

Report of Audit

on the

Financial Statements
and Supplementary Schedules

of the

Borough of Ship Bottom

in the

County of Ocean
New Jersey

for the

Year Ended
December 31, 2013

BOROUGH OF SHIP BOTTOM

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BOROUGH OF SHIP BOTTOM

PART I

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2013



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Ship Bottom
County of Ocean
Ship Bottom, New Jersey 08008

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Ship Bottom, as of December 31, 2013 and the related statements of operations and changes in fund balances - regulatory basis for the year then ended, and the related statements of revenues - regulatory basis and the statements of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's regulatory 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 regulatory 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory 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"), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Borough of Ship Bottom'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 Borough of Ship Bottom'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 regulatory 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 regulatory financial statements, the regulatory financial statements are prepared by the Borough of Ship Bottom 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 the various individual funds and account group of the Borough of Ship Bottom as of December 31, 2013 or the results of its operations and changes in fund balances for the year then ended or the revenues or expenditures for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account group as of December 31, 2013, the regulatory basis statements of operations and changes in fund balances for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ship Bottom's regulatory financial statements. The supplementary information, data and the schedule of state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory 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, data and the schedule of state financial assistance listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Prior Period Financial Statements

The financial statements - regulatory basis of the Borough of Ship Bottom as of December 31, 2012, and for the year then ended, were audited by other auditors whose report dated October 18, 2013, expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an unmodified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2014 on our consideration of the Borough of Ship Bottom'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 Ship Bottom's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

October 17, 2014

CURRENT FUND

BOROUGH OF SHIP BOTTOM

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 728,423.67	\$ 1,881,437.74
Change Fund	A-5	150.00	150.00
Petty Cash Fund	A-6	250.00	
Investment in Bond Anticipation Notes	A-7	2,199,866.49	1,711,458.43
		<u>2,928,690.16</u>	<u>3,593,046.17</u>
Receivables with Full Reserves:			
Taxes Receivable	A-8	371,026.12	363,901.72
Tax Title Liens Receivable	A-9	21,308.50	19,101.40
Tax Penalty Receivable	A-10	1,600.54	
Property Acquired for Taxes at Assessed Valuation	A-11	20,010.00	20,010.00
Revenue Accounts Receivable	A-12	4,864.84	
Interfunds Receivable	A-21	337,911.73	153,988.95
		<u>756,721.73</u>	<u>557,002.07</u>
Deferred Charges:			
Emergency Authorizations (40A:4-47)	A-13		150,000.00
		<u>3,685,411.89</u>	<u>4,300,048.24</u>
Federal and State Grant Fund:			
Interfunds Receivable	A-24	285,573.80	254,993.45
Grants Receivable	A-25	500,946.69	273,822.44
		<u>786,520.49</u>	<u>528,815.89</u>
		<u>\$ 4,471,932.38</u>	<u>\$ 4,828,864.13</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Appropriation Reserves	A-3:A-20	\$ 775,210.53	\$ 550,780.48
Third Party Liens	A-4	1,233.97	
Due to State of New Jersey (Ch. 20, P.L. 1971)	A-14	562.50	
Tax Overpayments	A-15	49,598.14	15,112.93
Prepaid Taxes	A-16	216,743.48	261,208.72
Due County - Added and Omitted Taxes	A-17		12,021.24
Local District School Tax Payable	A-18	11,079.63	152,550.51
Regional School District Taxes Payable	A-19	296,029.44	1,468,561.21
Interfunds Payable	A-21:A-24	307,773.81	289,677.66
Reserve for:			
Debt Service	A-4	10.00	
Encumbrances	A-22	30,395.94	61,410.49
Miscellaneous Reserves	A-23	67,276.04	26,601.79
		<u>1,755,913.48</u>	<u>2,837,925.03</u>
Reserve for Receivables		756,721.73	557,002.07
Fund Balance	A-1	<u>1,172,776.68</u>	<u>905,121.14</u>
		<u>3,685,411.89</u>	<u>4,300,048.24</u>
Federal and State Grant Fund:			
Grants - Appropriated	A-26	759,444.02	502,887.40
Grants - Unappropriated	A-27	<u>27,076.47</u>	<u>25,928.49</u>
		<u>786,520.49</u>	<u>528,815.89</u>
		<u>\$ 4,471,932.38</u>	<u>\$ 4,828,864.13</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED <u>2013</u>	YEAR ENDED <u>2012</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 750,000.00	\$ 1,025,000.00
Miscellaneous Revenue Anticipated	A-2	1,442,487.61	1,295,557.35
Receipts from Delinquent Taxes	A-2	343,313.99	242,257.51
Receipts from Current Taxes	A-2	11,177,716.54	11,070,639.42
Non-Budget Revenues	A-2	166,017.50	152,512.46
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	374,727.37	504,763.84
Cancelled Tax Overpayments	A-15	11,033.98	
Prior Year Interfunds Returned			70,008.06
Cancelled Reserve - Due From State of New Jersey			868.47
<u>Total Income</u>		<u>14,265,296.99</u>	<u>14,361,607.11</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Salaries and Wages		2,637,815.00	2,563,520.00
Other Expenses		2,800,772.00	2,625,819.31
Capital Improvements		30,000.00	30,000.00
Municipal Debt Service		240,265.52	243,068.02
Deferred Charges and Statutory Expenditures		625,260.92	533,133.00
	A-3	6,334,113.44	5,995,540.33
Refund of Prior Year Revenue	A-4	1,069.72	
Senior Citizen/Veteran Deductions -			
Adjustment Due to State Audit	A-14	4,750.00	
County Taxes	A-17	4,726,660.38	4,555,612.30
Added Taxes Due County	A-17	6,047.13	13,090.96
Local District School Taxes	A-18	380,767.78	520,441.31
Regional School District Taxes	A-19	1,610,310.22	2,498,930.56
Interfund Advances	A-21:A-24	183,922.78	37,353.14
Debt Service Transfers			171,871.15
<u>Total Expenditures</u>		<u>\$ 13,247,641.45</u>	<u>\$ 13,792,839.75</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED <u>2013</u>	YEAR ENDED <u>2012</u>
<u>EXPENDITURES (CONTINUED)</u>			
Excess in Revenue		\$ 1,017,655.54	\$ 568,767.36
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years	A	<u>150,000.00</u>	<u>150,000.00</u>
Statutory Excess to Fund Balance		<u>1,017,655.54</u>	<u>718,767.36</u>
Fund Balance January 1	A	<u>905,121.14</u>	<u>1,211,353.78</u>
		<u>1,922,776.68</u>	<u>1,930,121.14</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>750,000.00</u>	<u>1,025,000.00</u>
Fund Balance December 31	A	<u>\$ 1,172,776.68</u>	<u>\$ 905,121.14</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL N.J.S.A.</u> <u>40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 750,000.00	\$	\$ 750,000.00	\$
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	12,000.00		13,110.00	1,110.00
Other	A-12	20,000.00		25,704.00	5,704.00
Fees and Permits	A-12	50,000.00		47,175.00	(2,825.00)
Fines and Costs - Municipal Court	A-12	90,000.00		88,331.93	(1,668.07)
Interest and Costs on Taxes	A-12	43,649.99		64,373.46	20,723.47
Beach Badge Fees	A-12	720,000.00		608,611.00	(111,389.00)
Energy Receipts Tax	A-12	247,442.00		247,442.00	0.00
Uniform Construction Code Fees	A-12	30,000.00		30,079.71	79.71
Shared Services Agreement					0.00
Tax Assessment Services	A-12	19,500.00		4,402.50	(15,097.50)
Utility Operating Surplus of Prior Year	A-12	49,471.00		49,471.00	0.00
FEMA Reimbursement Hurricane Sandy	A-12	73,297.92			(73,297.92)
Alcohol Education Rehabilitation Fund	A-25	1,025.30		1,025.30	
Body Armor Replacement Fund	A-25	1,463.22		1,463.22	
Clean Communities Program	A-25	7,407.57		7,407.57	
DOT - 2012-13	A-25	233,429.00		233,429.00	
Drunk Driving Enforcement Fund	A-25	6,984.03		6,984.03	

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S.A. 40A:4-87		
Ocean County Cultural and Heritage Comm.	A-25	\$ 687.50	\$	\$ 687.50	\$
Ocean County Tourism Grant	A-25	1,557.67		1,557.67	
Recycling Revenue and Residue	A-25	11,232.72		11,232.72	
	A-1	<u>1,619,147.92</u>		<u>1,442,487.61</u>	<u>(176,660.31)</u>
Receipts from Delinquent Taxes	A-2	<u>330,000.00</u>		<u>343,313.99</u>	<u>13,313.99</u>
Amount to be Raised by Taxation for Support of Municipal Budget	A-2	<u>4,020,000.00</u>		<u>4,038,931.03</u>	<u>18,931.03</u>
<u>Budget Totals</u>		6,719,147.92		6,574,732.63	(144,415.29)
Non-Budget Revenues	A-1:A-2			<u>166,017.50</u>	<u>166,017.50</u>
		<u>\$ 6,719,147.92</u>	<u>\$</u>	<u>\$ 6,740,750.13</u>	<u>\$ 21,602.21</u>
	<u>REF.</u>	A-3	A-3		

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

		ANTICIPATED			
			SPECIAL N.J.S.A.		
	<u>REF.</u>	<u>BUDGET</u>	<u>40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
<u>ANALYSIS OF REALIZED REVENUE</u>					
Current Tax Collections	A-1:A-8			\$ 11,177,716.54	
Appropriation "Reserve for Uncollected Taxes"	A-3			385,000.00	
				<u>11,562,716.54</u>	
Less: Allocated to School and County Taxes	A-8			<u>7,523,785.51</u>	
	A-2			<u>\$ 4,038,931.03</u>	

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

REF.

RECEIPTS FROM DELINQUENT TAXES

Delinquent Tax Collections	A-8	\$ 316,227.86
Overpayments Applied	A-8	<u>27,086.13</u>
	A-1:A-2	<u>\$ 343,313.99</u>

MISCELLANEOUS REVENUES

Revenue Accounts Receivable	A-12	\$ 1,178,700.60
Interfund - Federal and State Grant Fund	A-24	<u>263,787.01</u>
	A-1:A-2	<u>\$ 1,442,487.61</u>

ANALYSIS OF NON-BUDGET REVENUE

941 Refund		\$ 612.36
Administration & Refunds of Off-Duty Police		3,002.64
Bank Errors		78.43
Cable TV Franchise		15,407.47
Casella		52.00
Homestead Rebate Administrative Fees		3,967.02
Interest on Investments		552.31
Interlocal - Tax Assessor - 2012		20,500.58
Planning Board Fees		2,475.00
Police Reports		26.00
Post Employment Health Contribution		21,607.18
Recycling		5,124.79
Refund Daylight Transportation		58.27
Refund From League of Municipalities		750.00
Tower Lease Rental		13,874.44
Vital Statistics		28.00
Unclassified		<u>77,901.01</u>
	A-1:A-2:A-4	<u>\$ 166,017.50</u>

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>APPROPRIATED</u>		<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>OPERATIONS WITHIN CAPS</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 36,000.00	\$ 36,000.00	\$ 35,996.13	\$	\$ 3.87	\$
Other Expenses	35,000.00	35,000.00	32,653.23	2,301.43	45.34	
Publicity:						
Other Expenses	500.00	500.00			500.00	
Human Resources:						
Other Expenses	25,000.00	25,000.00	21,435.36		3,564.64	
Mayor and Council:						
Salaries and Wages	36,000.00	36,000.00	36,000.00			
Municipal Clerk:						
Salaries and Wages	110,000.00	110,000.00	104,945.60		5,054.40	
Financial Administration (Treasury):						
Salaries and Wages	108,000.00	108,000.00	101,989.99		6,010.01	
Other Expenses	18,000.00	18,000.00	13,676.18		4,323.82	
Audit Services:						
Other Expenses	16,000.00	16,000.00	16,000.00			
Revenue Administration (Tax Collection):						
Salaries and Wages	93,000.00	93,000.00	83,604.52		9,395.48	
Other Expenses	8,000.00	8,000.00	6,763.47	336.00	900.53	
Liquidation of Tax Title Liens:						
Other Expenses	1,000.00	1,000.00			1,000.00	
Tax Assessment Administration:						
Salaries and Wages	40,000.00	40,000.00	35,456.40		4,543.60	
Other Expenses	7,000.00	7,000.00	3,174.46		3,825.54	
Legal Services (Legal Department):						
Other Expenses	20,000.00	20,000.00	18,497.41		1,502.59	
Engineering Services:						
Other Expenses	40,000.00	50,000.00	45,171.04		4,828.96	
Historic Preservation:						
Other Expenses	500.00	500.00			500.00	
<u>LAND USE ADMINISTRATION</u>						
Land Use Board:						
Salaries and Wages	3,000.00	3,000.00	2,600.00		400.00	
Other Expenses	15,000.00	15,000.00	11,117.38	823.90	3,058.72	
Zoning Board of Adjustment:						
Salaries and Wages	30,000.00	30,000.00	28,044.64		1,955.36	
Code Enforcement:						
Salaries and Wages	33,000.00	33,000.00	30,658.53		2,341.47	
Other Expenses	5,000.00	5,000.00	2,247.40	117.50	2,635.10	
<u>INSURANCE</u>						
Other	85,000.00	85,000.00	63,073.10		21,926.90	

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>APPROPRIATED</u>		<u>EXPENDED</u>			<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>			<u>CANCELED</u>
<u>INSURANCE (CONTINUED)</u>						
Health Benefits Waiver	\$ 72,000.00	\$ 72,000.00	\$ 64,482.00	\$	\$ 7,518.00	\$
Worker's Compensation	160,000.00	160,000.00	160,000.00			
Employee Group Health	754,186.00	754,186.00	582,490.97		171,695.03	
<u>PUBLIC SAFETY</u>						
Police Department:						
Salaries and Wages	1,177,815.00	1,187,815.00	1,181,748.10		6,066.90	
Other Expenses	72,450.00	62,450.00	43,923.86	7,922.26	10,603.88	
Police Dispatch/911:						
Other Expenses	57,250.00	57,250.00	50,140.00		7,110.00	
Office of Emergency Management:						
Salaries and Wages	3,000.00	3,000.00	2,000.00		1,000.00	
Other Expenses	6,000.00	6,000.00	4,010.47		1,989.53	
Aid to Volunteer Fire Company	45,000.00	45,000.00	45,000.00			
First Aid Organization Contribution	23,000.00	23,000.00	23,000.00			
Municipal Prosecutor's Office:						
Other Expenses	13,000.00	13,000.00	11,111.00	11.00	1,878.00	
Municipal Court:						
Salaries and Wages	85,000.00	85,000.00	78,613.35		6,386.65	
Other Expenses	10,000.00	9,700.00	5,975.74	225.00	3,499.26	
Public Defender:						
Other Expenses	9,500.00	9,800.00			9,800.00	
<u>PUBLIC WORKS</u>						
Streets and Road Maintenance:						
Salaries and Wages	125,000.00	125,000.00	123,386.08		1,613.92	
Other Expenses	45,000.00	45,000.00	13,901.29		31,098.71	
Solid Waste Collection:						
Other Expenses	300,000.00	300,000.00	163,916.64		136,083.36	
Recycling:						
Salaries and Wages	12,000.00	12,000.00	6,284.74		5,715.26	
Other Expenses	5,000.00	5,000.00	1,926.88	6.00	3,067.12	
Public Buildings and Grounds:						
Salaries and Wages	15,000.00	15,000.00	13,102.87		1,897.13	
Other Expenses	50,000.00	50,000.00	34,871.80	1,389.44	13,738.76	
Equipment Maintenance and Repair:						
Salaries and Wages	65,000.00	65,000.00	57,236.18		7,763.82	
Other Expenses	30,000.00	30,000.00	17,329.41	576.80	12,093.79	
<u>HEALTH AND HUMAN SERVICES</u>						
Public Health Services (Board of Health):						
Other Expenses	46,000.00	46,000.00	42,667.00		3,333.00	

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>APPROPRIATED</u>		<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>HEALTH AND HUMAN SERVICES (CONTINUED)</u>						
Environmental Health Service:						
Salaries and Wages	\$ 500.00	\$ 500.00	\$	\$	\$ 500.00	\$
Other Expenses	200.00	200.00			200.00	
LBI Joint Environmental Commission:						
Other Expenses	500.00	500.00			500.00	
Animal Control Services:						
Other Expenses	7,000.00	7,000.00	5,473.07	6.00	1,520.93	
Aid to Senior Citizens Center (R.S.40:48-94):						
Other Expenses	6,000.00	6,000.00	6,000.00			
Aid to Museum (N.J.S.A. 40:23-22):						
Other Expenses	300.00	300.00			300.00	
<u>WHARVES, DOCKS AND BULKHEADS</u>						
Salaries and Wages	20,000.00	20,000.00	15,126.58		4,873.42	
Other Expenses	6,000.00	6,000.00	2,906.41	159.12	2,934.47	
<u>RECREATION AND EDUCATION</u>						
Recreation Services and Programs:						
Salaries and Wages	10,000.00	10,694.33	10,511.00		183.33	
Other Expenses	6,000.00	6,000.00	2,527.06		3,472.94	
<u>BEACHFRONT MAINTENANCE</u>						
Salaries and Wages	152,000.00	152,000.00	135,576.90		16,423.10	
Other Expenses	18,000.00	18,000.00	10,829.00	289.00	6,882.00	
<u>BEACH OPERATIONS</u>						
Salaries and Wages	332,000.00	331,305.67	321,531.22		9,774.45	
Other Expenses	49,480.00	49,480.00	49,380.49	93.50	6.01	
<u>BEACH REPLENISHMENT</u>						
Other Expenses	6,000.00	26,000.00			26,000.00	
Celebration of Public Events:						
Other Expenses	35,000.00	35,000.00	29,596.21	478.50	4,925.29	
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Uniform Construction Code Enforcement Functions:						
Salaries and Wages	62,000.00	62,000.00	61,034.20		965.80	
Other Expenses	5,000.00	5,000.00	4,966.09	6.00	27.91	
<u>UNCLASSIFIED</u>						
Electricity	28,000.00	28,000.00	25,480.57		2,519.43	
Street Lighting	90,000.00	90,000.00	78,679.09		11,320.91	

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>APPROPRIATED</u>		<u>EXPENDED</u>			<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>			<u>CANCELED</u>
<u>UNCLASSIFIED (CONTINUED)</u>						
Telephone	\$ 23,000.00	\$ 23,000.00	\$ 18,061.69	\$	\$ 4,938.31	\$
Natural Gas and Fuel Oil	15,000.00	15,000.00	7,226.83		7,773.17	
Gasoline	65,000.00	65,000.00	53,084.90		11,915.10	
Landfill/Solid Waste Disposal Costs	195,000.00	165,000.00	114,156.33		50,843.67	
Accumulated Absence Liability	10,000.00	10,000.00	10,000.00			
Total Operations within Caps	<u>5,088,181.00</u>	<u>5,088,181.00</u>	<u>4,382,370.86</u>	<u>14,741.45</u>	<u>691,068.69</u>	
Detail:						
Salaries and Wages	2,620,315.00	2,630,315.00	2,529,929.03		100,385.97	
Other Expenses	<u>2,467,866.00</u>	<u>2,457,866.00</u>	<u>1,852,441.83</u>	<u>14,741.45</u>	<u>590,682.72</u>	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
<u> WITHIN CAPS</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	87,446.00	87,446.00	87,446.00			
Social Security System (O.A.S.I.)	205,000.00	205,000.00	198,684.78	2,558.83	3,756.39	
Police and Firemen's Retirement System of NJ	248,517.00	248,517.00	248,517.00			
Unemployment and Disability Insurance	11,000.00	11,000.00	9,172.93	215.46	1,611.61	
Total Deferred Charges and Statutory Expenditures within Caps	<u>551,963.00</u>	<u>551,963.00</u>	<u>543,820.71</u>	<u>2,774.29</u>	<u>5,368.00</u>	
Total Appropriations within Caps	<u>5,640,144.00</u>	<u>5,640,144.00</u>	<u>4,926,191.57</u>	<u>17,515.74</u>	<u>696,436.69</u>	
<u>OPERATIONS EXCLUDED FROM CAPS</u>						
Insurance:						
Employee Group Health	37,664.00	37,664.00			37,664.00	
Length of Service Award Program	20,000.00	20,000.00			20,000.00	
Recycling Tax	7,000.00	7,000.00			7,000.00	
Interlocal Municipal Service Agreements						
Shared Services Agreements						
Borough of Surf City - Assessment Services:						
Salaries and Wages	7,500.00	7,500.00	7,500.00			
Other Expenses	<u>12,000.00</u>	<u>12,000.00</u>	<u>345.15</u>		<u>11,654.85</u>	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>						
Matching Funds for Grants	2,454.99	2,454.99			2,454.99	
Alcohol Education Rehabilitation Fund	1,025.30	1,025.30	1,025.30			
Body Armor Replacement Fund	1,463.22	1,463.22	1,463.22			
Clean Communities Program	7,407.57	7,407.57	7,407.57			
Drunk Driving Enforcement Fund	6,984.03	6,984.03	6,984.03			
Ocean County Cultural and Heritage Comm.	687.50	687.50	687.50			
Ocean County Tourism Grant	1,557.67	1,557.67	1,557.67			
Recycling Revenue and Residue	<u>11,232.72</u>	<u>11,232.72</u>	<u>11,232.72</u>			

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>APPROPRIATED</u>		<u>EXPENDED</u>			<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>			<u>CANCELED</u>
Total Operations Excluded from Caps	\$ 116,977.00	\$ 116,977.00	\$ 38,203.16	\$	\$ 78,773.84	\$
Detail:						
Salaries and Wages	7,500.00	7,500.00	7,500.00			
Other Expenses	109,477.00	109,477.00	30,703.16		78,773.84	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>						
Capital Improvement Fund	30,000.00	30,000.00	30,000.00			
Public and Private Programs Offset by Revenues:						
DOT - 2012-13	233,429.00	233,429.00	233,429.00			
Total Capital Improvements Excluded from Caps	263,429.00	263,429.00	263,429.00			
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>						
Payment of Bond Principal	143,000.00	143,000.00	143,000.00			
Payment of Bond Anticipation Notes and Capital Notes	30,000.00	30,000.00	30,000.00			
Interest on Bonds	22,000.00	22,000.00	21,990.25			9.75
Interest on Notes	45,300.00	45,300.00	45,275.27			24.73
Total Municipal Debt Service Excluded from Caps	240,300.00	240,300.00	240,265.52			34.48
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED</u>						
<u>FROM CAPS</u>						
DEFERRED CHARGES:						
Emergency Authorizations -						
1 Year (N.J.S.A. 40A:4-47)	73,297.92	73,297.92	73,297.92			
Total Deferred Charges - Municipal Excluded from Caps	73,297.92	73,297.92	73,297.92			
Total General Appropriations Excluded from Caps	694,003.92	694,003.92	615,195.60		78,773.84	34.48
Subtotal General Appropriations	6,334,147.92	6,334,147.92	5,541,387.17	17,515.74	775,210.53	34.48
Reserve for Uncollected Taxes	385,000.00	385,000.00	385,000.00			
	\$ 6,719,147.92	\$ 6,719,147.92	\$ 5,926,387.17	\$ 17,515.74	\$ 775,210.53	\$ 34.48
<u>REF.</u>	A-2:A-3	A-3	A1:A-3	A-1:A22	A, A-1	A-1

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>	<u>EXPENDED PAID OR CHARGED</u>
Reserve for Uncollected Taxes	A-2	\$ 385,000.00
Receipts	A-4	(196,537.66)
Disbursements	A-4	5,400,839.90
Deferred Charges - Emergency Authorizations (40A:4-47)	A-13	73,297.92
Interfund - Federal and State Grant Fund	A-24	<u>263,787.01</u>
		<u>\$ 5,926,387.17</u>

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

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TRUST FUND

BOROUGH OF SHIP BOTTOMTRUST FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>ASSETS</u>			
Animal Control Trust Fund:			
Cash and Cash Equivalents	B-1	\$ 800.28	\$ 943.98
Due From State of New Jersey	B-3	9.80	6.20
Interfund Receivable	B-4	309.90	
		<u>1,119.98</u>	<u>950.18</u>
Trust - Other:			
Cash and Cash Equivalents	B-1	642,292.00	427,264.85
Interfund Receivable	B-4	21,726.50	21,724.50
		<u>664,018.50</u>	<u>448,989.35</u>
		<u>\$ 665,138.48</u>	<u>\$ 449,939.53</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust Fund Expenditures	B-2	\$ 467.40	\$ 477.00
Interfunds Payable	B-4	652.58	473.18
		<u>1,119.98</u>	<u>950.18</u>
Trust - Other:			
Interfunds Payable	B-4		
Reserve for Encumbrances	B-5	12,768.99	
Miscellaneous Reserves	B-6	651,249.51	448,989.35
		<u>664,018.50</u>	<u>448,989.35</u>
		<u>\$ 665,138.48</u>	<u>\$ 449,939.53</u>

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

GENERAL CAPITAL FUND

BOROUGH OF SHIP BOTTOMGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u> (RESTATED)
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 211,736.51	\$ 65,769.01
Deferred Charges to Future Taxation:			
Funded	C-4	778,105.01	959,733.78
Unfunded	C-5	8,070,010.66	7,591,090.04
Interfunds Receivable	C-6	<u>109,821.42</u>	<u>122,781.13</u>
		<u>\$ 9,169,673.60</u>	<u>\$ 8,739,373.96</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Interfunds Payable	C-6	\$ 54,323.68	\$
Serial Bonds Payable	C-7	475,000.00	618,000.00
Bond Anticipation Notes Payable	C-8	1,400,266.49	920,858.43
Green Trust Loans Payable	C-9	303,305.01	341,933.78
Improvement Authorizations:			
Funded	C-10	147,988.58	354,590.91
Unfunded	C-10	6,478,506.19	6,306,042.24
Capital Improvement Fund	C-11	197,250.00	195,900.00
Reserve for Retirement of Debt	C-12	1,449.38	1,449.38
Reserve for Encumbrances	C-13	98,979.65	
Fund Balance	C-1	<u>12,804.62</u>	<u>799.22</u>
		<u>\$ 9,169,873.60</u>	<u>\$ 8,739,573.96</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$6,669,744.17 (Schedule C-14).

The accompanying Notes to Financial statements are an integral part of this statement.

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 799.22
Increased by:		
Permanently Funded Improvement Authorizations Canceled	C-10	<u>12,005.40</u>
Balance, December 31, 2013	C	<u>\$ 12,804.62</u>

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

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WATER-SEWER UTILITY FUND

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 278,183.03	\$ 241,291.33
Interfunds Receivable	D-10	609,664.16	608,295.53
		<u>887,847.19</u>	<u>849,586.86</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	35,210.58	35,118.91
Sewer Rents Receivable	D-8	55,422.30	54,393.13
		<u>90,632.88</u>	<u>89,512.04</u>
<u>Total Operating Fund</u>		<u>978,480.07</u>	<u>939,098.90</u>
Capital Fund:			
Cash and Cash Equivalents	D-5	574.28	4,030.36
Fixed Capital	D-14	11,559,021.82	9,024,186.56
Fixed Capital Authorized and Uncompleted	D-15	585,950.51	2,750,000.00
Due From NJ Environmental Infrastructure Trust	D-16		286,031.00
<u>Total Capital Fund</u>		<u>12,145,546.61</u>	<u>12,064,247.92</u>
		<u>\$ 13,124,026.68</u>	<u>\$ 13,003,346.82</u>

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

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	D-4:D-9	\$ 150,200.30	\$ 228,243.48
Interfunds Payable	D-10	241,248.76	111,519.16
Overpayments	D-11	13,196.01	8,396.36
Accrued Interest on Bonds and Loans	D-12	32,512.49	37,340.63
Reserve for Encumbrances	D-13	9,234.37	
		<u>446,391.93</u>	<u>385,499.63</u>
Reserve for Receivables		90,632.88	89,512.04
Fund Balance	D-1	441,455.26	464,087.23
<u>Total Operating Fund</u>		<u>978,480.07</u>	<u>939,098.90</u>
Capital Fund:			
Interfunds Payable	D-17	761,482.19	760,113.56
Serial Bonds Payable	D-18	1,120,000.00	1,420,000.00
Bond Anticipation Notes Payable	D-19	799,600.00	790,600.00
New Jersey Environmental Infrastructure Trust			
Loan Payable	D-20	2,047,278.62	2,362,088.04
Improvement Authorizations:			
Funded	D-21		95,725.22
Unfunded	D-21	585,950.51	492,400.73
Capital Improvement Fund	D-22	65,058.93	55,058.93
Reserve for Amortization	D-23	6,765,812.44	5,350,967.52
Deferred Reserve for Amortization	D-24		736,930.00
Fund Balance	D-2	363.92	363.92
<u>Total Capital Fund</u>		<u>12,145,546.61</u>	<u>12,064,247.92</u>
		<u>\$ 13,124,026.68</u>	<u>\$ 13,003,346.82</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$1,412,281.27 (Schedule D-25).

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

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 400,171.00	\$ 315,000.00
Water Rents	D-3	574,256.74	513,573.89
Sewer Rents	D-3	852,777.11	784,782.45
Miscellaneous	D-3	47,809.85	25,817.07
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-9	204,435.37	242,346.28
Cancelled Overpayments	D-11	1,235.75	
Accounts Payable Cancelled			2,938.56
		<u>2,080,685.82</u>	<u>1,884,458.25</u>
<u>TOTAL INCOME</u>			
<u>EXPENDITURES</u>			
Operating	D-4	960,500.00	972,000.00
Capital Improvements	D-4	70,000.00	40,000.00
Debt Service	D-4	612,475.79	605,668.41
Statutory Expenditures	D-4	10,700.00	11,700.00
Surplus (General Budget)	D-4	49,471.00	
		<u>1,703,146.79</u>	<u>1,629,368.41</u>
<u>TOTAL EXPENDITURES</u>			
Excess in Revenue		377,539.03	255,089.84
Fund Balance January 1	D	464,087.23	523,997.39
		<u>841,626.26</u>	<u>779,087.23</u>
Less: Utilized as Anticipated Revenue	D-1	<u>400,171.00</u>	<u>315,000.00</u>
Fund Balance December 31	D	\$ <u><u>441,455.26</u></u>	\$ <u><u>464,087.23</u></u>

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

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

REF.

Balance, December 31, 2012 and 2013	D	\$	<u>363.92</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/(DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 400,171.00	\$ 400,171.00	\$
Water Rents	D-1:D-7	510,000.00	574,256.74	64,256.74
Sewer Rents	D-1:D-8	775,000.00	852,777.11	77,777.11
Miscellaneous	D-1:D-3	<u>25,000.00</u>	<u>47,809.85</u>	<u>22,809.85</u>
	D-4	\$ <u>1,710,171.00</u>	\$ <u>1,875,014.70</u>	\$ <u>164,843.70</u>

ANALYSIS OF REALIZED REVENUE

Miscellaneous:		
Connect	D-5	\$ 1,675.00
Disconnect	D-5	4,575.00
Interest on Delinquent Accounts	D-5	9,036.54
Investment Interest	D-5	74.37
On/Off	D-5	5,575.00
Suspense	D-5	265.00
T-Mobil	D-5	24,817.32
Other Miscellaneous	D-5	<u>1,791.62</u>
	D-3	\$ <u>47,809.85</u>

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

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>BALANCE CANCELED</u>
Operating:					
Salaries and Wages	\$ 70,000.00	\$ 70,000.00	\$ 48,012.03	\$ 21,987.97	\$
Other Expenses	890,500.00	890,500.00	785,075.01	105,424.99	
<u>Total Operating</u>	<u>960,500.00</u>	<u>960,500.00</u>	<u>833,087.04</u>	<u>127,412.96</u>	
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Outlay	60,000.00	60,000.00	44,105.50	15,894.50	
<u>Total Capital Improvements</u>	<u>70,000.00</u>	<u>70,000.00</u>	<u>54,105.50</u>	<u>15,894.50</u>	
Debt Service:					
Payment of Bond Principal	492,500.00	492,500.00	492,447.40		52.60
Payment of Bond Anticipation Notes and Capital Notes	19,000.00	19,000.00	19,000.00		
Interest on Bonds	108,000.00	108,000.00	101,028.39		6,971.61
<u>Total Debt Service</u>	<u>619,500.00</u>	<u>619,500.00</u>	<u>612,475.79</u>		<u>7,024.21</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	2,000.00	2,000.00		2,000.00	
Social Security System (O.A.S.I.)	6,500.00	6,500.00	3,555.22	2,944.78	
Unemployment Compensation Insurance	2,200.00	2,200.00	251.94	1,948.06	
<u>Total Deferred Charges and Statutory Expenditures</u>	<u>10,700.00</u>	<u>10,700.00</u>	<u>3,807.16</u>	<u>6,892.84</u>	
Surplus (General Budget)	49,471.00	49,471.00	49,471.00		
	<u>\$ 1,710,171.00</u>	<u>\$ 1,710,171.00</u>	<u>\$ 1,552,946.49</u>	<u>\$ 150,200.30</u>	<u>\$ 7,024.21</u>
REF.	D-3		D-1	D:D-1	D-1
Disbursements	D-5		\$ 1,442,683.73		
Accrued Interest on Bonds and Loans	D-12		101,028.39		
Reserve for Encumbrances	D-13		9,234.37		
			<u>\$ 1,552,946.49</u>		

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

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PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF SHIP BOTTOM
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Cash	E-1	\$ <u>94.37</u>	\$ <u>474.04</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance	E-2	\$ <u>94.37</u>	\$ <u>474.04</u>

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

PAYROLL FUND

BOROUGH OF SHIP BOTTOM

PAYROLL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 26,581.61	\$ 93,905.58
Interfunds Receivable	<u>473.51</u>	<u></u>
	<u>\$ 27,055.12</u>	<u>\$ 93,905.58</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Payroll Liabilities	<u>\$ 27,055.12</u>	<u>\$ 93,905.58</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF SHIP BOTTOM
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u> (RESTATED)
<u>GENERAL FIXED ASSETS</u>		
Land	\$ 33,883,400.00	\$ 33,883,400.00
Buildings	1,486,100.00	2,132,179.55
Equipment and Vehicles	<u>806,814.00</u>	<u>1,501,782.03</u>
	<u>\$ 36,176,314.00</u>	<u>\$ 37,517,361.58</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>		
Investment in General Fixed Assets	<u>\$ 36,176,314.00</u>	<u>\$ 37,517,361.58</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SHIP BOTTOM

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Ship Bottom is an instrumentality of the State of New Jersey established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Ship Bottom include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Ship Bottom, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Ship Bottom do not include the operations of any libraries, first aid organizations, volunteer fire companies, the consolidated school district or the regional school district, in as much as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Ship Bottom 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 respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Ship Bottom are organized on the basis of funds and account groups which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursements 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 capital facilities, other than those acquired in the Current Fund.

Water-Sewer Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned water-sewer utility.

Public Assistance Trust Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of the New Jersey statutes.

Payroll Fund - Receipt and disbursement of funds for payroll costs and payroll taxes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other 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 accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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.

No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based upon an inspection and historical cost analysis except for land and buildings acquired prior to December 31, 1985 which are stated at current replacement values as permitted by N.J.A.C. 5:30-5.6. Except for land and buildings, fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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.

Inventories of Supplies - The costs 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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Water-Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water-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. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represents charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Ship Bottom had the following cash and cash equivalents at December 31, 2013:

	PETTY CASH AND CHANGE FUND	CASH IN BANK	ADDITIONS	DEDUCTIONS	RECONCILED BALANCE
Current Fund	\$400.00	\$1,095,261.05	\$52,931.69	\$419,769.07	\$728,823.67
Animal Control Trust Fund		801.49		1.21	800.28
Trust Other Fund		642,292.00			642,292.00
General Capital Fund		213,263.00	151,180.74	152,707.23	211,736.51
Water-Sewer Operating Fund		281,072.78	0.15	2,889.90	278,183.03
Water-Sewer Capital Fund		574.43		0.15	574.28
Public Assistance Trust Fund		94.37			94.37
Payroll Fund		26,581.61			26,581.61
	<u>\$400.00</u>	<u>\$2,259,940.73</u>	<u>\$204,112.58</u>	<u>\$575,367.56</u>	<u>\$1,889,085.75</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2013, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on deposit in the bank, \$500,000.00 was covered by Federal Depository Insurance and the remaining \$1,759,940.73 was covered by NJ GUDPA.

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough of Ship Bottom had investments in its' own Bond Anticipation Notes as permitted by category 4 listed above. The Borough's investment in Bond Anticipation Notes at December 31, 2013 was \$2,199,866.49.

NOTE 3: LONG-TERM LIABILITIES

The Local Bond Law, Title 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

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 next debt of 0.698%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$	\$	\$
Regional School District Debt	301,754.90	301,754.90	
Water-Sewer Utility Debt	5,379,159.89	5,379,159.89	
General Debt	<u>8,848,315.67</u>	<u>1,449.38</u>	<u>8,846,866.29</u>
	<u>\$ 14,529,230.46</u>	<u>\$ 5,682,364.17</u>	<u>\$ 8,846,866.29</u>

Net debt of \$8,846,866.29 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, of \$1,266,951,691.33 equals 0.698%.

NOTE 3: LONG-TERM LIABILITIES (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2013</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 2,178,571.50	\$ 1,880,792.21	\$ 1,588,659.85
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>3,966,878.62</u>	<u>4,572,688.04</u>	<u>5,073,958.14</u>
Total Issued	<u>6,145,450.12</u>	<u>6,453,480.25</u>	<u>6,662,617.99</u>
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans,			
Accounts Receivable and			
Self-Liquidating Purpose	<u>5,380,609.27</u>	<u>5,687,738.42</u>	<u>6,189,008.52</u>
Total Deductions	<u>5,380,609.27</u>	<u>5,687,738.42</u>	<u>6,189,008.52</u>
Net Debt Issued	<u>764,840.85</u>	<u>765,741.83</u>	<u>473,609.47</u>
Authorized But Not Issued:			
General:			
Bonds, Notes and Loans	6,669,744.17	6,670,231.61	6,454,323.55
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>1,412,281.27</u>	<u>1,113,601.00</u>	<u>1,113,601.00</u>
Total Authorized But Not Issued	<u>8,082,025.44</u>	<u>7,783,832.61</u>	<u>7,567,924.55</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 8,846,866.29</u>	<u>\$ 8,549,574.44</u>	<u>\$ 8,041,534.02</u>

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2013	\$ <u>1,266,951,691.33</u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$ 44,343,309.20
Net Debt	<u>8,846,866.29</u>
Remaining Borrowing Power	\$ <u>35,496,442.91</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of Ship Bottom for the last three (3) preceding years.

NOTE 3: LONG-TERM LIABILITIES (CONTINUED)

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY
PER N.J.S.40A:2-45

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$ 1,875,014.70
Deductions:		
Operating and Maintenance Cost	\$ 971,200.00	
Debt Service per Water-Sewer Account	<u>612,475.79</u>	
Total Deductions		<u>1,583,675.79</u>
Excess in Revenue - Self-Liquidating		<u>\$ 291,338.91</u>

LONG-TERM DEBT OBLIGATIONS:

General Capital Fund:

Serial Bonds:

Various General Improvement Bonds Series 2004
issued December 1, 2004, installment maturities to
May 1, 2019 \$ 475,000.00

The General Capital Fund bonds mature serially in installments to the year 2019.
Aggregate debt service requirements during the next five fiscal years and
thereafter are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 70,000.00	\$ 16,401.25
2015	75,000.00	13,863.75
2016	75,000.00	11,191.88
2017	75,000.00	8,426.25
2018	90,000.00	5,310.00
2019	<u>90,000.00</u>	<u>1,800.00</u>
Total	<u>\$475,000.00</u>	<u>\$ 56,993.13</u>

Green Trust Loan Program:

The Borough has a low interest loan (2%) under the New Jersey Department of
Environmental Protection's Green Trust Loan Program. The \$408,440.00 loan
for Land Acquisition was finalized on November 16, 1996. The Borough must
repay the loan in semi-annual installments over twenty years. Loan payments
are due through the year 2016.

NOTE 3: LONG-TERM LIABILITIES (CONTINUED)

General Capital Fund (Continued)

Green Trust Loan Program (Continued)

The Borough has a low interest loan (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The \$319,655.00 loan for Waterfront Park was finalized on February 5, 2008. The Borough must repay the loan in semi-annual installments over twenty years. Loan payments are due through the year 2027.

Debt service requirements for the two loans are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 39,405.21	\$ 5,870.05
2015	40,197.25	5,078.01
2016	28,306.19	4,270.04
2017	16,049.09	3,828.08
2018	16,371.67	3,505.49
2019-23	86,928.73	12,457.12
2024-27	<u>76,046.87</u>	<u>3,461.83</u>
Total	<u>\$ 303,305.01</u>	<u>\$ 38,470.62</u>

Water-Sewer Utility Capital Fund:

Serial Bonds:

Various % Water-Sewer Utility Bonds Series 2004
issued December 1, 2004, installment maturities to
December 1, 2019

\$1,120,000.00

The Water-Sewer Utility Capital Fund bonds Mature serially in installments to the year 2019. Aggregate debt service requirements during the next five fiscal years are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 180,000.00	\$ 38,298.75
2015	185,000.00	31,911.25
2016	185,000.00	25,320.62
2017	185,000.00	18,498.75
2018	185,000.00	11,515.00
2019	<u>200,000.00</u>	<u>4,000.00</u>
Total	<u>\$ 1,120,000.00</u>	<u>\$ 129,544.37</u>

NOTE 3: LONG-TERM LIABILITIES (CONTINUED)

Water-Sewer Utility Capital Fund:

New Jersey Environmental Infrastructure Loans:

The Borough received various low interest loans (variable rate) under the New Jersey Environmental Infrastructure Trust Loan Program. The respective loan balances at December 31, 2013 are enumerated below. Loan payments are due in semi-annual installments over twenty years. Loan payments are due through the year 2028.

New Jersey Environmental Infrastructure Trust - 1999	\$ 784,390.93
New Jersey Environmental Infrastructure Trust - 2008A (CW)	385,520.42
New Jersey Environmental Infrastructure Trust - 2008A (DW)	<u>877,367.27</u>
	<u>\$2,047,278.62</u>

Debt Service requirements during the next five fiscal years and thereafter are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 202,262.19	\$ 59,731.20
2015	199,316.10	54,704.84
2016	203,313.98	49,611.34
2017	215,412.40	44,302.34
2018	227,235.63	38,513.17
2019-23	585,295.30	119,933.45
2024-28	<u>414,443.02</u>	<u>47,000.00</u>
Total	\$ <u>2,047,278.62</u>	\$ <u>413,796.34</u>

NOTE 4: SHORT-TERM DEBT OBLIGATIONS

Bond Anticipation Notes:

General Capital Fund:

<u>DATE OR ORDINANCE NUMBER</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>AMOUNT</u>
04/25/95	12/31/09	12/31/13	12/31/14	0.00%	\$ 35,300.00
09/24/96	12/31/09	12/31/13	12/31/14	0.00%	28,321.84
04/28/98	12/31/09	12/31/13	12/31/14	0.00%	20,800.01
02/09/99	12/31/09	12/31/13	12/31/14	0.00%	8,650.00
02/22/00	12/31/09	12/31/13	12/31/14	0.00%	15,424.76
04/25/00	12/31/09	12/31/13	12/31/14	0.00%	21,134.86
08/22/00	12/31/09	12/31/13	12/31/14	0.00%	8,000.00
07/14/05	12/31/09	12/31/13	12/31/14	0.00%	21,586.88
03/28/06	12/31/09	12/31/13	12/31/14	0.00%	23,221.00
06/27/06	12/31/09	12/31/13	12/31/14	0.00%	95,226.08
07/25/06	12/31/09	12/31/13	12/31/14	0.00%	20,793.00
10/24/06	12/31/09	12/31/13	12/31/14	0.00%	97,400.00
09/25/12	12/31/12	12/31/13	12/31/14	0.00%	495,000.00
10/25/11	12/31/13	12/31/13	12/31/14	0.00%	89,408.06
13-03	12/31/13	12/31/13	12/31/14	0.00%	220,000.00
13-09	12/31/13	12/31/13	12/31/14	0.00%	<u>200,000.00</u>
					<u>\$1,400,266.49</u>

Water-Sewer Utility Capital Fund:

<u>DATE OR ORDINANCE NUMBER</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>AMOUNT</u>
Various	12/20/07	12/31/13	12/31/14	0.00%	\$ 439,028.00
Various	12/31/09	12/31/13	12/31/14	0.00%	80,055.00
09/15/05	12/31/09	12/31/13	12/31/14	0.00%	17,750.00
02/21/06	12/31/09	12/31/13	12/31/14	0.00%	234,767.00
05/27/08	12/31/13	12/31/13	12/31/14	0.00%	<u>28,000.00</u>
					\$ <u>799,600.00</u>

NOTE 4: SHORT-TERM DEBT OBLIGATIONS (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED:

At December 31, 2013, the Borough had bonds and notes authorized but not issued as follows:

General Capital Fund	\$ 6,669,744.17
Water-Sewer Utility Capital Fund	\$ 1,412,281.27

NOTE 5: COMPENSATED ABSENCES

Under the terms of various contracts, Borough employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date. It is estimated that the current cost of such unpaid compensation would approximate \$377,527.57. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2013. The Borough has accumulated \$65,000.00 for this purpose in the Trust Other Fund and has budgeted \$20,000 in 2014 and continues to budget funds to provide for these liabilities as they arise.

NOTE 6: FUND BALANCES APPROPRIATED

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

Current Fund	\$1,011,250
Water-Sewer Utility Fund	\$ 424,000

NOTE 7: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County, the Local School District and the Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

NOTE 8: TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
Prepaid Taxes	\$216,743.48	\$261,208.72
Tax Overpayments	49,598.14	15,112.93
Water-Sewer Overpayments	13,196.01	8,396.36

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, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER <u>31, 2013</u>	REDUCED IN <u>2014</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:			
Emergency Authorization			
N.J.S.A. 40A:4-47	<u>\$150,000.00</u>	<u>\$150,000.00</u>	<u>\$0.00</u>

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2013, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: LITIGATION

The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and any and all claims for damages under the New Jersey Tort Claims Act are covered by the self-insurance pool provided by the Fund. There is no anticipated or pending tort claim litigation which will result in any direct and uninsured liability of the Borough. Rather, all matters of tort claim have adequate insurance protection.

It is the opinion of the Borough officials that there is no litigation threatened, or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

NOTE 12: 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. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance program for municipalities within the State. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2013:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 337,911.73	\$ 307,773.81
Federal and State Grant Fund	285,573.80	
Animal Control Trust Fund	309.90	652.58
Trust Other Fund	21,726.50	
General Capital Fund	109,821.42	54,323.68
Water-Sewer Operating Fund	609,664.16	241,248.76
Water-Sewer Capital Fund		761,482.19
Payroll Fund	473.51	
	<u>\$ 1,365,481.02</u>	<u>\$ 1,365,481.02</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 14: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 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 of New Jersey 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 or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

NOTE 14: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2013 PERS provides for employee contributions of 6.78% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2013, members contributed at a uniform rate of 10.00% of base salary.

NOTE 14: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Funding Policy (Continued)

Certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$335,963 for 2013, \$327,633 for 2012 and \$333,706 for 2011.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Borough provides Post Retirement Benefits to certain employees, per the terms of their various labor agreements, which have retired from the Borough after twenty-five (25) years of service. These benefits include Health Insurance and prescription coverage.

During the year ended December 31, 2013, there were four (4) former Borough employees who received benefits under these agreements through the Central Jersey Health Insurance Fund at a cost to the Borough of \$66,286.00.

Effective September 1, 2014, the Borough has switched to the State Health Benefits Program (SHBP).

Plan Description: The Borough will contribute to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material. Under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognize any long-term obligations on their balance sheets. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy: Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay as you go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

NOTE 16: SCHOOL TAXES

Local District School Taxes and Regional School District Taxes have been raised and liabilities deferred by statute resulting in the school taxes payable as set forth in the Current Fund liabilities as follows:

		LOCAL DISTRICT SCHOOL TAX		REGIONAL SCHOOL DISTRICT TAX	
		BALANCE DECEMBER 31, 2013	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2013	BALANCE DECEMBER 31, 2012
Balance of Tax	\$	249,655.63	\$ 247,858.29	\$ 1,322,095.22	\$ 1,837,895.21
Deferred		<u>238,576.00</u>	<u>95,307.78</u>	<u>1,026,065.78</u>	<u>369,334.00</u>
Tax Payable	\$	<u>11,079.63</u>	<u>\$ 152,550.51</u>	<u>\$ 296,029.44</u>	<u>\$ 1,468,561.21</u>

NOTE 17: LENGTH OF SERVICE AWARD PROGRAM

The Borough of Ship Bottom Light adopted an ordinance establishing a Length of Service Award Program to ensure retention of the Borough's volunteers pursuant to N.J.S.A. 40A:14-183 *et seq.*

Under this program, each volunteer member that performs the minimum amount of service will have an annual amount up to \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to \$13,065.00 in 2013, \$7,631.00 in 2012 and \$13,016.00 in 2011.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through October 17, 2014 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that except for the items set forth below, there are no other subsequent events that need to be disclosed.

The Borough adopted capital ordinances through October 17, 2014 as follows:

<u>ORDINANCE NUMBER</u>	<u>PROJECT</u>	<u>AMOUNT OF DEBT AUTHORIZED</u>
14-05	General Capital Fund: Purchase of Two Heavy Duty Trucks	<u>None*</u>

*Funded by Capital Improvement Fund

<u>ORDINANCE NUMBER</u>	<u>PROJECT</u>	<u>AMOUNT OF DEBT AUTHORIZED</u>
14-02	Water-Sewer Utility Capital Fund: Water-Sewer Infrastructure Upgrades	<u>\$475,000.00</u>

In addition, the Borough held a note sale dated September 24, 2014 for:

2014 Series A Tax Exempt Notes in the Amount of \$1,304,850.00 of which \$504,850.00 was for the General Capital Fund and \$800,000.00 was for the Water-Sewer Utility Capital Fund.

2014 series B Taxable Notes in the Amount of \$1,015,000.00 of which \$395,000.00 was for the General Capital Fund and \$620,000.00 was for the Water-Sewer Utility Capital Fund.

NOTE 19: PRIOR PERIOD ADJUSTMENT

The following adjustments were reflected in the beginning balances:

General Fixed Assets

Land Balance - 12/31/12 Audit	\$ 1,063,970.89
Adjustment - Land Not Included	<u>32,819,429.11</u>
Beginning Balance 12/31/12 Restated	<u>\$33,883,400.00</u>

The prior year land inventory did not include unimproved land values.

General Capital Fund

Deferred Charges to Future Taxation - 12/31/12 Audit

Funded	\$1,880,792.01	
Unfunded		\$ 6,670,231.61
Adjustment	<u>(920,858.43)</u>	<u>(920,858.43)</u>
Beginning Balance Deferred Charges to Future Taxation 12/31/12 Restated		
Funded	<u>\$ 959,933.78</u>	
Unfunded		<u>\$ 7,591,090.04</u>

The prior year balances were allocated incorrectly.

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BOROUGH OF SHIP BOTTOM
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2013

BOROUGH OF SHIP BOTTOMCURRENT FUNDSCHEDULE OF CASH

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	1,881,437.74
Increased by Receipts:			
Reserve for Debt Service	A	\$	10.00
Third Party Liens	A		55,100.57
Miscellaneous Revenue Not Anticipated	A-2		166,017.50
Budget Appropriations	A-3		196,537.66
Investment in Bond Anticipation Notes	A-7		49,000.00
Taxes Receivable	A-8		11,194,752.89
Revenue Accounts Receivable	A-12		1,178,700.60
Deferred Charges	A-13		76,702.08
Due State of New Jersey	A-14		22,875.00
Tax Overpayments	A-15		102,869.35
Prepaid Taxes	A-16		198,852.55
Appropriation Reserves	A-20		5,211.64
Interfunds - Other Funds	A-21		81,217.48
Miscellaneous Reserves	A-23		603,589.74
Interfund - Federal and State Grant Fund	A-24		37,810.74
			<u>13,969,247.80</u>
			15,850,685.54
Decreased by Disbursements:			
Third Party Liens	A	\$	53,866.60
Refund of Prior Year Revenue	A-1		1,069.72
Budget Appropriations	A-3		5,400,839.90
Petty Cash	A-6		250.00
Investment in Bond Anticipation Notes	A-7		537,408.06
Tax Overpayments	A-15		1,452.81
County Taxes Payable	A-17		4,744,728.75
Local District School Taxes Payable	A-18		522,238.66
Regional School District Taxes Payable	A-19		2,772,841.99
Appropriation Reserves	A-20		239,146.34
Interfunds - Other Funds	A-21		277,624.46
Miscellaneous Reserves	A-23		563,564.19
Interfund - Federal and State Grant Fund	A-24		7,230.39
			<u>15,122,261.87</u>
Balance, December 31 2013	A	\$	<u><u>728,423.67</u></u>

"A-5"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF CHANGE FUND

REF

Balance, December 31, 2012 and 2013	A	\$ <u>150.00</u>
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"A-6"

SCHEDULE OF PETTY CASH

Increased by:		
Disbursements	A-4	\$ <u>250.00</u>
Balance, December 31, 2013	A	\$ <u>250.00</u>

"A-7"

SCHEDULE OF INVESTMENT IN BOND ANTICIPATION NOTES

Balance, December 31, 2012	A	\$ 1,711,458.43
Increased by:		
Disbursements	A-4	<u>537,408.06</u>
		2,248,866.49
Decreased by:		
Receipts	A-4	<u>49,000.00</u>
Balance, December 31, 2013	A	\$ <u>2,199,866.49</u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2012	2013 LEVY	COLLECTED		OVERPAYMENTS APPLIED	DUE FROM STATE OF NEW JERSEY CH. 20, P.L. 1971	TRANSFER TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2013
			2013	2012					
Arrears	\$ 13,830.98	\$	\$	\$	\$	\$	\$	\$	\$ 13,830.98
2012	350,070.74		316,227.86		27,086.13			6,747.62	9.13
	363,901.72		316,227.86		27,086.13			6,747.62	13,840.11
2013		11,557,481.47	10,878,525.03	243,317.79	28,811.22	27,062.50	654.17	21,924.75	357,186.01
	<u>\$ 363,901.72</u>	<u>\$ 11,557,481.47</u>	<u>\$ 11,194,752.89</u>	<u>\$ 243,317.79</u>	<u>\$ 55,897.35</u>	<u>\$ 27,062.50</u>	<u>\$ 654.17</u>	<u>\$ 28,672.37</u>	<u>\$ 371,026.12</u>
REF.	A	A-8	A-4	A-16	A-15	A-14	A-9		A

REF.

Analysis of 2013 Property Tax Levy

Tax Yield:

General Purpose Tax
Added Taxes

\$ 11,542,746.02
14,735.45

A-8

\$ 11,557,481.47

Tax Levy:

Local District School Tax (Abstract)
Regional School District Tax (Abstract)
County Tax (Abstract)
County Library Tax (Abstract)
County Open Space Preservation (Abstract)
Due County Added Taxes

A-18
A-19
A-17 \$ 4,104,234.55
A-17 471,018.44
A-17 151,407.39
A-17 6,047.13
A-1:A-17

\$ 524,036.00
2,267,042.00

Total School and County Taxes
Local Tax for Municipal Purposes
Added Taxes

A-2 4,020,000.00
13,695.96

4,732,707.51
7,523,785.51
4,033,695.96

A-8

\$ 11,557,481.47

"A-9"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	19,101.40
Increased by:			
Transfer from Taxes Receivable	A-8	\$	654.17
Prior Period Adjustment			<u>1,552.93</u>
			<u>2,207.10</u>
Balance, December 31, 2013	A	\$	<u><u>21,308.50</u></u>

"A-10"

SCHEDULE OF 6% YEAR END PENALTY RECEIVABLE

Increased by:			
Tax Penalty Receivable		\$	<u>1,600.54</u>
Balance, December 31, 2013	A	\$	<u><u>1,600.54</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

(AT ASSESSED VALUATION)

Balance, December 31, 2012 and 2013	A	\$	<u><u>20,010.00</u></u>
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BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	BALANCE DECEMBER 31, 2012	ACCRUED IN 2013	COLLECTED	BALANCE DECEMBER 31, 2013
Licenses:				
Alcoholic Beverages	\$	\$ 13,110.00	\$ 13,110.00	\$
Other		25,704.00	25,704.00	
Fees and Permits		47,175.00	47,175.00	
Fines and Costs - Municipal Court		93,196.77	88,331.93	4,864.84
Interest and Costs on Taxes		64,373.46	64,373.46	
Beach Badge Fees		608,611.00	608,611.00	
Energy Receipts Tax		247,442.00	247,442.00	
Uniform Construction Code Fees		30,079.71	30,079.71	
Shared Services Agreement				
Tax Assessment Services		4,402.50	4,402.50	
Utility Operating Surplus of Prior Year		49,471.00	49,471.00	
	<u>\$</u>	<u>\$ 1,183,565.44</u>	<u>\$ 1,178,700.60</u>	<u>\$ 4,864.84</u>
<u>REF.</u>	A		A-4	A

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

<u>PURPOSE</u>	BALANCE DECEMBER 31, 2012	RAISED IN 2013 BUDGET	FUNDED BY FEMA RECEIPTS
Hurricane Emergency	\$ <u>150,000.00</u>	\$ <u>73,297.92</u>	\$ <u>76,702.08</u>
	\$ <u><u>150,000.00</u></u>	\$ <u><u>73,297.92</u></u>	\$ <u><u>76,702.08</u></u>
<u>REF.</u>	A	A-3	A-4

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY

	<u>REF.</u>	<u>CH. 20, P.L. 1971</u>
Increased/Decreased by:		
Deductions:		
Per Billings		\$ 27,500.00
Allowed by Tax Collector (Net)		(437.50)
	A-8	<u>27,062.50</u>
Decreased/Increased by:		
Adjustment Due to State Audit	A-1	4,750.00
Receipts	A-4	<u>22,875.00</u>
		<u>27,625.00</u>
Balance, December 31, 2013 - Due From/(Due To)	A	\$ <u><u>(562.50)</u></u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	15,112.93
Increased by:			
Receipts	A-4		<u>102,869.35</u>
			117,982.28
Decreased by:			
Disbursements	A-4	\$	1,452.81
Applied to Taxes Receivable	A-8		55,897.35
Cancelled	A-1		<u>11,033.98</u>
			<u>68,384.14</u>
Balance, December 31, 2013	A	\$	<u><u>49,598.14</u></u>

"A-16"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 261,208.72
Increased by:		
Collections	A-4	<u>198,852.55</u>
		460,061.27
Decreased by:		
Applied to 2013 Taxes Receivable	A-8	<u>243,317.79</u>
Balance, December 31, 2013	A	<u><u>\$ 216,743.48</u></u>

"A-17"

SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2012	A	\$ 12,021.24
Increased by:		
General County Tax	A-8	\$ 4,104,234.55
County Library Tax	A-8	471,018.44
County Open Space Preservation Tax	A-8	151,407.39
Added and Omitted Taxes	A-8	<u>6,047.13</u>
	A-8	<u>4,732,707.51</u>
		4,744,728.75
Decreased by:		
Payments	A-4	<u><u>\$ 4,744,728.75</u></u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012:			
School Tax Payable	A	\$ 152,550.51	
School Tax Deferred		<u>95,307.78</u>	
			\$ 247,858.29
Increased by:			
Levy School Year - July 1, 2013 to June 30, 2014	A-8		<u>524,036.00</u>
			771,894.29
Decreased by:			
Payments	A-4		<u>522,238.66</u>
Balance, December 31, 2013:			
School Tax Payable	A	\$ 11,079.63	
School Tax Deferred		<u>238,576.00</u>	
			\$ <u>249,655.63</u>
2013 Liability for Local District School Tax:			
Tax Paid	A-18		\$ 522,238.66
Tax Payable December 31, 2013	A-18		<u>11,079.63</u>
			533,318.29
Less: Tax Payable December 31, 2012	A-18		<u>152,550.51</u>
Amount Charged to 2013 Operations	A-1		\$ <u>380,767.78</u>

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

Balance, December 31, 2012:			
School Tax Payable	A	\$ 1,468,561.21	
School Tax Deferred		<u>369,334.00</u>	
			\$ 1,837,895.21
Increased by:			
Levy School Year - July 1, 2013 to June 30, 2014	A-8		<u>2,267,042.00</u>
			4,104,937.21
Decreased by:			
Payments	A-4	2,772,841.99	
Reserve for Encumbrances	A-22	<u>10,000.00</u>	
			<u>2,782,841.99</u>
Balance, December 31, 2013:			
School Tax Payable	A	\$ 296,029.44	
School Tax Deferred		<u>1,026,065.78</u>	
			\$ <u>1,322,095.22</u>
2013 Liability for Regional School District Tax:			
Tax Paid	A-19		\$ 2,782,841.99
Tax Payable December 31, 2013	A-19		<u>296,029.44</u>
			3,078,871.43
Less: Tax Payable December 31, 2012	A-19		<u>1,468,561.21</u>
Amount Charged to 2013 Operations	A-1		\$ <u>1,610,310.22</u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN CAPS</u>				
Mayor and Council:				
Salaries and Wages	\$ 833.40	\$ 833.40	\$	\$ 833.40
Municipal Clerk:				
Salaries and Wages	7,146.35	7,146.35	1,276.28	5,870.07
Financial Administration:				
Salaries and Wages	795.00	795.00		795.00
Other Expenses	5,076.54	5,076.54	925.75	4,150.79
Administrative and Executive:				
Salaries and Wages	10,548.62	10,548.62	3,869.14	6,679.48
Other Expenses	14,536.50	11,536.50	4,384.99	7,151.51
Publicity:				
Other Expenses	500.00	500.00		500.00
Human Resources (Personnel):				
Other Expenses	2,070.00	7,070.00	3,127.50	3,942.50
Collection of Taxes:				
Other Expenses	4,110.43	4,110.43	135.92	3,974.51
Assessment of Taxes:				
Salaries and Wages	2,311.42	2,311.42	491.36	1,820.06
Other Expenses	5,090.80	5,090.80	1,806.74	3,284.06
Legal Services:				
Other Expenses	9,859.80	4,859.80	2,041.40	2,818.40
Liquidation of Tax Title Liens	1,000.00	1,000.00		1,000.00
Engineering Services:				
Other Expenses	160.30	3,160.30	2,533.73	626.57
Historic Preservation:				
Other Expenses	424.16	424.16		424.16
Land Use Board:				
Salaries and Wages	1,800.00	1,800.00		1,800.00
Other Expenses	2,169.79	2,169.79		2,169.79

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>				
Zoning Board of Adjustment:				
Salaries and Wages	\$ 391.40	\$ 391.40	\$ 391.40	\$
General Liability	40,224.21	10,224.21	3,776.49	6,447.72
Workmen's Compensation	6,110.00	6,110.00		6,110.00
Employee Group Health	8,029.29	38,029.29	36,020.34	2,008.95
Health Benefits Waiver:				
Salaries and Wages	36.00	36.00		36.00
Police Department:				
Salaries and Wages	11,318.50	11,318.50	11,318.50	
Other Expenses	36,958.85	36,958.85	24,109.41	12,849.44
Office of Emergency Management:				
Salaries and Wages	1,000.00	1,000.00		1,000.00
Other Expenses	4,948.70	4,948.70	448.10	4,500.60
Other Code Enforcement Functions:				
Other Expenses	2,043.07	2,043.07	64.47	1,978.60
Municipal Prosecutor's Office:				
Other Expenses	3,000.00	3,000.00	1,000.00	2,000.00
Municipal Court:				
Salaries and Wages	614.99	614.99	258.00	356.99
Other Expenses	1,992.93	1,992.93	290.95	1,701.98
Public Defender:				
Other Expenses	9,500.00	9,500.00	600.00	8,900.00
Street and Road Maintenance:				
Salaries and Wages	5,189.68	5,189.68		5,189.68
Other Expenses	29,195.97	29,195.97	1,997.17	27,198.80
Superstorm Sandy Emergency Authorization	3,528.90	3,528.90	3,528.90	
Sanitary Landfill:				
Other Expenses	56,557.34	56,557.34	8,737.57	47,819.77
Solid Waste Collection:				
Other Expenses	88,665.44	88,665.44	30,666.66	57,998.78

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>				
Public Buildings and Grounds:				
Salaries and Wages	\$ 1,595.34	\$ 1,595.34	\$ 1,001.52	\$ 593.82
Other Expenses	13,285.50	13,285.50	4,180.07	9,105.43
Equipment Maintenance and Repair:				
Salaries and Wages	24,924.42	24,924.42	3,658.32	21,266.10
Other Expenses	10,141.71	10,141.71	1,573.75	8,567.96
Long Beach Island Joint Environmental Commission:				
Other Expenses	500.00	500.00		500.00
Recycling:				
Salaries and Wages	4,069.83	4,069.83	707.84	3,361.99
Other Expenses	4,018.99	4,018.99	277.19	3,741.80
Recycling Tax (N.J.S.A. 13:1E-96.5)	7,000.00	7,000.00		7,000.00
Board of Health:				
Other Expenses	405.00	405.00	170.00	235.00
Animal Control Services:				
Other Expenses	2,650.00	2,650.00		2,650.00
Environmental Health Services:				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	200.00	200.00		200.00
Beach Front Maintenance:				
Salaries and Wages	142.94	142.94	(678.86)	821.80
Other Expenses	1,151.62	1,151.62	24.07	1,127.55
Beach Operations:				
Salaries and Wages	1,315.08	1,315.08	(485.78)	1,800.86
Other Expenses	7,445.48	7,445.48	1,224.61	6,220.87
Wharves, Docks and Bulkheads:				
Salaries and Wages	3,265.89	3,265.89		3,265.89
Other Expenses	1,349.75	1,349.75	13.39	1,336.36
Contribution to Senior Citizen's Center (R.S. 40:48-94)	6,000.00	6,000.00	6,000.00	
Aid to Museum (N.J.S.A. 40:23-22)	300.00	300.00		300.00

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN CAPS (CONTINUED)</u>				
Celebration of Public Events:				
Other Expenses	\$ 16,990.02	\$ 16,990.02	\$ 2,278.73	\$ 14,711.29
Recreation Services and Programs:				
Salaries and Wages	398.00	398.00	109.46	288.54
Other Expenses	5,455.25	5,455.25	17.39	5,437.86
Beach Replenishment				
Other Expenses	6,000.00	6,000.00		6,000.00
State Uniform Construction Code Official:				
Salaries and Wages	3,058.27	3,058.27	1,185.38	1,872.89
Other Expenses	3,283.05	3,283.05	646.60	2,636.45
Utilities:				
Electricity	13,081.35	11,681.35	5,041.47	6,639.88
Street Lighting	6,284.71	7,684.71	7,684.71	
Telephone	5,897.52	5,897.52	4,737.54	1,159.98
Natural Gas	11,110.96	11,110.96	2,349.21	8,761.75
Gasoline	6,582.75	6,582.75	6,581.10	1.65
Contribution to:				
Social Security System (O.A.S.I.)	2,582.03	2,582.03		2,582.03
Unemployment and Disability Insurance	32.98	32.98		32.98
Total Appropriations within Caps	\$ <u>548,756.82</u>	\$ <u>548,756.82</u>	\$ <u>192,098.48</u>	\$ <u>356,658.34</u>

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

		BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Employee Group Health		\$ 31,695.66	\$ 31,695.66	\$ 31,695.66	\$
Length of Service Awards Program (L.O.S.A.P.)		20,000.00	20,000.00	13,065.00	6,935.00
Shared Services Agreements					
Assessment Services					
Salaries and Wages		288.49	288.49	144.23	144.26
Other Expenses		11,450.00	11,450.00	460.23	10,989.77
Total Appropriations excluded from Caps		<u>63,434.15</u>	<u>63,434.15</u>	<u>45,365.12</u>	<u>18,069.03</u>
		<u>\$ 612,190.97</u>	<u>\$ 612,190.97</u>	<u>\$ 237,463.60</u>	<u>\$ 374,727.37</u>
	<u>REF.</u>	A-20	A-20	A-20	A-1
Appropriation Reserves - 2012	A	\$ 550,780.48			
Reserve for Encumbrances	A-22	<u>61,410.49</u>			
	A-20	<u>\$ 612,190.97</u>			
Miscellaneous Reserves	A-23			\$ 3,528.90	
Receipts	A-4			(5,211.64)	
Disbursements	A-4			<u>239,146.34</u>	
	A-20			<u>\$ 237,463.60</u>	

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL (MEMO ONLY)</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>OTHER TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>WATER-SEWER UTILITY OPERATING FUND</u>	<u>WATER-SEWER UTILITY CAPITAL FUND</u>	<u>PAYROLL FUND</u>
Balance, December 31, 2012 - Due From/(Due To)	A	\$ 119,304.74	\$ 473.18	\$ (21,724.50)	\$ (12,959.71)	\$ 111,519.16	\$ 41,996.61	\$
Increased/Decreased by:								
Disbursements	A-4	<u>277,624.46</u>	<u>179.40</u>		<u>67,301.64</u>	<u>210,143.42</u>		
Total Increases/Decreases and Balances		<u>396,929.20</u>	<u>652.58</u>	<u>(21,724.50)</u>	<u>54,341.93</u>	<u>321,662.58</u>	<u>41,996.61</u>	
Decreased/Increased by:								
Receipts	A-4	<u>81,217.48</u>		<u>2.00</u>	<u>18.25</u>	<u>80,723.72</u>		<u>473.51</u>
Balance, December 31, 2013 - Due From/(Due To)	A	<u>\$ 315,711.72</u>	<u>\$ 652.58</u>	<u>\$ (21,726.50)</u>	<u>\$ 54,323.68</u>	<u>\$ 240,938.86</u>	<u>\$ 41,996.61</u>	<u>\$ (473.51)</u>

"A-22"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2012	A	\$ <u>61,410.49</u>
Increased by:		
Transfer from:		
2013 Budget Appropriations	A-3	17,515.74
Regional School District Tax Payable	A-19	10,000.00
Miscellaneous Reserves	A-23	<u>2,880.20</u>
		<u>30,395.94</u>
		91,806.43
Decreased by:		
Transfer to 2012 Appropriation Reserves	A-20	<u>61,410.49</u>
Balance, December 31, 2013	A	\$ <u><u>30,395.94</u></u>

"A-23"

SCHEDULE OF MISCELLANEOUS RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>INCREASE/</u> <u>(DECREASE)</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
Hurricane Emergency	\$	\$ 40,674.25	\$ 40,674.25
CDBG 12th & 13th St. Walkways	10,366.54		10,366.54
Revaluation	<u>16,235.25</u>		<u>16,235.25</u>
	\$ <u><u>26,601.79</u></u>	\$ <u><u>40,674.25</u></u>	\$ <u><u>67,276.04</u></u>
<u>REF.</u>	A		A
Receipts	A-4	\$ 603,589.74	
Disbursements	A-4	(563,564.19)	
Transfer from Appropriation Reserves	A-20	3,528.90	
Transfer to Reserve for Encumbrances	A-22	<u>(2,880.20)</u>	
		\$ <u><u>40,674.25</u></u>	

BOROUGH OF SHIP BOTTOM
FEDERAL AND STATE GRANT FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2012 - Due From/(Due To)	A	\$ <u>254,993.45</u>
Increased/Decreased by:		
Disbursements by Current Fund	A-4:A-26	7,230.39
2013 Budget Revenues Realized	A-2:A-25	<u>263,787.01</u>
Total Increases/Decreases		<u>271,017.40</u>
Total Increases/Decreases and Balances		<u>(16,023.95)</u>
Decreased/Increased by:		
Receipts in Current Fund	A-4:A-25:A-27	37,810.74
2013 Budget Appropriations	A-3:A-26	<u>263,787.01</u>
Total Decreases/Increases		<u>301,597.75</u>
Balance, December 31, 2013 - Due From/(Due To)	A	\$ <u><u>285,573.80</u></u>

BOROUGH OF SHIP BOTTOM

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2012	2013 BUDGET REVENUE REALIZED	RECEIPTS	UNAPPROPRIATED RESERVE APPLIED	BALANCE DECEMBER 31, 2013
Alcohol Education Rehabilitation Fund	\$	\$ 1,025.30	\$	\$ 1,025.30	\$
Body Armor Replacement Fund		1,463.22		1,463.22	
CDBG FY 09 Handicapped Access - Bayfront	7,825.56				7,825.56
CDBG FY 11 Handicapped Access - Beach	6,304.75		6,304.75		
Clean Communities Program		7,407.57		7,407.57	
Cops in Shops	16.20				16.20
DOT - 2010-11	63,411.09				63,411.09
DOT - 2011-12	170,350.00				170,350.00
DOT - 2012-13		233,429.00			233,429.00
Drunk Driving Enforcement Fund		6,984.03		6,984.03	
Emergency Management FY 12 966 Reimbursement	4.60				4.60
Emergency Management Grant	25,910.24				25,910.24
Ocean County Cultural and Heritage Comm.		687.50		687.50	
Ocean County Tourism Grant		1,557.67		1,557.67	
Recycling Revenue and Residue		11,232.72	4,429.52	6,803.20	
	<u>\$ 273,822.44</u>	<u>\$ 263,787.01</u>	<u>\$ 10,734.27</u>	<u>\$ 25,928.49</u>	<u>\$ 500,946.69</u>
<u>REF.</u>	A	A-24	A-24	A-27	A

BOROUGH OF SHIP BOTTOM

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS - APPROPRIATED

	BALANCE DECEMBER 31, 2012	2013 BUDGET APPROPRIATION	PAID OR CHARGED	BALANCE DECEMBER 31, 2013
Alcohol Education Rehabilitation Fund	\$ 2,831.06	\$ 1,025.30	\$	\$ 3,856.36
Body Armor Replacement Fund	7,296.47	1,463.22	775.00	7,984.69
CDBG FY 09 Handicapped Access - Bayfront	7,700.56			7,700.56
CDBG FY 11 Handicapped Access - Beach	5,199.75			5,199.75
Clean Communities Program		7,407.57	3,655.39	3,752.18
Cops in Shops	570.64			570.64
DOT - 2010-11	288,704.06			288,704.06
DOT - 2011-12	170,350.00			170,350.00
DOT - 2012-13		233,429.00		233,429.00
Drunk Driving Enforcement Fund	1,075.65	6,984.03		8,059.68
Emergency Management FY 12 966 Reimbursement	4.60			4.60
Ocean County Cultural and Heritage Comm.	2,000.00	687.50		2,687.50
Ocean County Tourism Grant	2,275.00	1,557.67		3,832.67
Recycling Enhancement Grant	2,478.50			2,478.50
Recycling Revenue and Residue	10,260.69	11,232.72	2,800.00	18,693.41
Recycling Tonnage Grant	2,140.42			2,140.42
	<u>\$ 502,887.40</u>	<u>\$ 263,787.01</u>	<u>\$ 7,230.39</u>	<u>\$ 759,444.02</u>

REF.

A

A-24

A-24

A

BOROUGH OF SHIP BOTTOM

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS - UNAPPROPRIATED

	BALANCE DECEMBER <u>31, 2012</u>	<u>RECEIPTS</u>	APPLICATION TO GRANTS <u>RECEIVABLE</u>	BALANCE DECEMBER <u>31, 2013</u>
Alcohol Education Rehabilitation Fund	\$ 1,025.30	\$ 1,055.49	\$ 1,025.30	\$ 1,055.49
Body Armor Replacement Fund	1,463.22	1,755.82	1,463.22	1,755.82
Clean Communities Program	7,407.57	8,697.09	7,407.57	8,697.09
Drunk Driving Enforcement Fund	6,984.03	4,734.61	6,984.03	4,734.61
Ocean County Cultural and Heritage Comm.	687.50	187.50	687.50	187.50
Ocean County Tourism Grant	1,557.67	1,100.00	1,557.67	1,100.00
Recycling Revenue and Residue	6,803.20	1,392.60	6,803.20	1,392.60
Recycling Tonnage Grant		8,153.36		8,153.36
	<u>\$ 25,928.49</u>	<u>\$ 27,076.47</u>	<u>\$ 25,928.49</u>	<u>\$ 27,076.47</u>
<u>REF.</u>	A	A-24	A-25	A

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF CASH

	<u>REF.</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2012	B	\$ <u>943.98</u>	\$ <u>427,264.85</u>
Increased by Receipts:			
Animal Control License Fees	B-2	169.80	
State Registration Fees	B-3	37.20	
Interfunds	B-4	179.40	
Miscellaneous Reserves	B-6		545,102.65
		<u>386.40</u>	<u>545,102.65</u>
		<u>1,330.38</u>	<u>972,367.50</u>
Decreased by Disbursements:			
Animal Control Expenditures	B-2	179.40	
State Registration Fees	B-3	40.80	
Interfunds	B-4	309.90	2.00
Miscellaneous Reserves	B-6		330,073.50
		<u>530.10</u>	<u>330,075.50</u>
Balance, December 31, 2013	B	\$ <u><u>800.28</u></u>	\$ <u><u>642,292.00</u></u>

"B-2"

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 477.00
Increased by:		
Animal Control License Fees Collected	B-1	<u>169.80</u>
		646.80
Decreased by:		
Statutory Excess Due Current Fund	B-1	<u>179.40</u>
Balance, December 31, 2013	B	\$ <u>467.40</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 250.40
2011	<u>217.00</u>
	\$ <u>467.40</u>

"B-3"

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance, December 31, 2012 - Due From	B	\$ 6.20
Decreased by:		
Receipts - State Registration Fees	B-1	<u>37.20</u>
		(31.00)
Increased by:		
Disbursements - State Registration Fees	B-1	<u>40.80</u>
Balance, December 31, 2013 - Due From	B	\$ <u>9.80</u>

"B-4"

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL (MEMO ONLY)</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2012 - Due From/(Due To)	B	\$ 21,251.32	\$ (473.18)	\$ 21,724.50
Increased/Decreased by:				
Receipts	B-1	<u>179.40</u>	<u>179.40</u>	
		21,071.92	(652.58)	<u>21,724.50</u>
Decreased/Increased by:				
Disbursements	B-1	<u>311.90</u>	<u>309.90</u>	<u>2.00</u>
Balance, December 31, 2013 - Due From/(Due To)	B	<u>\$ 21,383.82</u>	<u>\$ (342.68)</u>	<u>\$ 21,726.50</u>

"B-5"

SCHEDULE OF RESERVE FOR ENCUMBRANCES

		<u>TRUST OTHER FUND</u>
Increased by:		
Transfer from Miscellaneous Reserves	B-6	\$ <u>12,768.99</u>
Balance, December 31, 2013	B	<u>\$ 12,768.99</u>

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2012	INCREASE	DECREASE	BALANCE DECEMBER 31, 2013
Accumulated Absences	\$ 50,000.00	\$ 30,000.00	\$ 15,000.00	\$ 65,000.00
Anchor Maintenance	7,897.66			7,897.66
Beach Patrol LIT	14,795.50	25,960.20	21,754.30	19,001.40
Beach Wheels	555.50	200.00		755.50
Building	10,000.00	12,300.00	12,300.00	10,000.00
Cash Bonds	171,076.30	110,177.96	67,041.34	214,212.92
Disposal of Forfeited Property	17,690.69			17,690.69
Off Duty Police	27,692.00	62,346.00	74,930.00	15,108.00
POAA	2,326.00	140.00		2,466.00
Public Defender Fund	984.61	3,110.31	4,000.31	94.61
Reserve for Construction	30,665.70	207,365.11	76,870.16	161,160.65
Special Events	45,462.12	13,197.02	10,155.50	48,503.64
Superstorm Sandy	5,250.00			5,250.00
Tax Sale	57,700.00	76,200.00	56,700.00	77,200.00
Time Capsule	413.12	.05		413.17
Walk of Names	6,480.15	4,106.00	4,090.88	6,495.27
	<u>\$ 448,989.35</u>	<u>\$ 545,102.65</u>	<u>\$ 342,842.49</u>	<u>\$ 651,249.51</u>

	<u>REF.</u>	B	B-1	B
Disbursements	B-1		\$ 330,073.50	
Reserve for Encumbrances	B-5		<u>12,768.99</u>	
			<u>\$ 342,842.49</u>	

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF CASH

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 65,769.01
Increased by:			
Interfunds	C-6	\$ 67,301.64	
Bond Anticipation Notes	C-8	509,408.06	
Capital Improvement Fund	C-11	<u>30,000.00</u>	
			<u>606,709.70</u>
			672,478.71
Decreased by:			
Interfunds	C-6	18.25	
Improvement Authorizations	C-10	<u>460,723.95</u>	
			<u>460,742.20</u>
Balance, December 31, 2013	C		\$ <u><u>211,736.51</u></u>

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

ANALYSIS OF CASH

		BALANCE DECEMBER 31, 2012	RECEIPTS	DISBURSEMENTS	TRANSFERS		BALANCE DECEMBER 31, 2013
					TO	FROM	
Fund Balance		\$ 799.22	\$	\$	\$ 12,005.40	\$	\$ 12,804.62
Reserve for Encumbrances		0.00			98,979.65		98,979.65
Reserve for Retirement of Debt		1,449.38					1,449.38
Capital Improvement Fund		195,900.00	30,000.00			28,650.00	197,250.00
Interfunds		(122,781.13)	67,301.64	18.25			(55,497.74)
Improvement Authorizations:		0.00					
DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	0.00					0.00
02/25/03	Acquisition of Beach Truck and Front End Loader; Resurface/Drainage DOT 5th Street and Renovations to Borough Hall	69,585.80		16,566.60		14,089.77	38,929.43
11/20/03	Beach Replenishment, Dredging and Breakwater Construction	92,610.55					92,610.55
10/24/06	Acquisition and Installation of Recreation Equipment, Computer Equipment/Software; Renovations and Improvements to Public Works Facilities	(14,242.37)		6,000.00			(20,242.37)
04/24/07	Improvements to 19th Street	(45,724.68)					(45,724.68)
02/25/08	Various Capital Improvements	(241,322.45)		1,713.00			(243,035.45)
03/25/08	Purchase Beach Operations Truck	(15,091.50)					(15,091.50)
03/24/09	Improvement of 12th St. & North Shore Avenue	(6,397.99)					(6,397.99)
04/27/10	Improvement to W. 13th Street	(51,486.71)				9,608.80	(61,095.51)
02/22/11	Purchase of Tractor	(75,412.82)					(75,412.82)
05/17/11	Reconstruction of Street-End Bulkheads	(142,024.98)					(142,024.98)
10/25/11	Improvement of North Shore Avenue	76,408.69	89,408.06	157,618.42			8,198.33
02/16/12	Renovations to Borough Hall	(189,000.00)				18,500.00	(207,500.00)
09/25/12	Construction of New Public Works Facility	532,500.00		21,051.40			511,448.60
2013-03	Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm		220,000.00	210,468.51	16,150.00	61,525.78	(35,844.29)
2013-09	Reconstruction of Borough Hall and Bulkheads		200,000.00	47,306.02	12,500.00	7,260.70	157,933.28
		<u>\$ 65,769.01</u>	<u>\$ 606,709.70</u>	<u>\$ 460,742.20</u>	<u>\$ 139,635.05</u>	<u>\$ 139,635.05</u>	<u>\$ 211,736.51</u>

REF.

C

C-2

C-2

C

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

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 959,733.78
Decreased by:			
2013 Budget Appropriations to Pay Bonds	C-7	\$ 143,000.00	
2013 Budget Appropriations to Pay Green Trust Loans	C-9	<u>38,628.77</u>	
			<u>181,628.77</u>
Balance, December 31, 2013	C		\$ <u>778,105.01</u>

[illegible]

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL (MEMO ONLY)</u>	<u>CURRENT FUND</u>	<u>UTILITY CAPITAL FUND</u>
Balance, December 31, 2012 - Due From/(Due To)	C	\$ 122,781.13	\$ 12,959.71	\$ 109,821.42
Increased/Decreased by:				
Receipts	C-2	<u>67,301.64</u>	<u>67,301.64</u>	<u> </u>
		190,082.77	(54,341.93)	109,821.42
Decreased/Increased by:				
Disbursements	C-2	<u>18.25</u>	<u>18.25</u>	<u> </u>
Balance, December 31, 2013 - Due From/(Due To)	C	\$ <u><u>55,497.74</u></u>	\$ <u><u>(54,323.68)</u></u>	\$ <u><u>109,821.42</u></u>

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds Series 1998	10/15/98	\$ 923,000.00		\$	4.300%	\$ 73,000.00	\$ 73,000.00	\$
General Improvement Bonds Series 2004	12/01/04	985,000.00	05/01/14	70,000.00	3.500%			
			05/01/15	75,000.00	3.500%			
			05/01/16	75,000.00	3.625%			
			05/01/17	75,000.00	3.750%			
			05/01/18	90,000.00	3.800%			
			05/01/19	90,000.00	4.000%	<u>545,000.00</u>	<u>70,000.00</u>	<u>475,000.00</u>
						<u>\$ 618,000.00</u>	<u>\$ 143,000.00</u>	<u>\$ 475,000.00</u>
					<u>REF.</u>	C	C-4	C

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2012	INCREASED	DECREASED	BALANCE DECEMBER 31, 2013
04/25/95	Purchase and Installation of Recreation Equipment	12/31/09	12/31/13	12/31/14	0.000%	\$ 36,650.00	\$	\$ 1,350.00	\$ 35,300.00
09/24/96	Acquisition and Installation of Recreation Equipment and Development of Recreation Area - Green Acres	12/31/09	12/31/13	12/31/14	0.000%	29,421.84		1,100.00	28,321.84
04/28/98	Reconstruction of 11th Street and Ship Bottom Avenue	12/31/09	12/31/13	12/31/14	0.000%	21,400.01		600.00	20,800.01
02/09/99	Various Street Improvements	12/31/09	12/31/13	12/31/14	0.000%	8,950.00		300.00	8,650.00
02/22/00	Upgrades and Improvements to Municipal Building	12/31/09	12/31/13	12/31/14	0.000%	15,924.76		500.00	15,424.76
04/25/00	Purchase of DPW Heavy Truck	12/31/09	12/31/13	12/31/14	0.000%	24,184.86		3,050.00	21,134.86
08/22/00	Road Reconstruction and Drainage Improvements	12/31/09	12/31/13	12/31/14	0.000%	8,250.00		250.00	8,000.00
07/14/05	Purchase of 2 4WD Construction Code Vehicles	12/31/09	12/31/13	12/31/14	0.000%	24,686.88		3,100.00	21,586.88
03/28/06	Purchase of Public Works Truck	12/31/09	12/31/13	12/31/14	0.000%	26,571.00		3,350.00	23,221.00
06/27/06	Improvements to 16th Street	12/31/09	12/31/13	12/31/14	0.000%	97,826.08		2,600.00	95,226.08
07/25/06	Purchase of Police Department Truck	12/31/09	12/31/13	12/31/14	0.000%	23,793.00		3,000.00	20,793.00
10/24/06	Acquisition and Installation of Recreation Equipment, Computer Equipment/Software; Renovations and Improvements to Public Works Facilities	12/31/09	12/31/13	12/31/14	0.000%	103,200.00		5,800.00	97,400.00
09/25/12	Construction of New Public Works Facility	12/31/12	12/31/13	12/31/14	0.000%	500,000.00		5,000.00	495,000.00
10/25/11	Improvement of North Shore Avenue	12/31/13	12/31/13	12/31/14	0.000%		89,408.06		89,408.06
2013-03	Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm	12/31/13	12/31/13	12/31/14	0.000%		220,000.00		220,000.00
2013-09	Reconstruction of Borough Hall and Bulkheads	12/31/13	12/31/13	12/31/14	0.000%		200,000.00		200,000.00
						<u>\$ 920,858.43</u>	<u>\$ 509,408.06</u>	<u>\$ 30,000.00</u>	<u>\$ 1,400,266.49</u>
					REF.	C	C-2	C-5	C

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOANS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES OF LOANS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
		<u>DATE</u>	<u>AMOUNT</u>				
Green Trust 1996	1996	See C-9 - Sheet 2		2.00%	\$ 85,441.70	\$ 23,807.71	\$ 61,633.99
Green Trust 2007	2007	See C-9 - Sheet 3		2.00%	<u>256,492.08</u>	<u>14,821.06</u>	<u>241,671.02</u>
					<u>\$ 341,933.78</u>	<u>\$ 38,628.77</u>	<u>\$ 303,305.01</u>
				<u>REF.</u>	C	C-4	C

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

MATURITY SCHEDULE \$408,440 GREEN TRUST - 1996 - LAND ACQUISITION

<u>DUE</u>	<u>LOAN</u> <u>BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
05/16/14	\$ 61,633.99	\$ 12,082.71	\$ 616.34	\$ 12,699.05
11/16/14	49,551.28	12,203.54	495.51	12,699.05
05/16/15	37,347.74	12,325.57	373.48	12,699.05
11/16/15	25,022.17	12,448.83	250.22	12,699.05
05/16/16	12,573.34	12,573.32	125.73	12,699.05
		<u>61,633.97</u>	<u>1,861.28</u>	<u>63,495.25</u>
Rounding		<u>0.02</u>		<u>0.02</u>
<u>TOTAL</u>		<u>\$ 61,633.99</u>	<u>\$ 1,861.28</u>	<u>\$ 63,495.27</u>

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

MATURITY SCHEDULE \$319,655 GREEN TRUST - 2007 - WATERFRONT PARK

<u>DUE</u>	<u>LOAN BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/05/14	\$ 241,671.02	\$ 7,521.87	\$ 2,416.71	\$ 9,938.58
08/05/14	234,149.15	7,597.09	2,341.49	9,938.58
02/05/15	226,552.06	7,673.06	2,265.52	9,938.58
08/05/15	218,879.00	7,749.79	2,188.79	9,938.58
02/05/16	211,129.21	7,827.29	2,111.29	9,938.58
08/05/16	203,301.92	7,905.56	2,033.02	9,938.58
02/05/17	195,396.36	7,984.62	1,953.96	9,938.58
08/05/17	187,411.74	8,064.47	1,874.12	9,938.59
02/05/18	179,347.27	8,145.11	1,793.47	9,938.58
08/05/18	171,202.16	8,226.56	1,712.02	9,938.58
02/05/19	162,975.60	8,308.83	1,629.76	9,938.59
08/05/19	154,666.77	8,391.92	1,546.67	9,938.59
02/05/20	146,274.85	8,475.84	1,462.75	9,938.59
08/05/20	137,799.01	8,560.59	1,377.99	9,938.58
02/05/21	129,238.42	8,646.20	1,292.38	9,938.58
08/05/21	120,592.22	8,732.66	1,205.92	9,938.58
02/05/22	111,859.56	8,819.99	1,118.60	9,938.59
08/05/22	103,039.57	8,908.19	1,030.40	9,938.59
02/05/23	94,131.38	8,997.27	941.31	9,938.58
08/05/23	85,134.11	9,087.24	851.34	9,938.58
02/05/24	76,046.87	9,178.12	760.47	9,938.59
08/05/24	66,868.75	9,269.90	668.69	9,938.59
02/05/25	57,598.85	9,362.60	575.99	9,938.59
08/05/25	48,236.25	9,456.22	482.36	9,938.58
02/05/26	38,780.03	9,550.78	387.80	9,938.58
08/05/26	29,229.25	9,646.29	292.29	9,938.58
02/05/27	19,582.96	9,742.75	195.83	9,938.58
08/05/27	9,840.21	9,840.18	98.40	9,938.58
		241,670.99	36,609.34	278,280.33
Rounding		.03		.03
<u>TOTAL</u>		\$ 241,671.02	\$ 36,609.34	\$ 278,280.36

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	PAID OR CHARGED	CANCELLED	BALANCE DECEMBER 31, 2013	
		DATE	AMOUNT	FUNDED	UNFUNDED				FUNDED	UNFUNDED
02/25/03	Acquisition of Beach Truck and Front End Loader; Resurface/Drainage DOT 5th Street and Renovations to Borough Hall	02/25/03	\$ 785,000.00	\$ 69,585.80	\$	\$	\$ 18,650.97	\$ 12,005.40	\$ 38,929.43	\$
11/20/03	Beach Replenishment, Dredging and Breakwater Construction	11/20/03	225,000.00	92,610.55					92,610.55	
10/24/06	Acquisition and Installation of Recreation Equipment, Computer Equipment/Software; Renovations and Improvements to Public Works Facilities	10/24/06	220,000.00	85,757.63			6,000.00	(164.27)		79,921.90
02/25/08	Various Capital Improvements	02/25/08	425,000.00	31,030.46			1,713.00			29,317.46
03/24/09	Improvement of 12th St. & North Shore Avenue	03/24/09	175,000.00	43,106.47				43,106.47		
09/22/09	Construction of New Borough Hall	09/22/09	5,500,000.00		5,500,000.00					5,500,000.00
04/27/10	Improvement to W. 13th Street	04/27/10	175,000.00		9,763.29		9,608.80			154.49
02/22/11	Purchase of Tractor	02/22/11	82,000.00		2,487.18			2,487.18		
05/17/11	Reconstruction of Street-End Bulkheads	05/17/11	150,000.00		475.02					475.02
10/25/11	Improvement of North Shore Avenue	10/25/11	200,000.00		155,816.75		157,618.42	(10,000.00)		8,198.33
02/16/12	Renovations to Borough Hall	02/16/12	220,000.00		20,000.00		18,500.00			1,500.00
09/25/12	Construction of New Public Works Facility	09/25/12	650,000.00	32,500.00	617,500.00		21,051.40		16,448.60	612,500.00
2013-03	Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm	03/26/13	323,000.00			323,000.00	271,994.29			51,005.71
2013-09	Reconstruction of Borough Hall and Bulkheads	07/23/13	250,000.00			250,000.00	54,566.72			195,433.28
				<u>\$ 354,590.91</u>	<u>\$ 6,306,042.24</u>	<u>\$ 573,000.00</u>	<u>\$ 559,703.60</u>	<u>\$ 47,434.78</u>	<u>\$ 147,988.58</u>	<u>\$ 6,478,506.19</u>
		REF.		C	C				C	C
	Deferred Charges to Future Taxation Unfunded Capital Improvement Fund	C-5 C-11				\$ 544,350.00 28,650.00				
						<u>\$ 573,000.00</u>				
	Disbursements	C-2					\$ 460,723.95			
	Reserve for Encumbrances	C-13					98,979.65			
							<u>\$ 559,703.60</u>			
	Fund Balance	C-1						\$ 12,005.40		
	Deferred Charges to Future Taxation Unfunded	C-5						35,429.38		
								<u>\$ 47,434.78</u>		

"C-11"

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

REF.

Balance, December 31, 2012	C	\$ 195,900.00
Increased by:		
2013 Budget Appropriation	C-2	<u>30,000.00</u>
		225,900.00
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-10	<u>28,650.00</u>
Balance, December 31, 2013	C	\$ <u>197,250.00</u>

"C-12"

SCHEDULE OF RESERVE FOR RETIREMENT OF DEBT

Balance December 31, 2012 and 2013	C	\$ <u>1,449.38</u>
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"C-13"

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Increased by:		
Transfer from Improvement Authorizations	C-10	\$ <u>98,979.65</u>
Balance, December 31, 2013	C	\$ <u>98,979.65</u>

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2013</u>
10/24/06	Acquisition and Installation of Recreation Equipment, Computer Equipment/Software; Renovations and Improvements to Public Works Facilities	\$ 100,164.27
04/24/07	Improvements to 19th Street	45,724.68
02/25/08	Various Capital Improvements	272,352.91
03/25/08	Purchase Beach Operations Truck	15,091.50
03/24/09	Improvement of 12th St. & North Shore Avenue	6,397.99
09/22/09	Construction of New Borough Hall	5,500,000.00
04/27/10	Improvement to W. 13th Street	61,250.00
02/22/11	Purchase of Tractor	75,412.82
05/17/11	Reconstruction of Street-End Bulkheads	142,500.00
02/16/12	Renovations to Borough Hall	209,000.00
09/25/12	Construction of New Public Works Facility	117,500.00
2013-03	Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm	86,850.00
2013-09	Reconstruction of Borough Hall and Bulkheads	<u>37,500.00</u>
		<u>\$ 6,669,744.17</u>
	<u>REF.</u>	C

BOROUGH OF SHIP BOTTOMWATER-SEWER UTILITY FUNDSCHEDULE OF WATER-SEWER UTILITY CASH

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2012	D	\$ <u>241,291.33</u>	\$ <u>4,030.36</u>
Increased by Receipts:			
Water-Sewer Miscellaneous	D-3	47,809.85	
Water Rents Receivable	D-7	571,245.34	
Sewer Rents Receivable	D-8	848,627.90	
Interfunds	D-10	210,531.32	
Overpayments	D-11	13,196.01	
Interfunds	D-17		1,446.63
Bond Anticipation Notes	D-19		28,000.00
Capital Improvement Fund	D-22		10,000.00
		<u>1,691,410.42</u>	<u>39,446.63</u>
		<u>1,932,701.75</u>	<u>43,476.99</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,442,683.73	
Appropriation Reserves	D-9	23,808.11	
Interfunds	D-10	82,170.35	
Accrued Interest on Bonds and Loans	D-12	105,856.53	
Interfunds	D-17		78.00
Improvement Authorizations	D-21		42,824.71
		<u>1,654,518.72</u>	<u>42,902.71</u>
Balance, December 31, 2013	D	\$ <u><u>278,183.03</u></u>	\$ <u><u>574.28</u></u>

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

ANALYSIS OF UTILITY CAPITAL CASH

	BALANCE DECEMBER 31, 2012	RECEIPTS	DISBURSEMENTS	TRANSFERS		BALANCE DECEMBER 31, 2013
				TO	FROM	
Fund Balance	\$ 363.92	\$	\$	\$	\$	\$ 363.92
Capital Improvement Fund	55,058.93	10,000.00				65,058.93
Interfunds	760,113.56	1,446.63	78.00			761,482.19
Due From NJ Environmental Infrastructure Trust	(286,031.00)			286,031.00		

Improvement Authorizations:

DATE OR
ORDINANCE

NUMBER

IMPROVEMENT DESCRIPTION

02/21/06	Water/Sewer Infrastructure Upgrades	(44,135.00)				(44,135.00)
02/25/08	Water/Sewer Infrastructure Upgrades	(142,500.00)				(142,500.00)
05/27/08	Water/Sewer Infrastructure Upgrades	(54,565.27)				(54,565.27)
05/27/08	Water/Sewer Infrastructure Upgrades	95,725.22	28,000.00	42,689.71	286,031.00	(204,995.49)
07/28/09	Water/Sewer Infrastructure Upgrades	(380,000.00)				(380,000.00)
2013-04	Water Utility Improvements and Other Related Expenses			135.00		0.00
						(135.00)
		\$ 4,030.36	\$ 39,446.63	\$ 42,902.71	\$ 286,031.00	\$ 286,031.00
						\$ 574.28

REF.

D

D-5

D-5

D

"D-7"

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY OPERATING FUND

SCHEDULE OF WATER RENTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	35,118.91
Increased by:			
Water Rents Levied			<u>574,348.41</u>
			609,467.32
Decreased by:			
Collection	D-5	\$	571,245.34
Overpayments Applied	D-11		<u>3,011.40</u>
	D-3		<u>574,256.74</u>
Balance, December 31, 2013	D	\$	<u><u>35,210.58</u></u>

"D-8"

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance, December 31, 2012	D	\$	54,393.13
Increased by:			
Sewer Rents Levied			<u>853,806.28</u>
			908,199.41
Decreased by:			
Collection	D-5	\$	848,627.90
Overpayments Applied	D-11		<u>4,149.21</u>
	D-3		<u>852,777.11</u>
Balance, December 31, 2013	D	\$	<u><u>55,422.30</u></u>

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY OPERATING FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 48,474.41	\$ 48,474.41	\$ 760.26	\$ 47,714.15
Other Expenses	171,082.60	171,082.60	22,988.04	148,094.56
Capital Improvements:				
Capital Outlay	243.82	243.82		243.82
Statutory Expenditures				
Contribution to:				
Public Employees Retirement System	2,000.00	2,000.00		2,000.00
Social Security System (O.A.S.I.)	4,524.84	4,524.84	54.64	4,470.20
Unemployment Compensation Insurance	<u>1,917.81</u>	<u>1,917.81</u>	<u>5.17</u>	<u>1,912.64</u>
	\$ <u>228,243.48</u>	\$ <u>228,243.48</u>	\$ <u>23,808.11</u>	\$ <u>204,435.37</u>
<u>REF.</u>	D		D-5	D-1

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u> <u>(MEMO ONLY)</u>	<u>CURRENT</u> <u>FUND</u>	<u>ANIMAL</u> <u>CONTROL</u> <u>TRUST</u> <u>FUND</u>	<u>WATER-SEWER</u> <u>CAPITAL</u>
Balance, December 31, 2012 - Due From/(Due To)	D	\$ 496,776.37	\$ (111,519.16)	\$	\$ 608,295.53
Increased/Decreased by:					
Receipts	D-5	<u>210,531.32</u>	<u>210,143.42</u>	<u>309.90</u>	<u>78.00</u>
		286,245.05	(321,662.58)	(309.90)	608,217.53
Decreased/Increased by:					
Disbursements	D-5	<u>82,170.35</u>	<u>80,723.72</u>		<u>1,446.63</u>
Balance, December 31, 2013 - Due From/(Due To)	D	\$ <u><u>368,415.40</u></u>	\$ <u><u>(240,938.86)</u></u>	\$ <u><u>(309.90)</u></u>	\$ <u><u>609,664.16</u></u>

"D-11"

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	8,396.36
Increased by:			
Receipts	D-5		<u>13,196.01</u>
			21,592.37
Decreased by:			
Cancelled	D-1	\$	1,235.75
Application to Water Rents Receivable	D-7		3,011.40
Application to Sewer Rents Receivable	D-8		<u>4,149.21</u>
			<u>8,396.36</u>
Balance, December 31, 2013	D	\$	<u><u>13,196.01</u></u>

"D-12"

SCHEDULE OF ACCRUED INTEREST ON BONDS AND LOANS

Balance, December 31, 2012	D	\$	37,340.63
Increased by:			
Budget Appropriations for:			
Interest on Bonds	D-4		<u>101,028.39</u>
			138,369.02
Decreased by:			
Interest Paid	D-5		<u>105,856.53</u>
Balance, December 31, 2013	D	\$	<u><u>32,512.49</u></u>

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>	<u>OPERATING</u>
Increased by:		
Transfer from 2013 Budget Appropriations	D-4	\$ <u>9,234.37</u>
Balance, December 31, 2013	D	\$ <u><u>9,234.37</u></u>

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

		<u>ADDITIONS</u>		
	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BY</u> <u>BUDGET</u> <u>CAPITAL</u> <u>OUTLAY</u>	<u>ORDINANCE</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
Land	\$ 2,700.00	\$	\$	\$ 2,700.00
Water Plant, Pump Station and Equipment	167,567.12			167,567.12
Springs and Well Structure	148,831.46			148,831.46
Infrastructure, Distribution Mains and Equipment	7,929,155.55			7,929,155.55
Sewer Plant, Pump Station and Equipment	252,808.11			252,808.11
General Structures	76,120.08			76,120.08
Engineering, Organization and Interest	11,940.30			11,940.30
Fire Hydrant	3,592.34			3,592.34
Meter and Meter Accessories	153,175.62			153,175.62
Elevated Tank	97,750.00			97,750.00
Other Equipment	180,545.98			180,545.98
2013 Budget Appropriation		44,105.50		44,105.50
Water-Sewer Infrastructure Upgrades 02/25/08			150,000.00	150,000.00
Water-Sewer Infrastructure Upgrades 05/27/08			1,175,633.27	1,175,633.27
Water-Sewer Infrastructure Upgrades 05/27/08			764,961.49	764,961.49
Water-Sewer Infrastructure Upgrades 07/28/09			400,000.00	400,000.00
Water Utility Improvements and Other Related Expenses 2013-04			135.00	135.00
	<u>\$ 9,024,186.56</u>	<u>\$ 44,105.50</u>	<u>\$ 2,490,729.76</u>	<u>\$ 11,559,021.82</u>
<u>REF.</u>	D	D-23	D-15	D

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

DATE OR ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2012	DEFERRED CHARGES TO FUTURE REVENUE	COSTS TO FIXED CAPITAL	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2013
		DATE	AMOUNT					
02/25/08	Water-Sewer Infrastructure Upgrades	02/25/08	\$ 150,000.00	\$ 150,000.00	\$	\$ 150,000.00	\$	\$
05/27/08	Water-Sewer Infrastructure Upgrades	05/27/08	1,350,000.00	1,350,000.00		1,175,633.27	(1,680.27)	176,047.00
05/27/08	Water-Sewer Infrastructure Upgrades	05/27/08	850,000.00	850,000.00		764,961.49		85,038.51
07/28/09	Water-Sewer Infrastructure Upgrades	07/28/09	400,000.00	400,000.00		400,000.00		
2013-04	Water Utility Improvements and Other Related Expenses	03/26/13	325,000.00		325,000.00	135.00		324,865.00
				\$ 2,750,000.00	\$ 325,000.00	\$ 2,490,729.76	\$ (1,680.27)	\$ 585,950.51
			<u>REF.</u>	D	D-21	D-14	D-21	D

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE FROM NJ ENVIRONMENTAL INFRASTRUCTURE TRUST

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	286,031.00
Decreased by:			
NJ EIT Loan Adjustment	D-21	\$	<u>286,031.00</u>

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL (MEMO ONLY)</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL</u>	<u>WATER - SEWER OPERATING</u>
Balance, December 31, 2012 - Due From/(Due To)	D	\$ (760,113.56)	\$ (41,996.61)	\$ (109,821.42)	\$ (608,295.53)
Increased/Decreased by:					
Receipts	D-5	<u>1,446.63</u> <u>(761,560.19)</u>	<u>(41,996.61)</u>	<u>(109,821.42)</u>	<u>1,446.63</u> <u>(609,742.16)</u>
Decreased/Increased by:					
Disbursements	D-5	<u>78.00</u>	<u></u>	<u></u>	<u>78.00</u>
Balance, December 31, 2013 - Due From/(Due To)	D	\$ <u><u>(761,482.19)</u></u>	\$ <u><u>(41,996.61)</u></u>	\$ <u><u>(109,821.42)</u></u>	\$ <u><u>(609,664.16)</u></u>

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DEC. 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Upgrade System Utility Bonds	10/15/98	\$ 1,420,000.00		\$	4.300%	\$ 120,000.00	\$ 120,000.00	\$
	12/01/04	2,405,000.00	05/01/14	180,000.00	3.500%			
			05/01/15	185,000.00	3.500%			
			05/01/16	185,000.00	3.625%			
			05/01/17	185,000.00	3.750%			
			05/01/18	185,000.00	3.800%			
			05/01/19	200,000.00	4.000%			
						<u>1,300,000.00</u>	<u>180,000.00</u>	<u>1,120,000.00</u>
						\$ <u>1,420,000.00</u>	\$ <u>300,000.00</u>	\$ <u>1,120,000.00</u>
					<u>REF</u>	D	D-23	D

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
Various	Water-Sewer Infrastructure Upgrades	12/20/07	12/31/13	12/31/14	0.000%	\$ 450,939.00	\$	\$ 11,911.00	\$ 439,028.00
Various	Upgrade and Refurbishing W/S System	12/31/09	12/31/13	12/31/14	0.000%	81,095.00		1,040.00	80,055.00
09/15/05	Purchase of 4WD Utility Truck	12/31/09	12/31/13	12/31/14	0.000%	20,750.00		3,000.00	17,750.00
02/21/06	Water-Sewer Infrastructure Upgrades	12/31/09	12/31/13	12/31/14	0.000%	237,816.00		3,049.00	234,767.00
05/27/08	Water-Sewer Infrastructure Upgrades	12/31/13	12/31/13	12/31/14	0.000%		28,000.00		28,000.00
						<u>\$ 790,600.00</u>	<u>\$ 28,000.00</u>	<u>\$ 19,000.00</u>	<u>\$ 799,600.00</u>
					<u>REF.</u>	D	D-5	D-24	D

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF NEW JERSEY INFRASTRUCTURE LOANS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES OF LOANS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
		<u>DATE</u>	<u>AMOUNT</u>				
New Jersey Environmental Infrastructure Trust - 1999	10/15/99	See D-20 - Sheet 2		Various	\$ 927,829.15	\$ 143,438.22	\$ 784,390.93
New Jersey Environmental Infrastructure Trust - 2008A (CW)	06/20/08	See D-20 - Sheet 3		Various	460,248.66	74,728.24	385,520.42
New Jersey Environmental Infrastructure Trust - 2008A (DW)	06/20/08	See D-20 - Sheet 4		Various	<u>974,010.23</u>	<u>96,642.96</u>	<u>877,367.27</u>
					<u>\$ 2,362,088.04</u>	<u>\$ 314,809.42</u>	<u>\$ 2,047,278.62</u>
				<u>REF.</u>	D		D
NJ EIT Savings Credits Applied				D-23		\$ 122,362.02	
Paid by Budget Appropriation				D-23		<u>192,447.40</u>	
						<u>\$ 314,809.42</u>	

BOROUGH OF SHIP BOTTOM

WATER.-SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$2,181,421 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 1999

<u>DUE</u>	<u>LOAN</u> <u>BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/01/14	\$ 784,390.93	\$ 6,559.25	\$ 11,096.77	\$ 17,656.02
08/01/14	777,831.68	117,464.93	11,071.93	128,536.86
02/01/15	660,366.75	5,346.82	9,437.42	14,784.24
08/01/15	655,019.93	116,774.34	9,454.92	126,229.26
02/01/16	538,245.59	4,134.40	7,769.16	11,903.56
08/01/16	534,111.19	123,027.72	7,779.68	130,807.40
02/01/17	411,083.47	2,835.37	5,993.00	8,828.37
08/01/17	408,248.10	129,520.55	5,996.84	135,517.39
02/01/18	278,727.55	1,449.74	4,100.52	5,550.26
08/01/18	277,277.81	135,926.64	4,100.15	140,026.79
02/01/19	141,351.17	(76.03)	2,097.97	2,021.94
08/01/19	141,427.20	141,427.21	2,097.98	143,525.19
		<u>784,390.94</u>	<u>80,996.34</u>	<u>865,387.28</u>
Rounding		(0.01)		(0.01)
<u>TOTAL</u>		<u>\$ 784,390.93</u>	<u>\$ 80,996.34</u>	<u>\$ 865,387.27</u>

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$531,966 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 2008A (CW)

<u>DUE</u>	<u>LOAN</u> <u>BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/01/14	\$ 385,520.42	\$ 3,563.03	\$ 6,043.75	\$ 9,606.78
08/01/14	381,957.39	19,458.44	6,043.75	25,502.19
02/01/15	362,498.95	3,415.65	5,793.75	9,209.40
08/01/15	359,083.30	19,311.05	5,793.75	25,104.80
02/01/16	339,772.25	3,268.26	5,543.75	8,812.01
08/01/16	336,503.99	19,163.67	5,543.75	24,707.42
02/01/17	317,340.32	3,120.88	5,293.75	8,414.63
08/01/17	314,219.44	26,963.98	5,293.75	32,257.73
02/01/18	287,255.46	2,899.80	4,918.75	7,818.55
08/01/18	284,355.66	26,742.91	4,918.75	31,661.66
02/01/19	257,612.75	2,678.72	4,543.75	7,222.47
08/01/19	254,934.03	26,521.83	4,543.75	31,065.58
02/01/20	228,412.20	2,446.59	4,150.00	6,596.59
08/01/20	225,965.61	26,289.70	4,150.00	30,439.70
02/01/21	199,675.91	2,203.40	3,737.50	5,940.90
08/01/21	197,472.51	26,046.51	3,737.50	29,784.01
02/01/22	171,426.00	1,960.22	3,325.00	5,285.22
08/01/22	169,465.78	25,803.33	3,325.00	29,128.33
02/01/23	143,662.45	1,717.03	2,912.50	4,629.53
08/01/23	141,945.42	25,560.14	2,912.50	28,472.64
02/01/24	116,385.28	1,473.85	2,500.00	3,973.85
08/01/24	114,911.43	33,264.66	2,500.00	35,764.66
02/01/25	81,646.77	1,179.08	2,000.00	3,179.08
08/01/25	80,467.69	20,467.69	2,000.00	22,467.69
02/01/26	60,000.00		1,500.00	1,500.00
08/01/26	60,000.00	20,000.00	1,500.00	21,500.00
02/01/27	40,000.00		1,000.00	1,000.00
08/01/27	40,000.00	20,000.00	1,000.00	21,000.00
02/01/28	20,000.00		500.00	500.00
08/01/28	20,000.00	20,000.00	500.00	20,500.00
<u>TOTAL</u>		\$ <u>385,520.42</u>	\$ <u>107,525.00</u>	\$ <u>493,045.42</u>

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$1,121,068 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 2008A (DW)

<u>DUE</u>	<u>LOAN BALANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PAYMENT</u>
02/01/14	\$ 877,367.27	\$ 7,625.22	\$ 12,737.50	\$ 20,362.72
08/01/14	869,742.05	47,591.32	12,737.50	60,328.82
02/01/15	822,150.73	7,251.07	12,112.50	19,363.57
08/01/15	814,899.66	47,217.17	12,112.50	59,329.67
02/01/16	767,682.49	6,876.92	11,487.50	18,364.42
08/01/16	760,805.57	46,843.01	11,487.50	58,330.51
02/01/17	713,962.56	6,502.76	10,862.50	17,365.26
08/01/17	707,459.80	46,468.86	10,862.50	57,331.36
02/01/18	660,990.94	6,128.61	10,237.50	16,366.11
08/01/18	654,862.33	54,087.93	10,237.50	64,325.43
02/01/19	600,774.40	5,679.63	9,487.50	15,167.13
08/01/19	595,094.77	53,638.95	9,487.50	63,126.45
02/01/20	541,455.82	5,208.20	8,700.00	13,908.20
08/01/20	536,247.62	53,167.51	8,700.00	61,867.51
02/01/21	483,080.11	4,714.32	7,875.00	12,589.32
08/01/21	478,365.79	52,673.63	7,875.00	60,548.63
02/01/22	425,692.16	4,220.43	7,050.00	11,270.43
08/01/22	421,471.73	60,172.97	7,050.00	67,222.97
02/01/23	361,298.76	3,644.24	6,087.50	9,731.74
08/01/23	357,654.52	59,596.78	6,087.50	65,684.28
02/01/24	298,057.74	3,068.04	5,125.00	8,193.04
08/01/24	294,989.70	59,020.58	5,125.00	64,145.58
02/01/25	235,969.12	2,544.23	4,250.00	6,794.23
08/01/25	233,424.89	66,489.99	4,250.00	70,739.99
02/01/26	166,934.90	1,945.59	3,250.00	5,195.59
08/01/26	164,989.31	65,891.34	3,250.00	69,141.34
02/01/27	99,097.97	1,346.94	2,250.00	3,596.94
08/01/27	97,751.03	52,751.03	2,250.00	55,001.03
02/01/28	45,000.00		1,125.00	1,125.00
08/01/28	45,000.00	45,000.00	1,125.00	46,125.00
<u>TOTAL</u>		\$ <u>877,367.27</u>	\$ <u>225,275.00</u>	\$ <u>1,102,642.27</u>

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE DECEMBER 31, 2012</u>		<u>2013 AUTHORIZATIONS</u>	<u>PAID OR CHARGED</u>	<u>AUTHORIZATIONS CANCELLED</u>	<u>BALANCE DECEMBER 31, 2013</u>	
		<u>DATE</u>	<u>AMOUNT</u>	<u>FUNDED</u>	<u>UNFUNDED</u>				<u>UNFUNDED</u>	
05/27/08	Water-Sewer Infrastructure Upgrades	05/27/08	\$ 1,350,000.00	\$	\$ 174,366.73	\$	\$	\$ (1,680.27)	\$ 176,047.00	
05/27/08	Water-Sewer Infrastructure Upgrades	05/27/08	850,000.00	95,725.22	318,034.00		328,720.71		85,038.51	
2013-04	Water Utility Improvements and Other Related Expenses	03/26/13	325,000.00			325,000.00	135.00		324,865.00	
				\$ 95,725.22	\$ 492,400.73	\$ 325,000.00	\$ 328,855.71	\$ (1,680.27)	\$ 585,950.51	
		<u>REF.</u>		D	D	D-15		D-15	D	
	Disbursements	D-5					\$ 42,824.71			
	NJ EIT Loan Adjustment	D-16					286,031.00			
							\$ 328,855.71			

"D-22"

BOROUGH OF SHIP BOTTOM

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	55,058.93
Increased by:			
2013 Budget Appropriation	D-5		<u>10,000.00</u>
Balance, December 31, 2013	D	\$	<u><u>65,058.93</u></u>

"D-23"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2012	D	\$	5,350,967.52
Increased by:			
Capital Outlay:			
By Operating Budgets	D-14	\$	44,105.50
Serial Bonds Paid by Operating Budget	D-18		300,000.00
NJ EIT Savings Credits Applied	D-20		122,362.02
NJ EIT Loans Paid by Operating Budget	D-20		192,447.40
From Deferred Reserve for Amortization	D-24		<u>755,930.00</u>
			<u>1,414,844.92</u>
Balance, December 31, 2013	D	\$	<u><u>6,765,812.44</u></u>

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>PAID FROM OPERATING BUDGET NOTES</u>	<u>FROM/(TO) RESERVE FOR AMORTIZATION FIXED CAPITAL</u>	<u>BALANCE DECEMBER 31, 2013</u>
05/27/08	Unallocated Water-Sewer Infrastructure Upgrades	05/27/08	\$ 641,204.78 95,725.22	\$ 19,000.00	\$ (660,204.78) (95,725.22)	\$
			\$ 736,930.00	\$ 19,000.00	\$ (755,930.00)	\$
		<u>REF.</u>	D	D-19	D-23	D

BOROUGH OF SHIP BOTTOM
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

<u>DATE OR ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2013</u>
02/21/06	Water-Sewer Infrastructure Upgrades	\$ 44,135.00
02/25/08	Water-Sewer Infrastructure Upgrades	142,500.00
05/27/08	Water-Sewer Infrastructure Upgrades	230,612.27
05/27/08	Water-Sewer Infrastructure Upgrades	290,034.00
07/28/09	Water-Sewer Infrastructure Upgrades	380,000.00
2013-04	Water Utility Improvements and Other Related Expenses	<u>325,000.00</u>
		<u>\$ 1,412,281.27</u>
	<u>REF.</u>	D

BOROUGH OF SHIP BOTTOM

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F. I</u>	<u>FUND TOTAL</u>
Balance, December 31, 2012	E	\$ 474.04	\$ 474.04
Decreased by Disbursements: Reserve for Public Assistance	E-2	<u>379.67</u>	<u>379.67</u>
Balance, December 31, 2013	E	<u>\$ 94.37</u>	<u>\$ 94.37</u>

BOROUGH OF SHIP BOTTOM

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

	<u>REF.</u>	<u>P.A.T.F. I</u>	<u>FUND TOTAL</u>
Balance, December 31, 2012	E	\$ 474.04	\$ 474.04
Decreased by:			
Disbursements - Bank Service Charges	E-1	<u>379.67</u>	<u>379.67</u>
Balance, December 31, 2013	E	\$ <u>94.37</u>	\$ <u>94.37</u>

BOROUGH OF SHIP BOTTOM

PART II

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A-133

SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members
of the Borough Council
Borough of Ship Bottom
County of Ocean
Ship Bottom, New Jersey 08008

We have audited, in accordance with the 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 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 individual funds and account groups of the Borough of Ship Bottom, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon October 17, 2014. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Ship Bottom prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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 regulatory 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*. However, there were immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations of the audit report.

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 Borough of Ship Bottom'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 Borough of Ship Bottom's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

October 17, 2014



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A -133**

The Honorable Mayor and Members
of the Borough Council
Borough of Ship Bottom
County of Ocean
Ship Bottom, New Jersey 08008

Report on Compliance for Each Major Federal Program

We have audited the Borough of Ship Bottom's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Borough of Ship Bottom's major federal programs for the year ended December 31, 2013. The Borough'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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Ship Bottom'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ship Bottom'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 Ship Bottom's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal Program

In our opinion, the Borough of Ship Bottom 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, 2013.

Report on Internal Control Over Compliance

Management of the Borough of Ship Bottom 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 Borough of Ship Bottom'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 OMB Circular A-133, 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 Ship Bottom'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

October 17, 2014

BOROUGH OF SHIP BOTTOM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTORS NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>GRANT PERIOD FROM TO</u>	<u>RECEIVED FISCAL YEAR 2013</u>	<u>EXPENDITURES FISCAL YEAR 2013</u>	<u>CUMULATIVE EXPENDITURE: DECEMBER 31, 2013</u>
Department of Housing and Urban Development: Pass Through from County of Ocean: Community Development Block Grant: Handicapped Access - Bayfront Handicapped Access - Beach	14.218 14.218	CT-XXX-09 CT-XXX-11	\$ 40,000.00 40,000.00	07/01/09 07/01/11	\$ 6,304.75 6,304.75	\$ 0.00 0.00	\$ 32,299.44 34,800.25 67,099.69
Department of Transportation: Highway Planning and Construction: Pass Through the State of New Jersey Department of Transportation: DOT - Prior Years DOT - 2011-12 DOT - 2012-13	20.205 20.205 20.205	480-078-6320-xxx-xxxx 480-078-6320-xxx-xxxx 480-078-6320-xxx-xxxx	288,704.06 170,350.00 233,429.00	Prior Years 07/01/11 07/01/12	0.00 0.00 0.00	0.00 0.00 0.00	0.00 0.00 0.00
Alcohol Impaired Driving Countermeasures Incentive Grants: Pass Through the State of New Jersey Department of Law and Public Safety: Cops in Shops Total Department of Transportation	20.601	100-066-1400-017-210050	4,000.00	01/01/11 Completion	0.00	0.00	3,429.36 3,429.36
Department of Homeland Security: Disaster Grants - Public Assistance: Pass Through the State of New Jersey Department of Law and Public Safety: Hurricane Sandy	97.036	N/A	1,009,795.00	10/29/12 Completion	247,788.82	588,182.16 *	588,182.16
Total Federal Assistance					\$ 254,093.57	\$ 588,182.16	\$ 658,711.21

*Includes expenditures made in prior year

BOROUGH OF SHIP BOTTOM

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED FISCAL YEAR 2013	EXPENDITURES FISCAL YEAR 2013	CUMULATIVE EXPENDITURES DECEMBER 31, 2013
		FROM	TO				
Department of Environmental Protection: Clean Communities Program:							
2013	765-042-4900-004-178910	Prior Years	Completion	\$ 7,407.57	\$	\$	3,655.39
2014	765-042-4900-004-178910	01/01/14	Completion	8,697.09	8,697.09	3,655.39	
Recycling Enhancement:							
Prior		Prior Years	Completion	2,478.50			
Recycling Tonnage:							
Prior	752-042-4900-001-178810	Prior Years	Completion	2,140.42			
2014	752-042-4900-001-178810	01/01/14	Completion	8,153.36	8,153.36	3,655.39	
				16,850.45	16,850.45	3,655.39	
Department of Law and Public Safety:							
Drunk Driving Enforcement Fund:							
Prior	100-078-6400-001-YYYY-xxxx	Prior Years	Completion	1,075.65			
2013	100-078-6400-001-YYYY-xxxx	01/01/13	Completion	6,984.03			
2014	100-078-6400-001-YYYY-xxxx	01/01/14	Completion	4,734.61	4,734.61		
Body Armor Replacement Fund:							
Prior	718-066-1020-001-YCJS-6120	Prior Years	Completion	7,296.47		775.00	775.00
2013	718-066-1020-001-YCJS-6120	01/01/13	Completion	1,463.22			
2014	718-066-1020-001-YCJS-6120	01/01/14	Completion	1,755.82	1,755.82		
966 Reimbursement:							
Prior (Pre 2009)	APU-634	Prior Years	Completion	26,706.00			26,706.00
2012	APU-634	07/01/11	06/30/12	7,547.50	6,490.43	775.00	7,542.90
							35,023.90
Department of Community Affairs:							
Alcohol Education and Rehabilitation Fund:							
Prior	760-098-9735-001-060000	Prior Years	Completion	2,831.06			
2013	760-098-9735-001-060000	01/01/13	Completion	1,025.30			
2014	760-098-9735-001-060000	01/01/14	Completion	1,055.49	1,055.49		
					1,055.49		
Total State Assistance				\$ 24,396.37	\$ 4,430.39	\$	\$ 38,679.29

BOROUGH OF SHIP BOTTOM

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2013

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Borough of Ship Bottom, County of Ocean, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund, General Capital Fund or Water-Sewer Utility Capital. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS (CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 247,788.82	\$	\$	247,788.82
Grant Fund	<u>6,304.75</u>	<u>24,396.37</u>	<u>7,109.62</u>	<u>37,810.74</u>
	<u>\$ 254,093.57</u>	<u>\$ 24,396.37</u>	<u>\$ 7,109.62</u>	<u>\$ 285,599.56</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 423,182.16	\$	\$	423,182.16
Grant Fund		4,430.39	2,800.00	7,230.39
General Capital Fund	<u>165,000.00</u>			<u>165,000.00</u>
	<u>\$ 588,182.16</u>	<u>\$ 4,430.39</u>	<u>\$ 2,800.00</u>	<u>\$ 595,412.55</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedule.

BOROUGH OF SHIP BOTTOM
COUNTY OF OCEAN, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| (1) Type of Auditor Report Issued: | Unmodified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weaknesses identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) Noncompliance material to the financial statements noted during the audit? | No |

Federal Programs(s)

- | | |
|---|------------|
| (1) Internal Control Over Major Federal Programs: | |
| (a) Material weakness identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)? | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 and listed in Section III of this schedule? | No |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Type</u>	<u>Award Amount</u>	<u>Amount Expended in 2012-13</u>
Disaster Grants -					
Public Assistance	97.036	2012-13	A	\$1,009,795.00	\$588,182.16

- (5) Program Threshold Determination:
- | |
|--|
| Type A Federal Program Threshold \geq \$300,000.00 |
| Type B Federal Program Threshold $<$ \$300,000.00 |

- | | |
|---|----|
| (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? | No |
|---|----|

BOROUGH OF SHIP BOTTOM
COUNTY OF OCEAN, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section I - Summary of Auditor's Results (Continued)

State Program(s) - Not Applicable

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major Federal Programs

Federal Programs - None Reported

Status of Prior Year Audit Findings - Not Applicable

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BOROUGH OF SHIP BOTTOM

PART III

STATISTICAL DATA

OFFICIALS IN OFFICE AND SURETY BONDS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - CURRENT FUND

	YEAR 2013		YEAR 2012	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 750,000.00	5.26%	\$ 1,025,000.00	7.14%
Miscellaneous-From Other Than Local				
Property Tax Levies	1,994,266.46	13.98%	2,023,710.18	14.09%
Collection of Delinquent Taxes and				
Tax Title Liens	343,313.99	2.41%	242,257.51	1.69%
Collection of Current Tax Levy	11,177,716.54	78.36%	11,070,639.42	77.08%
<u>TOTAL INCOME</u>	<u>14,265,296.99</u>	<u>100.00%</u>	<u>14,361,607.11</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	6,334,113.44	47.81%	5,995,540.33	43.47%
County Taxes	4,732,707.51	35.72%	4,568,703.26	33.12%
Local District School Taxes	380,767.78	2.87%	520,441.31	3.77%
Regional School District Taxes	1,610,310.22	12.16%	2,498,930.56	18.12%
Other Expenditures	189,742.50	1.43%	209,224.29	1.52%
<u>TOTAL EXPENDITURES</u>	<u>13,247,641.45</u>	<u>100.00%</u>	<u>13,792,839.75</u>	<u>100.00%</u>
Excess/Deficit in Revenue	1,017,655.54		568,767.36	
Adjustment Before Fund Balance:				
Expenditures Included Above Which				
are by Statute, Deferred Charges to				
Budgets of Succeeding Years			150,000.00	
Statutory Excess in Fund Balance	1,017,655.54		718,767.36	
Fund Balance, January 1	905,121.14		1,211,353.78	
	1,922,776.68		1,930,121.14	
Less: Utilization as Anticipated Revenue	750,000.00		1,025,000.00	
Fund Balance, December 31	\$ 1,172,776.68		\$ 905,121.14	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - WATER-SEWER UTILITY FUND

	YEAR 2013		YEAR 2012	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 400,171.00	19.23%	\$ 315,000.00	16.72%
Collection of Water-Sewer Rents	1,427,033.85	68.58%	1,298,356.34	68.90%
Miscellaneous - Other Than Water-Sewer Rents	253,480.97	12.18%	271,101.91	14.39%
<u>TOTAL INCOME</u>	<u>2,080,685.82</u>	<u>100.00%</u>	<u>1,884,458.25</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	960,500.00	56.40%	972,000.00	59.66%
Capital Improvements	70,000.00	4.11%	40,000.00	2.45%
Debt Service	612,475.79	35.96%	605,668.41	37.17%
Deferred Charges and Statutory Expenditures	10,700.00	0.63%	11,700.00	0.72%
Surplus (General Budget)	49,471.00	2.90%		0.00%
<u>TOTAL EXPENDITURES</u>	<u>1,703,146.79</u>	<u>100.00%</u>	<u>1,629,368.41</u>	<u>100.00%</u>
Excess in Revenue	377,539.03		255,089.84	
Fund Balance, January 1	464,087.23		523,997.39	
	841,626.26		779,087.23	
Less: Utilization as Anticipated Revenue	400,171.00		315,000.00	
Fund Balance, December 31	\$ <u>441,455.26</u>		\$ <u>464,087.23</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ <u>1.045</u>	\$ <u>1.021</u>	\$ <u>0.991</u>
Appointment of Tax Rate:			
Municipal	.363	.342	.337
County	.429	.410	.391
Local School	.047	.046	.046
Regional School	.206	.223	.217

Assessed Valuation:

Year 2013	\$ <u>1,104,568,506.00</u>		
Year 2012		\$ <u>1,116,399,882.00</u>	
Year 2011			\$ <u>1,111,087,500.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2013	\$11,557,481.47	\$11,177,716.54	96.71%
2012	11,429,990.58	11,070,639.42	96.85%
2011	11,043,777.59	10,770,357.53	97.52%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2013	\$21,308.50	\$371,026.12	\$392,334.62	3.39%
2012	19,101.40	363,901.72	383,003.12	3.35%
2011	17,822.09	255,017.18	272,839.27	2.47%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31st on the basis of the last assessed valuation of such properties was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2013	\$20,010.00
2012	20,010.00
2011	20,010.00

COMPARISON OF WATER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTION</u>
2013	\$574,348	\$574,257*
2012	543,142	513,574*
2011	544,276	581,427*

COMPARISON OF SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTION</u>
2013	\$853,806	\$852,777*
2012	774,791	784,782*
2011	829,189	812,119*

* includes collection of prior year's levies

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN BUDGET</u> <u>OF SUCCEEDING</u> <u>YEAR</u>
Current Fund	2013	\$ 1,172,776.68	\$ 1,011,250.00
	2012	905,121.14	750,000.00
	2011	1,211,353.78	1,025,000.00
	2010	1,026,422.60	1,000,000.00
	2009	1,062,843.87	1,009,000.00
Water-Sewer Utility Operating Fund	2013	\$ 441,455.26	\$ 424,000.00
	2012	464,087.23	400,171.00
	2011	523,997.39	315,000.00
	2010	354,985.33	309,000.00
	2009	482,622.45	450,000.00

EQUALIZED VALUATIONS - REAL PROPERTY

2013	\$	1,266,951,691.00
2012		1,292,551,790.00
2011		1,325,043,504.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
William Huelsenbeck	Mayor	*	
Edward English	Council President	*	
Dr. Robert E. Gleason	Councilman	*	
David Hartman	Councilman	*	
Peter Rossi Sr.	Councilman	*	
Richard J. Sinopoli	Councilman	*	
Tom Tallon	Councilman	*	
T. Richard Bethea	Administrator	*	
Kathleen Wells	BoroughClerk		
	Registrar of Vital Statistics		
	Assessment Search Officer	*	
T. Richard Bethea	Chief Financial Officer	\$ 1,000,000.00	MEL/JIF
Kathleen Flanagan	Assistant Chief Financial Officer	*	
T. Richard Bethea	Tax Collector/Tax Search Officer	1,000,000.00	MEL/JIF
Linda E. Eliason-Ash	Assistant Tax Collector/Tax Search		
	Water-Sewer Collector	1,000,000.00	MEL/JIF
Anthony Mautone, Jr.	Municipal Court Judge	1,000,000.00	MEL/JIF
Karen Garcia	Municipal Court Administrator	1,000,000.00	MEL/JIF
Christopher J. Connors	Attorney		
Owen, Little & Associates	Engineer		

*Borough employees, other than the Chief Financial Officer, Tax/Utility Collectors, Judge and Court Administrator, were covered by a blanket bond of the Joint Insurance Fund in the amount of \$1,000,000.00.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate, the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 Ch. 198 (40A:11-3), except by contract or agreement.

Effective January 1, 2012, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500.00 or up to \$36,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has set its bid threshold at \$36,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Borough Counsel's opinion should be sought before a commitment is made.

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

Solid Waste and Recycling Collection Service
W/S Emergency Repairs

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

Our examination of expenditures did not reveal any individual payments or contracts or agreements in excess of \$36,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4

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

Attorney
Appraisal Services
Auditor
Bond Counsel
Engineer
Labor Counsel
Municipal Prosecutor
Public Defender
Special Counsel

GENERAL COMMENTS (CONTINUED)

CHANGE ORDERS PURSUANT TO N.J.A.C. 5:30-11.9 ET SEQ.

None

CONTRACTS OR AGREEMENTS NOT REQUIRED TO BE ADVERTISED ADVERTISED PER N.J.S.A. 40A:11-6.1

N.J.S.A. 40A:11-6.1 states “ For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of the amount. . . . the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable.”

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND WATER-SEWER RENTS

The Statutes provide the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes, assessments or water-sewer rents on or before the date when they would become delinquent.

The governing body on January 2, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments and water-sewer rents:

“BE IT RESOLVED that the governing body of the Borough of Ship Bottom set the rate of interest to be charged on delinquent taxes, assessments and water-sewer accounts at 8% per annum on the first \$ 1,500 of the delinquency and 18% per annum on any amount in excess of \$ 1,500 and 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year. A 10 day grace period shall be permitted as provided by N.J.S.A. 54:4-67.”

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

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2013	1
2012	1
2011	1

GENERAL COMMENTS (CONTINUED)

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

Payment of 2013 Taxes	50
Payment of 2013 Water - Sewer Utility	50
Delinquent Taxes	50
Delinquent Water-Sewer Utility Rents	25

The results of the test are not yet known, but a separate report will be issued if any irregularities are developed. For those verification notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure where possible.

MISCELLANEOUS

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Chief Financial Officer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittance of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

Individual payments of the Local, Regional and/or Consolidated School District Taxes by the municipality were confirmed as received by the Secretaries of the Boards of Education for year 2013.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

GENERAL COMMENTS (CONTINUED)

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings.

There were no Prior Year Findings.

CURRENT YEAR FINDINGS

- 13-01 Finding - Adequate permanent records were not maintained for tax arrears and foreclosed property.

Criteria - Although the current and prior year taxes have been established and proven, the Borough's 2012 audit report reflects arrears from the years 1992, 1996, 1997, 2004, 2005 and 2008 amounting to \$13,830.98 for which the tax office has no records to support. In addition, the prior audit also reflects foreclosed property in the amount of \$20,010.00 for which there is inadequate support. Attempts were made to obtain supporting documentation from the prior auditor who is no longer in practice and consequently, the requests went unanswered. In so far as it might be difficult to determine the individual amounts for the properties affected, these amounts may need to be cancelled by resolution of the Governing Body.

Recommendation - That unsupported tax arrears and foreclosed property be cancelled by resolution and that a tax arrears register and a foreclosed property register be established and maintained for all future tax arrears and foreclosed property.

- 13-02 Finding - Many invoices predate the issuance of a purchase order which is an indication that the encumbrance accounting system is not functioning as intended.

Criteria - N.J.A.C. 5:30-5.2 sets forth a requirement whereby an encumbrance accounting system is established and maintained. The purpose of the encumbrance accounting system is to prevent overexpenditures. While there were no overexpenditures or expenditures without appropriations, there very easily could have been given the fact that purchases were not encumbered prior to them being made.

Recommendation - That N.J.A.C. 5:30-5.2 be followed which requires that all purchases be encumbered prior to them being made.

- 13-03 Finding - There were deferred charges to future taxation unfunded balances as of December 31, over five years old.

Criteria - Upon authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S. 40A:2-4, the Borough may levy taxes on all taxable property within its jurisdiction to repay its debt. The Borough raises the debt requirements for its debt in its current budget as funds are raised thereby reducing the deferred charges.

GENERAL COMMENTS (CONTINUED)

CURRENT YEAR FINDINGS (CONTINUED)

Recommendation - That the deferred charges over five years old be funded either by borrowing or by raising the funds in the next succeeding budget cycle and that future projects be funded within the five year time frame set forth in the statutes.

- 13-04 Finding - Some of the Borough's dedicated trust funds did not have an approved dedication by rider on file.

Criteria - Pursuant to 40A:4-39, all trust fund expenditures require a dedication by rider approved by the Director of the Division of Local Government Services.

Recommendation - That State approval be sought for all dedicated trust funds.

- 13-05 Finding - The fixed asset listing required to be maintained in accordance with N.J.S.A. 5:30-5.6 did not include all assets that were required to be included.

Criteria - For fixed asset accounting and reporting purposes, all capital assets are grouped into the following fixed asset categories: Land, Buildings, Improvements Other Than Buildings, Equipment, Construction Work-in-Progress and Lease Purchase Agreements. The fixed asset inventory maintained on the Edmunds system did not include unimproved land.

Recommendation - That the fixed asset listing be maintained in accordance with N.J.S.A. 5:30-5.6.

RECOMMENDATIONS

That unsupported tax arrears and foreclosed property be cancelled by resolution and that a tax arrears register and a foreclosed property register be established and maintained for all future tax arrears and foreclosed property.

That N.J.A.C. 5:30-5.2 be followed which requires that all purchases be encumbered prior to them being made.

That the deferred charges over five years old be funded either by borrowing or by raising the funds in the next succeeding budget cycle and that future projects be funded within the five year time frame set forth in the statutes.

That State approval be sought for all dedicated trust funds.

That the fixed asset listing be maintained in accordance with technical accounting directive 1985-2.

