

BOROUGH OF STONE HARBOR

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2012

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BOROUGH OF STONE HARBOR

PART I

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS - REGULATORY BASIS**

FOR THE YEAR ENDED

DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Stone Harbor, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Stone Harbor, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Stone Harbor as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Stone Harbor’s basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required

by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2013 on our consideration of the Borough of Stone Harbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Stone Harbor's internal control over financial reporting and compliance.

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

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

Glen J. Ortman

**Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427**

March 31, 2013

EXHIBIT - A
CURRENT FUND

BOROUGH OF STONE HARBOR
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 3,642,788.40	\$ 3,384,921.87
Change and Petty Cash Funds		450.00	450.00
		<u>3,643,238.40</u>	<u>3,385,371.87</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	268,332.82	337,824.49
Revenue Accounts Receivable	A-9	2,483.40	4,430.21
Interfunds:			
Due from Water & Sewer Operating		34,435.13	-
Due from Animal Control Fund		118.50	0.04
		<u>305,369.85</u>	<u>342,254.74</u>
Deferred Charges:			
Special Emergency Authorization		10,000.00	20,000.00
		<u>10,000.00</u>	<u>20,000.00</u>
		<u>3,958,608.25</u>	<u>3,747,626.61</u>
Federal and State Grant Fund:			
Cash	A-4	4,001.71	85,887.11
Grants Receivable	A-11	341,455.50	175,016.50
		<u>345,457.21</u>	<u>260,903.61</u>
		<u>\$ 4,304,065.46</u>	<u>\$ 4,008,530.22</u>

BOROUGH OF STONE HARBOR
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 456,689.52	\$ 799,026.91
Reserve for Encumbrances/Accounts Payable		279,027.90	162,704.60
Prepaid Taxes		472,504.35	407,196.15
Tax Overpayments		18,611.46	-
Local School District Taxes Payable		132,151.75	0.75
Due County - Added Taxes Payable		21,518.76	22,368.53
Payroll Taxes Payable		39,062.81	6,021.02
Prepaid Beach Fees		20,853.00	21,000.00
Prepaid Uniform Fire Code Fees		92,800.00	100,285.00
Prepaid Rent		3,450.00	-
Due to State of New Jersey:			
State Fee for Marriage Licenses		150.00	50.00
State Training Fee for New Construction		7,116.00	4,454.00
Veterans and Senior Citizens Deductions		1,569.63	1,569.63
Reserve for Tax Appeals		16,500.00	16,500.00
Reserve for Reassessment Program		7,902.88	7,902.88
		<u>1,569,908.06</u>	<u>1,549,079.47</u>
Reserve for Receivables and Other Assets		305,369.85	342,254.74
Fund Balance	A-1	<u>2,083,330.34</u>	<u>1,856,292.40</u>
		<u>3,958,608.25</u>	<u>3,747,626.61</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	12,784.05	13,123.31
Appropriated Reserves	A-13	95,403.75	91,856.84
Encumbrances Payable	A-13	237,269.41	155,923.46
		<u>345,457.21</u>	<u>260,903.61</u>
		<u>\$ 4,304,065.46</u>	<u>\$ 4,008,530.22</u>

BOROUGH OF STONE HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	925,000.00	\$ 921,250.00
Miscellaneous Revenue Anticipated		2,936,779.50	2,605,697.82
Receipts from Delinquent Taxes		320,785.56	322,024.55
Receipts from Current Taxes		21,945,021.59	20,905,180.41
Non-Budget Revenue		71,058.99	150,074.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		785,747.59	483,910.63
Interfunds Returned		-	555.90
Total Income		<u>26,984,393.23</u>	<u>25,388,693.87</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP":			
Operations:			
Salaries and Wages		4,967,524.00	5,047,948.00
Other Expenses		3,642,945.00	3,630,119.00
Deferred Charges & Statutory Expenditures		1,006,381.00	1,037,794.00
Appropriations Excluded from "CAP":			
Operations:			
Other Expenses		30,493.73	28,503.05
Capital Improvements		215,000.00	150,000.00
Municipal Debt Service		3,219,581.87	2,401,406.19
Deferred Charges & Statutory Expenditures		14,950.00	10,000.00
County Taxes		10,302,507.30	9,951,057.55
County Added and Omitted Taxes		21,518.76	22,368.53
Local District School Tax		2,369,406.00	2,215,104.00
Prior Year Senior Citizens Deduction Disallowed		750.00	250.00
Interfunds Created		34,435.13	-
Refund of Prior Year Revenue		6,862.50	30.00
Total Expenditures		<u>25,832,355.29</u>	<u>24,494,580.32</u>

BOROUGH OF STONE HARBOR
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess In Revenue		\$ 1,152,037.94	\$ 894,113.55
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Years		-	-
		-	-
Statutory Excess to Fund Balance		1,152,037.94	894,113.55
Fund Balance January 1	A	1,856,292.40	1,883,428.85
		3,008,330.34	2,777,542.40
Decreased by:			
Utilization as Anticipated Revenue		925,000.00	921,250.00
Fund Balance December 31	A	\$ 2,083,330.34	\$ 1,856,292.40

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Ref.	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 925,000.00	\$ -	\$ 925,000.00	\$ -
	925,000.00	-	925,000.00	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,000.00		10,188.00	188.00
Fees and Permits	248,000.00		244,445.60	(3,554.40)
Fines and Costs:				
Municipal Court	74,000.00		89,995.28	15,995.28
Interest and Costs on Taxes	74,000.00		74,917.91	917.91
Parking Meters	340,000.00		365,355.40	25,355.40
Interest on Investments and Deposits	25,000.00		8,942.28	(16,057.72)
Beach Fees	709,000.00		704,172.69	(4,827.31)
Tennis Courts	20,000.00		19,556.00	(444.00)
Cell Tower Rent	108,000.00		107,039.42	(960.58)
Uniform Fire Code Official	154,000.00		157,203.00	3,203.00
Arts and Crafts Show	84,000.00		79,550.00	(4,450.00)
Marina Fees	4,500.00		4,956.00	456.00
Cable TV Franchise Fee	26,000.00		27,280.22	1,280.22
Beach Concession	40,000.00		35,000.00	(5,000.00)
Special Event Revenue	29,000.00		21,298.37	(7,701.63)
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	214,317.00		214,317.00	-
Uniform Construction Code Fees	285,000.00		461,994.80	176,994.80

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (Continued):					
Special Items:					
Public and Private Programs Offset by Revenues:					
Relocation of Site 103		\$	\$	165,000.00	\$ -
Recycling Tonnage Grant		6,066.45		6,066.45	-
Municipal Court Alcohol Grant			1,295.11	1,295.11	-
Drunk Driving Enforcement Fund		1,770.86		1,770.86	-
Clean Communities Program			11,722.31	11,722.31	-
Shore Bird Stewardship		5,200.00		5,200.00	-
Tourism Grant - Cooperative Marketing			4,439.00	4,439.00	-
Other Special Items:					
Uniform Fire Safety Act		6,000.00		7,040.80	1,040.80
Reserve for Payment of Bonds		60,033.00		60,033.00	-
General Capital Fund Balance		48,000.00		48,000.00	-
Total Miscellaneous Revenues	A-1	2,571,887.31	182,456.42	2,936,779.50	182,435.77
Receipts from Delinquent Taxes	A-1:A-2	327,000.00		320,785.56	(6,214.44)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		9,554,967.00		9,791,589.53	236,622.53
Total Amount to be Raised by Taxes for Support					
of Municipal Budget		9,554,967.00	-	9,791,589.53	
Budget Totals		13,378,854.31	182,456.42	13,974,154.59	176,221.33
Non-Budget Revenues				71,058.99	71,058.99
		\$	\$	14,045,213.58	\$ 247,280.32

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$ 21,945,021.59
Less:	
Reserve for State Tax Appeals	<u>-</u>
Net Revenues from Collections	21,945,021.59
Allocated to:	
School and County Taxes	<u>12,583,432.06</u>
Balance for Support of Municipal Budget Appropriations	9,361,589.53
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>430,000.00</u>
Amount for Support of Municipal	
Budget Appropriations	<u>\$ 9,791,589.53</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 320,785.56
	<u>\$ 320,785.56</u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Police Revenues	\$ 834.30
Zoning Board of Adjustment Fees	3,950.00
Planning Board	350.00
Copy Fees	296.16
Duplicate Tax Bills	6.00
Property Lists	450.00
NSF Check Fees	245.00
DMV Inspection Fines	650.00
Lifeguard Alumni Shirts	1,175.00
Senior Citizens & Veterans Administration Fee	420.00
Homestead Rebate Administration Fee	89.40
Mascot Races	612.00
Sale of Assets	6,653.08
Skate Park	569.00
CMCMUA Recycling Rebate	38,247.92
Police Confidential Fund Returned	525.65
Prior COAH Expenses	6,521.25
Municipal Clerk - Searches	30.00
Recycled Oil	262.00
Refunds and Rebates	7,554.90
FEMA Storm Reimbursements	614.44
Miscellaneous	<u>1,002.89</u>
	<u>\$ 71,058.99</u>

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 90,000.00	\$ 90,000.00	\$ 89,999.87	\$	0.13	\$
Other Expenses	28,000.00	28,000.00	13,639.82	3,688.23	10,671.95	
Mayor and Council						
Salaries and Wages	67,250.00	67,250.00	64,100.00		3,150.00	
Other Expenses	13,000.00	13,000.00	7,206.26	829.17	4,964.57	
Municipal Clerk						
Salaries and Wages	181,862.00	181,862.00	176,742.70		5,119.30	
Other Expenses	17,900.00	18,536.00	17,431.48	844.22	260.30	
Financial Administration						
Salaries and Wages	139,369.00	139,369.00	139,368.88		0.12	
Other Expenses	43,794.00	43,794.00	40,681.45	1,807.95	1,304.60	
Audit Services						
Other Expenses	28,000.00	28,000.00	17,250.00	10,750.00	-	
Collection of Taxes						
Salaries and Wages	57,120.00	57,120.00	57,120.00		-	
Other Expenses	11,500.00	11,500.00	8,285.56	240.22	2,974.22	
Assessment of Taxes						
Salaries and Wages	50,318.00	50,318.00	50,318.00		-	
Other Expenses	16,050.00	16,050.00	5,504.09	2,229.99	8,315.92	
Legal Services						
Other Expenses	145,000.00	145,000.00	61,508.65	3,402.25	80,089.10	
Engineering Services and Costs						
Other Expenses	20,000.00	25,000.00	18,646.00	3,399.25	2,954.75	
Insurance						
Employee Group Health	1,195,000.00	1,195,000.00	1,135,716.95	17,080.19	42,202.86	
Other Insurance Premiums	410,182.00	419,282.00	419,278.00		4.00	
Health Benefits Waiver						
Salaries and Wages	5,000.00	5,000.00	3,750.00		1,250.00	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	4,800.00	4,800.00	3,900.00		900.00	
Other Expenses	20,000.00	20,000.00	8,137.10	11,607.81	255.09	
Zoning Board of Adjustment						
Salaries and Wages	32,410.00	32,410.00	32,193.61		216.39	
Other Expenses	8,700.00	8,700.00	4,873.59	2,256.00	1,570.41	

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
PUBLIC SAFETY:						
Fire Department						
Other Expenses	\$ 204,300.00	\$ 211,300.00	\$ 181,503.40	\$ 17,753.20	\$ 12,043.40	\$
Police Department						
Salaries and Wages	1,651,947.00	1,667,947.00	1,667,858.69		88.31	
Other Expenses:						
Miscellaneous Other Expenses	82,900.00	82,900.00	61,114.19	18,251.13	3,534.68	
Office of Emergency Management						
Salaries and Wages	12,400.00	12,400.00	12,015.44		384.56	
Other Expenses	6,400.00	6,400.00	5,549.12	529.01	321.87	
Aid to Volunteer Rescue Squad	70,000.00	70,000.00	70,000.00		-	
Municipal Prosecutor						
Salaries and Wages	20,000.00	20,000.00	20,000.00		-	
Uniform Fire Code Official						
Salaries and Wages	88,850.00	88,850.00	88,850.00		-	
Other Expenses	8,050.00	8,050.00	6,188.89		1,861.11	
Fire Hydrant Service						
Other Expenses	2,800.00	2,800.00	2,800.00		-	
Municipal Court						
Salaries and Wages	119,822.00	119,822.00	118,771.05		1,050.95	
Other Expenses	15,420.00	15,420.00	9,409.37	265.00	5,745.63	
Public Defender						
Other Expenses	3,500.00	3,500.00	3,500.00		-	
PUBLIC WORKS:						
Public Works						
Salaries and Wages	876,327.00	801,327.00	748,890.77		52,436.23	
Other Expenses	119,900.00	119,900.00	110,781.22	8,632.36	486.42	
Solid Waste Collection						
Salaries and Wages	625,309.00	625,309.00	554,804.79		70,504.21	
Other Expenses	186,748.00	246,748.00	167,020.59	77,746.99	1,980.42	
Public Building and Grounds						
Other Expenses	135,550.00	135,550.00	111,713.78	19,180.39	4,655.83	
NATURAL RESOURCES						
Natural Resources Committee						
Other Expenses	49,000.00	49,000.00	23,969.71	17,625.05	7,405.24	
Animal Control						
Other Expenses	20,000.00	20,000.00	5,436.80	520.00	14,043.20	

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
HEALTH AND HUMAN SERVICES:						
Board of Health						
Salaries and Wages	\$ 445.00	\$ 445.00	\$ 356.00	\$	\$ 89.00	\$
Other Expenses	2,000.00	2,000.00	1,382.50		617.50	
Safety Compliance						
Other Expenses	23,500.00	23,500.00	15,397.62	4,949.81	3,152.57	
RECREATION AND EDUCATION:						
Docks, Bulkheads and Seawall						
Salaries and Wages	6,000.00	6,000.00	5,243.78		756.22	
Beach Patrol						
Salaries and Wages	580,000.00	556,400.00	556,132.00		268.00	
Other Expenses	51,000.00	51,000.00	49,460.37		1,539.63	
Parks and Playgrounds						
Salaries and Wages	131,252.00	131,252.00	117,579.29		13,672.71	
Other Expenses	45,300.00	45,300.00	36,196.58	2,814.46	6,288.96	
Special Events						
Salaries and Wages	40,000.00	40,000.00	38,528.63		1,471.37	
Arts and Crafts						
Salaries and Wages	14,420.00	14,420.00	13,568.00		852.00	
Other Expenses	30,200.00	30,200.00	25,051.89		5,148.11	
Tourism						
Salaries and Wages	38,000.00	38,000.00	27,801.23		10,198.77	
Other Expenses	88,065.00	88,065.00	75,278.44	4,224.63	8,561.93	
Celebration of 100th Anniversary						
Other Expenses	10,000.00	10,000.00	10,000.00		-	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	178,336.00	178,336.00	178,335.82		0.18	
Other Expenses	9,450.00	9,450.00	7,044.07	251.43	2,154.50	
UNCLASSIFIED:						
Longevity Pay for Employees	38,887.00	38,887.00	38,886.32		0.68	
UTILITY EXPENSES AND BULK PURCHASES:						
Electric	105,000.00	105,000.00	82,121.71	15,111.15	7,767.14	
Telephone	60,000.00	60,000.00	52,875.80	4,650.03	2,474.17	
Street Lighting	110,000.00	110,000.00	85,901.15	19,917.44	4,181.41	
Gasoline	160,000.00	160,000.00	150,178.30	8,470.54	1,351.16	

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
TOTAL OPERATIONS WITHIN "CAPS"					
Contingent	\$ 8,606,333.00	\$ 8,605,469.00	\$ 7,913,149.32	\$ 279,027.90	\$ -
	5,000.00	5,000.00			5,000.00
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"					
Detail:	8,611,333.00	8,610,469.00	7,913,149.32	279,027.90	-
Salaries and Wages	5,050,124.00	4,967,524.00	4,805,114.87	-	-
Other Expenses	3,561,209.00	3,642,945.00	3,108,034.45	279,027.90	-
STATUTORY EXPENDITURES:					
Contributions to:					
Police and Fire Retirement System of N.J.	294,179.00	294,179.00	294,179.00	-	-
Public Employees Retirement System	284,338.00	284,338.00	284,338.00	-	-
Defined Contribution Retirement Plan	2,000.00	2,864.00	2,863.50		0.50
Social Security System (O.A.S.I.)	400,000.00	400,000.00	365,017.46		34,982.54
Unemployment Compensation Insurance	25,000.00	25,000.00	21,585.30		3,414.70
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"					
	1,005,517.00	1,006,381.00	967,983.26	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"					
	9,616,850.00	9,616,850.00	8,881,132.58	279,027.90	-
OTHER OPERATIONS EXCLUDED FROM "CAPS"					
None	-	-	-	-	-
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"					
	-	-	-	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	1,770.86	1,770.86	1,770.86	-	-
Municipal Couret Alcohol Grant (40A:4-87, \$1,295.11)		1,295.11	1,295.11	-	-
Recycling Tonnage Grant	6,066.45	6,066.45	6,066.45	-	-
Shore Bird Stewardship	5,200.00	5,200.00	5,200.00	-	-
Clean Communities Program (40A:4-87, \$11,722.31)		11,722.31	11,722.31	-	-
NJ Tourism Grant (40A:4-87, \$4,439.00)		4,439.00	4,439.00	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
	13,037.31	30,493.73	30,493.73	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAPS"					
Detail:	13,037.31	30,493.73	30,493.73	-	-
Salaries and Wages	-	-	-	-	-
Other Expenses	13,037.31	30,493.73	30,493.73	-	-

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF STONE HARBOR
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
CAPITAL IMPROVEMENTS					
Capital Improvement Fund					
Public and Private Programs offset by Revenues:					
Relocation of Site 103 (40A:4:87, \$165,000)	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS	<u>50,000.00</u>	<u>215,000.00</u>	<u>215,000.00</u>	<u>-</u>	<u>-</u>
DEBT SERVICE					
Payment of Bond Principal	2,275,000.00	2,275,000.00	2,275,000.00	-	-
Interest on Bonds	794,517.00	794,517.00	794,517.00	-	-
Interest on Notes		-		-	-
New Jersey Environmental Infrastructure Trust:					
Payment of Principal	135,900.00	135,900.00	106,339.08		29,560.92
Payment of Interest	48,600.00	48,600.00	43,725.79		4,874.21
TOTAL DEBT SERVICE	<u>3,254,017.00</u>	<u>3,254,017.00</u>	<u>3,219,581.87</u>	<u>-</u>	<u>34,435.13</u>
DEFERRED CHARGES - EXCLUDED FROM "CAPS"					
Special Emergency Authorization (40A:4-55)	10,000.00	10,000.00	10,000.00	-	-
Dfd Charges to Future Taxation - Unfunded - Ord 1269	4,950.00	4,950.00	4,950.00		
TOTAL DEFERRED CHARGES - EXCLUDED FROM "CAPS"	<u>14,950.00</u>	<u>14,950.00</u>	<u>14,950.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>3,332,004.31</u>	<u>3,514,460.73</u>	<u>3,480,025.60</u>	<u>-</u>	<u>34,435.13</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>12,948,854.31</u>	<u>13,131,310.73</u>	<u>12,361,158.18</u>	<u>279,027.90</u>	<u>34,435.13</u>
Reserve for Uncollected Taxes	430,000.00	430,000.00	430,000.00	-	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 13,378,854.31</u>	<u>\$ 13,561,310.73</u>	<u>\$ 12,791,158.18</u>	<u>\$ 279,027.90</u>	<u>\$ 34,435.13</u>
Appropriation by 40A:4-87		\$ 182,456.42			
Budget		<u>13,378,854.31</u>			
		<u>\$ 13,561,310.73</u>			
Reserve for Uncollected Taxes		\$ 430,000.00			
Payroll Deductions Payable		1,661,216.09			
Reserve for State and Federal Grants - Appropriated		195,493.73			
Deferred Charges - Special Emergency Authorization		10,000.00			
Disbursed		10,494,448.36			
		<u>\$ 12,791,158.18</u>			

EXHIBIT - B
TRUST FUND

BOROUGH OF STONE HARBOR
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 427.00	\$ 287.54
		<u>427.00</u>	<u>287.54</u>
<u>Other Funds</u>			
Cash and Investments	B-2	811,902.83	583,544.58
		<u>811,902.83</u>	<u>583,544.58</u>
		\$ <u>812,329.83</u>	\$ <u>583,832.12</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures		\$ 305.50	\$ 285.50
Due to State of New Jersey		3.00	3.00
Due to Current Fund		<u>118.50</u>	<u>0.04</u>
		<u>427.00</u>	<u>288.54</u>
<u>Other Funds</u>			
Reserve for Preservation Trust Expenditures		114,002.01	113,920.32
Reserve for Parking Offenses Adjudication Act		15,565.50	14,974.65
Reserve for Self Insurance:			
Workers Compensation		61,871.31	61,524.13
Reserve for Developer's Escrow		19,294.52	21,775.02
Reserve for Street Opening Deposits		51,700.70	4,972.20
Premium Received at Tax Sale		20.00	20.00
Reserve for Off-Duty Police		2,098.17	1,961.73
Reserve for Health Flex Account		600.21	0.01
Reserve for Disposal of Forfeited Property		425.00	425.00
Reserve for Public Defender Fees		3,063.67	2,111.80
Reserve for Contributions - Bird Sanctuary		29,744.55	23,343.93
Reserve for Council on Affordable Housing		461,523.22	302,313.43
Reserve for Uniform Fire Code Penalties		1,400.00	1,400.00
Reserve for Bequests - Memorial Benches		405.00	-
Reserve for Bequests - Police Equipment		360.00	-
Reserve for Bequests - 911 Memorial		5,000.00	-
Reserve for 100th Anniversary		<u>44,828.97</u>	<u>34,802.36</u>
		<u>811,902.83</u>	<u>583,544.58</u>
		\$ <u>812,329.83</u>	\$ <u>583,833.12</u>

EXHIBIT - C
GENERAL CAPITAL FUND

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>			
Cash and Investments	C-2,C-3	\$ 343,443.05	\$ 4,172,051.02
Due from NJ Environmental Infrastructure Trust		3,037,135.33	1,737,916.00
Due from Water and Sewer Capital Fund		1,033,362.30	-
Deferred Charges to Future Taxation:			
Funded	C-5	25,000,874.49	25,540,361.94
Unfunded	C-6	2,226,148.37	2,604,950.00
		<u>\$ 31,640,963.54</u>	<u>\$ 34,055,278.96</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-8	\$ 21,619,000.00	\$ 23,894,000.00
NJEIT Loan Payable	C-8A	3,381,874.49	1,646,361.94
Improvement Authorizations:			
Funded	C-7	2,775,227.89	2,637,429.82
Unfunded	C-7	1,692,944.96	2,604,950.00
Contracts Payable	C-7	870,992.74	2,322,310.74
Reserve for Payment of Bonds		620,211.43	680,244.43
Reserve for Payment of NJEIT Loan		552,846.00	62,116.00
Reserve for Arbitrage Liability		1,699.33	1,699.33
Capital Improvement Fund	C-4	126,046.94	158,046.94
Fund Balance	C-1	119.76	48,119.76
		<u>\$ 31,640,963.54</u>	<u>\$ 34,055,278.96</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2011 and 2010 in the amounts of \$2,226,148.37 and \$2,604,950.00, respectively.

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2011	<u>Ref.</u> C	\$ 48,119.76
Increased by:		
No Activity in 2012	\$ _____	-
		<u>48,119.76</u>
Decreased by:		
Anticipated as a Revenue in 2012 Budget	<u>48,000.00</u>	48,000.00
Balance December 31, 2012	C	<u><u>\$ 119.76</u></u>

EXHIBIT - D
WATER AND SEWER UTILITY FUND

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 403,056.32	\$ 503,918.62
Cash - Change Fund		50.00	50.00
		<u>403,106.32</u>	<u>503,968.62</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	33,553.07	41,140.31
Sewer Rents Receivable	D-7	33,681.09	36,780.32
Private Fire Protection Fees Receivable	D-7	277.06	414.00
Miscellaneous		-	1,170.03
		<u>67,511.22</u>	<u>79,504.66</u>
Total Operating Fund		<u>470,617.54</u>	<u>583,473.28</u>
Capital Fund:			
Cash and Investments	D-5	248,670.44	313,343.56
Fixed Capital:			
Completed		12,622,948.87	12,604,681.87
Authorized and Uncompleted		8,900,000.00	8,150,000.00
Due from N.J. Environ. Infrastructure Trust			
2010 Series A		2,830.00	469,100.00
2010 Series B		-	17,290.00
2012 Series A		1,387,937.52	-
2012 Series ABC		971,072.15	-
		<u>24,133,458.98</u>	<u>21,554,415.43</u>
Total Capital Fund		<u>24,133,458.98</u>	<u>21,554,415.43</u>
		<u>\$ 24,604,076.52</u>	<u>\$ 22,137,888.71</u>

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 21,429.38	\$ 26,422.25
Reserve for Encumbrances/Accounts Payable		55,937.86	61,638.39
Rent Overpayments		7,279.26	9,622.71
Due to Current Fund		34,435.13	-
Accrued Interest on Bonds and Notes	D-11	85,619.85	104,967.16
		<u>204,701.48</u>	<u>202,650.51</u>
Reserve for Receivables	D	67,511.22	79,504.66
Fund Balance	D-1	198,404.84	301,318.11
Total Operating Fund		<u>470,617.54</u>	<u>583,473.28</u>
Capital Fund:			
Serial Bonds Payable	D-13	4,340,000.00	4,730,000.00
NJ Environmental Infrastructure Trust Loan	D-13a	6,513,050.45	4,917,086.98
Encumbrances Payable		2,750,352.30	1,375,566.75
Improvement Authorizations:			
Funded	D-12	21,618.96	200,318.09
Unfunded	D-12	245,571.02	2,200,820.56
Due to General Capital Fund	D	1,033,362.30	-
Deferred Reserve for Amortization		62,700.00	62,700.00
Reserve for Amortization		9,114,611.79	8,015,730.89
Capital Improvement Fund	D-10	17,575.77	17,575.77
Fund Balance	D-2	34,616.39	34,616.39
Total Capital Fund		<u>24,133,458.98</u>	<u>21,554,415.43</u>
		<u>\$ 24,604,076.52</u>	<u>\$ 22,137,888.71</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 in the amounts of \$1,492,586.63 and \$3,029,164.00, respectively.

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

	Ref.	Year 2012	Year 2011
Revenue and Other Income Realized:			
Fund Balance Utilized	\$	205,439.00	\$ 200,000.00
Water Rents		1,247,921.39	1,289,948.05
Sewer Rents		1,505,344.19	1,553,422.49
Fire Hydrant Service		2,800.00	2,800.00
Miscellaneous		90,586.22	79,175.04
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		43,697.61	97,548.48
Total Income		<u>3,095,788.41</u>	<u>3,222,894.06</u>
Expenditures:			
Operations:			
Salaries and Wages		393,474.00	405,339.00
Other Expenses		471,465.00	460,915.00
Cape May County Municipal Utilities Authority		1,200,000.00	1,260,000.00
Debt Service		890,623.68	766,232.00
Deferred Charges and Statutory Expenditures		37,200.00	33,770.00
Refund of Prior Year Revenue		500.00	175.25
Total Expenditures		<u>2,993,262.68</u>	<u>2,926,431.25</u>
Excess in Revenue		102,525.73	296,462.81
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
Statutory Excess to Fund Balance		<u>102,525.73</u>	<u>296,462.81</u>
Fund Balance January 1	D	<u>301,318.11</u>	<u>204,855.30</u>
		403,843.84	501,318.11
Decreased by:			
Utilization as Anticipated Revenue		<u>205,439.00</u>	<u>200,000.00</u>
Balance December 31	D	<u>\$ 198,404.84</u>	<u>\$ 301,318.11</u>

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2011	<u>Ref.</u> D	\$	34,616.39
Increased by:			
No Activity in 2012		\$	<u> </u>
			-
			<u>34,616.39</u>
Decreased by:			
No Activity in 2012			<u> </u>
			-
Balance December 31, 2012	D	\$	<u><u>34,616.39</u></u>

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 205,439.00	\$ 205,439.00	\$ -
Anticipated Revenue:			
Water Rents	1,280,000.00	1,247,921.39	(32,078.61)
Sewer Rents	1,500,000.00	1,505,344.19	5,344.19
Fire Hydrant Service	2,800.00	2,800.00	-
Miscellaneous	75,000.00	90,586.22	15,586.22
	<u>2,857,800.00</u>	<u>2,846,651.80</u>	<u>(11,148.20)</u>
Total Revenue	\$ <u>3,063,239.00</u>	\$ <u>3,052,090.80</u>	\$ <u>(11,148.20)</u>
<u>Analysis of Realized Revenue:</u>			
Water Rents:			
Accounts Receivable	\$ 1,231,903.23		
Overpayments Applied	<u>16,018.16</u>		
Total Water Rents		\$ <u>1,247,921.39</u>	
Sewer Rents:			
Accounts Receivable	\$ 1,474,218.74		
Overpayments Applied	<u>31,125.45</u>		
Total Sewer Rents		\$ <u>1,505,344.19</u>	
Miscellaneous Revenue:			
Meter Boxes & Fittings	\$ 55,092.25		
Penalties on Delinquent Accounts	5,897.31		
Meter Rental	650.00		
NSF Fee	140.00		
Sewer Vent Penalty	375.00		
Sewer Service	1,052.00		
Final Meter Reading	4,280.00		
Miscellaneous Parts	2,580.00		
Miscellaneous Water Use	162.00		
Street Openings	4,620.00		
Turn off/on	5,450.00		
Private Fire Protection	<u>9,960.94</u>		
Total Miscellaneous - Collector		\$ 90,259.50	
Interest on Investments		<u>326.72</u>	
		\$ <u>90,586.22</u>	

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
Operations:					
Salaries and Wages	\$ 393,474.00	\$ 393,474.00	\$ 383,425.06	\$ 10,048.94	\$
Other Expenses	471,465.00	471,465.00	413,570.53	55,937.86	1,956.61
Cape May County MUA	1,200,000.00	1,200,000.00	1,196,295.00		3,705.00
	2,064,939.00	2,064,939.00	1,993,290.59	55,937.86	15,710.55
Debt Service:					-
Payment of Bond Principal	703,000.00	703,000.00	663,417.90		39,582.10
Interest on Bonds	258,100.00	258,100.00	227,205.78		30,894.22
	961,100.00	961,100.00	890,623.68	-	70,476.32
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	35,000.00	35,000.00	29,750.45	5,249.55	
Unemployment	2,200.00	2,200.00	1,730.72	469.28	
	37,200.00	37,200.00	31,481.17	-	5,718.83
	\$ 3,063,239.00	\$ 3,063,239.00	\$ 2,915,395.44	\$ 55,937.86	\$ 70,476.32
	D			D	
Ref.					
Accrued Interest on Bonds and Notes		\$	227,205.78		
Due from Current Fund			34,435.13		
Cash Disbursements			2,653,754.53		
		\$	2,915,395.44		

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - E
PUBLIC ASSISTANCE FUND

BOROUGH OF STONE HARBOR
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Cash Trust I	E-1	\$ <u>2,473.75</u>	\$ <u>2,471.98</u>
		\$ <u><u>2,473.75</u></u>	\$ <u><u>2,471.98</u></u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance		\$ <u>2,473.75</u>	\$ <u>2,471.98</u>
		\$ <u><u>2,473.75</u></u>	\$ <u><u>2,471.98</u></u>

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF STONE HARBOR
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>		
Land	\$ 78,321,333.00	\$ 78,321,333.00
Land Improvements	66,634.52	66,634.52
Building Improvements	4,413,889.56	4,381,853.56
Machinery and Equipment	8,284,125.75	7,915,840.31
	<hr/>	<hr/>
Total General Fixed Assets	\$ 91,085,982.83	\$ 90,685,661.39
	<hr/>	<hr/>
<u>Fund Equity</u>		
Investment in General Fixed Assets	\$ 91,085,982.83	\$ 90,685,661.39
	<hr/>	<hr/>

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – regulatory basis of the Borough of Stone Harbor have been prepared in conformity with a “Regulatory Basis of Accounting” as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from Accounting Principles Generally Accepted in the United States of America (GAAP). The more significant of the Borough’s accounting policies are described below.

Description of Financial Reporting Entity

The Borough of Stone Harbor is a seashore community located on the Atlantic Ocean in the County of Cape May, State of New Jersey. The population according to the 2010 census is 1,128.

The Borough of Stone Harbor was incorporated in 1914 and operates under a Mayor and Council form of government. The Mayor is the Chief Executive Officer of the Borough and is elected by the voters. The Borough Council is the law making body and passes all Resolutions and Ordinances. The Borough employs an administrator who is responsible for the day-to-day operations of the Borough.

Component Units

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

Basis of Presentation, Fund Accounting

The financial statements – regulatory basis of the Borough of Stone Harbor contain all funds and account groups in accordance with the “Requirements of Audit” as promulgated 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 Borough of Stone Harbor accounts for its financial transactions through the following separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Current Fund

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

Trust Funds

The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each fund was created.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Capital Funds

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

Water and Sewer Utility Operating and Capital Funds

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

Budgets and Budgetary Accounting

The Borough of Stone Harbor must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the regulatory due dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services.

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

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under laws of the United States or the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Borough of Stone Harbor requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and federal), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

All certificates of deposit are recorded as cash regardless of date of maturity.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to Fund Balance. 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.

Inventories of Supplies

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

General Fixed Assets

The Borough of Stone Harbor has developed a fixed assets accounting and reporting system in accordance with the requirements of the State of New Jersey, Division of Local Government Services. This reporting system differs in certain respects from Generally Accepted Accounting Principles.

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

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

All fixed assets, with the exception of Land are valued at historical cost, or estimated historical cost if actual historical cost is not available. Land is valued at the Assessed Valuation of 1985 which is the year of implementation of fixed asset accounting for New Jersey Municipal Governments.

No depreciation on general fixed assets is recorded in the financial statements – regulatory basis.

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.

Utility Fixed Assets

Property and equipment purchased by a utility fund are recorded in the utility capital fund at cost and are adjusted for disposition or abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. GAAP does not require the establishment of a Reserve for Amortization of Fixed Capital, but GAAP does require the recognition of depreciation of property by the utility fund.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group.

Deferred Charges

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

Appropriation Reserves

Appropriation Reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts that may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

Liens Sold for Other Governmental Units

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

Fund Balance

Fund Balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash except for certain amounts that are due from other governmental units. Revenue from federal and State grants is realized as revenue when anticipated as such in the Borough's budget. 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 generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the entities that follow. 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. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Stone Harbor School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2011 and decreased by the amount deferred at December 31, 2012. GAAP would require the recording of a deferred revenue. Following is a breakdown as of December 31 for the last two years:

	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
School Tax Payable	\$ 132,151.75	\$ 0.75
School Tax Deferred	997,550.50	1,107,550.50
	<u>\$ 1,129,702.25</u>	<u>\$ 1,107,551.25</u>

County Taxes

The Borough is responsible for levying, collecting and remitting county taxes for the County of Cape May. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition fund balance is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

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

Expenditures

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 system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis; interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Compensated Absences and Post-Employment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a "pay as you go" basis. Likewise no accrual is made for post-employment benefits, if any, which are also funded on a "pay as you go" basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Required Financial Statements

Governmental Accounting Standards Board (GASB) prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. Generally Accepted Accounting Principles (GAAP) prescribes that the financial statements must be presented on an entity wide basis including all funds exclusive of fiduciary funds and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all of the non fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary and fiduciary funds. The New Jersey Regulatory basis requires reporting of the appropriate separate fund financial statements and the fixed asset account group

Comparative Data

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

Recent Accounting Pronouncements Not Yet Effective

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Borough's financial reporting.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Changes in Long-Term Debt

The following schedule represents the changes in the Long-Term Debt:

	Outstanding 12/31/11	Issues or Additions	Payments or Expenditures	Outstanding 12/31/12	Amount Due in One Year
General Capital Fund:					
Bonds Payable	\$ 23,894,000.00	\$	\$ 2,275,000.00	\$ 21,619,000.00	\$ 2,405,000.00
Loans Payable	1,646,361.94	1,841,851.63	106,339.08	3,381,874.49	153,117.78
Total	<u>25,540,361.94</u>	<u>1,841,851.63</u>	<u>2,381,339.08</u>	<u>25,000,874.49</u>	<u>2,558,117.78</u>
Utility Capital Fund:					
Bonds Payable	4,730,000.00		390,000.00	4,340,000.00	405,000.00
Loans Payable	4,917,086.98	2,286,576.27	690,612.90	6,513,050.35	327,157.76
Total	<u>9,647,086.98</u>	<u>2,286,576.27</u>	<u>1,080,612.90</u>	<u>10,853,050.35</u>	<u>732,157.76</u>
Total All Funds	<u>\$ 35,187,448.92</u>	<u>\$ 4,128,427.90</u>	<u>\$ 3,461,951.98</u>	<u>\$ 35,853,924.84</u>	<u>\$ 3,290,275.54</u>

Summary of Municipal Debt

	Year 2012	Year 2011	Year 2010
Issued:			
General:			
Bonds and Notes	\$ 21,619,000.00	\$ 23,894,000.00	\$ 21,536,250.00
Loans Payable	3,381,874.49	1,646,361.94	1,675,800.00
Water/Sewer Utility:			
Bonds and Notes	4,340,000.00	4,730,000.00	4,633,267.00
Loans Payable	6,513,050.45	4,917,086.98	5,152,282.46
Total Issued	<u>35,853,924.94</u>	<u>35,187,448.92</u>	<u>32,997,599.46</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	<u>1,173,057.43</u>	<u>742,360.43</u>	<u>400,084.05</u>
Net Debt Issued	<u>34,680,867.51</u>	<u>34,445,088.49</u>	<u>32,597,515.41</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	2,226,148.37	2,604,950.00	1,957,700.00
Water/Sewer Utility:			
Bonds and Notes	1,492,586.63	3,029,164.00	1,233,401.00
Total Authorized But Not Issued	<u>3,718,735.00</u>	<u>5,634,114.00</u>	<u>3,191,101.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 38,399,602.51</u>	<u>\$ 40,079,202.49</u>	<u>\$ 35,788,616.41</u>

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .60%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water & Sewer Utility Debt	\$ 12,345,637.08	\$ 12,345,637.08	\$ -
General Debt	<u>27,227,022.86</u>	<u>1,173,057.43</u>	<u>26,053,965.43</u>
	<u>\$ 39,572,659.94</u>	<u>\$ 13,518,694.51</u>	<u>\$ 26,053,965.43</u>

Net debt \$26,053,965.43 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,373,452,421 = .60%.

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

3-1/2% of Equalized Valuation Basis	\$ 153,070,834.74
Net Debt	<u>26,053,965.43</u>
	<u>\$ 127,016,869.31</u>

Calculation of “Self-Liquidating Purpose”, Water and Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 3,052,090.80
Deductions:	
Operating & Maintenance Costs	\$ 2,102,139.00
Debt Service per Water and Sewer Funds	<u>890,623.68</u>
Total Deductions	<u>2,992,762.68</u>
Excess in Revenue	<u>\$ 59,328.12</u>

The foregoing is in agreement with the revised Annual Debt Statement filed by the Borough.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable

At December 31, 2012, bonds payable in the General Capital Fund consisted of the following individual issues:

\$13,994,000 General Improvement Bonds dated August 15, 2006, due in annual installments through August 15, 2018, bearing interest at a variable rate ranging from 3.875% to 4.00%. The balance remaining as of December 31, 2012 is \$9,694,000.00.

\$12,750,000 General Improvement Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at a variable rate ranging from 2.0% to 3.125%. The balance remaining as of December 31, 2012 is \$11,925,000.00.

\$807,377.20 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2030, bearing interest at 5.00%. The balance remaining as of December 31, 2012 is \$779,808.22.

\$868,422.80 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2030, bearing no interest. The balance remaining at December 31, 2012 is \$794,827.65.

\$58,641.98 N.J. Environmental Trust Loan Bond Series ABC dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2012 is \$58,641.98.

\$188,679.87 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2012 is \$182,283.94.

\$762,125.69 N.J. Environmental Trust Loan Bond Series A dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2012 is \$762,125.69.

\$832,404.09 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2012 is \$804,187.01. Principal forgiveness of \$416,202.32 has already been applied to the loan amount.

At December 31, 2012, bonds payable in the Water and Sewer Utility Fund consisted of the following individual issues:

\$3,450,000 Water and Sewer Utility Bond dated August 15, 2006, due in annual installments through August 15, 2020, bearing interest at a variable rate ranging from 3.875% to 4.00% per annum. The balance remaining as of December 31, 2012 is \$2,810,000.00.

\$1,620,000 General Improvement Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at a variable rate ranging from 2.0% to 3.125%. The balance remaining as of December 31, 2012 is \$1,530,000.00.

\$920,000 N.J. Environmental Trust Loan Bond Series A dated November 8, 2007, due in annual installments beginning August 1, 2009 through August 1, 2027, bearing interest at varying rates. The balance remaining as of December 31, 2012 is \$790,000.00.

\$901,733 N.J. Environmental Fund Loan Bond Series A dated November 8, 2007, due in semi-annual installments through August 1, 2027, bearing no interest. The balance remaining at December 31, 2012 is \$698,712.40.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

\$775,000 N.J. Environmental Trust Loan Bond Series A dated March 10, 2010, due in annual installments beginning August 1, 2011 through August 1, 2029, bearing interest at varying rates. The balance remaining as of December 31, 2012 is \$677,506.00.

\$2,373,566 N.J. Environmental Fund Loan Bond Series A dated March 10, 2010, due in semi-annual installments through August 1, 2029, bearing no interest. The balance remaining at December 31, 2012 is \$1,702,025.56.

\$217,622.80 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2030, bearing interest at 5.00%. The balance remaining as of December 31, 2012 is \$210,191.78.

\$234,077.20 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2030, bearing no interest. The balance remaining at December 31, 2012 is \$214,240.15.

\$226,358.02 N.J. Environmental Trust Loan Bond Series ABC dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2012 is \$226,358.02.

\$728,304.13 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2012 is \$703,615.86.

\$627,874.31 N.J. Environmental Trust Loan Bond Series A dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2012 is \$627,874.31.

\$685,772.91 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2012 is \$662,526.37. Principal forgiveness of \$342,886.68 has already been applied to the loan amount.

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Loans Issued and Outstanding

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2013	\$ 2,558,117.79	\$ 792,893.75	\$ 732,157.75	\$ 242,856.26
2014	2,648,117.79	712,025.86	756,972.08	237,774.15
2015	2,742,056.22	628,063.24	807,805.18	230,421.77
2016	2,784,797.67	540,808.98	833,639.20	209,626.03
2017	2,828,736.10	442,472.93	863,276.24	186,412.08
2018-2022	8,389,931.26	1,075,715.09	3,929,911.61	561,319.96
2023-2027	2,293,735.60	193,890.44	2,153,629.18	193,559.61
2028-2031	755,382.06	37,391.94	775,659.21	31,845.58
	<u>\$ 25,000,874.49</u>	<u>\$ 4,423,262.23</u>	<u>\$ 10,853,050.45</u>	<u>\$ 1,893,815.44</u>

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 3: COMPENSATED ABSENCES

The Borough does not permit employees to accrue sick and vacation time. Hence, employees are not compensated upon retirement for accrued time.

NOTE 4: DEFERRED COMPENSATION ACCOUNT

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan administrator is as follows:

Nationwide Retirement Solutions

The plan, available to all eligible regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Borough has amended its Deferred Compensation Plan Document to incorporate the requirements of the Small Business Job Protection Act of 1996, and said amended Plan Document has been approved by and filed with the State of New Jersey Department of Community Affairs. By adopting the program, all regulatory, operational, administrative and fiduciary responsibilities were assumed by the Plan Administrator on behalf of the Borough.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights have been removed from the books and accounts of the Borough as they are no longer the property or rights of the Borough.

NOTE 5: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2012	Balance December 31, 2011
	<hr/>	<hr/>
Prepaid Taxes - Cash Liability	\$ 472,504.35	\$ 407,196.15
	<hr/>	<hr/>

NOTE 6: PENSION PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), or the Defined Contribution Retirement Program (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Plan Descriptions (Continued)

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 Firemen's Retirement System (PFRS) - The Police and Firemen'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.

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 expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to 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 43:3B. 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 and generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year 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.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Vesting and Benefit Provisions (Continued)

Retirement benefits for members are determined according to the applicable Tier level:

Tier 1 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement, a member must have at least 25 years of service credit; however, if a member is under the age of 55 at the time of retirement, the retirement allowance is reduced 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 2 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 60 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 60 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 3 Membership: The retirement age is 62 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 62 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 62 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.5% (increased to 6.5% effective 10/1/11) of base salary. 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.

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. Members contribute at a uniform rate of 8.5% (increased to 10% effective 10/1/11) of base salary.

For the Public Employees' Retirement System, the Borough's contributions equal to the required contribution for each fiscal year, was as follows:

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Pension Deferral	Funded by Excess Pension Asset Credit	Paid by Borough
2012	\$ 89,102.00	\$ 17,031.00	\$ 178,205.00	\$ 284,338.00	\$	\$	\$ 284,338.00
2011	101,850.00	20,061.00	162,291.00	284,202.00			284,202.00
2010	87,020.00	27,573.00	111,810.00	226,403.00			226,403.00

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Funding Policy (Continued)

For the Police and Firemen's Retirement System, the Borough's contributions, equal to the required contribution for each fiscal year, was as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Life Insurance</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Paid by Borough</u>
2012	\$ 125,225.00	\$ 12,874.00	\$ 156,080.00	\$ 294,179.00	\$ -	\$ 294,179.00
2011	183,938.00	14,416.00	147,488.00	345,842.00	-	\$ 345,842.00
2010	159,357.00	13,874.00	113,531.00	286,762.00		286,762.00

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the Borough's contribution was \$2,863.50 for 2012, \$1,780.40 for 2011, and \$1,222.56 for 2010.

NOTE 7: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. Operating cash, in the form various checking, savings and NOW Accounts, are held in the Borough's name by a commercial banking institution. At December 31, 2012, the carrying amount of the Borough's deposits was \$5,457,376.88 and the bank balance was \$5,498,705.39. Of the bank balance, \$750,000.07 was insured with Federal Deposit Insurance and \$4,699,414.18 was covered by GUDPA and \$49,291.14 was uninsured.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Borough's bank accounts are profiled in order to determine exposure, if any to Custodial Credit Risk (risk that in the event of failure of the counterparty the Borough would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged by the depositor), collateralized with securities held by the pledging institution or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2012, all of the Borough's deposits were insured with Federal Deposit Insurance or under the provisions of the Governmental Unit Deposit Protection Act (GUDPA) and not exposed to custodial credit risk. The Borough does not have a policy for custodial credit risk.

Investments

Pursuant to the cash management plan, the Borough may invest in the following:

- Direct obligations of, or obligations as to which the principal and interest is guaranteed by, the United States of America
- Government money market mutual funds
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 7: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (Continued)

- Bonds or obligations of the local unit or other obligations of school districts within the local unit
- Local government investment pools
- State of New Jersey Cash Management Fund
- Agreements for the repurchase of fully collateralized securities

The Borough had no investments during 2012.

Interest Rate Risk: The Borough does not have a policy to limit interest rate risk.

NOTE 8: PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local and regional school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1 and May 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500.

Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey Statutes.

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collection from prior years are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 8: PROPERTY TAXES (Continued)

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

Comparative Schedule of Tax Rates				
		2012	2011	2010
Tax Rate	\$	0.502	\$ 0.479	\$ 0.472
Apportionment of Tax Rate:				
Municipal		0.216	0.202	0.198
County		0.235	0.226	0.223
Local School		0.051	0.051	0.051

Assessed Valuation		
2012	\$	4,435,159,991.00
2011		4,428,270,227.00
2010		4,422,259,103.00

Comparison of Tax Levies and Collections				
Year		Tax Levy	Collections	Percentage of Collections
2012	\$	22,312,347.08	\$ 21,945,021.59	98.35%
2011		21,257,652.65	20,905,180.41	98.34%
2010		20,908,844.31	20,564,855.18	98.35%

Delinquent Taxes and Tax Title Liens					
Year		Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2012	\$	-	\$ 268,332.82	\$ 268,332.82	1.20%
2011		-	337,824.49	337,824.49	1.59%
2010		-	332,103.36	332,103.36	1.59%

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 8: PROPERTY TAXES (Continued)

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2012	\$ -
2011	-
2010	-

NOTE 9: ECONOMIC DEPENDENCY

The Borough of Stone Harbor is not economically dependent on any one funding agency within the Borough or the State of New Jersey.

NOTE 10: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budgets.

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2012	\$ 2,083,330.34	\$ 1,000,000.00	48.00%
	2011	1,856,292.40	925,000.00	49.83%
	2010	1,883,428.85	921,250.00	48.91%
	2009	1,578,808.79	800,000.00	50.67%
	2008	1,569,040.18	800,000.00	50.99%
Water & Sewer Utility	2012	198,404.84	193,258.00	97.41%
	2011	301,318.11	205,439.00	68.18%
	2010	204,855.30	200,000.00	97.63%
	2009	266,851.90	219,447.00	82.24%
	2008	254,439.39	229,000.00	90.00%

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2012 are as follows:

<u>Amount</u>	<u>Due From</u>	<u>Due To</u>
\$ 34,435.13	Water and Sewer Operating Fund	Current Fund
118.50	Animal Control Fund	Current Fund
<u>\$ 34,553.63</u>		

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 12: POST RETIREMENT BENEFITS

The Borough provides post-employment medical benefits to eligible retirees and their dependants. These benefits are budgeted by the Borough annually on a “pay as you go basis” and included in group insurance.

In accordance with GASB 45 and the State of New Jersey, the Borough is required to obtain an actuarial valuation of the liability for providing these benefits. Since the Borough has less than 100 participants, the Alternative Measurement Method (AMM) is used. The (AMM) report was based on 48 total participants including 2 retirees. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the December 31, 2010 AMM Report, the Entry Age cost method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 2.0% and annual medical premium cost trend consistent with the Getzen model promulgated by the Society of Actuaries. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level percentage of projected payroll.

Other Post-employment Benefit Costs and Obligations

In the December 31, 2010 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2010 was projected as follows:

	<u>December 31,</u> <u>2010</u>
Normal Cost	\$ 18,643
Amortization of Unfunded Liability	42,952
Implicit Subsidy	1,786
Total ARC	\$ <u><u>63,381</u></u>

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 12: POST RETIREMENT BENEFITS (Continued)

The following reflects the components of the 2012 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the December 31, 2011 actuarial valuation and actual OPEB payments made or accrued during 2012:

	December 31, 2012
Net OPEB Obligation - Beginning of Year	\$ 1,603,502
Annual OPEB Cost	63,381
OPEB Payments	
Increase in Net OPEB Obligation	63,381
Net OPEB Obligation - End of Year	\$ <u>1,666,883</u>
Percentage of OPEB Cost Contributed	<u>0.00%</u>

Required Supplementary Information:

	December 31, 2012
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	1,666,883
Total Unfunded AAL (UAAL)	\$ <u>1,666,883</u>
Funded ratio	0.00%
Covered payroll	\$ <u>1,494,830</u>
UAAL as a % of Covered Payroll	<u>111.51%</u>

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 13: BUDGETARY DATA

Annually, Borough Council adopts the annual appropriation budgets for the Current Fund and the Capital Improvement Plan as well as for the Water and Sewer Utility Fund. Once approved, the Borough Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The Borough Council approves the transfers by resolution. Budgetary transfers during the year were not significant.

NOTE 14: FEDERAL AND STATE GRANTS

In the normal course of operations, the Borough receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

NOTE 15: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2012:

	<u>Balance</u> <u>December 31,</u> <u>2011</u>		<u>Additions</u>		<u>Disposals</u>		<u>Balance</u> <u>December 31,</u> <u>2012</u>
Land	\$ 78,321,333.00	\$		\$		\$	78,321,333.00
Land Improvements	66,634.52						66,634.52
Building Improvements	4,381,853.56		32,036.00				4,413,889.56
Machinery & Equipment	<u>7,915,840.31</u>		<u>491,070.87</u>		<u>122,785.43</u>		<u>8,284,125.75</u>
Total	<u>\$ 90,685,661.39</u>	\$	<u>523,106.87</u>	\$	<u>122,785.43</u>	\$	<u>91,085,982.83</u>

BOROUGH OF STONE HARBOR
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 16: 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 of Stone Harbor is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation
General Liability, Law Enforcement Liability
Employee Benefits Liability
Public Official Liability
Property, Real and Personal
Automobile Liability
Boiler and Machinery
Crime, Fidelity

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. During the year ended December 31, 2012 and 2011 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough also has a Reserve for Self Insurance – Workers Compensation in the Trust Funds. This reserve was established to offset some claims that had been filed prior to the Borough being a member of the Atlantic County Municipal Joint Insurance Fund. The Borough, through its insurance representative reviews this reserve for annually. The balance in the Reserve at December 31, 2012 and 2011 was \$61,871.31 and \$61,524.13 respectively.

NOTE 17: LITIGATION

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

NOTE 18: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 through March 31, 2013 the date that the financial statements were issued for possible disclosure and recognition in the financial statements.

Subsequent to December 31, the Borough of Stone Harbor authorized additional bonds and notes for various improvements as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
General Capital:		
Various Improvements	March 19, 2013	\$ 999,000.00
		\$ 999,000.00

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Stone Harbor, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated March 31, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

March 31, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor
And Members of Borough Council
Borough of Stone Harbor, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited Borough of Stone Harbor's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of Borough's major federal and state programs for the year ended December 31, 2012. The Borough's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal and state 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* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough'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 and state program. However, our audit does not provide a legal determination of Borough of Stone Harbor's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Stone Harbor 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 and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Borough of Stone Harbor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and NJ OMB 04-04, 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 Borough'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 or state 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 or state 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.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Stone Harbor, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents and have issued our report thereon dated March 31, 2013, which contained an adverse opinion on those financial statements in accordance with U.S. Generally Accepted Accounting Principles and an unmodified opinion on the regulatory basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Glen J. Ortman
Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

March 31, 2013

BOROUGH OF STONE HARBOR
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor / Pass-through Grantor Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity ID#</u>	<u>Grant Period From To</u>	<u>Program or Award Amount</u>	<u>Unexpended Balance 12/31/11</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Adjustments</u>	<u>Unexpended Balance 12/31/12</u>	<u>Accumulated Expenditures</u>
Department of Environmental Protection										
Shore Bird Stewardship	Unknown		Prior	132,499.00	24,769.00				24,769.00	107,730.00
Clean Water State Revolving Fund										
2012 NJEIT Sanitary Sewer Project	66.458	S340722-04	Open	3,795,443.00		1,263,870.31	1,263,870.31		-	1,716,260.31
Drinking Water State Revolving Fund										
2012 NJEIT Sanitary Sewer Project	66.468	0510001-05	Open	458,830.00		156,159.00	156,159.00			156,159.00
Total Department of Environmental Protection					<u>24,769.00</u>	<u>1,420,029.31</u>	<u>1,420,029.31</u>	<u>-</u>	<u>24,769.00</u>	<u>107,730.00</u>
Total Federal Assistance					<u>24,769.00</u>	<u>1,420,029.31</u>	<u>1,420,029.31</u>	<u>-</u>	<u>24,769.00</u>	

BOROUGH OF STONE HARBOR
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From To	Grant Award	Unexpended Balance 12/31/11	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/12	Accumulated Expenditures
Department of Transportation:									
Trust Fund Authority Act of 1984: By Formula									
Relocation of Site 103	6320-480-601-385-61	1/1/2012 12/31/2012	165,000.00		165,000.00	162,000.00		3,000.00	-
Trust Fund Authority Act of 1984: By Formula	6320-480-601-385-61								-
Relocation of Site 103	6320-480-601-385-61	1/1/2009 12/31/2009	318,870.00	3,166.00				3,166.00	315,704.00
Total Department of Transportation				3,166.00	165,000.00	162,000.00	-	6,166.00	
Department of Law and Public Safety:									
Supplemental Fire Service Program	100-066-1020-107	Prior		1.00				1.00	0.00
Municipal Court Alcohol Educ. & Rehab Program	9735-760-098-Y900	1/1/2010 12/31/2010	804.37	330.85		330.85		0.00	804.37
Municipal Court Alcohol Educ. & Rehab Program	9735-760-098-Y900	1/1/2012 12/31/2012	1,295.11		1,295.11	1,169.15		125.96	1,169.15
Body Armor Grant	1020-718-066-1020	1/1/2012 12/31/2012	1,901.05		1,901.05			1,901.05	0.00
Body Armor Grant	1020-718-066-1020	1/1/2011 12/31/2011	3,788.93	3,788.93		3,547.23		241.70	3,547.23
Body Armor Grant	1020-718-066-1020	1/1/2010 12/31/2010	915.10	915.10		915.10		0.00	915.10
Body Armor Grant	1020-718-066-1020	1/1/2009 12/31/2009	1,658.97	545.07		545.07		0.00	1,658.97
Drunk Driving Enforcement	6400-100-078-6400	1/1/2012 12/31/2012	4,550.21		4,550.21			4,550.21	-
Drunk Driving Enforcement	6400-100-078-6400	1/1/2011 12/31/2011	1,770.86	1,770.86				1,770.86	-
Total Department of Law and Public Safety				7,351.81	7,746.37	6,507.40	-	8,590.78	
Department of Environmental Protection									
Clean Water State Revolving Fund									
2010 NJEIT Sanitary Sewer Project	S340722-03	Open	2,205,000.00		1,052,208.14	1,052,208.14			1,799,486.88
Drinking Water State Revolving Fund									
2010 NJEIT Sanitary Sewer Project	0510001-04	Open	743,154.00		96,198.32	96,198.32		5,356.64	555,023.83
Clean Community Program	4900-765-042-4900	1/1/2012 12/31/2012	11,722.31		11,722.31	6,365.67			6,365.67
Clean Community Program	4900-765-042-4900	1/1/2011 12/31/2011	11,917.96	4,427.04		4,427.04			11,917.96
Recycling Tonnage Grant	4855-100-042-4855	1/1/2012 12/31/2012	5,950.44		5,950.44			5,950.44	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2011 12/31/2011	6,066.45	6,066.45				6,066.45	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2010 12/31/2010	6,281.85	6,281.85		680.63		5,601.22	680.63
Recycling Tonnage Grant	4855-100-042-4855	1/1/2009 12/31/2009	5,351.26	5,351.26		5,351.26		-	5,351.26
Recycling Tonnage Grant	4855-100-042-4855	1/1/2008 12/31/2008	3,759.00	3,154.17		3,154.17		-	3,759.00
Municipal Stormwater Regulation Grant		1/1/2005 12/31/2005	6,822.00	6,822.00				6,822.00	-
Municipal Stormwater Regulation Grant		1/1/2004 12/31/2004	6,822.00	3,877.02				3,877.02	2,944.98
Total Department of Environmental Protection				35,979.79	1,166,079.21	1,168,385.23	-	33,673.77	
Department of Tourism									
Cooperative Marketing Grant		1/1/2012 12/31/2012	4,439.00		4,439.00			4,439.00	-
Total State Assistance				46,497.60	1,343,264.58	1,336,892.63	-	52,869.55	

See Accompanying Notes to Schedules of Federal and State Financial Assistance

BOROUGH OF STONE HARBOR
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

<u>State Grantor / Pass-Through Grantor / Program</u>	<u>State Account Number</u>	<u>Grant Period</u> <u>From</u> <u>To</u>	<u>Grant Award</u>	<u>Unexpended Balance 12/31/11</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Adjustments</u>	<u>Unexpended Balance 12/31/12</u>	<u>Accumulated Expenditures</u>
Local Assistance									
County of Cape May									
Streetscape 2008		1/1/2008 12/31/2008	145,948.00	8,904.53				8,904.53	137,043.47
MUA - Mini-Grant		1/1/2012 12/31/2012	3,000.00	1,737.71				1,737.71	1,262.29
Comcast Technology Grant		1/1/2009 12/31/2009	25,000.00	21,200.00		3,245.00		17,955.00	7,045.00
Private Donations - Hurricane Sandy		1/1/2012 12/31/2012	296.35		296.35			296.35	0.00
Private Donations - Speed Sentry		Prior	3,700.00	45.00				45.00	3,655.00
Private Donations - Archival Museum		Prior	1,723.75	1,257.10				1,257.10	466.65
Private Donations - Bird Sanctuary		Prior	1,075.00	215.65		215.65		0.00	1,075.00
Private Donations - Feral Cat Management		Prior	3,085.00	233.27				233.27	2,851.73
Private Donations - Parks		Prior	3,411.29	120.29				120.29	3,291.00
Total Local Assistance				33,713.55	296.35	3,460.65	0.00	30,549.25	
Total State and Local Assistance				80,211.15	1,339,121.93	1,340,353.28	0.00	83,418.80	
Total Federal and State and Local Assistance				104,980.15	2,759,151.24	2,760,382.59	0.00	108,187.80	

See Accompanying Notes to Schedules of Federal and State Financial Assistance

BOROUGH OF STONE HARBOR
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

Note 1: General

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Stone Harbor. The Borough is defined in Note 1 to the Borough's financial statements – statutory basis.

Note 2: Basis of Accounting

The accompanying schedule of expenditures of state financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 Borough accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements – statutory basis. The financial statements – statutory basis present the Grant Fund and Capital Funds on a budgetary basis. The Grant Fund and the Capital Funds are presented in the accompanying schedule on the grant accounting basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ -	\$ 188,486.17	\$ 3,460.65	\$ 191,946.82
General Capital Fund	1,333,759.55		-	1,333,759.55
Water and Sewer Capital Fund	86,269.76	1,148,406.46	-	1,234,676.22
Total Financial Assistance	\$ <u>1,420,029.31</u>	\$ <u>1,336,892.63</u>	\$ <u>3,460.65</u>	\$ <u>2,760,382.59</u>

Note 4: Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports excluding the recognition of encumbrances as expenditures.

BOROUGH OF STONE HARBOR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued:	Adverse Opinion in accordance with U.S. Generally Accepted Accounting Principles and Unqualified Opinion issued on the Financial Statements – Regulatory Basis of Accounting” dated March 31, 2013
----------------------------------	--

Internal control over financial reporting:

1) Material weakness?	No
2) Significant Deficiencies?	No

Noncompliance material to the basic financial Statements noted?	No
---	----

Federal Awards

Dollar threshold used to distinguish between type A and Type B Programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	No
--	----

Type of auditor's report issued on compliance with major programs:	An Unqualified Opinion was issued on compliance with major programs dated March 31, 2013
--	--

Internal Control over major programs:

1) Material weakness?	No
2) Significant Deficiencies?	No

Any audit findings disclosed that are required to be reported?	No
--	----

Identification of major programs:

<u>State Grant Number</u>	<u>Name of State Program</u>
N/A	New Jersey Environmental Infrastructure Trust Pooled Loan Program Drinking Water and Clean Water – 2010 Series A Clean Water – Fall 2010 Series B

Federal Awards

<u>CFDA Number</u>	<u>Federal Program</u>
66.458	Clean Water State Revolving Fund
66.468	Drinking Water State Revolving Fund

BOROUGH OF STONE HARBOR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements statutory basis that are required to be reported under this section.

III. FEDERAL FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Federal: None

MANAGEMENT RESPONSES

Management is required to respond to findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report, if any findings and recommendations are noted in the audit report.

STATUS OF PRIOR YEAR FINDINGS

Federal: None

BOROUGH OF STONE HARBOR
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2011	\$ 3,384,921.87	\$ 85,887.11
Increased by Receipts:		
Collector	\$ 22,410,012.63	\$
Revenue Accounts Receivable	2,545,082.86	
State of New Jersey-Senior Citizens & Veterans	21,000.00	
Miscellaneous Revenue Not Anticipated	71,058.99	
Petty Cash Funds	400.00	
Prepaid Beach Fees	20,853.00	
Prepaid Uniform Fire Code Fees	92,800.00	
Prepaid Cell Tower Rent	3,450.00	
State Training Fees for New Construction	20,861.00	
State Fee for Marriage Licenses	1,050.00	
Due from Trusts - Other		
Due from Animal Control Fund		
Grants - Unappropriated		12,698.05
Grants Receivable		16,017.42
	25,186,568.48	28,715.47
	28,571,490.35	114,602.58
Decreased by Disbursements:		
2012 Appropriations	10,494,448.36	
2011 Appropriation Reserves	175,983.92	
County Taxes	10,302,507.30	
County Added and Omitted Taxes	22,368.53	
Local District School Tax	2,237,255.00	
Tax Overpayments Refunded	7,117.91	
Payroll Deductions Payable	1,628,174.30	
Petty Cash Funds	400.00	
State Training Fees for New Construction	18,199.00	
State Fee for Marriage Licenses	950.00	
Due from Water and Sewer Operating Fund	34,435.13	
Refund of Prior Year Revenue	6,862.50	
Grants - Appropriated Reserves		110,600.87
	24,928,701.95	110,600.87
	\$ 3,642,788.40	\$ 4,001.71
Balance December 31, 2012		

BOROUGH OF STONE HARBOR
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2011	<u>Ref.</u> A	\$	-
Increased by Receipts:			
Taxes Receivable	\$ 21,831,434.48		
Tax Overpayments	31,155.89		
Revenue Accounts Receivable	74,917.91		
Prepaid Taxes	<u>472,504.35</u>		
			<u>22,410,012.63</u>
			22,410,012.63
Decreased by Disbursements:			
Payment to Treasurer	<u>22,410,012.63</u>		
			<u>22,410,012.63</u>
Balance December 31, 2012	A	\$	<u><u>-</u></u>

BOROUGH OF STONE HARBOR
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	Collections		Canceled	Transferred To Tax Title Liens	Balance Dec. 31, 2012
				2011	2012			
2008	\$ 2,675.88	\$	\$ 250.00		\$ 2,675.88	\$	\$	\$ 250.00
2009	2,615.71		250.00		2,615.71			250.00
2010	5,036.71		250.00		5,036.71			250.00
2011	327,496.19				310,457.26	17,033.78		5.15
	337,824.49	-	750.00	-	320,785.56	17,033.78	-	755.15
2012		22,312,347.08		407,196.15	21,537,825.44	99,747.82	-	267,577.67
	337,824.49	\$ 22,312,347.08	\$ 750.00	407,196.15	21,858,611.00	\$ 116,781.60	\$	\$ 268,332.82
Ref.								A

\$ 21,831,434.48 Taxes Receivable
21,750.00 Senior Citizens and Veterans
5,426.52 Overpayments Applied

\$ 21,858,611.00

Analysis of 2012 Property Tax Levy

Tax Yield:

General Property Tax
Added Taxes (54:4-63.1 et seq.)

\$ 22,266,382.85
45,964.23

\$ 22,312,347.08

Tax Levy:

Local District School Tax:

Levy \$ 2,259,406.00

County Tax
County Library Tax
County Open Space Tax
County Taxes Added and Omitted

2,259,406.00

10,324,026.06

Local Tax for Municipal Purposes

Add: Additional Tax Levied

9,554,967.00
173,948.02

9,728,915.02

\$ 22,312,347.08

BOROUGH OF STONE HARBOR
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Ref.	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages		10,188.00 \$	10,188.00 \$	-
Fees and Permits		244,445.60	244,445.60	-
Construction Code Official				-
Fees and Permits		461,994.80	461,994.80	-
Municipal Court				-
Fines and Costs	4,428.93	88,049.75	89,995.28	2,483.40 Dec 2012
Parking Meters	-	365,355.40	365,355.40	-
Interest and Costs on Taxes	-	74,917.91	74,917.91	-
Interest on Investments and Deposits	1.28	8,941.00	8,942.28	-
Beach Fees	-	704,172.69	704,172.69	-
Tennis Courts	-	19,556.00	19,556.00	-
Cell Tower Rent	-	107,039.42	107,039.42	-
Television Cable Fees	-	27,280.22	27,280.22	-
Uniform Fire Code Official	-	157,203.00	157,203.00	-
Uniform Fire Safety Act	-	7,040.80	7,040.80	-
Arts and Crafts Show	-	79,550.00	79,550.00	-
Marina Fees	-	4,956.00	4,956.00	-
Beach Concession	-	35,000.00	35,000.00	-
Special Events Revenue	-	21,298.37	21,298.37	-
Energy Receipts Tax	-	214,317.00	214,317.00	-
General Capital Fund Balance	-	48,000.00	48,000.00	-
Reserve for Payment of Bonds	-	60,033.00	60,033.00	-
TOTALS	\$ 4,430.21	\$ 2,739,338.96	\$ 2,741,285.77	\$ 2,483.40
Ref.	A			A
Prepayments Applied		\$	121,285.00	
Tax Collector			74,917.91	
Treasurer			2,545,082.86	
		\$	2,741,285.77	

BOROUGH OF STONE HARBOR
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Salaries and Wages	\$	\$	\$	\$	\$
Mayor and Council	5,650.00	5,650.00	300.00	5,350.00	
Health Benefits Waiver	625.01	625.01	625.01	-	
Police	89,196.42	89,196.42	5,779.28	83,417.14	
Public Works	111,909.22	111,909.22	20,918.80	90,990.42	
Solid Waste Collection	69,523.89	69,523.89	14,577.88	54,946.01	
Other Expenses					
General Administration	16,902.72	16,902.72	174.64	16,728.08	
Mayor and Council	4,670.90	4,670.90	36.00	4,634.90	
Municipal Clerk	2,300.29	2,300.29	959.53	1,340.76	
Financial Administration	6,471.28	6,471.28	1,895.55	4,575.73	
Audit Services	8,500.00	8,500.00	8,500.00	-	
Collection of Taxes	1,538.03	1,538.03	53.59	1,484.44	
Assessment of Taxes	2,321.02	2,321.02	1,073.67	1,247.35	
Legal Services	71,470.11	71,470.11	5,348.00	66,122.11	
Engineering Services and Costs	16,707.36	16,707.36	2,500.00	14,207.36	
Other Insurance Premiums	7,782.87	7,782.87	1,000.00	6,782.87	
Group Insurance Plan for Employees	231,961.78	231,961.78	13,522.33	218,439.45	
Planning Board	19,799.05	19,799.05	4,683.46	15,115.59	
Zoning Board of Adjustment	2,626.20	2,626.20	1,197.45	1,428.75	
Construction Code Official	5,050.42	5,050.42	715.51	4,334.91	
Police	7,766.48	7,766.48	5,757.84	2,008.64	
Emergency Management	377.30	377.30	23.14	354.16	
Fire	30,881.03	30,881.03	21,889.37	8,991.66	
Uniform Fire Code Official	652.40	652.40	219.50	432.90	
Municipal Court	5,019.95	5,019.95	508.69	4,511.26	
Public Works	28,197.76	28,197.76	8,414.09	19,783.67	
Solid Waste Collection	24,562.54	24,562.54	7,274.20	17,288.34	
Public Buildings and Grounds	20,245.06	20,245.06	7,821.73	12,423.33	
Board of Health	443.67	443.67	229.67	214.00	

BOROUGH OF STONE HARBOR
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Natural Resources	\$ 3,932.23	\$ 3,932.23	\$ 75.00	\$ 3,857.23	\$
Animal Control	11,090.20	11,090.20	756.60	10,333.60	
Safety Compliance	2,120.48	2,120.48	2,120.48	-	
Parks and Playgrounds	9,402.98	9,402.98	5,954.47	3,448.51	
Tourism	29,881.29	29,881.29	7,907.66	21,973.63	
Electricity	26,388.19	26,388.19	7,072.12	19,316.07	
Street Lighting	5,641.14	5,641.14	5,641.14	-	
Telephone	6,666.70	6,666.70	2,934.05	3,732.65	
Gasoline	11,248.21	11,248.21	7,181.94	4,066.27	
Contribution to:					
Social Security	23,506.47	23,506.47	159.48	23,346.99	
Unemployment Compensation	182.05	182.05	182.05	-	
Other Accounts - No Change	38,518.81	38,518.81		38,518.81	
TOTALS	\$ 961,731.51	\$ 961,731.51	\$ 175,983.92	\$ 785,747.59	\$ -
Appropriation Reserves	\$ 799,026.91				
Encumbrances	162,704.60				
	\$ 961,731.51				
Accounts Payable		\$ -			
Disbursements			175,983.92		
			\$ 175,983.92		

BOROUGH OF STONE HARBOR
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
State:					
NJ Tourism Cooperative Marketing Grant	\$ -	\$ 4,439.00	\$	\$	4,439.00
Clean Communities Program -2012	-	11,722.31	11,722.31		-
Drunk Driving Enforcement Fund	-	1,770.86	1,770.86		-
Green Communities Grant	3,000.00		3,000.00		-
Recycling Tonnage Grant	-	6,066.45	6,066.45		-
NJDOT Relocation of Site 103	163,876.50	165,000.00			328,876.50
Municipal Court Alcohol Grant		1,295.11	1,295.11		-
Federal:					
Shore Bird Stewardship		5,200.00	5,200.00		-
Other:					
Cape May County - Road Improvements	8,140.00				8,140.00
TOTALS	\$ 175,016.50	\$ 195,493.73	\$ 29,054.73	\$ -	\$ 341,455.50
	A				A
Unappropriated Reserves Realized			13,037.31		
Received			16,017.42		
			\$ 29,054.73		

Ref.

BOROUGH OF STONE HARBOR
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Received</u>	<u>Appropriated in 2012 Budget</u>	<u>Balance Dec. 31, 2012</u>
State:				
Police Body Armor Replacement Fund	\$ - \$	1,901.05 \$	\$	1,901.05
Supplemental Fire Services Program	1.00			1.00
Recycling Tonnage Grant - 2012	-	5,950.44		5,950.44
Recycling Tonnage Grant - 2011	6,066.45		6,066.45	-
Drunk Driving Enforcement Fund - 2011	1,770.86		1,770.86	-
Drunk Driving Enforcement Fund - 2012		4,550.21		4,550.21
Federal:				
Shore Bird Stewardship	5,200.00		5,200.00	-
Other:				
Donations - Hurricane Sandy		296.35		296.35
Contributions - Feral Cat Management	85.00			85.00
TOTALS	\$ 13,123.31 \$	12,698.05 \$	13,037.31 \$	12,784.05
Ref.	A			A

BOROUGH OF STONE HARBOR
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
State:					
Municipal Court Alcohol Rehabilitation and Education Program	\$ 330.85	\$ 1,295.11	\$ 1,500.00	\$	\$ 125.96
Drunk Driving Enforcement Fund	-	1,770.86			1,770.86
Recycling Tonnage Grant	14,787.28	6,066.45	9,186.06		11,667.67
DOT Relocation of Site 103	3,166.00	165,000.00	162,000.00		6,166.00
Clean Communities Program - 2011	4,427.04		4,427.04		0.00
Clean Communities Program - 2012	-	11,722.31	6,365.67		5,356.64
Police Body Armor Replacement Fund	5,249.10		5,007.40		241.70
Municipal Stormwater Regulation Grant - 2004	3,877.02				3,877.02
Municipal Stormwater Regulation Grant - 2005	6,822.00				6,822.00
NJ Tourism Cooperative Marketing Grant	-	4,439.00			4,439.00
Other:					
Cape May County - Streetscape - 2008	8,904.53				8,904.53
Private Donation - Speed Sentry	45.00				45.00
MUA Mini - Grant	1,737.71				1,737.71
Contributions- Archival Museum	1,257.10				1,257.10
Contributions - Bird Sanctuary	215.65		215.65		-

BOROUGH OF STONE HARBOR
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Purpose</u>	Balance Dec. 31, 2011	Budget Appropriations	Expended	Canceled	Balance Dec. 31, 2012
Other: - Continued					
Contributions - Feral Cat Management	\$ 148.27	\$	\$	\$	148.27
Comcast Technology Grant	21,200.00		3,245.00		17,955.00
Donations - Parks	120.29				120.29
Federal:					
Shore Bird Stewardship Grant	19,569.00	5,200.00			24,769.00
TOTALS	\$ 50,967.55	\$ 195,493.73	\$ 191,946.82	\$ -	\$ 95,403.75
Ref.	A				A
		Reserve for Encumbrances	\$ 237,269.41		
		Prior Encumbrances Canceled	(155,923.46)		
		Cash Disbursements	110,600.87		
		\$	\$ 191,946.82		

BOROUGH OF STONE HARBOR
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> B	\$	287.54
Increased by Receipts:			
Animal Licenses Fees	\$	139.20	
State License Fees		49.20	
Interest Earned - Due to Current Fund		<u>0.26</u>	
			<u>188.66</u>
			476.20
Decreased by Disbursements:			
Reserve for Dog Fund Expenditures		-	
Statutory Excess Paid to Current Fund		-	
State of New Jersey		<u>49.20</u>	
			<u>49.20</u>
Balance December 31, 2012	B	\$	<u><u>427.00</u></u>

BOROUGH OF STONE HARBOR
TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> B	\$ 583,544.58
Increased by Receipts:		
Interest Earned - Workers Compensation	\$ 41.43	
Interest Earned - Public Defender Trust	1.87	
Interest Earned - Parking Offense Adjudication Act	10.85	
Interest Earned - Preservation Trust	81.69	
Interest Earned - 100th Anniversary	26.61	
Interest Earned - COAH	21.66	
Interest Earned - Health Flex	0.20	
Budget Appropriation		
100th Anniversary	10,000.00	
Bird Sanctuary Revenues	10,752.00	
Health Flex Account	787.92	
Bequests - Memorial Benches	3,000.00	
Bequests - Police Equipment	360.00	
Bequests - 911 Memorial	5,000.00	
Escrow Fees Collected	12,437.50	
Street Opening Deposits	72,175.00	
COAH Fees	165,709.38	
Public Defender Fees	950.00	
Parking Offense Fees from Municipal Court	580.00	
Off-Duty Police	3,172.50	
Insurance Reimbursement - Workers Compensation	<u>5,744.65</u>	
		<u>290,853.26</u>
		874,397.84
Decreased by Disbursements:		
Health Flex Expenses	187.92	
Bird Sanctuary Expenses	4,351.38	
COAH Expenses	6,521.25	
Street Openings	25,446.50	
Police Contract Expenses	3,036.06	
Escrow Expenditures and Refunds	14,918.00	
Memorial Benches	2,595.00	
Insurance Claims - Workers Compensation	<u>5,438.90</u>	
		<u>62,495.01</u>
Balance December 31, 2012	B	\$ <u><u>811,902.83</u></u>

BOROUGH OF STONE HARBOR
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2011	<u>Ref.</u> B	\$	284.50
Increased by Receipts:			
Animal Control Fees Collected		\$	<u>139.20</u>
			<u>139.20</u>
			423.70
Decreased by Disbursements:			
Statutory Excess			118.20
Animal Control Expenditures			<u>-</u>
			<u>118.20</u>
Balance December 31, 2012	B	\$	<u><u>305.50</u></u>

License Fees Collected

<u>Year</u>	
2010	\$ 182.00
2011	<u>123.50</u>
	<u><u>\$ 305.50</u></u>

BOROUGH OF STONE HARBOR
TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2011	<u>Ref.</u> B	\$	0.04
Increased by:			
Interest Earned - Due to Current Fund	\$	0.26	
Statutory Excess - Due to Current Fund		<u>118.20</u>	
			<u>118.46</u>
			118.50
Decreased by:			
Paid to Current Fund		<u>-</u>	
			<u>-</u>
Balance December 31, 2012	B	\$	<u><u>118.50</u></u>

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2011	<u>Ref.</u> B	\$	3.00
Increased by:			
Collected in 2012	\$	<u>49.20</u>	
			<u>49.20</u>
			52.20
Decreased by:			
Paid to State of New Jersey		<u>49.20</u>	
			<u>49.20</u>
Balance December 31, 2012	B	\$	<u><u>3.00</u></u>

BOROUGH OF STONE HARBOR
TRUST FUND
SCHEDULE OF RESERVE FOR PARKING OFFENSES ADJUDICATION ACT

Balance December 31, 2011	<u>Ref.</u> B	\$	14,974.65
Increased by Receipts:			
Penalties Received from Municipal Court		\$	580.00
Interest Earned on Deposits			<u>10.85</u>
			<u>590.85</u>
			15,565.50
Decreased by Disbursements:			
Municipal Court Expenditures			
			<u>-</u>
Balance December 31, 2012	B	\$	<u><u>15,565.50</u></u>

SCHEDULE OF RESERVE FOR SELF INSURANCE PROGRAM

Automobile and General Liability Reserve	<u>Ref.</u> B	\$	-
Workers Compensation Reserve	B		<u>61,524.13</u>
Balance December 31, 2011		\$	61,524.13
Increased by:			
Interest Earned on Deposits - Workers Compensation			41.43
Insurance Reimbursement - Workers Compensation			<u>5,744.65</u>
			<u>5,786.08</u>
			67,310.21
Decreased by:			
Insurance Claims - Workers Compensation			<u>5,438.90</u>
			<u>5,438.90</u>
Balance December 31, 2012	B	\$	<u><u>61,871.31</u></u>
Automobile and General Liability Reserve	B		-
Workers Compensation Reserve	B		<u>61,871.31</u>
		\$	<u><u>61,871.31</u></u>

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> C	\$ 4,172,051.02
Increased by Receipts:		
Budget Appropriations:		
Capital Improvement Fund	\$ 50,000.00	
Deferred Charges - Unfunded	4,950.00	
Grant - Reconstruction of 1st Avenue	<u>150,000.00</u>	
		<u>204,950.00</u>
		4,377,001.02
Decreased by Disbursements:		
Improvement Authorizations	3,925,524.97	
Anticipated as a Revenue in 2012 Budget;		
Reserve for Payment of Bonds	60,033.00	
General Capital Fund Balance	<u>48,000.00</u>	
		<u>4,033,557.97</u>
Balance December 31, 2012	C	\$ <u><u>343,443.05</u></u>

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
	Grant Proceeds	Budget Appropriation	Improvement Authorizations	Misc	From	To	
		\$	\$	\$	\$	\$	
Fund Balance		\$ 48,119.76					119.76
Capital Improvement Fund		158,046.94			82,000.00		126,046.94
Contracts Payable		2,322,310.74			2,322,310.74	870,992.74	870,992.74
Reserve for Payment of Bonds		680,244.43					620,211.43
Reserve for Payment of NJEIT Loan		62,116.00		60,033.00			552,846.00
Reserve for Arbitrage Liability		1,699.33				490,730.00	1,699.33
Due from NJ Environmental Infrastructure Trust		1,737,916.00)			2,332,581.63	1,033,362.30	(3,037,135.33)
Due from Water and Sewer Capital Fund					1,033,362.30		(1,033,362.30)
Improvement Authorizations							
Ord.							
Number							
1086	Various Improvements		0.52				-
1208	d. Improve Municipal Property	0.52					150.00
1208	Improve Lagoons and Basins	150.00					
1228	Various Improvements:						
	h. Improvement of Sedge Island	59,555.58					59,555.58
	i. Improvement of Site 103	143,770.00	6,560.00				137,210.00
1249	Various Improvements:						
	f. Funding Borough's Obligation						
	for Affordable Housing	30,803.00			22,791.25	22,791.25	30,803.00
1293	Various Improvements						
	b. Improve Borough Buildings						
	and Property	-					
	c. Improve Beach Property	12,104.49				3,210.10	3,210.10
	d. Improve Streets & Parking Lots	-	12,104.49			40,224.76	40,224.76
	e. Improve 96th Street	56,877.47	27,515.27			454.19	454.19
1308	Various Improvements					3,975.97	33,338.17
	a. Vehicular Equipment for Borough						
	Departments	51.25	51.25			855.00	855.00
	b. Improve Borough Buildings						
	and Property	475,266.47	79,959.61		100,252.90	59,452.31	354,506.27
	d. Purchase Equipment - Various						
	Borough Departments	11,609.20	15,529.20			3,920.00	-
1332	Various Improvements:						-
	a. Vehicular Equipment for						
	Borough Departments	-				1,096.25	1,096.25
	b. Improve Borough Buildings						
	and Property	-	153,069.05		14,581.75	207,569.98	39,919.18
	c. Purchase of Fire Truck	7.25					7.25
	d. Purchase Equipment - Various						-
	Borough Departments	6,417.85			3,537.80		2,880.05
	e. Improve Streets & Parking Lots	86,269.76	145,475.76		37,292.37	96,498.37	-

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Improvement Authorizations Ord. Number	Balance Dec. 31, 2011	Receipts		Disbursements			Transfers		Balance Dec. 31, 2012
		Grant Proceeds	Budget Appropriation	Improvement Authorizations	Misc.		From	To	
1332 Various Improvements (Continued):									
f. Purchase Computer Equipment	\$ 3,358.57	\$	\$	1,120.59	\$	\$	\$	\$	2,237.98
g. Funding Borough's Obligation for Affordable Housing	178,000.00								178,000.00
1356 Various Improvements:									
a. Vehicular Equipment for Borough Departments	115,624.25			95,256.70			450.75	20,000.00	39,916.80
b. Improve Borough Buildings and Property	84,945.47			25,834.67			16,550.34	42,991.97	85,552.43
c. Purchase Equipment - Various Borough Departments	995.08			3,425.08			419.80	2,849.80	-
d. Improve Streets and Locations	1,022,738.27			1,166,444.27			97,474.18	241,180.18	-
e. Purchase Computer Equipment	4,269.77								4,269.77
1369 Various Improvements:									
a. Vehicular Equipment for Borough Departments	206,073.97			234,937.66			408.00	29,271.69	-
b. Improve Borough Buildings and Property	5,821.27			1,476,061.34			62,696.82	1,545,968.92	13,032.03
c. Purchase Equipment - Various Borough Departments	126,703.59		4,950.00	15,341.81					111,361.78
d. Purchase Computer Equipment	6,016.74								10,966.74
1390 Improvement to Water and Sewerage System - General Capital Portion		150,000.00		148,312.48			217,858.59	1,841,851.63	1,625,680.56
1398 Various Improvements:									
a. Vehic. Equip. for Borough				140,201.80			42,702.31	10,800.00	(172,104.11)
b. Improve Borough Bldgs & Property				43,536.74			218,939.11	55,700.00	(206,775.85)
c. Purchase Equipment - Various Borough Departments				114,786.36			35,036.77	14,000.00	-
d. Purchase Computer Equipment				20,000.32				1,500.00	(18,500.32)
	\$ 4,172,051.02	\$ 150,000.00	\$ 54,950.00	\$ 3,925,524.97	\$ 108,033.00	\$ 6,641,247.41	\$ 6,641,247.41	\$ 343,443.05	
	C							C	

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> C	\$ 158,046.94
Increased by:		
Current Fund Budget Appropriation	\$ 50,000.00	
		<u>50,000.00</u>
		208,046.94
Decreased by:		
Appropriation to Finance Improvement Authorizations	<u>82,000.00</u>	
		<u>82,000.00</u>
Balance December 31, 2012	C	\$ <u><u>126,046.94</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2011	<u>Ref.</u> C	\$ 25,540,361.94
Increased by:		
Improvement Costs Funded by:		
NJEIT Loans Issued	\$ 1,841,851.63	
		<u>1,841,851.63</u>
		27,382,213.57
Decreased by:		
NJEIT Loans Paid by Operating Budget	106,339.08	
Serial Bonds Paid by Operating Budget	<u>2,275,000.00</u>	
		<u>2,381,339.08</u>
Balance December 31, 2012	C	\$ <u><u>25,000,874.49</u></u>

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Transfer to Funded	Grants Received	Budget Appropriation	Balance Dec. 31, 2012	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorization
1369	Various Improvements: d. Purchase Computer Equipment	\$ 4,950.00	\$	\$	\$	4,950.00	-	\$	
1390	Improvement to Water and Sewerage System - General Capital Portion	2,600,000.00		1,841,851.63	150,000.00		608,148.37		608,148.37
1398	Various Improvements: a. Vehicular Equip. for Borough Departments b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment		207,200.00 1,111,300.00 278,000.00 21,500.00				207,200.00 1,111,300.00 278,000.00 21,500.00	172,104.11 206,775.85 135,823.13 18,500.32	35,095.89 904,524.15 142,176.87 2,999.68
		\$ 2,604,950.00	\$ 1,618,000.00	\$ 1,841,851.63	\$ 150,000.00	\$ 4,950.00	\$ 2,226,148.37	\$ 533,203.41	\$ 1,692,944.96
		C					C		C-7

Ref.

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	2012 Authorizations					Paid or Charged	Authorizations Canceled	Balance December 31, 2012	
				Balance December 31, 2011	Capital Improvement Fund	Deferred Charges to Future Taxation					Funded	Unfunded
1086	Various Improvements: d. Improve Municipal Property	3/2/2000	\$ 1,044,000.00	\$ 0.52	\$	\$	\$	0.52	\$		\$ 0.00	
1208	Improve Lagoons and Basins	4/6/2004	300,000.00	150.00							150.00	
1228	Various Improvements: h. Improvement of Sedge Island i. Improvement of Site 103	3/1/2005	4,059,000.00	59,555.58 143,770.00				6,560.00			59,555.58 137,210.00	
1249	Various Improvements: f. Funding Borough's Obligation for Affordable Housing	3/7/2006	2,450,000.00	30,803.00				-			30,803.00	
1293	Various Improvements b. Improve Borough Buildings and Property c. Improve Beach Property d. Improve Streets and Parking Lots e. Improve 96th Street	8/3/2007	3,300,000.00	12,104.49 56,877.47				(3,210.10) (28,120.27) (454.19) 23,539.30			3,210.10 40,224.76 454.19 33,338.17	
1308	Various Improvements a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property d. Purchase Equipment - Various Borough Departments	4/1/2008	3,950,000	51.25 475,266.47 11,609.20				(803.75) 120,760.20 11,609.20			855.00 354,506.27 -	
1332	Various Improvements: a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property c. Purchase of Fire Truck d. Purchase Equipment - Various Borough Departments e. Improve Streets and Parking Lots f. Purchase Computer Equipment g. Funding Borough's Obligation for Affordable Housing	3/17/2009	2,900,000	- 7.25 6,417.85 86,269.76 3,358.57 178,000.00				(1,096.25) (39,919.18) 3,537.80 86,269.76 1,120.59			1,096.25 39,919.18 7.25 2,880.05 (0.00) 2,237.98 178,000.00	
1356	Various Improvements: a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Improve Streets and Locations e. Purchase Computer Equipment	3/16/2010	2,400,000	115,624.25 84,945.47 995.08 1,022,738.27 4,269.77				75,707.45 (606.96) 995.08 1,022,738.27			39,916.80 85,552.43 0.00 -	4,269.77

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	2012 Authorizations							
				Balance December 31, 2011		Capital Improvement Fund	Deferred Charges to Future Taxation	Paid or Charged	Authorizations Canceled	Balance December 31, 2012	
				Funded	Unfunded					Funded	Unfunded
1369	Various Improvements: a. Vehicular Equipment for Borough Departments b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	3/1/2011	\$ 2,250,000	\$	\$	\$	\$	\$	\$	\$	\$
				206,073.97			206,073.97				
				5,821.27			(7,210.76)			13,032.03	
				126,703.59			15,341.81			111,361.78	
				6,016.74	4,950.00					10,966.74	
1390	Improvement to Water and Sewer System - General Capital Portion	10/18/2011	2,600,000		2,600,000.00		366,171.07			1,625,680.56	608,148.37
1398	Various Improvements: a. Vehicular Equipment b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment	3/6/2012	1,700,000			10,800.00	207,200.00	182,904.11			35,095.89
						55,700.00	1,111,300.00	262,475.85			904,524.15
						14,000.00	278,000.00	149,823.13			142,176.87
						1,500.00	21,500.00	20,000.32			2,999.68
				\$ 2,637,429.82	\$ 2,604,950.00	\$ 82,000.00	\$ 1,618,000.00	\$ 2,474,206.97	\$ -	\$ 2,775,227.89	\$ 1,692,944.96
				C	C				C	C	C
			Ref.								
					Reserve for Encumbrances - 2012			870,992.74			
					Reserve for Encumbrances - 2011			(2,322,310.74)			
					Cash Disbursements			3,925,524.97			
								\$ 2,474,206.97			

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			December 31, 2012	Amount							
General Bonds of 2006	8/15/2006	13,994,000	8/15/13	\$ 1,540,000.00			4.00%	\$ 11,144,000.00	\$	\$ 1,450,000.00	\$ 9,694,000.00
			8/15/14	1,590,000.00			4.00%				
			8/15/15-17	1,640,000.00			4.00%				
			8/15/18	1,644,000.00			4.00%				
General Bonds of 2011	11/01/11	12,750,000	11/01/13	865,000.00			2.00%				
			11/01/14	905,000.00			2.00%	12,750,000.00		825,000.00	11,925,000.00
			11/01/15	945,000.00			2.00%				
			11/01/16	985,000.00			3.00%				
			11/01/17	1,025,000.00			3.00%				
			11/01/18	1,075,000.00			3.00%				
			11/01/19	1,125,000.00			3.00%				
			11/01/20	1,175,000.00			3.00%				
			11/01/21	1,225,000.00			3.00%				
			11/01/22	1,275,000.00			3.00%				
			11/01/23	1,325,000.00			3.125%				
			Ref.	\$	23,894,000.00	\$				\$ 2,275,000.00	\$ 21,619,000.00
									-		C
Paid by Budget Appropriation										\$ 2,275,000.00	
											C-4

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012	Amount						
NJEIT 2010B Trust Loan CW - General Capital Portion (78.7685076%)	12/2/2010	\$ 807,377.20	8/1/2013	\$	27,568.98	5.00%	\$	807,377.20	\$	27,568.98	779,808.22
			8/1/2014		27,568.98	5.00%					
			8/1/2015		31,507.40	5.00%					
			8/1/2016		31,507.40	5.00%					
			8/1/2017		35,445.83	5.00%					
			8/1/2018		35,445.83	5.00%					
			8/1/2019		39,384.25	5.00%					
			8/1/2020		39,384.25	5.00%					
			8/1/2021		39,384.25	5.00%					
			8/1/2022		43,322.68	5.00%					
			8/1/2023		43,322.68	5.00%					
			8/1/2024		47,261.10	5.00%					
			8/1/2025		51,199.53	5.00%					
			8/1/2026		51,199.53	5.00%					
			8/1/2027		55,137.96	5.00%					
			8/1/2028		59,076.38	5.00%					
			8/1/2029		59,076.38	5.00%					
			8/1/2030		63,014.81	5.00%					
NJEIT 2010B Fund Loan CW - General Capital Portion (78.7685076%)	12/2/2010	868,422.80	2/1/2013	\$	14,719.03	0.00%		838,984.74		44,157.09	794,827.65
			8/1/2013		29,438.06						
			2/1/2014		14,719.03						
			8/1/2014		29,438.06						
			2/1/2015		14,719.03						
			8/1/2015		29,438.06						
			2/1/2016		14,719.03						
			8/1/2016		29,438.06						
			2/1/2017		14,719.03						
			8/1/2017		29,438.06						
			2/1/2018		14,719.03						
			8/1/2018		29,438.06						
			2/1/2019		14,719.03						
			8/1/2019		29,438.06						
			2/1/2020		14,719.03						
			8/1/2020		29,438.06						
			2/1/2021		14,719.03						
			8/1/2021		29,438.06						
			2/1/2022		14,719.03						

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans			Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012	Amount					
NJEIT 2010B Fund Loan CW - General Capital Portion (78.7685076%)	12/2/2010	\$ 868,422.80	8/1/2022	\$	29,438.06	0.00%	\$	\$	\$	\$
			2/1/2023		14,719.03					
			8/1/2023		29,438.06					
			2/1/2024		14,719.03					
			8/1/2024		29,438.06					
			2/1/2025		14,719.03					
			8/1/2025		29,438.06					
			2/1/2026		14,719.03					
			8/1/2026		29,438.06					
			2/1/2027		14,719.03					
			8/1/2027		29,438.06					
			2/1/2028		14,719.03					
			8/1/2028		29,438.06					
			2/1/2029		14,719.03					
			8/1/2029		29,438.06					
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%			2/1/1930		14,719.03					
			8/1/1930		29,438.09					
			8/1/2013		2,057.61	2.000%		58,641.98		58,641.98
	5/3/2012	58,641.98	8/1/2014		2,057.61	3.000%				
			8/1/2015		2,057.61	4.000%				
			8/1/2016		2,057.61	5.000%				
			8/1/2017		2,057.61	5.000%				
			8/1/2018		3,086.42	5.000%				
			8/1/2019		3,086.42	5.000%				
			8/1/2020		3,086.42	5.000%				
			8/1/2021		3,086.42	5.000%				
			8/1/2022		3,086.42	5.000%				
			8/1/2023		3,086.42	5.000%				
			8/1/2024		3,086.42	5.000%				
			8/1/2025		3,086.42	5.000%				
			8/1/2026		3,086.42	5.000%				
			8/1/2027		3,086.42	3.000%				
			8/1/2028		3,086.42	3.000%				
			8/1/2029		4,115.23	3.125%				
			8/1/2030		5,144.03	3.200%				
			8/1/2031		5,144.03	3.250%				

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012 Amount					
NJ/EIT Spring 2012 ABC Fund Loan DW-General Capital 20.5761350%	5/3/2012	188,679.87	2/1/2013	\$ 3,197.96	0.000%	\$	\$ 188,679.87	\$ 6,395.93	\$ 182,283.94
			8/1/2013	6,395.93					
			2/1/2014	3,197.96					
			8/1/2014	6,395.95					
			2/1/2015	3,197.96					
			8/1/2015	6,395.93					
			2/1/2016	3,197.96					
			8/1/2016	6,395.93					
			2/1/2017	3,197.96					
			8/1/2017	6,395.93					
			2/1/2018	3,197.96					
			8/1/2018	6,395.93					
			2/1/2019	3,197.96					
			8/1/2019	6,395.93					
			2/1/2020	3,197.96					
			8/1/2020	6,395.93					
			2/1/2021	3,197.96					
			8/1/2021	6,395.93					
			2/1/2022	3,197.96					
			8/1/2022	6,395.93					
			2/1/2023	3,197.96					
			8/1/2023	6,395.93					
			2/1/2024	3,197.96					
			8/1/2024	6,395.93					
			2/1/2025	3,197.96					
			8/1/2025	6,395.93					
			2/1/2026	3,197.96					
			8/1/2026	6,395.93					
			2/1/2027	3,197.96					
			8/1/2027	6,395.93					
			2/1/2028	3,197.96					
			8/1/2028	6,395.93					
			2/1/2029	3,197.96					
			8/1/2029	6,395.93					
			2/1/1930	3,197.96					
			8/1/1930	6,395.93					
			2/1/1931	3,197.96					
			8/1/1931	6,395.93					

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012 Amount	Interest Rate					
NJEIT 2012A Trust Loan CW-Water/Sewer 54.8291860%	5/3/2012	\$ 762,125.69	8/1/2013	\$ 27,414.59	2.000%	\$	\$	762,125.69	\$	762,125.69
			8/1/2014	27,414.59	3.000%					
			8/1/2015	27,414.59	4.000%					
			8/1/2016	30,156.05	5.000%					
			8/1/2017	30,156.05	5.000%					
			8/1/2018	32,897.51	5.000%					
			8/1/2019	32,897.51	5.000%					
			8/1/2020	35,638.97	5.000%					
			8/1/2021	38,380.43	5.000%					
			8/1/2022	38,380.43	5.000%					
			8/1/2023	41,121.89	5.000%					
			8/1/2024	43,863.35	5.000%					
			8/1/2025	43,863.35	5.000%					
			8/1/2026	46,604.81	5.000%					
			8/1/2027	49,346.27	3.000%					
			8/1/2028	52,087.73	3.000%					
			8/1/2029	52,087.73	3.125%					
			8/1/2030	54,829.19	3.200%					
			8/1/2031	57,570.65	3.250%					
NJEIT 2012A Fund Loan CW-Water/Sewer 54.8291860%	5/3/2012	832,404.09	2/1/2013	14,108.54	0.000%			832,404.09	28,217.08	804,187.01
			8/1/2013	28,217.08						
			2/1/2014	14,108.54						
			8/1/2014	28,217.08						
			2/1/2015	14,108.66						
			8/1/2015	28,217.08						
			2/1/2016	14,108.54						
			8/1/2016	28,217.08						
			2/1/2017	14,108.54						
			8/1/2017	28,217.08						
			2/1/2018	14,108.54						
			8/1/2018	28,217.08						
			2/1/2019	14,108.54						
			8/1/2019	28,217.08						
			2/1/2020	14,108.54						
			8/1/2020	28,217.08						
			2/1/2021	14,108.54						

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012 Amount					
NJEIT 2012A Fund Loan CW-Water/Sewer 54.8291860%	5/3/2012	\$ 832,404.09	8/1/2021	\$ 28,217.08	0.00%	\$	\$	\$	
			2/1/2022	14,108.54					
			8/1/2022	28,217.08					
			2/1/2023	14,108.54					
			8/1/2023	28,217.08					
			2/1/2024	14,108.54					
			8/1/2024	28,217.08					
			2/1/2025	14,108.54					
			8/1/2025	28,217.08					
			2/1/2026	14,108.54					
			8/1/2026	28,217.08					
			2/1/2027	14,108.54					
			8/1/2027	28,217.08					
			2/1/2028	14,108.54					
			8/1/2028	28,217.08					
			2/1/2029	14,108.54					
			8/1/2029	28,217.08					
			2/1/2030	14,108.54					
			8/1/2030	28,217.08					
			2/1/2031	14,108.54					
			8/1/2031	28,217.08					
						<u>\$ 1,646,361.94</u>	<u>\$ 1,841,851.63</u>	<u>\$ 106,339.08</u>	<u>\$ 3,381,874.49</u>
						<u>C</u>			<u>C</u>
						Ref.			
							<u>1,841,851.63</u>		
							<u>C-4</u>		
								<u>\$ 106,339.08</u>	
						NJEIT Loans Receivable			
						Paid by Budget Appropriation			

BOROUGH OF STONE HARBOR
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Budget Appropriation	NJEIT Loan Issued	Grants Received	Balance Dec. 31, 2012
1369	Various Improvements: d. Purchase Computer Equipment	\$ 4,950.00	\$	4,950.00	\$	\$	-
1390	Improvement of Water and Sewerage System - General Capital Portion	2,600,000.00			1,841,851.63	150,000.00	608,148.37
1398	Various Improvements: a. Vehicular Equip. for Borough Dept's b. Improve Borough Buildings and Property c. Purchase Equipment - Various Borough Departments d. Purchase Computer Equipment		207,200.00 1,111,300.00 278,000.00 21,500.00				207,200.00 1,111,300.00 278,000.00 21,500.00
		\$ 2,604,950.00	\$ 1,618,000.00	\$ 4,950.00	\$ 1,841,851.63	150,000.00	2,226,148.37
	Ref.	C				C	

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2011	D	\$ 503,918.62	\$ 313,343.56
Increased by Receipts:			
Water Rents Collected	\$	1,231,903.23	\$
Sewer Rents Collected		1,474,218.74	
Rent Overpayments		44,880.91	
Miscellaneous - Collector		90,178.75	
Fire Hydrant Service		2,800.00	
Interest Earned on Investments		326.72	
Due from Water/Sewer Capital Fund			
Premium on Serial Bonds Issued			
NJEIT Drawdowns - Series 2010B			651,602.00
NJEIT Drawdowns - Series 2012A			686,504.00
NJEIT Drawdowns - Series 2012ABC			39,042.00
Serial Bonds			
		2,844,308.35	1,377,148.00
		3,348,226.97	1,690,491.56
Decreased by Disbursements:			
Current Appropriations		2,653,754.53	
Appropriation Reserves		44,363.03	
Accrued Interest on Bonds and Notes		246,553.09	
Refund of Prior Year Revenue		500.00	
Notes Paid from Bond Funds			
Due to Water/Sewer Operating Fund			
Improvement Authorizations			
		1,441,821.12	
		2,945,170.65	1,441,821.12
Balance December 31, 2012	D	\$ 403,056.32	\$ 248,670.44

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012	
	Balance Dec. 31, 2011	Serial Bonds	NJEIT Loan Draws	Misc.	Improvement Authorizations	Notes Paid	Misc.	From		To
Fund Balance	\$ 34,616.39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,616.39
Capital Improvement Fund	17,575.77	-	-	-	-	-	-	-	-	17,575.77
Encumbrances Payable	1,375,566.75	-	-	-	-	-	-	1,375,566.75	2,750,368.30	2,750,368.30
Due to General Capital Fund	-	-	-	-	-	-	-	1,033,362.30	1,033,362.30	1,033,362.30
Due from N.J. Environ. Infrastructure Trust	(486,390.00)	-	1,377,148.00	-	-	-	-	3,718,867.67	466,270.00	(2,361,839.67)
Improvement Authorizations										
Ord.										
Number										
1134 Improvements to Water Supply Amended and Distribution System by 1197	36,735.00	-	-	-	1,563.00	-	-	33,437.00	-	1,735.00
1252 Various Improvements a. Purchase Vehicular Equip. c. Water & Sewer Equip.	-	-	-	-	-	-	-	-	-	-
1280 Various Improvements a. Vehicular Equipment b. Construction/Reconstruction of Sewer Pumps c. Water/Sewer Utility Equipment d. Roof Replacement of Water Plant/ Rehabilitation of Water Tower	13,742.03	-	-	-	14,124.53	-	-	16.00	398.50	-
1282 Improvement of the Water and Sewerage System	(18,267.00)	-	-	-	-	-	-	-	18,267.00	(0.00)
1309 Various Improvements a. Improvement of the Water and Sewerage System b. Purchase of Equipment	4,295.00 785.40	-	-	-	99,869.61	-	-	4,295.00 546.60	99,630.81	- (0.00)
1333 Various Improvements a. Reconstruction/Renovation of Roof of Water Plant b. Vehicular Equipment	19,883.96 138,618.73	-	-	-	138,618.73	-	-	7,793.00	7,793.00	19,883.96 -
1342 Improvement of the Water and Sewerage System	(861,675.00)	-	-	-	1,130,418.46	-	-	525,044.40	1,992,074.97	(525,062.89)
1370 Various Improvements that include the Purchase and Installation of a New Generator at the 114th St. Pump Station and Installation of New Fire Hydrants	37,856.53	-	-	-	21,000.09	-	-	-	26,576.47	43,432.91
1391 Improvement of the Water and Sewerage System	-	-	-	-	-	-	-	2,145,000.00	1,934,598.37	(210,401.63)
1399 Various Improvements a. Water Tower Rehabilitation b. Water/Sewer Equipment c. 95th Street Well Reconstruction	-	-	-	-	32,132.70 4,094.00	-	-	506,867.30 11,906.00	-	(539,000.00) (16,000.00)
	\$ 313,343.56	\$ -	\$ 1,377,148.00	\$ -	\$ 1,441,821.12	\$ -	\$ -	\$ 8,329,339.72	\$ 8,329,339.72	\$ 248,670.44
	D									D

Ref.

Ref.

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>		
Water Rents Receivable		\$ 41,140.31	
Sewer Rents Receivable		36,780.32	
Private Fire Protection Fees Receivable		<u>414.00</u>	
Balance December 31, 2011	D		\$ 78,334.63
Increased by:			
Water Rents Levied		1,240,334.15	
Sewer Rents Levied		1,502,244.96	
Private Fire Protection Fees Levied		<u>9,824.00</u>	
			<u>2,752,403.11</u>
			2,830,737.74
Decreased by:			
Collections - Water		1,231,903.23	
Collections - Sewer		1,474,218.74	
Collections - Private Fire Protection		9,960.94	
Overpayments Applied - Water		16,018.16	
Overpayments Applied - Sewer		31,125.45	
Overpayments Applied - Private Fire Protection		<u></u>	
			<u>2,763,226.52</u>
Balance December 31, 2012	D		\$ <u><u>67,511.22</u></u>
Water Rents Receivable		33,553.07	
Sewer Rents Receivable		33,681.09	
Private Fire Protection Fees Receivable		<u>277.06</u>	
Balance December 31, 2012			\$ <u><u>67,511.22</u></u>

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Salaries and Wages	\$ 6,747.90	\$ 6,747.90	\$ 6,747.90	\$ -	\$
Other Expenses	75,744.38	75,744.38	37,575.66	38,168.72	
Cape May County Municipal Utilities Authority	5,335.00	5,335.00		5,335.00	
Statutory Expenditures:					
Social Security	193.89	193.89		193.89	
Unemployment	39.47	39.47	39.47	-	
TOTALS	\$ 88,060.64	\$ 88,060.64	\$ 44,363.03	\$ 43,697.61	\$ -
Ref.	D				
Appropriation Reserves	\$ 26,422.25				
Reserve for Encumbrances	61,638.39				
	\$ 88,060.64				
Cash Disbursements			\$ 44,363.03		
Accounts Payable			-		
			\$ 44,363.03		

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY FUND
SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> D	\$	17,575.77
Increased by:			
No Activity in 2012	\$		
			-
			<u>17,575.77</u>
Decreased by:			
No Activity in 2012			
			-
Balance December 31, 2012	D	\$	<u><u>17,575.77</u></u>

BOROUGH OF STONE HARBOR
WATER AND SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES AND ANALYSIS OF BALANCE

Balance December 31, 2011	<u>Ref.</u> D	\$ 104,967.16
Increased by:		
Budget Appropriation:		
Interest on Bonds and Loans	\$ <u>227,205.78</u>	<u>227,205.78</u>
		332,172.94
Decreased by:		
Interest Paid on Bonds and Loans	<u>246,553.09</u>	<u>246,553.09</u>
Balance December 31, 2012	D	\$ <u><u>85,619.85</u></u>

Analysis of Accrued Interest December 31, 2012

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
\$ 2,810,000.00	Variable	8/16/2012	12/31/2012	138	\$ 42,150.00
1,530,000.00	Variable	11/10/2012	12/31/2012	61	7,140.15
155,000.00	Variable	8/1/2012	12/31/2012	153	2,898.89
635,000.00	Variable	8/1/2012	12/31/2012	153	11,856.46
725,000.00	Variable	8/1/2012	12/31/2012	153	2,536.14
444,268.98	5.00%	8/1/2012	12/31/2012	153	4,369.47
1,290,400.69	Variable	8/1/2012	12/31/2012	153	10,776.35
<u>929,973.88</u>	Variable	8/1/2012	12/31/2012	153	<u>3,892.39</u>
<u>\$ 8,519,643.55</u>					<u>\$ 85,619.85</u>

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	2012 Authorizations					Canceled	Balance December 31, 2012	
				Balance December 31, 2011	Capital Improvement Fund	Deferred Charges to Future Revenue	Paid or Charged			Funded	Unfunded
				Funded	Unfunded						
1134 amended by 1197	Improvement to Water Supply and Distribution System	3/6/2001	\$ 750,000	\$ 36,735.00	\$ -	\$ -	\$ 35,000.00	\$ -		\$ 1,735.00	\$ -
1280	Various Improvements a. Vehicular Equipment	3/12/2007	640,000		13,742.03		13,726.03				16.00
1309	Various Improvements a. Improvement of the Water and Sewerage System b. Purchase of Equipment	4/1/2008	1,250,000	4,295.00 785.40			4,295.00 785.40			- (0.00)	
1333	Various Improvements a. Reconstruction/Renovation of Roof of Water Plant b. Vehicular Equipment	3/17/2009	300,000	19,883.96 138,618.73			- 138,618.73			19,883.96 -	
1342	Improvement of the Water and Sewerage System	9/15/2009	3,000,000	3,655.00			(2,900.11)				6,555.11
1370	Various Improvements that include the Purchase and Installation of a New Generator at the 114th St. Pump Station and Installation of New Fire Hydrants	3/1/2011	65,000	38,423.53			(5,576.38)				43,999.91
1391	Improvement of the Water and Sewerage System	10/18/2011	2,145,000	2,145,000.00			2,145,000.00				-
1399	Various Improvements a. Water Tower Rehabilitation b. Water/Sewer Equipment c. 95th Street Well Reconstruction	3/6/2012	750,000			539,000.00 97,000.00 114,000.00	539,000.00 97,000.00 16,000.00				- 97,000.00 98,000.00
				\$ 200,318.09	\$ 2,200,820.56	\$ -	\$ 2,883,948.67	\$ -		\$ 21,618.96	\$ 245,571.02
				D	D					D	D
Ref.											
						Reserve for Encumbrances - 2012	\$ 2,750,352.30				
						Reserve for Encumbrances - 2011	(1,375,566.75)				
						Due from NJEIT - Interest Capitalized	49,075.00				
						Due from NJEIT - Authority Level Fees	18,267.00				
						Cash Disbursements	1,441,821.12				
							\$ 2,883,948.67				

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
Water & Sewer Utility Bonds of 2006	08/15/06	3,450,000	08/15/13	\$ 310,000.00	4.00%	\$ 3,110,000.00	\$	300,000.00	\$ 2,810,000.00
			08/15/14	320,000.00	4.00%				
			08/15/15	330,000.00	4.00%				
			08/15/16	345,000.00	4.00%				
			08/15/17	360,000.00	4.00%				
			08/15/18	375,000.00	4.00%				
			08/15/19	390,000.00	4.00%				
			08/15/20	380,000.00	4.00%				
Water & Sewer Utility Bonds of 2006	11/01/11	1,620,000	11/01/13	95,000.00	2.00%	1,620,000.00		90,000.00	1,530,000.00
			11/01/14	100,000.00	2.00%				
			11/01/15	110,000.00	2.00%				
			11/01/16	120,000.00	3.00%				
			11/01/17	130,000.00	3.00%				
			11/01/18	140,000.00	3.00%				
			11/01/19	150,000.00	3.00%				
			11/01/20	160,000.00	3.00%				
			11/01/21	170,000.00	3.00%				
			11/01/22	175,000.00	3.00%				
			11/01/23	180,000.00	3.125%				
						\$ 4,730,000.00	\$	390,000.00	\$ 4,340,000.00
						D			D
						Ref.			
							\$	390,000.00	\$
						Paid by Budget Appropriation			

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount							
NJEIT 2007A Trust Loan	11/8/2007	\$ 920,000.00	8/1/2013	\$	35,000.00		5.00%	\$		\$	
			8/1/2014		40,000.00		5.00%				
			8/1/2015		45,000.00		5.00%				
			8/1/2016		45,000.00		5.00%				
			8/1/2017		45,000.00		5.00%				
			8/1/2018		50,000.00		5.00%				
			8/1/2019		50,000.00		4.00%				
			8/1/2020		50,000.00		4.00%				
			8/1/2021		55,000.00		5.00%				
			8/1/2022		55,000.00		5.00%				
			8/1/2023		60,000.00		4.25%				
			8/1/2024		60,000.00		4.50%				
			8/1/2025		60,000.00		4.50%				
			8/1/2026		70,000.00		4.50%				
			8/1/2027		70,000.00		4.25%				
NJEIT 2007A Fund Loan	11/8/2007	901,733.00	2/1/2013		11,244.17		0.00%	725,905.45	18,267.00	45,460.05	698,712.40
			8/1/2013		33,460.53						
			2/1/2014		10,855.39						
			8/1/2014		36,157.64						
			2/1/2015		10,399.95						
			8/1/2015		38,890.61						
			2/1/2016		9,687.68						
			8/1/2016		38,178.35						
			2/1/2017		8,975.42						
			8/1/2017		37,466.08						
			2/1/2018		8,263.15						
			8/1/2018		39,942.22						
			2/1/2019		7,471.18						
			8/1/2019		39,150.24						
			2/1/2020		6,837.59						
			8/1/2020		38,516.66						
			2/1/2021		6,204.01						
			8/1/2021		41,071.49						
			2/1/2022		5,332.33						
			8/1/2022		40,199.80						
			2/1/2023		4,460.64						

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount							
NJEIT 2007A Fund Loan	11/8/2007	\$ 901,733.00	8/1/2023	\$ 42,516.52			0.00%	\$			\$
			2/1/2024	3,651.95							
			8/1/2024	41,707.83							
			2/1/2025	2,795.70							
			8/1/2025	40,851.58							
			2/1/2026	1,939.44							
			8/1/2026	46,269.63							
			2/1/2027	942.01							
			8/1/2027	45,272.61							
NJEIT 2010A Trust Loan DW & CW	3/10/2010	775,000.00	8/1/2013	** 5,000.00			5.00%	750,000.00		72,494.00	677,506.00
			8/1/2014	** 7,506.00			5.00%				
			8/1/2015	30,000.00			5.00%				
			8/1/2016	30,000.00			5.00%				
			8/1/2017	35,000.00			5.00%				
			8/1/2018	40,000.00			5.00%				
			8/1/2019	40,000.00			4.00%				
			8/1/2020	45,000.00			5.00%				
			8/1/2021	45,000.00			3.00%				
			8/1/2022	45,000.00			4.00%				
			8/1/2023	45,000.00			4.00%				
			8/1/2024	50,000.00			4.00%				
			8/1/2025	50,000.00			4.00%				
			8/1/2026	50,000.00			3.50%				
			8/1/2027	50,000.00			4.00%				
			8/1/2028	55,000.00			4.00%				
			8/1/2029	55,000.00			4.00%				
NJEIT 2010A Fund Loan DW & CW	3/10/2010	\$ 2,373,566.00	2/1/2013	40,229.93			0.000%	2,172,416.35		470,390.79	1,702,025.56
			8/1/2013	80,459.86							
			2/1/2014	40,229.93							
			8/1/2014	80,459.86							
			2/1/2015	40,229.93							
			8/1/2015	80,459.86							
			2/1/2016	40,229.93							
			8/1/2016	80,459.86							

** - Reduced for Project Fund Credits - Unexpended Loan Proceeds

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount							
NJEIT 2010A Fund Loan DW & CW	3/10/2010	\$ 2,373,566.00	2/1/2017	\$ 40,229.93			0.000%	\$			\$
			8/1/2017	80,459.86							
			2/1/2018	40,229.93							
			2/1/2018	40,229.93							
			8/1/2018	80,459.86							
			2/1/2019	40,229.93							
			8/1/2019	80,459.86							
			2/1/2020	40,229.93							
			8/1/2020	80,459.86							
			2/1/2021	40,229.93							
			8/1/2021	80,459.86							
			2/1/2022	40,229.93							
			8/1/2022	80,459.86							
			2/1/2023	40,229.93							
			2/1/2024	40,229.93							
			8/1/2024	80,459.86							
			2/1/2025	40,229.93							
			8/1/2025	80,459.86							
			2/1/2026	40,229.93							
			8/1/2026	21,464.36	**						
			2/1/2027	7,929.32	**						
			8/1/2027	15,858.64	**						
			2/1/2028	7,929.32	**						
			8/1/2028	15,858.64	**						
			2/1/2029	7,929.32	**						
			8/1/2029	15,858.76	**						
NJEIT 2010B Trust Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	\$ 217,622.80	8/1/2013	7,431.02			5.00%	217,622.80		7,431.02	210,191.78
			8/1/2014	7,431.02			5.00%				
			8/1/2015	8,492.60			5.00%				
			8/1/2016	8,492.60			5.00%				
			8/1/2017	9,554.17			5.00%				
			8/1/2018	9,554.17			5.00%				
			8/1/2019	10,615.75			5.00%				
			8/1/2020	10,615.75			5.00%				

** - Reduced for Project Fund Credits - Unexpended Loan Proceeds

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Outstanding December 31, 2012	Date	Amount						
NJEIT 2010B Trust Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	\$ 217,622.80	\$	8/1/2021	10,615.75		5.00%	\$		\$	
				8/1/2022	11,677.32		5.00%				
				8/1/2023	11,677.32		5.00%				
				8/1/2024	12,738.90		5.00%				
				8/1/2025	13,800.47		5.00%				
				8/1/2026	13,800.47		5.00%				
				8/1/2027	14,862.04		5.00%				
				8/1/2028	15,923.62		5.00%				
				8/1/2029	15,923.62		5.00%				
				8/1/2030	16,985.19		5.00%				
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	\$ 234,077.20		2/1/2013	3,967.41		0.00%	226,142.38		11,902.23	214,240.15
				8/1/2013	7,934.82						
				2/1/2014	3,967.41						
				8/1/2014	7,934.82						
				2/1/2015	3,967.41						
				8/1/2015	7,934.82						
				2/1/2016	3,967.41						
				8/1/2016	7,934.82						
				2/1/2017	3,967.41						
				8/1/2017	7,934.82						
				2/1/2018	3,967.41						
				8/1/2018	7,934.82						
				2/1/2019	3,967.41						
				8/1/2019	7,934.82						
				2/1/2020	3,967.41						
				8/1/2020	7,934.82						
				2/1/2021	3,967.41						
				8/1/2021	7,934.82						
				2/1/2022	3,967.41						
				8/1/2022	7,934.82						
				2/1/2023	3,967.41						
				8/1/2023	7,934.82						
				2/1/2024	3,967.41						
				8/1/2024	7,934.82						
				2/1/2025	3,967.41						
				8/1/2025	7,934.82						

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount							
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314924%	12/2/2010	\$ 234,077.20	2/1/2026	\$ 3,967.41			0.000%	\$			\$
			8/1/2026	7,934.82							
			2/1/2027	3,967.41							
			8/1/2027	7,934.82							
			2/1/2028	3,967.41							
			8/1/2028	7,934.82							
			2/1/2029	3,967.41							
			8/1/2029	7,934.82							
			2/1/1930	3,967.41							
			8/1/1930	7,934.83							
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	226,358.02	8/1/2013	7,942.39			2.000%		226,358.02		226,358.02
			8/1/2014	7,942.39			3.000%				
			8/1/2015	7,942.39			4.000%				
			8/1/2016	7,942.39			5.000%				
			8/1/2017	7,942.39			5.000%				
			8/1/2018	11,913.58			5.000%				
			8/1/2019	11,913.58			5.000%				
			8/1/2020	11,913.58			5.000%				
			8/1/2021	11,913.58			5.000%				
			8/1/2022	11,913.58			5.000%				
			8/1/2023	11,913.58			5.000%				
			8/1/2024	11,913.58			5.000%				
			8/1/2025	11,913.58			5.000%				
			8/1/2026	11,913.58			5.000%				
			8/1/2027	11,913.58			3.000%				
			8/1/2028	11,913.58			3.000%				
			8/1/2029	15,884.77			3.125%				
			8/1/2030	19,855.97			3.200%				
			8/1/2031	19,855.97			3.250%				
NJEIT Spring 2012ABC Fund Loan DW-Water/Sewer 79.4238650%	5/3/2012	728,304.13	2/1/2013	12,344.14			0.000%		728,304.13	24,688.27	703,615.86
			8/1/2013	24,688.27							
			2/1/2014	12,344.21							
			8/1/2014	24,688.27							
			2/1/2015	12,344.14							

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount							
NJ/EIT Spring 2012/ABC Fund Loan DW-Water/Sewer 79.423865%	5/3/2012	728,304.13	8/1/2015	\$ 24,688.27			0.000%	\$			\$
			2/1/2016	12,344.14							
			8/1/2016	24,688.27							
			2/1/2017	12,344.14							
			8/1/2017	24,688.27							
			2/1/2018	12,344.14							
			8/1/2018	24,688.27							
			2/1/2019	12,344.14							
			8/1/2019	24,688.27							
			2/1/2020	12,344.14							
			8/1/2020	24,688.27							
			2/1/2021	12,344.14							
			8/1/2021	24,688.27							
			2/1/2022	12,344.14							
			8/1/2022	24,688.27							
			2/1/2023	12,344.14							
			8/1/2023	24,688.27							
			2/1/2024	12,344.14							
			8/1/2024	24,688.27							
			2/1/2025	12,344.14							
			8/1/2025	24,688.27							
			2/1/2026	12,344.14							
			8/1/2026	24,688.27							
			2/1/2027	12,344.14							
			8/1/2027	24,688.27							
			2/1/2028	12,344.14							
			8/1/2028	24,688.27							
			2/1/2029	12,344.14							
			8/1/2029	24,688.27							
			2/1/1930	12,344.14							
			8/1/1930	24,688.27							
			2/1/1931	12,344.14							
			8/1/1931	24,688.27							

BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding				Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	December 31, 2012	Amount						
NJ/EIT 2012A Trust Loan CW-Water/Sewer 45.1708140%	5/3/2012	\$ 627,874.31	8/1/2013	\$	22,585.41		2.000%	\$	\$ 627,874.31		\$ 627,874.31
			8/1/2014		22,585.41		3.000%				
			8/1/2015		22,585.41		4.000%				
			8/1/2016		24,843.95		5.000%				
			8/1/2017		24,843.95		5.000%				
			8/1/2018		27,102.49		5.000%				
			8/1/2019		27,102.49		5.000%				
			8/1/2020		29,361.03		5.000%				
			8/1/2021		31,619.57		5.000%				
			8/1/2022		31,619.57		5.000%				
			8/1/2023		33,878.11		5.000%				
			8/1/2024		36,136.65		5.000%				
			8/1/2025		36,136.65		5.000%				
			8/1/2026		38,395.19		5.000%				
			8/1/2027		40,653.73		3.000%				
			8/1/2028		42,912.27		3.000%				
			8/1/2029		42,912.27		3.125%				
			8/1/2030		45,170.81		3.200%				
			8/1/2031		47,429.35		3.250%				
NJ/EIT 2012A Fund Loan CW-Water/Sewer 45.1708140%	5/3/2012	685,772.91	2/1/2013		11,623.27		0.000%		685,772.91	23,246.54	662,526.37
			8/1/2013		23,246.54						
			2/1/2014		11,623.27						
			8/1/2014		23,246.54						
			2/1/2015		11,623.27						
			8/1/2015		23,246.54						
			2/1/2016		11,623.27						
			8/1/2016		23,246.54						
			2/1/2017		11,623.27						
			8/1/2017		23,246.54						
			2/1/2018		11,623.27						
			8/1/2018		23,246.54						
			2/1/2019		11,623.27						
			8/1/2019		23,246.54						
			2/1/2020		11,623.27						
			8/1/2020		23,246.54						
			2/1/2021		11,623.27						

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BOROUGH OF STONE HARBOR
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	NJEIT Loans Issued	NJEIT Princ. Forgiv./ Premium/Adj	NJEIT Loans Canceled	Balance Dec. 31, 2012
1282	Improvement of the Water and Sewerage System	\$ 18,267.00	\$	\$	18,267.00	\$	-
1342	Improvement of the Water and Sewerage System	865,330.00		750,907.00	16,410.00	417,195.00	515,208.00
1370	Various Improvements that include the Purchase and Installation of a New Generator at the 114th St. Pump Station and Installation of New Fire Hydrants	567.00					567.00
1391	Improvement of the Water and Sewerage System	2,145,000.00		1,517,402.37	400,786.00		226,811.63
1399	Various Improvements a. Water Tower Rehabilitation b. Water/Sewer Equipment c. Wells Reconstruction		539,000.00 97,000.00 114,000.00				539,000.00 97,000.00 114,000.00
		\$ 3,029,164.00	\$ 750,000.00	\$ 2,268,309.37	\$ 435,463.00	\$ 417,195.00	\$ 1,492,586.63
Ref.		<u>D</u>					<u>D</u>

BOROUGH OF STONE HARBOR
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Trust Fund I</u>
Balance December 31, 2011	E	\$ 2,471.98
Increased by Receipts:		
Other Receipts	\$	1.77
Intrafund Transfers		
		<u>1.77</u>
		2,473.75
Decreased by Disbursements:		
Intrafund Transfers		<u>-</u>
		-
Balance December 31, 2012	E	\$ <u><u>2,473.75</u></u>

BOROUGH OF STONE HARBOR
PUBLIC ASSISTANCE FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S. 40A:5-5

	<u>Ref.</u>	<u>Trust Fund I</u>
Balance December 31, 2012	E-1	\$ 2,473.75
Increased by Receipts:		
Cash Receipts Record		\$ <u>0.16</u>
		<u>0.16</u>
		2,473.91
Decreased by Disbursements:		
Cash Disbursement Record		<u>-</u>
		-
Balance February 28, 2013	E-2	\$ <u>2,473.91</u>
Balance February 28, 2013		
Balance on Deposit per Statement:		
Sturdy Savings Bank		\$ <u>2,473.91</u>
Book Balance		\$ <u>2,473.91</u>

BOROUGH OF STONE HARBOR
PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES

	Trust Fund I
	<u> </u>
Interest Earned on Deposits	\$ <u> 1.77 </u>
Total Receipts (PTAF)	\$ <u><u> 1.77 </u></u>

SCHEDULE OF EXPENDITURES

	Trust Fund I
	<u> </u>
Intrafund Transfers	\$ <u> - </u>
Total Disbursements (PTAF)	\$ <u><u> - </u></u>

BOROUGH OF STONE HARBOR

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2012

BOROUGH OF STONE HARBOR

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2005, the bid threshold was increased to \$21,000. The Borough appointed a "Qualified Purchasing Agent" on April 17, 2007 which increased the bid threshold to \$29,000. Effective July 1, 2011, the bid threshold increased to \$36,000.

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

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

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

- 2012 NJEIT Program
- Purchase of Refuse Truck
- Purchase of Backhoe
- Refurbish 95th Street Water Tank

Collection of Interest on Delinquent Taxes and Assessments

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

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

BE IT RESOLVED by the Mayor and Council of the Borough of Stone Harbor, County of Cape May and State of New Jersey, that the interest penalty for delinquent taxes shall be 8% per annum on the first \$1,500 of delinquency and 18% per annum on any amount in excess of \$1,500, on each parcel of land by block and lot, and

BE IT FURTHER RESOLVED that no interest be charged if payment of any installment is made within ten (10) calendar days after the date on which same is payable, said ten (10) calendar days to be straight calendar days, and if the tenth day falls on a Saturday, Sunday or legal holiday, then the grace period shall extend to the next business day; and

BOROUGH OF STONE HARBOR

GENERAL COMMENTS (Continued)

BE IT FURTHER RESOLVED pursuant to N.J.S.A. 54:4-67 that an additional penalty of 6% shall be charged against any property with a delinquency in excess of \$10,000 which remains in arrears beyond December 31st of each year.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held and was complete.

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

<u>Year</u>	<u>Number</u>
2011	-
2010	-
2009	-

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2012 and 2013 Taxes	5
Delinquent Taxes - 2012	5
Payment of Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	<u>20</u>

Deposit of Municipal Funds

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

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

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

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

BOROUGH OF STONE HARBOR

FINDINGS AND RECOMMENDATIONS

None

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

Glen J. Ortman
Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

March 31, 2013