Court Fees 5,978.00

Election Reimbursements 300.00

Rental Approval 8,925.00

Police Reports 122.02

Zoning Board Maps & Ordinances 400.00

Street Opening 8,228.00

Dumpster 10,950.00

Land Use 13,325.00

Vital Statistics 391.00

DMV Fines 500.00

State of NJ - Senior & Veteran Administrative Fees 324.13

Uniform Fire Safety Act 1,306.55

FEMA - Hurricane Sandy 904,254.48

Dog Fund Excess 196.69

Library Rental 11,600.00

Sale or Lease of Borough Property 5,370.50

Miscellaneous 18,949.96

Total Miscellaneous Revenue Not Anticipated: \$ 1,030,721.33

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
\$	5,000.00	6,500.00	5,991.50		508.50	-
Salaries and Wages	15,000.00	13,250.00	11,371.09	126.15	1,752.76	-
Other Expenses						
Human Resources						
Salaries and Wages	24,500.00	25,300.00	25,268.66		31.34	-
Other Expenses	16,000.00	13,200.00	12,235.18	964.82	-	(0.00)
Mayor and Commissioners						
Salaries and Wages	25,600.00	25,600.00	25,073.49		526.51	-
Other Expenses	4,300.00	4,550.00	4,308.42		241.58	-
Municipal Clerk						
Salaries and Wages	67,000.00	67,250.00	67,048.09		201.91	-
Other Expenses	22,500.00	22,250.00	18,432.44	50.00	3,767.56	-
Financial Administration						
Salaries and Wages	24,500.00	26,500.00	26,294.78		205.22	-
Other Expenses	5,575.00	5,575.00	4,142.05	188.68	1,244.27	-
Audit Services						
Other Expenses	35,600.00	35,600.00	30,600.00	5,000.00	-	-
Data Processing						
Other Expenses	17,500.00	17,500.00	13,666.10		3,833.90	-
Collection of Taxes						
Salaries and Wages	48,665.00	48,665.00	48,456.60		208.40	-
Other Expenses	5,000.00	5,000.00	3,776.27	374.00	849.73	-
Assessment of Taxes						
Salaries and Wages	12,546.00	12,546.00	12,503.10		42.90	-
Other Expenses	5,400.00	5,400.00	4,485.46	255.00	659.54	-
Legal Services						
Other Expenses	150,000.00	150,000.00	86,225.98	6,898.79	56,875.23	-
Engineering Services						
Other Expenses	40,000.00	40,000.00	30,000.00	10,000.00	-	-

**OPERATIONS WITHIN "CAPS"
GENERAL GOVERNMENT:**

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	63,805.00	64,025.00	64,023.14		1.86	-
Other Expenses	6,200.00	5,980.00	4,413.71		1,566.29	-
PUBLIC SAFETY						
Police						
Salaries and Wages	1,461,228.00	1,445,028.00	1,373,951.39		71,076.61	-
Other Expenses	122,074.00	122,074.00	114,935.42	1,079.09	6,059.49	-
Emergency Management Services						
Salaries and Wages	5,560.00	5,660.00	5,408.84		251.16	-
Other Expenses	8,000.00	7,900.00	6,407.70		1,492.30	-
Dispatch						
Salaries and Wages	259,673.00	212,873.00	212,801.23		71.77	-
Other Expenses		63,000.00	62,889.39		110.61	-
Community Rating System						
Salaries and Wages	3,730.00	3,730.00	3,558.99		171.01	-
Other Expenses	7,340.00	7,340.00	6,992.47		347.53	-
Fire						
Salaries and Wages	39,938.00	39,938.00	37,172.19		2,765.81	-
Other Expenses	43,743.00	43,743.00	22,353.27	18,471.30	2,918.43	-
Prosecutor						
Salaries and Wages	10,000.00	10,000.00	9,999.99		0.01	-
Beach Guard						
Salaries and Wages	426,213.49	426,213.49	426,111.34		102.15	-
Other Expenses	24,000.00	24,000.00	23,531.31	463.00	5.69	-
Beach Control						
Salaries and Wages	28,000.00	28,000.00	27,037.99		962.01	-
Other Expenses	9,000.00	9,000.00	8,904.17		95.83	-
HEALTH AND HUMAN SAFETY						
Animal Control						
Other Expenses	2,000.00	2,000.00	-		2,000.00	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC WORKS						
Streets and Roads						
Salaries and Wages	329,500.00	329,500.00	305,036.92		24,463.08	-
Other Expenses	77,550.00	77,550.00	50,259.06	2,919.73	24,371.21	-
Garbage and Trash Removal						
Other Expenses						
Solid Waste Collection	90,500.00	90,500.00	81,538.38	7,412.58	1,549.04	-
Tipping Fees	48,000.00	48,000.00	35,379.44	2,500.00	10,120.56	-
Public Buildings and Grounds						
Other Expenses	50,600.00	50,600.00	40,858.35	2,125.00	7,616.65	-
PARKS AND RECREATION						
Parks and Recreation						
Salaries and Wages	20,000.00	20,000.00	19,060.52		939.48	-
Other Expenses	14,000.00	14,000.00	13,569.57		430.43	-
Maintenance of Parks						
Other Expenses	25,500.00	25,500.00	19,934.72	965.20	4,600.08	-
Municipal Court						
Salaries and Wages	132,725.00	132,725.00	131,195.81		1,529.19	-
Other Expenses	5,000.00	5,000.00	2,969.32		2,030.68	-
Public Defender						
Salaries and Wages	5,000.00	5,000.00	5,000.00		-	-
INSURANCE						
Salaries and Wages	9,250.00	9,250.00	8,786.20		463.80	-
General Liability	123,000.00	123,000.00	122,913.46		86.54	-
Workers Compensation Insurance	195,000.00	195,000.00	193,045.50		1,954.50	-
Employee Group Health	525,000.00	525,000.00	442,968.65		82,031.35	-
Employee Group Health Opt Out	7,200.00	7,200.00	6,629.64		570.36	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	107,510.00	109,510.00	109,306.32	203.68	-
Other Expenses	49,950.00	49,950.00	49,629.67	320.33	-
Other Code Enforcement					
Salaries and Wages	500.00	500.00	-	500.00	-
Other Expenses	1,200.00	1,200.00	175.00	392.73	-
UNCLASSIFIED					
Celebration of Public Events, Anniversary or Holiday	3,000.00	3,000.00	2,061.48	150.99	-
Accumulated Sick Time	25,000.00	25,000.00	25,000.00	-	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	152,000.00	152,000.00	148,791.34	3,208.66	-
Street Lighting	62,000.00	63,500.00	62,847.45	652.55	-
Telephone	28,000.00	29,750.00	29,605.19	144.81	-
Natural Gas	32,000.00	32,000.00	25,903.78	6,096.22	-
Gasoline/Diesel	72,000.00	66,750.00	38,979.70	1,322.29	-
TOTAL OPERATIONS WITHIN "CAPS"	5,236,175.49	5,236,175.49	4,811,817.22	61,659.35	(0.00)
Detail:					
Salaries and Wages	3,110,443.49	3,054,313.49	2,949,087.09	-	-
Other Expenses	2,125,732.00	2,181,862.00	1,862,730.13	61,659.35	(0.00)

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	135,312.00	135,312.00	132,812.00		2,500.00	-
Social Security System (O.A.S.I.)	225,000.00	225,000.00	216,456.66		8,543.34	-
Police and Firemen's Retirement System	309,073.00	309,073.00	306,573.00		2,500.00	-
Unemployment Compensation Insurance	35,000.00	35,000.00	35,000.00		-	-
Lifeguard Pension	17,500.00	17,500.00	-		17,500.00	-
Defined Contribution Retirement Program	2,200.00	2,200.00	2,118.09		81.91	-
	<u>724,085.00</u>	<u>724,085.00</u>	<u>692,959.75</u>	<u>-</u>	<u>31,125.25</u>	<u>-</u>
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
	5,960,260.49	5,960,260.49	5,504,776.97	61,659.35	393,824.17	(0.00)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"						
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance: NJSA 40A:4-45.3						
Employee Group Insurance						
	-	-	-	-	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(A) Public and Private Programs Off-Set by Revenues					
Optional Safety Grant		1,000.00	1,000.00	-	
Atlantic County - CDBG		-	-	-	
Municipal Alcohol Education Rehabilitation		530.40	530.40	-	
Drunk Driving Enforcement	1,045.00	1,045.00	1,045.00	-	
Over the Limit - Under Arrest		-	-	-	
Buckle Up South Jersey		-	-	-	
Drive Sober or Get Pulled Over		7,500.00	7,500.00	-	
NJ Click it or Ticket		4,000.00	4,000.00	-	
Clean Communities Program		8,453.18	8,453.18	-	
Recycling Tonnage	2,287.25	2,287.25	2,287.25	-	
Body Armor Replacement		1,510.33	1,510.33	-	
Total Public and Private Programs Off-Set by Revenues	<u>3,332.25</u>	<u>26,326.16</u>	<u>26,326.16</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	3,332.25	26,326.16	26,326.16	-	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	3,332.25	26,326.16	26,326.16	-	-
(C) Capital Improvements					
Beach Patrol Vehicle	30,000.00	30,000.00	29,251.80	748.20	
DPW Vehicle	45,000.00	45,000.00	37,258.00	7,742.00	
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	
New Jersey Transportation Trust Fund Authority	170,000.00	170,000.00	170,000.00	-	
Total Capital Improvements	<u>270,000.00</u>	<u>270,000.00</u>	<u>261,509.80</u>	<u>8,490.20</u>	<u>-</u>
(D) Debt Service					
Payment of Bond Principal	775,000.00	775,000.00	775,000.00	-	-
Interest on Bonds	241,150.00	241,150.00	241,150.00	-	-
Interest on Notes	5,000.00	5,000.00	3,089.61	-	1,910.39

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	267,000.00	267,000.00	261,394.05		5,605.95
Total Debt Service	<u>1,288,150.00</u>	<u>1,288,150.00</u>	<u>1,280,633.66</u>	<u>-</u>	<u>7,516.34</u>
(E) Deferred Charges					
Emergency Authorizations	30,000.00	30,000.00	30,000.00		-
Special Emergency Authorizations - 5 years	203,733.53	203,733.53	203,733.53		-
Deferred Charges to Future Taxation					
Unfunded - 2006 Ambulance Ordinance	10,768.34	10,768.34	10,768.34		-
Total Deferred Charges	<u>244,501.87</u>	<u>244,501.87</u>	<u>244,501.87</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>1,805,984.12</u>	<u>1,828,978.03</u>	<u>1,812,971.49</u>	<u>8,490.20</u>	<u>7,516.34</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>7,766,244.61</u>	<u>7,789,238.52</u>	<u>7,317,748.46</u>	<u>61,659.35</u>	<u>7,516.34</u>
(M) Reserve for Uncollected Taxes	<u>407,906.54</u>	<u>407,906.54</u>	<u>407,906.54</u>		-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 8,174,151.15</u>	<u>8,197,145.06</u>	<u>7,725,655.00</u>	<u>402,314.37</u>	<u>7,516.34</u>
Budget		8,174,151.15		Cancelled	7,516.34
Appropriations by 40A:4-87		22,993.91		Overexpended	(0.00)
Emergency Appropriations		<u>8,197,145.06</u>			<u>7,516.34</u>
Reserve for Uncollected Taxes			407,906.54		
Federal and State Grants			26,326.16		
Deferred Charges			244,501.87		
Capital Improvement Fund			195,000.00		
Disbursements			6,851,920.43		
			<u>7,725,655.00</u>		

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**EXHIBIT - B
TRUST FUND**

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

	2015	2014
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 666.46	654.50
	666.46	654.50
<u>OTHER TRUST FUND</u>		
Cash and Investments	542,245.96	463,275.79
Interfunds and Receivables:		
Due from Current Fund	2,830.17	2,750.17
	545,076.13	466,025.96
	545,742.59	466,680.46
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	212.40	415.48
Due to State of New Jersey	22.20	4.80
Interfunds and Payables:		
Due from Current Fund	431.86	234.22
	666.46	654.50
<u>OTHER TRUST FUND</u>		
Reserve for:		
Unemployment Compensation	54,193.18	21,730.23
Lifeguard Pension	358,746.45	337,382.24
Parking Offenses Adjudication Act	1,800.00	1,720.00
Developers Escrow	573.49	572.65
Accumulated Sick Leave Fund	126,707.74	101,551.51
Recreation	485.86	502.18
Donations for Municipal Equipment and Building Improvements	1,054.17	1,054.17
Disposal of Forfeited Property	1,515.23	1,512.97
Flexible Spending Account	0.01	0.01
	545,076.13	466,025.96
	\$ 545,742.59	466,680.46

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 306,669.49	306,669.49
Deferred Charges to Future Taxation -		
Funded	7,510,460.00	8,513,528.00
Unfunded	7,500.00	18,268.34
Interfunds and Receivables		
Due from Current Fund	3,202,648.15	4,051,991.48
	<u>11,027,277.64</u>	<u>12,890,457.31</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	90,126.00	420,225.50
Serial Bonds Payable	6,700,000.00	7,475,000.00
Loans Payable	810,460.00	1,038,528.00
Improvement Authorizations:		
Funded	3,183,849.23	3,576,648.92
Unfunded	2,609.00	2,609.00
Reserve to Pay Debt Service		12,212.48
Capital Improvement Fund	25,000.00	-
Fund Balance	215,233.41	365,233.41
	<u>\$ 11,027,277.64</u>	<u>12,890,457.31</u>

There were bonds and notes authorized but not issued at December 31 (C - 10)

2014	18,268.34
2015	7,500.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2015</u>	<u>2014</u>
Beginning Balance January 1	\$ 365,233.41	25,398.46
Increased by:		
Premium on Sale of Bonds	-	345,614.95
Decreased by:		
Budget Appropriation to Current Fund	150,000.00	5,780.00
Ending Balance December 31	<u>\$ 215,233.41</u>	<u>365,233.41</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	2015	2014
ASSETS		
Operating Fund:		
Cash	\$ 236,065.43	294,419.75
Interfunds and Receivables		
Due from Utility Capital Fund	11,881.94	
Due from Federal & State Grant Fund	4,000.00	4,000.00
	251,947.37	298,419.75
Receivables and Other Assets with Full Reserves:		
Water & Sewer Accounts Receivable	52,494.10	37,442.75
	52,494.10	37,442.75
Total Operating Fund	304,441.47	335,862.50
Capital Fund:		
Cash - Treasurer	37,786.85	37,786.85
Interfunds and Receivables		
Due from Utility Operating Fund		46,252.81
Fixed Capital - Complete	6,953,504.52	6,953,504.52
Fixed Capital - Authorized and Uncomplete	613,238.25	313,238.25
Total Capital Fund	7,604,529.62	7,350,782.43
	\$ 7,908,971.09	7,686,644.93

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	2015	2014
Operating Fund:		
Appropriation Reserves	\$ 9,814.02	33,787.46
Reserve for Encumbrances	561.52	599.53
Prepaid Water & Sewer Rents	7,062.21	8,762.56
Overpaid Water & Sewer Rents	7,912.96	3,395.48
Accrued Interest on Bonds and Notes	19,093.60	18,841.25
Interfunds:		
Due to Utility Capital Fund	-	46,252.81
	44,444.31	111,639.09
Reserve for Receivables	52,494.10	37,442.75
Fund Balance	207,503.06	186,780.66
Total Operating Fund	304,441.47	335,862.50
Capital Fund:		
Encumbrances Payable	-	67,728.00
Interfunds:		
Due to Utility Operating Fund	11,881.94	
Bond Anticipation Notes Payable	375,000.00	150,000.00
Serial Bonds Payable	1,100,000.00	1,175,000.00
Improvement Authorizations:		
Funded	9,893.88	7,165.88
Unfunded	183,551.80	44,252.00
Reserve for Amortization	5,881,002.00	5,806,002.00
Deferred Reserve for Amortization	43,200.00	43,200.00
Fund Balance	-	57,434.55
Total Capital Fund	7,604,529.62	7,350,782.43
	\$ 7,908,971.09	7,686,644.93

There were bonds and notes authorized but not issued at December 31 (D - 15)

2014	92,540.77
2015	167,540.77

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
Revenue and Other Income Realized		
Fund Balance	\$ 110,665.45	47,400.00
Water & Sewer Rents	971,440.54	931,578.87
Miscellaneous Revenue Anticipated	57,434.55	-
Miscellaneous Revenue Not Anticipated	49,717.75	56,767.97
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	32,906.91	24.36
Total Income	<u>1,222,165.20</u>	<u>1,035,771.20</u>
Expenditures		
Operations	682,900.00	666,400.00
Capital Improvements		
Debt Service	111,377.35	39,934.62
Deferred Charges and Statutory Expenditures	29,500.00	28,000.00
Surplus (General Budget)	267,000.00	268,000.00
Total Expenditures	<u>1,090,777.35</u>	<u>1,002,334.62</u>
Excess/(Deficit) in Revenue	<u>131,387.85</u>	<u>33,436.58</u>
Adjustments to Income before Fund Balance:		
None		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>131,387.85</u>	<u>33,436.58</u>
Fund Balance January 1	<u>186,780.66</u>	<u>200,744.08</u>
Decreased by:	318,168.51	234,180.66
Utilization as Anticipated Revenue	110,665.45	47,400.00
Fund Balance December 31	<u>\$ 207,503.06</u>	<u>186,780.66</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2015	2014
Beginning Balance January 1	\$ 57,434.55	-
Increased by:		
Premiums on sale of Bonds & Notes	-	57,434.55
Decreased by:		
Surplus budgeted in Current Fund	57,434.55	
Ending Balance December 31	\$ -	57,434.55

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 110,665.45	110,665.45	-
Water Rents	370,000.00	394,665.52	24,665.52
Sewer Rents	555,000.00	576,775.02	21,775.02
Utility Capital Surplus	57,434.55	57,434.55	-
Miscellaneous Revenue Not Anticipated		49,717.75	49,717.75
	<u>\$ 1,093,100.00</u>	<u>1,189,258.29</u>	<u>96,158.29</u>

Analysis of Realized Revenue:

Consumer Accounts Receivable:

Current Collections	959,282.50
Prepayments & Overpayments Applied	12,158.04
	<u>971,440.54</u>

Miscellaneous Revenue Not Anticipated

Interest on Delinquents	8,025.70
Interest on Investments	988.64
Hydrants	1,500.00
Shut Off Fees	1,635.00
Disconnection Fees	6,525.00
Connection Fees	21,621.00
Miscellaneous	9,422.41
	<u>49,717.75</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 322,500.00	332,500.00	323,443.23		9,056.77	
Other Expenses	361,900.00	350,400.00	349,837.82	561.52	0.66	
	<u>684,400.00</u>	<u>682,900.00</u>	<u>673,281.05</u>	<u>561.52</u>	<u>9,057.43</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	75,000.00	75,000.00	75,000.00		-	
Interest on Bonds	34,700.00	34,700.00	33,540.40			1,159.60
Interest On Notes	4,000.00	4,000.00	2,836.95			1,163.05
	<u>113,700.00</u>	<u>113,700.00</u>	<u>111,377.35</u>	<u>-</u>	<u>-</u>	<u>2,322.65</u>
Deferred Charges and Statutory Expenditures:						
Unemployment	4,000.00	4,000.00	4,000.00		-	
Social Security System	24,000.00	25,500.00	24,743.41		756.59	
	<u>28,000.00</u>	<u>29,500.00</u>	<u>28,743.41</u>	<u>-</u>	<u>756.59</u>	<u>-</u>
Surplus (General Budget)	<u>267,000.00</u>	<u>267,000.00</u>	<u>267,000.00</u>		<u>-</u>	
\$	<u>1,093,100.00</u>	<u>1,093,100.00</u>	<u>1,080,401.81</u>	<u>561.52</u>	<u>9,814.02</u>	<u>2,322.65</u>

EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

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

	2015	2014
<u>ASSETS</u>		
Land Buildings and Improvements	\$ 2,646,908.82	1,817,536.82
Machinery and Equipment	3,878,595.36	3,774,200.44
	6,525,504.18	5,591,737.26
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ 6,525,504.18	5,591,737.26

See accompanying Notes to Financial Statements - Regulatory Basis

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**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

The accounting policies of the Borough of Longport conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Borough of Longport accounts for its financial transactions through the following separate funds:

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

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

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

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

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

C. Basis of Accounting

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

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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000.00 are capitalized. No depreciation has been provided for in the financial statements.

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

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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

Levy of Utility Charges – The entity operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on January 1, April 1, July 1 and October 1.

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge one and one half percent (1.5%) per month on charges becoming delinquent after due date. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Borough of Longport to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the Borough's financial reporting.

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

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the Borough's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$407,906.54 and \$405,761.33. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$695,000 and \$954,439.24. In addition, the entity operates a self-liquidating water and sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$110,665.45 and \$47,400.00.

**BOROUGH OF LONGPORT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by The Borough's Governing Body. The following significant budget transfers were approved in the 2015 and 2014 calendar years:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Current Fund:</u>		
Salaries and Wages		
Police	\$ (16,200.00)	
General Administration	1,500.00	
Finance	2,000.00	
Human Resource	800.00	
Municipal Clerk		3,500.00
Dispatch	(46,800.00)	
Construction Code Official		2,000.00
Beach Control		(3,000.00)

Other Expenses		
Police		
General Administration	(1,750.00)	
Municipal Clerk		(3,500.00)
Labor Relations	(2,800.00)	
Dispatch	63,000.00	
Data Processing		(2,500.00)
Mayor and Commissioners	250.00	
Tax Assessor		500.00
Fire		2,000.00
Beach Control		1,000.00

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Water & Sewer Utility Fund:</u>		
		None
Salaries and Wages		
Utility	10,000	
Other Expenses		
Utility	(10,000)	

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015 and 2014, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Municipal Alcohol Education & Rehabilitation Program	\$ 530.40	1,890.56
Drunk Driving Enforcement Fund		2,782.07
NJ Click it or Ticket	4,000.00	3,714.08
Clean Communities Program	8,453.18	6,954.80
Drive Sober or Get Pulled Over	7,500.00	4,699.28
Optional Safety Incentive Grant	1,000.00	
Body Armor or Replacement Fund	1,510.33	1,596.57
 Total	 \$ <u>22,993.91</u>	 <u>21,637.36</u>

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. There were no Regular Emergency Appropriations authorized in 2015. The Borough approved an Emergency Appropriation in 2014 in the amount of \$30,000.00 for the Emergency Response to a Hazardous Material Spill. The 2014 Emergency was raised in full in 2015.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved special emergency appropriations in the amounts of \$0.00 and \$0.00 in 2015 and 2014 respectively. The Special Emergency from prior years was for the damage caused by Hurricane Sandy. The unfunded balances of all Special Emergencies as of December 31, 2015 and 2014 were \$97,119.42 and \$300,852.95 respectively.

Note 3: INVESTMENTS

As of December 31, 2015 and 2014, the municipality held no investments.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2015 and 2014, \$297,151.81 and \$295,479.41 of the municipality's bank balances of \$7,975,889.41 and \$7,757,141.15 were exposed to custodial credit risk.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2015 and 2014:

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land Buildings & Improvements	\$ 1,583,048.65	234,488.17		1,817,536.82
Machinery & Equipment	3,246,613.47	527,586.97		3,774,200.44
	<u>\$ 4,829,662.12</u>	<u>762,075.14</u>	<u>-</u>	<u>5,591,737.26</u>
	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land Buildings & Improvements	\$ 1,817,536.82	829,372.00		2,646,908.82
Machinery & Equipment	3,774,200.44	142,869.92	(38,475.00)	3,878,595.36
	<u>\$ 5,591,737.26</u>	<u>972,241.92</u>	<u>(38,475.00)</u>	<u>6,525,504.18</u>

Note 6: SHORT-TERM OBLIGATIONS

The following schedules are a summarization of the changes in short – term debt for the calendar years ended December 31, 2015 and 2014:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Notes Payable:				
Special Emergency - Current Fund	\$ 740,000.00	320,000.00	740,000.00	320,000.00
Bond Anticipation				
General Capital	7,076,500.00		7,076,500.00	-
Sewer Utility Capital	1,175,000.00	150,000.00	1,175,000.00	150,000.00
Total	<u>\$ 8,991,500.00</u>	<u>470,000.00</u>	<u>8,991,500.00</u>	<u>470,000.00</u>

A Special Emergency Note totaling \$320,000.00 was issued on January 30, 2014 and was due and payable on January 29, 2015 with interest at 0.95% per annum. The Bond Anticipation Note totaling \$150,000.00 was issued on January 30, 2014 and was due and payable on January 29, 2015 with interest at 0.95% per annum.

As of December 31, 2014 the Borough has authorized but not issued bonds in the amount of \$18,268.34 and \$92,540.77 in the General Capital Fund and Water Sewer Utility Capital Funds respectively.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Notes Payable:				
Special Emergency - Current Fund	\$ 320,000.00		130,000.00	190,000.00
Bond Anticipation General Capital Sewer Utility Capital	-	225,000.00		-
	150,000.00			375,000.00
Total	\$ 470,000.00	225,000.00	130,000.00	565,000.00

A Special Emergency Note totaling \$320,000.00 was issued on January 30, 2014 and was due and payable on January 29, 2015 with interest at 0.95% per annum. The balance of this note was \$190,000 at December 31, 2015. The Bond Anticipation Notes totaling \$375,000.00 was one that was issued on January 29, 2015 for \$200,000 and was due and payable on January 28, 2016 with interest at 0.95% per annum. The other was issued on October 20, 2015 for \$175,000 and was due and payable on October 19, 2016 with interest at 0.95% per annum.

As of December 31, 2015 the Borough has authorized but not issued bonds in the amount of \$7,500.00 and \$167,540.77 in the General Capital Fund and Water Sewer Utility Capital Funds respectively.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ 2,562,571.00	7,075,000.00	1,124,043.00	8,513,528.00	1,003,068.00
Utility	-	1,175,000.00		1,175,000.00	75,000.00
Total	2,562,571.00	8,250,000.00	1,124,043.00	9,688,528.00	1,078,068.00
Compensated Absences Payable	506,431.09		71,567.10	434,863.99	-
Total long-term liabilities	\$ 3,069,002.09	8,250,000.00	1,195,610.10	10,123,391.99	1,078,068.00
	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ 8,513,528.00		1,003,068.00	7,510,460.00	714,974.00
Utility	1,175,000.00		75,000.00	1,100,000.00	75,000.00
Total	9,688,528.00	-	1,078,068.00	8,610,460.00	789,974.00
Compensated Absences Payable	434,863.99		24,870.25	409,993.74	-
Total long-term liabilities	\$ 10,123,391.99	-	1,102,938.25	9,020,453.74	789,974.00

On January 29, 2014 the Borough issued Bonds totaling \$8,250,000.00, consisting of \$7,075,000.00 General Improvement Bonds and \$1,175,000.00 Water and Sewer Utility Bonds. The Bonds carry coupon rates ranging between 3.00% and 4.00% per annum. The Bonds were issued with a premium of \$500,564.50. The Net Interest Cost of the issue was 2.4780389%. The Bonds began to be repaid in annual serial installments beginning on January 15, 2015 continuing through January 15, 2029.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

At December 31, 2015, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$7,075,000.00 General Improvement Bonds dated January 29, 2014, due in annual installments through January 15, 2029, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2015, is \$6,700,000.00.

\$1,417,300.00 New Jersey Wastewater Trust Loan dated October 15, 1997, due in annual installments through October 15, 2017. Interest is paid semiannually at various rates. The balance remaining as of December 31, 2015, is \$184,090.00.

\$2,920,000.00 New Jersey Wastewater Trust Loan dated November 1, 1999, due in annual installments through November 1, 2019. Interest is paid semiannually at various rates. The balance remaining as of December 31, 2015, is \$626,370.00.

Outstanding bonds whose principal and interest are paid from the Water and Sewer Utility Operating Fund of the Borough:

\$1,175,000.00 Water & Sewer Utility Bonds dated January 29, 2014, due in annual installments through January 15, 2029, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2015, is \$1,100,000.00.

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

Year	General Fund		Sewer Utility Fund	
	Principal	Interest	Principal	Interest
2016	\$ 714,974.00	231,990.00	75,000.00	33,750.00
2017	720,284.00	205,565.00	75,000.00	30,750.00
2018	633,218.00	178,865.00	75,000.00	27,750.00
2019	641,984.00	156,825.00	75,000.00	25,125.00
2020	470,000.00	136,950.00	80,000.00	22,800.00
2021 - 2025	2,350,000.00	473,250.00	400,000.00	78,000.00
2026 - 2029	1,980,000.00	121,800.00	320,000.00	19,200.00
	<u>\$ 7,510,460.00</u>	<u>1,505,245.00</u>	<u>1,100,000.00</u>	<u>237,375.00</u>

As of December 31, 2015 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$274,290.00 and to the utility budget was \$36,750.00.

<u>Summary of Municipal Debt</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 7,510,460.00	8,513,528.00	2,562,571.00
Water & Sewer Utility - Bonds and Notes	1,100,000.00	1,175,000.00	-
Total Issued	<u>8,610,460.00</u>	<u>9,688,528.00</u>	<u>2,562,571.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	7,500.00	18,268.34	25,768.34
Water & Sewer Utility - Bonds and Notes	167,540.77	92,540.77	192,540.77
Total Authorized But Not Issued	<u>175,040.77</u>	<u>110,809.11</u>	<u>218,309.11</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 8,785,500.77</u>	<u>9,799,337.11</u>	<u>2,780,880.11</u>

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 0.397%.

	Gross Debt	Deductions	Net Debt
Water & Sewer Utility Debt	\$ 1,642,540.77	1,642,540.77	-
General Debt	7,517,960.00	-	7,517,960.00
	<u>\$ 9,160,500.77</u>	<u>1,642,540.77</u>	<u>7,517,960.00</u>

Net Debt \$7,517,960.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,894,159,868.67 = 0.397%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	66,295,595.40
Net Debt		7,517,960.00
Remaining Borrowing Power	<u>\$</u>	<u>58,777,635.40</u>

Note 8: FUND BALANCES APPROPRIATED

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

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2015	\$ 2,090,430.10 *	695,000.00	33.25%
	2014	1,020,092.14	695,000.00	68.13%
Water and Sewer Utility Fund	2015	\$ 207,503.06 *	176,630.00	85.12%
	2014	186,780.66	110,665.45	59.25%

* = Introduced Budget

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2015	2016 Budget Appropriation	Balance to Succeeding
Current Fund:			
Emergency Appropriation - 2014	\$ -	-	-
Special Emergency Appropriation - 2011 Reassessment	12,200.00	12,200.00	-
Special Emergency Appropriation - 2012 Hurricane Sandy	84,919.42	84,919.42	-
	<u>\$ 97,119.42</u>	<u>97,119.42</u>	<u>-</u>

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$1,014,769.00 and \$994,872.00 have been raised for the 2015 and 2014 calendar years and have been remitted or due to the school district. Local District School Taxes have been raised and a liability not greater than 50% of the levy has been deferred as allowed by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2015	12/31/2014
Balance of Tax	\$ 619,518.96	\$ 652,681.60
Deferred	487,682.50	487,682.50
Tax Payable	<u>\$ 131,836.46</u>	<u>\$ 164,999.10</u>

Note 11: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/15	Balance 12/31/14
Prepaid Taxes	<u>\$ 401,655.60</u>	<u>\$ 443,642.05</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 401,655.60</u>	<u>\$ 443,642.05</u>

Note 12: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Police and Fireman's Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.92% through June 30, 2015 and 7.06% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were \$132,812.00, \$101,819.00 and \$115,280.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were \$306,573.00, \$278,730.00, and \$312,888.00.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$3,254,932.16, \$3,157,216.83 and \$3,102,919.87. Payroll covered by PFRS was \$1,052,604.00, \$1,181,042.00 and \$1,169,687.00. Payroll covered by PERS was \$1,205,063.00, \$1,135,912.00 and \$1,116,097.00.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

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

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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality’s pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized. GASB statement 68 requires that the June 30, 2015 actuarial valuation be used for this disclosure, but as of the date of this report the 2015 actuarial valuations are not yet available from the Division of Pensions. The Division of Local Government Services has stated that disclosing the 2014 valuation is in compliance with the Regulatory Basis of Accounting described in Note 1.

The following represents the municipality’s pension liabilities as June 30, 2014:

Public Employees’ Retirement System

The Municipality has a liability of \$3,016,312.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality’s proportion of the net pension liability was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Municipality’s proportion would be 0.01611042260%, which would be an increase of 19.22% from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$232,088. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 94,849	
Net difference between projected and actual earnings on pension plan investments		(179,756)
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	<u>419,307</u>	<u>-</u>
Total	<u>\$ 514,156</u>	<u>(179,756)</u>

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

Year ended June 30,		
2015	\$	116,526
2016		116,526
2017		116,526
2018		116,526
2019		(91,462)
Thereafter		(40,243)
Total	\$	<u>334,400</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bod Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.39%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Municipality's proportionate share of the net pension liability	\$ 3,674,426	3,016,312	2,463,972.87

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$5,020,908.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Municipality's proportion would be 0.03991476980%, which would be an increase of 4.48% from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$381,892. At December 31, 2015, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 188,502	
Net difference between projected and actual earnings on pension plan investments		(512,367)
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	190,538	-
Total	<u>\$ 379,040</u>	<u>(512,367)</u>

**BOROUGH OF LONGPORT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

<u>Year ended June 30,</u>		
2015	\$	(38,298)
2016		(38,298)
2017		(38,298)
2018		(38,298)
2019		16,980
Thereafter		2,887
Total	<u>\$</u>	<u>(133,327)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	3.95% - 8.62% (based on age)
Thereafter	4.95% - 9.62% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2011 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 6.32% and 6.45% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the 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 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.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
Municipality's proportionate share of the net pension liability	\$ 6,624,854	5,020,908	3,695,931.78

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2014 and June 30, 2013 State special funding situation net pension liability amounts of \$1,354,554,686 and \$1,239,171,400, respectively, are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2014 State special funding situation pension expense of \$171,628,286 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2014. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Borough of Longport was 0.03991476980% and 0.03820429030% for 2014 and 2013 respectively. The net pension liability amounts allocated to the Borough were \$540,667.00 and \$473,417.00 respectively. For the fiscal year ending June 30, 2014 State special funding situation pension expense of \$68,505 is allocated to the Borough.

Pension plan fiduciary net position.

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

Note 14: LIFEGUARD PENSION

Effective January 1, 1987 the Borough of Longport established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the Borough's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary at a rate of 4% and contributed to the plan. Each year the Borough shall contribute to the plan 4% of the aggregate compensation paid to the plan members for such year. The contributions will be paid to the pension fund, which is a segregated account maintained by the Borough Chief Financial Officer and is to be used solely for the accumulating and disbursing of monies for benefits provided under the plan. The funds contributed to the plan are to be invested by the Pension Committee.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

A plan member may retire with a pension only after their 45th birthday and the completion of 20 years of service, the last 10 years of which must have been completed immediately preceding their application. This pension shall be known as their normal pension. It shall commence no earlier than their 45th birthday, but it shall vest after twenty (20) Years of Service the last ten (10) years of which are continuous.

A Plan Member's annual Normal Pension shall be equal to 50% of his Average Compensation. It shall be paid in monthly installments starting on the later of the Member's 45th birthday or his actual retirement date and ending with the payment for the month in which their death occurs. However, post-retirement death benefits may be available which provide for the continuation of such pension after the death of the Plan Member. If the commencement of a plan Member's Normal Pension is deferred by his continued employment (as an employee) after his 45th birthday, the amount of his Normal Pension will not change except to reflect changes in his Average Compensation. No optional or alternate payment arrangements are available for pensions described in this Section or for Disability Survivor Pensions.

Total salaries paid to lifeguards for the years ended December 31, 2015, 2014 and 2013 were \$427,492.59, \$408,170.24 and \$387,451.19 respectively. The Borough's contribution to the Lifeguard Pension Fund is transferred to the Lifeguard Pension Fund in subsequent year.

The following table details the activity for this fund for the year ended December 31, 2015.

<u>Balance 12/31/2014</u>	<u>Interest Earned</u>	<u>Borough Share</u>	<u>Employee Withholdings</u>	<u>Pension Payments</u>	<u>Balance 12/31/2015</u>
\$ 337,382.24	\$ 1,806.79	\$ 16,642.00	\$ 24,605.96	\$ (21,690.54)	\$ 358,746.45

Note 15: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$409,993.74 in 2015 and \$434,863.99 in 2014. This amount is not reported either as an expenditure or liability. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. The Borough has established a reserve to offset this liability, the balance in the reserve is \$126,707.74 and \$101,551.51 at December 31, 2015 and 2014 respectively.

Note 16: ECONOMIC DEPENDENCY

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

Note 17: RISK MANAGEMENT

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

Property and Liability Insurance – The Borough maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2015 and 2014 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

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

Calendar Year	Borough Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2015	\$ 39,000.00	5,574.63	28.91	12,140.59	54,193.18
2014	39,000.00	5,162.19	30.89	40,394.50	21,730.23
2013	37,100.00	5,181.26	22.31	28,211.04	17,931.65

Note 18: DEFERRED COMPENSATION

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

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

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

Note 19: CONTINGENT LIABILITIES

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

**BOROUGH OF LONGPORT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2015, the following interfunds were included on the balance sheets of the various funds of the Borough of Longport:

	Due From	Due To
Current Fund:		
Federal and State Grant Fund	\$	81,134.78
Trust Other Fund		2,830.17
Dog Trust Fund	431.86	
General Capital Fund		3,202,648.15
Grant Fund:		
Current	81,134.78	
Utility Operating Fund		4,000.00
Trust Fund:		
Current - Animal Control Fund		431.86
Current - Trust Other Fund	2,830.17	
General Capital Fund:		
Current	3,202,648.15	
Water and Sewer Operating:		
Federal and State Grant Fund	4,000.00	
Water and Sewer Capital Fund	11,881.94	
Water and Sewer Capital Fund:		
Sewer Operating Fund		11,881.94
	\$ <u>3,302,926.90</u>	<u>3,302,926.90</u>

The remaining interfunds are due to amounts that should have been transferred to the other funds as appropriate.

Note 21: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through April 15, 2016, the date which the financial statements were available to be issued and did not identify any events requiring disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

The Honorable Mayor and
Members of the Borough Commission
Borough of Longport, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated April 15, 2016 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ford Scott & Associates, LLC
Ford Scott & Associates, LLC

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

April 15, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the Borough Commission
Borough of Longport, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Borough of Longport's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough of Longport's major federal programs for the year ended December 31, 2015. The Borough of Longport's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Borough of Longport's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Longport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Longport's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough of Longport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Ford Scott & Associates, LLC
Ford Scott & Associates, LLC

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

April 15, 2016

**BOROUGH OF LONGPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

Part I -- Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$750,000
- E) Auditee qualified as low-risk auditee? _____ yes X no _____ n/a
- F) Type of auditor's report on compliance for major programs Unmodified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ yes X no
- I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>97.036</u>	<u>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Part 2 - Schedule of Financial Statement Findings

NONE

Part 3 - Schedule of Federal Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	To	Program or Award Amount	Receipts or Revenue Recognized	Disbursements/ Expenditures
FEDERAL:						
Federal Emergency Management Agency Hurricane Sandy	97.036	01/01/13	12/31/16	904,254.00 \$	904,254.00	904,254.00
Total Federal Emergency Management Agency					904,254.00	904,254.00
U.S. Department of Justice						
Bullet Proof Vest Partnership	16.607	2008	Open	3,356.64		665.38
Bullet Proof Vest Partnership	16.607	2010	Open	2,445.71		219.73
Body Armor Replacement	16.607	2014	Open	5,195.84		1,415.96
Body Armor Replacement	16.607	2015	Open	1,510.33	1,510.33	1,510.33
Total Federal Department of Justice					1,510.33	3,811.40
US Department of Transportation Click It or Ticket	20.602	1/1/2015	12/31/2015	4,000.00	4,000.00	4,000.00
Total Department of Transportation					4,000.00	4,000.00
Housing and Urban Development Community Development Block Grant	14.218	Open	Open		135,000.00	
Total Housing and Urban Development					135,000.00	-
Total Federal Assistance					1,044,764.33 \$	912,065.40

**NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 1: BASIS OF PRESENTATION

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

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

	<u>Total</u>
Expenditures per Schedule of Federal Awards	
	\$ 912,065.40
	<u>\$ 912,065.40</u>

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund		Grant Fund
Balance December 31, 2014	\$	6,581,093.59	\$	-
Increased by Receipts:				
Prepaid Taxes		401,655.60		
Taxes Receivable		16,027,418.02		
Revenue Accounts Receivable		1,990,433.79		
Tax Overpayments				
Due from State of NJ - Seniors & Veterans		16,206.27		
Payroll Payable		3,546,623.20		
Special Emergency Note Proceeds				
Prepaid Beach Fees		4,200.00		
Due to State of New Jersey;				
DCA Training Fees		8,921.00		
Marriages Licenses		125.00		
Due from Trust Other Fund				
Due from General Capital Fund				
Due from Grant Fund		128,585.92		
Due to Dog Trust Fund				
Due from Current Fund		80.00		
Federal and State Unappropriated			15,000.00	
Federal and State Receivables			291,308.27	
		22,124,248.80		306,308.27
		28,705,342.39		306,308.27
Decreased by Disbursements:				
Current Year Appropriation		6,851,920.43		
Prior Year Appropriations		133,572.68		
County Taxes		9,427,740.40		
Local District School Taxes		1,047,931.64		
Redemption of Special Emergency Note		130,000.00		
Overpaid Taxes				
Third Party Tax Liens				
Payroll Payable		3,549,662.60		
Reserve for Insurance Reimbursements		10,869.62		
Reserve for Hurricane Sandy		6,097.30		
Refund of Tax Overpayments				
Due to State of New Jersey;				
DCA Training Fees		8,921.00		
Marriages Licenses		125.00		
Due to Trust Other Fund				
Due to Current Fund			128,585.92	
Due to General Capital Fund		722,899.19		
Due to Federal and State Grant Fund		-		
Federal and State Disbursements			177,722.35	
		21,889,739.86		306,308.27
Balance December 31, 2015	\$	6,815,602.53	\$	-

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Balance Dec. 31, 2015
				2014	2015		
2014	\$ 229,975.81				224,560.87	5,414.94	0.00
	229,975.81	-	-	-	224,560.87	5,414.94	0.00
2015		16,370,081.52	86,483.11	443,642.05	15,840,226.08	30,892.16	141,804.34
	\$ 229,975.81	16,370,081.52	86,483.11	443,642.05	16,064,786.95	36,307.10	141,804.34
Analysis of Current Year Tax Levy							
Tax Yield:							
General Property Tax							
Added Taxes (54:4-63.1 et. Seq.)							
					16,370,081.52		
					86,483.11		
					<u>16,456,564.63</u>		
Tax Levy:							
General County Taxes							
County Library Taxes							
County Open Space Taxes							
County Health Taxes							
County Added and Omitted Taxes							
Total County Taxes							
					8,547,793.30		
					554,040.87		
					26,248.11		
					211,918.77		
					49,484.49		
					<u>9,389,485.54</u>		
Local School District Tax							
Local Tax for Municipal Purposes							
Add: Additional Tax Levied							
					5,991,261.42		
					61,048.67		
					<u>6,052,310.09</u>		
					<u>16,456,564.63</u>		

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

Balance December 31, 2014		\$	-
Increased by:			
None			
	<hr/>		-
			-
Decreased by:			
None			
			-
Balance December 31, 2015		\$	-

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2014	Accrued in 2015	Collected by Treasurer	Balance Dec. 31, 2015
Fees and Permits		4,035.00	4,035.00	-
Fines and Costs:				
Municipal Court	2,852.08	63,540.34	61,907.10	4,485.32
Interest and Costs on Taxes		52,194.08	52,194.08	-
Interest Earned on Investments		10,170.43	10,170.43	-
Beach Fees		211,708.00	211,708.00	-
Ice Cream Vendor Bid		32,448.00	32,448.00	-
Comcast Franchise Fee		26,227.49	26,227.49	-
Uniform Construction Code Fees		153,594.00	153,594.00	-
Energy Receipts Tax		122,345.00	122,345.00	-
Anticipated Utility Operating Surplus		267,000.00	267,000.00	-
JIF Insurance Refund	-	21,750.00	21,750.00	-
Miscellaneous Revenue Not Anticipated		1,030,721.33	1,030,721.33	-
	<u>2,852.08</u>	<u>1,995,733.67</u>	<u>1,994,100.43</u>	<u>4,485.32</u>
	\$			

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
General Administration				
Salaries and Wages	\$ 835.00	835.00		835.00
Other Expenses	579.98	579.98	100.76	479.22
Human Resources				
Salaries and Wages	2,453.57	2,453.57		2,453.57
Other Expenses	5,472.91	5,472.91	1,777.70	3,695.21
Mayor and Commissioners				
Salaries and Wages	599.70	599.70		599.70
Other Expenses	648.46	648.46	34.21	614.25
Borough Clerk				
Salaries and Wages	1,153.86	1,153.86		1,153.86
Other Expenses	1,173.06	1,173.06	715.01	458.05
Finance Department				
Salaries and Wages	5,671.88	5,671.88		5,671.88
Other Expenses	2,117.24	2,117.24	22.00	2,095.24
Data Processing				
Other Expenses	3,716.29	3,716.29	901.81	2,814.48
Collection of Taxes				
Salaries and Wages	1,039.87	1,039.87		1,039.87
Other Expenses	1,694.41	1,694.41		1,694.41
Assessment of Taxes				
Salaries and Wages	71.94	71.94		71.94
Other Expenses	998.91	998.91	255.00	743.91
Legal Services and Costs				
Other Expenses	45,035.05	45,035.05	28,316.80	16,718.25

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
LAND USE ADMINISTRATION				
Planning Board				
Salaries and Wages	16.00	16.00		16.00
Other Expenses	1,820.02	1,820.02	1,350.17	469.85
PUBLIC SAFETY				
Police				
Salaries and Wages	54,482.40	54,482.40		54,482.40
Other Expenses	6,440.51	6,440.51	3,002.68	3,437.83
Emergency Management				
Salaries and Wages	17.64	17.64		17.64
Other Expenses	44.62	44.62		44.62
Dispatch				
Salaries and Wages	10,731.81	10,731.81		10,731.81
Community Rating System				
Salaries and Wages	4.66	4.66		4.66
Other Expenses	2,821.90	2,821.90	463.00	2,358.90
Fire				
Salaries and Wages	4,765.48	4,765.48		4,765.48
Other Expenses	6,686.01	6,686.01	3,697.17	2,988.84
Prosecutor				
Salaries and Wages	3.10	3.10		3.10
Beach Guards				
Salaries and Wages	1,259.76	1,259.76		1,259.76
Other Expenses	19.25	19.25		19.25
Beach Control				
Salaries and Wages	4,104.58	4,104.58		4,104.58
Other Expenses	1,189.72	1,189.72	591.41	598.31
HEALTH AND HUMAN SAFETY				
Animal Control				
Other Expenses	2,000.00	2,000.00		2,000.00

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
PUBLIC WORKS				
Streets and Roads				
Salaries and Wages	29,722.86	29,722.86		29,722.86
Other Expenses	24,643.28	24,643.28	9,611.44	15,031.84
Garbage and Trash Removal				
Other Expenses				
Solid Waste Collection	7,515.75	7,515.75	7,316.75	199.00
Tipping Fees	12,552.50	12,552.50	1,883.69	10,668.81
Public Buildings and Grounds				
Other Expenses	10,362.13	10,362.13	1,239.00	9,123.13
PARKS AND RECREATION				
Parks and Recreation				
Salaries and Wages	2,017.35	2,017.35		2,017.35
Other Expenses	587.54	587.54		587.54
Maintenance of Parks				
Other Expenses	2,623.24	2,623.24	93.75	2,529.49
Municipal Court				
Salaries and Wages	11,656.78	11,656.78		11,656.78
Other Expenses	2,225.26	2,225.26	7.00	2,218.26
Public Defender				
Salaries and Wages	1.40	1.40		1.40
INSURANCE				
Salaries and Wages	25.92	25.92		25.92
Employee Group Health	110,433.40	110,433.40	51,764.06	58,669.34
Employee Group Health Opt Out	1,135.40	1,135.40		1,135.40
Workers Compensation Insurance	88.00	88.00		88.00
Liability Insurance	1,870.15	1,870.15		1,870.15

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
UNIFORM CONSTRUCTION CODE				
Construction Code Official	285.58	285.58		285.58
Salaries and Wages	924.99	924.99		924.99
Other Expenses				
Other Code Enforcement	600.00	600.00		600.00
Salaries and Wages	47.01	47.01		47.01
Other Expenses				
UNCLASSIFIED				
Celebration of Public Events				
Other Expenses	1,561.70	1,561.70		1,561.70
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	18,958.39	18,958.39		18,958.39
Street Lighting	1,641.29	1,641.29		1,641.29
Telephone	2,828.48	2,828.48	1,989.46	839.02
Natural Gas	171.11	171.11		171.11
Gasoline	8,062.34	8,062.34	1,787.48	6,274.86
STATUTORY EXPENDITURES				
Contributions to:				
Public Employees' Retirement System	9,264.26	9,264.26		9,264.26
Social Security System (O.A.S.I.)	12,025.27	12,025.27		12,025.27
Police and Firemen's Retirement System	16,586.90	16,586.90	10.33	16,576.57
DCRP (Defined Contribution Retirement Program)	21.65	21.65		21.65
Lifeguard Pension	17,000.00	17,000.00	16,642.00	358.00
Unemployment				-
All Other Accounts - No Change	5,000.00	5,000.00		5,000.00
	<u>\$ 482,109.52</u>	<u>482,109.52</u>	<u>133,572.68</u>	<u>348,536.84</u>

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

Balance December 31, 2014			
School Tax Payable	\$	164,999.10	
School Tax Deferred		487,682.50	
		652,681.60	652,681.60
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			1,014,769.00
			1,667,450.60
Decreased by:			
Payments			1,047,931.64
			619,518.96
Balance December 31, 2015			
School Tax Payable		131,836.46	
School Tax Deferred		487,682.50	
		619,518.96	619,518.96
Current Year Liability for Local School District School Tax:			
Tax Paid			1,047,931.64
Tax Payable Ending			131,836.46
			1,179,768.10
Less: Tax Payable Beginning			164,999.10
			1,014,769.00
Amount charged to Current Year Operations	\$		1,014,769.00

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred From 2015 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2015</u>
FEDERAL GRANTS:				
CDBG	\$ 120,000.00		120,000.00	-
NJ Click it or Ticket	1,176.00	4,000.00	4,000.00	1,176.00
Body Armor Replacement	4,424.61	1,510.33	1,510.33	4,424.61
Total Federal	<u>125,600.61</u>	<u>5,510.33</u>	<u>125,510.33</u>	<u>5,600.61</u>
STATE GRANTS:				
NJ Transportation Trust Fund	71,315.83	170,000.00	155,814.36	85,501.47
Clean Communities	5,785.85			5,785.85
Green Communities	3,000.00			3,000.00
Atlantic County JIF	4,387.00			4,387.00
Atlantic County DWI Traffic Enforcement Grant	197.32			197.32
Atlantic County Open Spaces Grant	39,935.00			39,935.00
Life Hazard Use Fees	2,190.95			2,190.95
Drunk Driving Enforcement Fund	8,205.12			8,205.12
Drive Sober or Get Pulled Over	-			7,500.00
Municipal Alcohol Education/Rehabilitation	7.63	530.40	530.40	7.63
Pedestrian Safety Grant	60.96			60.96
Optional Safety Grant	2,300.00			2,300.00
Over the Limit - Under Arrest	8,677.70		1,000.00	8,677.70
NJ DEP Municipal Stormwater	1,705.00			1,705.00
NJ DEP Municipal Stormwater Sustainability	6,822.00			6,822.00
	306.16			306.16
Total State	<u>154,896.52</u>	<u>179,030.40</u>	<u>157,344.76</u>	<u>176,582.16</u>
Total	<u>\$ 280,497.13</u>	<u>184,540.73</u>	<u>282,855.09</u>	<u>182,182.77</u>

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

	Balance December 31, 2014		2015 Appropriations	Disbursed	Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances			
FEDERAL GRANTS:					
COPS Fast	\$ 5,058.00				5,058.00
COPS Universal	2,133.00				2,133.00
NJ Click it or Ticket	5,013.05		4,000.00	4,000.00	5,013.05
Bullet Proof Vest Grant - 2008	665.38			665.38	-
Bullet Proof Vest Grant - 2010	219.73			219.73	-
Body Armor Replacement	6,779.37		1,510.33	2,926.29	5,363.41
FEMA - June 2012 Storm	2,995.94		-		2,995.94
Total Federal	<u>22,864.47</u>	<u>-</u>	<u>5,510.33</u>	<u>7,811.40</u>	<u>20,563.40</u>
STATE GRANTS:					
Municipal Alcohol Education Rehabilitation	17,817.02		530.40	700.00	17,647.42
Drunk Driving Enforcement	4,298.21		1,045.00	4,377.74	965.47
Atlantic County DWI Traffic Enforcement Grant	197.32				197.32
NJ DEP Municipal Stormwater	6,822.00				6,822.00
Pedestrian Safety Grant	11,813.60				11,813.60
Clean Communities Program	13,462.80		8,453.18	7,924.15	13,991.83
2007 Municipal Stormwater	6,822.00				6,822.00
ACIA - CDBG	3,690.00				3,690.00
Atlantic County Open Space Grant	43,706.47				43,706.47
Life Hazard Use Fees	3,497.45				3,497.45
Green Communities	3,000.00				3,000.00
Recycling Tonnage	9,969.82		2,287.25		12,257.07
Sustainability	306.16				306.16
Drive Sober or Get Pulled Over			7,500.00		7,500.00
Over the Limit Under Arrest	4,761.34		-		4,761.34
CDBG	-				-
N.J. Transportation Trust Fund Authority Act	71,315.83		170,000.00	155,323.86	85,991.97
Total State	<u>201,480.02</u>	<u>-</u>	<u>189,815.83</u>	<u>168,325.75</u>	<u>222,970.10</u>
OTHER GRANTS:					
Haas Trust	500.00				500.00
Optional Safety Grant	869.25		1,000.00	1,585.20	284.05
Total Other	<u>1,369.25</u>	<u>-</u>	<u>1,000.00</u>	<u>1,585.20</u>	<u>784.05</u>
	<u>\$ 225,713.74</u>	<u>-</u>	<u>196,326.16</u>	<u>177,722.35</u>	<u>244,317.55</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred To 2015 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
FEDERAL GRANTS:					
None	\$ -				-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:					
Recycling Tonnage Grant	2,287.25	2,287.25			-
Drunk Driving Enforcement Fund	1,045.00	1,045.00			-
CDBG	-		15,000.00		15,000.00
Total State	<u>3,332.25</u>	<u>3,332.25</u>	<u>15,000.00</u>	<u>-</u>	<u>15,000.00</u>
\$	<u><u>3,332.25</u></u>	<u><u>3,332.25</u></u>	<u><u>15,000.00</u></u>	<u><u>-</u></u>	<u><u>15,000.00</u></u>

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

Balance December 31, 2014		\$	654.50
Increased by:			
Cash Receipts for:			
Dog Licenses Collected	69.60		
Due to State of NJ	17.40		
Interest on Investments	0.95		
	<hr/>		<hr/>
			87.95
			742.45
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	75.99		
Due to State of New Jersey	-		
Due from Current Fund			
	<hr/>		<hr/>
			75.99
Balance December 31, 2015		\$	<u><u>666.46</u></u>

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

Balance December 31, 2014		\$ 463,275.79
Increased by:		
Cash Receipts for Other Reserves:		
Interest on Investments	273.77	
Employee Withholdings	31,902.99	
Budget Appropriations	80,642.00	
Other Receipts	6,269.79	
	<hr/>	<hr/> 119,088.55
		582,364.34
Decreased by:		
Cash Disbursed for Other Reserves	40,118.38	
	<hr/>	<hr/> 40,118.38
Balance December 31, 2015		\$ <u><u>542,245.96</u></u>

**TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2014		\$	415.48
Increased by:			
Dog License - Cash Receipts	68.65		
Interest on Investments	0.95		
	<u> </u>		<u>69.60</u>
			485.08
Decreased by:			
Cash Disbursed	272.68		
	<u> </u>		<u>272.68</u>
Balance December 31, 2015		\$	<u><u>212.40</u></u>

Fess Collected	2014	113.80
	2013	98.60
		<u><u>212.40</u></u>

**TRUST FUND
ANIMAL CONTROL FUND - DUE TO STATE OF NEW JERSEY**

Balance December 31, 2014		\$	4.80
Increased by:			
Cash Receipts	17.40		
	<hr/>		<hr/>
			17.40
			22.20
Decreased by:			
Cash Disbursed			
	<hr/>		<hr/>
			-
Balance December 31, 2015		\$	<u><u>22.20</u></u>

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2014	Interest on Investments	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Interfund Receivable	Cash Disbursed	Balance Dec. 31, 2015
Unemployment Compensation	\$ 21,730.23	28.91	5,574.63	39,000.00			12,140.59	54,193.18
Lifeguard Pension	337,382.24	84.39	26,328.36	16,642.00			21,690.54	358,746.45
Parking Offenses Adjudication Act	1,720.00					80.00		1,800.00
Developers Escrow	572.65	0.84						573.49
Accumulated Sick Leave Fund	101,551.51	156.23		25,000.00				126,707.74
Recreation	502.18	1.14			6,269.79		6,287.25	485.86
Donations for Municipal Equipment and Building Improvements	1,054.17							1,054.17
Disposal of Forfeited Property	1,512.97	2.26						1,515.23
Flexible Spending Account	0.01							0.01
	<u>\$ 466,025.96</u>	<u>273.77</u>	<u>31,902.99</u>	<u>80,642.00</u>	<u>6,269.79</u>	<u>80.00</u>	<u>40,118.38</u>	<u>545,076.13</u>

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

Balance December 31, 2014		\$	306,669.49
Increased by:			
Budget Appropriation:			
Capital Improvement Fund	25,000.00		
Deferred Charges to Future Taxation Unfunded	10,768.34		
Due to Current Fund	<u>722,899.19</u>		
			<u>758,667.53</u>
			1,065,337.02
Decreased by:			
Improvement Authorizations	302,673.69		
Encumbrances Payable	420,225.50		
Due from Current Fund	<u>35,768.34</u>		
			<u>758,667.53</u>
Balance December 31, 2015		\$	<u><u>306,669.49</u></u>

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

Balance December 31, 2014		\$	-
Increased by:			
Budget Appropriation	<u>25,000.00</u>		<u>25,000.00</u>
			25,000.00
Decreased by:			
None	<u> </u>		<u>-</u>
Balance December 31, 2015		\$	<u><u>25,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2014	Raised in 2015 Budget	Debt Issued	Balance Dec. 31, 2015	Analysis of Balance	
						Expenditures	Unexpended Improvement Authorizations
01-04	Various Improvements	\$ 960.00	960.00	\$ -	-		
02-07/03-03	Various General Improvements	715.00	715.00	-	-		
02-17	Various General Improvements	1,118.92	1,118.92	-	-		
06-14	Ambulance	15,000.00	7,500.00	-	7,500.00	5,131.00	2,369.00
08-01	Public Safety Software Upgrade	234.42	234.42	-	-		
08-18	Various General Improvements	240.00	240.00	-	-		
10-07	Various General Improvements	-	-	-	-		
12-20	Various General Improvements	-	-	-	-		
13-02	Various General Improvements	-	-	-	-		
		<u>\$ 18,268.34</u>	<u>10,768.34</u>	<u>\$ -</u>	<u>7,500.00</u>	<u>5,131.00</u>	<u>2,369.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded		Funded	Unfunded
03-08	Various General Improvements f) Shore Protection	5/17/2003	2,014,000	\$ 5,788.83			5,788.83	
06-14	Ambulance	2006	125,000		2,369.00			2,369.00
08-18	Various General Improvements	10/5/2008	839,199	53,960.64	240.00	30,318.89	23,641.75	240.00
10-07	Various General Improvements	7/7/2011	800,000	15,050.96		15,050.96	-	-
12-20	Various General Improvements	12/19/2012	1,970,000	926,174.15		290,202.84	635,971.31	-
13-02	Various General Improvements	2/21/2013	4,470,000	2,575,674.34		57,227.00	2,518,447.34	-
				<u>\$ 3,576,648.92</u>	<u>2,609.00</u>	<u>392,799.69</u>	<u>3,183,849.23</u>	<u>2,609.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
General Improvement Bonds of 2001	7/15/2001	4,800,000			4.600%	\$ 400,000.00		400,000.00	-
General Improvement Bonds of 2014	1/29/2014	7,075,000	1/15/2016 - 2018	475,000.00	4.000%	7,075,000.00		375,000.00	6,700,000.00
			1/15/2019	475,000.00	4.000%				
			1/15/2020 - 2027	470,000.00	3.000%				
			1/15/2028 - 2029	520,000.00	3.000%				
						\$ 7,475,000.00		775,000.00	6,700,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015	
			Date	Amount					
New Jersey Wastewater Trust Loan: Infrastructure Improvements	10/15/1997	1,417,300	2016	91,993.00	Var.	273,583.00	85,465.00	188,118.00	
			2017	96,125.00					
New Jersey Environmental Infrastructure Trust Fund Loan: Water and Sewer Improvements	11/1/1999	2,920,000	2016	147,981.00	Var.	764,945.00	142,603.00	622,342.00	
			2017	153,187.00					
			2018	158,218.00					
			2019	162,956.00					
					\$	<u>1,038,528.00</u>	<u>228,068.00</u>	<u>810,460.00</u>	

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
						\$ -	-	-

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Other	Balance Dec. 31, 2015
01-04	Various General Improvements	\$ 960.00		960.00	-
02-07/03-03	Various General Improvements	715.00		715.00	-
02-17	Various General Improvements	1,118.92		1,118.92	-
06-14	Ambulance	15,000.00		7,500.00	7,500.00
08-01	Public Safety Software Upgrade	234.42		234.42	-
08-18	Various General Improvements	240.00		240.00	-
		<u>\$ 18,268.34</u>	<u>-</u>	<u>10,768.34</u>	<u>7,500.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2014	\$ 294,419.75	37,786.85
Increased by Receipts:		
Water & Sewer Accounts Receivable	959,282.50	
Miscellaneous Revenue Anticipated	-	
Miscellaneous Revenue Not Anticipated	49,717.75	
Overpaid Water & Sewer Rents	7,912.96	
Prepaid Water & Sewer Rents	7,062.21	
Bonds Issued		-
Bond Anticipation Notes Issued		375,000.00
Premium on Sale of Bonds		
Due from Water & Sewer Utility Operating		700.20
	<u>1,023,975.42</u>	<u>375,700.20</u>
	1,318,395.17	413,487.05
Decreased by Disbursements:		
Current Year Appropriation	1,044,024.46	
Prior Year Appropriations	880.55	
Refund of Overpaid Water & Sewer Rents		65,000.00
Encumbrances Payable	599.53	160,700.20
Improvement Authorizations		
Accrued Interest on Bonds	36,125.00	
Bond Anticipation Notes Paid		150,000.00
Due to Water & Sewer Capital Fund	700.20	
	<u>1,082,329.74</u>	<u>375,700.20</u>
Balance December 31, 2015	\$ <u>236,065.43</u>	<u>37,786.85</u>

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

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 57,434.55	-						-
Due from Water & Sewer Operating Fund	(46,252.81)	700.20		2,728.00	65,000.00	57,434.55	57,434.55	11,881.94
Encumbrances Payable	67,728.00							-
<u>Improvement Authorizations:</u>								
93-07 Purchase of Equipment	(7,869.00)							(7,869.00)
97-02 Infrastructure Improvements	(29,829.77)							(29,829.77)
99-4 / 00-3 Various Water & Sewer Improvements	(4,842.00)							(4,842.00)
08-19 Various Water & Sewer Improvements	1,701.88							1,701.88
11-10 Various Water & Sewer Improvements	5,464.00			(2,728.00)				8,192.00
13-25 Various Water & Sewer Improvements	-		150,000.00					-
14-13 Various Water & Sewer Improvements	(5,748.00)		50,000.00	44,252.00				-
15-12 Various Water & Sewer Improvements			175,000.00	116,448.20				58,551.80
	\$ 37,786.85	700.20	375,000.00	160,700.20	215,000.00	57,434.55	57,434.55	37,786.85

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

Balance December 31, 2014		\$	37,442.75
Increased by Receipts:			
Consumer Accounts Charges and Levies	986,491.89		
			986,491.89
			1,023,934.64
Decreased by Disbursements:			
Collections	959,282.50		
Prepayments & Overpayments Applied	12,158.04		
			971,440.54
Balance December 31, 2015		\$	52,494.10

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
Operating:				
Salaries and Wages	\$ 18,281.71	18,281.71		18,281.71
Other Expenses	13,363.17	13,363.17	880.55	12,482.62
Social Security System	2,142.58	2,142.58		2,142.58
	<u>\$ 33,787.46</u>	<u>33,787.46</u>	<u>880.55</u>	<u>32,906.91</u>

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

Balance December 31, 2014	\$	18,841.25
Increased by:		
Budget Appropriations	36,377.35	
		36,377.35
		55,218.60
Decreased By:		
Payments of Debt Service Interest		36,125.00
		36,125.00
Balance December 31, 2015	\$	19,093.60

Analysis of Accrued Interest December 31, 2015

Principal Outstanding December 31, 2015	Interest Rate	From	To	Days	Amount
1,100,000.00	3.00%	7/15/2015	12/31/2015	167	\$ 17,007.56
150,000.00	0.95%	1/29/2015	12/31/2015	334	1,322.08
50,000.00	0.95%	1/29/2015	12/31/2015	334	440.69
175,000.00	0.95%	10/20/2015	12/31/2015	70	323.26
					\$ 19,093.60

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Paid or Charged	Authorizations Deferred	
				Funded	Unfunded		Charges to Future Revenue	Balance December 31, 2015
							Funded	Unfunded
08-19	Water and Sewer Improvements	10/15/2010	960,000	\$ 1,701.88			1,701.88	
11-10	Various Water & Sewer Improvements	2011	400,000	5,464.00	(2,728.00)		8,192.00	
14-13	Various Water & Sewer Improvements	11/12/2014	50,000	-	44,252.00	44,252.00	-	
15-12	Various Water & Sewer Improvements	8/21/2015	300,000			116,448.20		183,551.80
				<u>\$ 7,165.88</u>	<u>44,252.00</u>	<u>157,972.20</u>	<u>9,893.88</u>	<u>183,551.80</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
Water & Sewer Utility Bonds	1/29/2014	\$ 1,175,000.00	1/15/2016 - 2018	75,000.00	4.00%	\$ 1,175,000.00	\$	75,000.00	\$ 1,100,000.00
			1/15/2019	75,000.00	3.00%				
				1/15/2020 - 2029	80,000.00	3.00%			
						<u>\$ 1,175,000.00</u>	<u>\$ -</u>	<u>\$ 75,000.00</u>	<u>\$ 1,100,000.00</u>

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Water & Sewer Improvements	13-25	1/30/2014	1/30/2014	1/29/2015	0.950%	\$ 150,000.00		150,000.00	-
Water & Sewer Improvements	13-25	1/30/2014	1/29/2015	1/28/2016	0.950%		150,000.00		150,000.00
Water and Sewer Improvements	14-13	1/29/2015	1/29/2015	1/28/2016	0.950%		50,000.00		50,000.00
Water & Sewer Improvements	15-12	10/20/2015	10/20/2015	1/28/2016	0.950%		175,000.00		175,000.00
						<u>\$ 150,000.00</u>	<u>375,000.00</u>	<u>150,000.00</u>	<u>375,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Balance Dec. 31, 2015
93-7	Purchase of Equipment	\$ 7,869.00			7,869.00
97-02 / 99-14	Infrastructure Improvements	29,829.77			29,829.77
99-4 / 00-3	Water and Sewer Improvements	4,842.00			4,842.00
14-13	Various Water & Sewer Improvements	50,000.00		50,000.00	-
15-12	Various Water & Sewer Improvements		300,000.00	175,000.00	125,000.00
		<u>\$ 92,540.77</u>	<u>300,000.00</u>	<u>225,000.00</u>	<u>167,540.77</u>

BOROUGH OF LONGPORT

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2015

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Due to the Borough having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$40,000.

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

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

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

- 2015 Installation of a Storm Water Pumping Station
- 2015 Roadway and Drainage Improvements to Winchester Avenue
- 2015 Cleaning, Blasting, and Painting of Municipal Water Tower – Inside Wet Bulb Only

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

Collection of Interest on Delinquent Taxes and Assessments

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

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

BE IT RESOLVED by the Borough Commission of the Borough of Longport, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of Longport, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Borough Commission of the Borough of Longport, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2012.

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

Delinquent Taxes and Tax Title Liens

There was no tax sale during the year because there were no liens.

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

<u>Year</u>	<u>Number</u>
2015	0
2014	0
2013	0

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2015 and 2016 Taxes	5
Delinquent Taxes	5
Payment of Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	<u>20</u>

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

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2015	\$ 16,456,564.63	16,283,868.13	98.95%
2014	16,227,315.16	15,840,801.51	97.62%
2013	16,069,565.80	15,671,217.05	97.52%
2012	13,933,854.21	13,656,211.46	98.01%
2011	14,484,992.48	14,218,081.33	98.16%

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 R</u>	<u>2011</u>
Tax Rate	\$ 0.907	0.898	0.897	0.772	0.923
Apportionment of Tax Rate:					
Municipal	0.331	0.332	0.329	0.319	0.367
County	0.519	0.510	0.513	0.402	0.500
Local School	0.057	0.056	0.055	0.051	0.056

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

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ -	141,804.34	141,804.34	0.86%
2014	-	229,975.81	229,975.81	1.42%
2013	-	249,570.32	249,570.32	1.55%
2012	-	226,406.80	226,406.80	1.62%
2011	-	193,273.94	193,273.94	1.33%

Uniform Construction Code

The Borough of Longport's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

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

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

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

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

FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR RECOMMENDATIONS

None

RECOMMENDATIONS

None

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

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

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

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

April 15, 2016