

**CITY OF ABSECON
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2013**

CITY OF ABSECON
TABLE OF CONTENTS

| <u>Exhibit</u> | | <u>Page No.</u> |
|-----------------------|---|------------------------|
| | <u>PART I</u> | |
| | Independent Auditor's Report | 1 - 3 |
| | <u>CURRENT FUND</u> | |
| A | Comparative Balance Sheet - Regulatory Basis | 4 - 5 |
| A - 1 | Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis | 6 - 7 |
| A - 2 | Statement of Revenues - Regulatory Basis | 8 - 10 |
| A - 3 | Statement of Expenditures - Regulatory Basis | 11 - 16 |
| | <u>TRUST FUND</u> | |
| B | Comparative Balance Sheet - Regulatory Basis | 17 - 18 |
| | <u>GENERAL CAPITAL FUND</u> | |
| C | Comparative Balance Sheet - Regulatory Basis | 19 |
| C - 1 | Comparative Statement of Fund Balance - Regulatory Basis | 20 |
| | <u>SEWER UTILITY FUND</u> | |
| D | Comparative Balance Sheet - Regulatory Basis | 21 - 22 |
| D - 1 | Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis | 23 |
| D - 2 | Comparative Statement of Capital Fund Balance - Regulatory Basis | 24 |
| D - 3 | Statement of Revenues - Regulatory Basis | 25 |
| D - 4 | Statement of Expenditures - Regulatory Basis | 26 |
| | <u>GENERAL FIXED ASSET ACCOUNT GROUP</u> | |
| E | Comparative Balance Sheet - Regulatory Basis | 27 |
| | NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS | 28 - 41 |

CITY OF ABSECON
TABLE OF CONTENTS

| <u>Exhibit</u> | | <u>Page No.</u> |
|-----------------------|---|------------------------|
| | <u>SUPPLEMENTAL INFORMATION</u> | |
| | Independent Auditor's Report - <i>Government Auditing Standards</i> | 42 - 43 |
| | Schedule of Findings and Responses | 44 |
| | <u>CURRENT FUND</u> | |
| A - 4 | Schedule of Cash - Treasurer | 45 |
| A - 5 | Schedule of Cash - Collector | 46 |
| A - 6 | Schedule of Taxes Receivable and Analysis of Property Tax Levy | 47 |
| A - 7 | Schedule of Tax Title Liens | 48 |
| A - 8 | Schedule of Revenue Accounts Receivable | 49 |
| A - 9 | Schedule of Appropriation Reserves - Prior Year | 50 - 52 |
| A - 10 | Schedule of Local District School Tax | 53 |
| A - 11 | Schedule of Federal and State Grants Receivable | 54 |
| A - 12 | Schedule of Appropriated Reserves for Federal and State Grants | 55 |
| A - 13 | Schedule of Reserves for Federal and State Grants - Unappropriated | 56 |
| | <u>TRUST FUND</u> | |
| B - 1 | Schedule of Animal Control Cash | 57 |
| B - 2 | Schedule of Library Cash | 57 |
| B - 3 | Schedule of Other Trust Cash | 58 |
| B - 4 | Schedule of Reserve for Animal Control Expenditures | 59 |
| B - 5 | Schedule of Due to Current Fund - Animal Control Fund | 60 |
| B - 6 | Schedule of Amount Due to State of New Jersey | 60 |
| | <u>GENERAL CAPITAL FUND</u> | |
| C - 2 | Schedule of Cash - Treasurer | 61 |
| C - 3 | Analysis of Cash | 62 |
| C - 4 | Schedule of Capital Improvement Fund | 63 |
| C - 5 | Schedule of Deferred Charges to Future Taxation - Funded | 64 |
| C - 6 | Schedule of Deferred Charges to Future Taxation - Unfunded | 65 |
| C - 7 | Schedule of Improvement Authorizations | 66 |
| C - 8 | Schedule of General Serial Bonds | 67 |
| C - 9 | Schedule of Bond Anticipation Notes | 68 |
| C - 10 | Schedule of Bonds and Notes Authorized But Not Issued | 69 |

CITY OF ABSECON
TABLE OF CONTENTS

| <u>Exhibit</u> | | <u>Page No.</u> |
|-----------------------|---|------------------------|
| | <u>SUPPLEMENTAL INFORMATION</u> | |
| | <u>SEWER UTILITY FUND</u> | |
| D - 5 | Schedule of Cash | 70 |
| D - 6 | Analysis of Cash | 71 |
| D - 7 | Schedule of Consumer Accounts Receivable | 72 |
| D - 8 | Schedule of Utility Liens | 72 |
| D - 9 | Schedule of Appropriation Reserves - Prior Year | 73 |
| | <u>PART II</u> | |
| | General Comments | 74 - 75 |
| | Findings and Recommendations | 76 |

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CITY OF ABSECON

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2013



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 City Council
City of Absecon, 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 City of Absecon, New Jersey, as of December 31, 2013 and 2012, the related statements 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, 2013.

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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Absecon as of December 31, 2013 and 2012, or changes in financial position for the years the ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years the ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

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

The supplemental information listed in the table of contents 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014 on our consideration of the City of Absecon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Absecon's internal control over financial reporting and compliance.

Ford, Scott & Associates, LLC
FORD, SCOTT & ASSOCIATES, L.L.C.

Leon P. Costello

Leon P. Costello, CPA
Registered Municipal Accountant
No. 393

March 13, 2014

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**EXHIBIT - A
CURRENT FUND**

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

| <u>ASSETS</u> | <u>2013</u> | <u>2012</u> |
|--|------------------------|---------------------|
| Regular Fund: | | |
| Cash: | | |
| Cash Treasurer | \$ 4,683,502.43 | 3,637,529.42 |
| Cash - Change | 550.00 | 550.00 |
| Total Cash | <u>4,684,052.43</u> | <u>3,638,079.42</u> |
| Other Receivables: | | |
| Due from State - Chapter 20 P.L. 1971 | 3,045.06 | 4,795.06 |
| Total Other Receivables | <u>3,045.06</u> | <u>4,795.06</u> |
| Receivables and Other Assets with Full Reserves: | | |
| Delinquent Property Taxes Receivable | 320,131.58 | 455,229.41 |
| Tax Title and Other Liens | 56,397.47 | 24,046.60 |
| Property Acquired for Taxes - at Assessed Valuation | 416,200.00 | 416,200.00 |
| Revenue Accounts Receivable | 10,594.71 | 8,765.01 |
| Interfund Receivable: | | |
| State and Federal Grant Fund | - | 288,751.95 |
| Animal Control Fund | 141.40 | 360.25 |
| Other Receivables | | |
| Police Detail Receivable | 1,430.00 | 385.00 |
| Total Receivables and Other Assets | <u>804,895.16</u> | <u>1,193,738.22</u> |
| Deferred Charges: | | |
| Emergency Appropriation | - | 150,000.00 |
| Special Emergency Appropriation | 120,000.00 | 150,000.00 |
| Total Deferred Charges | <u>120,000.00</u> | <u>300,000.00</u> |
| Total Regular Fund | <u>5,611,992.65</u> | <u>5,136,612.70</u> |
| Federal and State Grant Fund: | | |
| Federal and State Grants Receivable | 1,035,847.20 | 357,584.80 |
| Due from Regular Fund | 25,913.51 | |
| Total Federal and State Grant Fund | <u>1,061,760.71</u> | <u>357,584.80</u> |
| Total Current Fund | <u>\$ 6,673,753.36</u> | <u>5,494,197.50</u> |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>2013</u> | <u>2012</u> |
|---|-----------------|--------------|
| Regular Fund: | | |
| Liabilities: | | |
| Appropriation Reserves | \$ 425,607.51 | 455,542.72 |
| Reserve for Encumbrances | 341,781.53 | 364,152.36 |
| Accounts Payable | 85,000.00 | - |
| Prepaid Taxes | 249,926.53 | 215,178.97 |
| Overpaid Taxes | 2.82 | 4.42 |
| Local School Tax Payable | 2,606,842.61 | 2,413,653.61 |
| County Added Tax Payable | 1,127.75 | 3,375.07 |
| Due to State: | | |
| Vital Statistics | 375.00 | 350.00 |
| DCA Fees | 734.00 | 1,376.00 |
| Interfund Payable: | | |
| Due to Federal and State Grant Fund | 25,913.51 | - |
| Other | | |
| Special Emergency Note Payable | 120,000.00 | 150,000.00 |
| Reserve for Reassessment of Property | 17,674.37 | 36,257.22 |
| | 3,874,985.63 | 3,639,890.37 |
| Reserve for Receivables and Other Assets | 804,895.16 | 1,193,738.22 |
| Fund Balance | 932,111.86 | 302,984.11 |
| Total Regular Fund | 5,611,992.65 | 5,136,612.70 |
| Federal and State Grant Fund: | | |
| Unappropriated Reserves | - | 8,078.46 |
| Appropriated Reserves | 797,565.57 | 45,153.12 |
| Encumbrances Payable | 264,195.14 | 15,601.27 |
| Due to Current Fund | - | 288,751.95 |
| Total Federal and State Grant Fund | 1,061,760.71 | 357,584.80 |
| Total Current Fund | \$ 6,673,753.36 | 5,494,197.50 |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | 2013 | 2012 |
|---|---------------|---------------|
| Revenue and Other Income Realized | | |
| Fund Balance | \$ - | 70,000.00 |
| Miscellaneous Revenue Anticipated | 3,062,620.81 | 2,173,812.88 |
| Receipts from Delinquent Taxes | 443,769.51 | 333,915.89 |
| Receipts from Current Taxes | 21,412,579.66 | 20,089,012.59 |
| Non Budget Revenue | 125,989.06 | 81,852.33 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Res. | 232,006.61 | 337,202.19 |
| Interfund Returned | - | 108,319.81 |
| Grants Appropriated Cancelled | 19,381.54 | 31,257.69 |
| Total Income | 25,296,347.19 | 23,225,373.38 |
| Expenditures | | |
| Budget and Emergency Appropriations: | | |
| Appropriations Within "CAPS" | | |
| Operations: | | |
| Salaries and Wages | 3,536,800.00 | 3,590,800.00 |
| Other Expenses | 3,429,273.00 | 3,678,442.00 |
| Deferred Charges & Statutory Expenditures | 915,409.00 | 927,592.00 |
| Appropriations Excluded from "CAPS" | | |
| Operations: | | |
| Salaries and Wages | 36,922.89 | 35,663.77 |
| Other Expenses | 1,435,428.84 | 363,963.51 |
| Capital Improvements | 25,700.00 | 12,250.00 |
| Debt Service | 894,486.87 | 960,288.45 |
| Deferred Charges | 180,000.00 | - |
| Local District School Tax | 10,866,757.00 | 10,480,379.00 |
| County Tax | 3,336,494.38 | 3,133,406.32 |
| County Share of Added Tax | 1,127.75 | 3,375.07 |
| Interfund Created | 1,571.40 | 289,497.20 |
| Refund of Prior Year's Revenue | 5,527.51 | - |
| Other: | | |
| Senior Citizen Deduction Disallowed | 750.00 | 250.00 |
| Grants Receivable Cancelled | 970.80 | 46,587.55 |
| Total Expenditures | 24,667,219.44 | 23,522,494.87 |
| Excess/(Deficit) in Revenue | 629,127.75 | (297,121.49) |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | 2013 | 2012 |
|---|---------------|------------|
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year | - | 300,000.00 |
| Total Adjustments | - | 300,000.00 |
| Statutory Excess to Fund Balance | 629,127.75 | 2,878.51 |
| Fund Balance January 1 | 302,984.11 | 370,105.60 |
| | 932,111.86 | 372,984.11 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | - | 70,000.00 |
| Fund Balance December 31 | \$ 932,111.86 | 302,984.11 |

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

| | Anticipated | | Excess or (Deficit) |
|--|-------------------|-----------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | |
| Fund Balance Anticipated | - | - | - |
| Total Fund Balance Anticipated | - | - | - |
| Miscellaneous Revenues: | | | |
| Section A: Local Revenues | | | |
| Licenses: | | | |
| Alcoholic Beverages | 12,000.00 | | 950.00 |
| Other | 11,000.00 | | (343.00) |
| Fees and Permits | 57,000.00 | | 17,175.71 |
| Fines and Costs: | | | |
| Municipal Court | 130,000.00 | | - |
| Interest and Costs on Taxes | 49,000.00 | | 21,033.70 |
| Interest Earned on Investments | 25,000.00 | | 25,772.70 |
| Cable Franchise Fee | 31,420.88 | | 2,612.91 |
| Communications Tower Rental | 85,000.00 | | - |
| 7,909.89 | | | 7,909.89 |
| Total Section A: Local Revenues | <u>400,420.88</u> | <u>-</u> | <u>75,111.91</u> |
| Section B: State Aid Without Offsetting Appropriations | | | |
| Energy Receipts Tax | 754,465.00 | | 0.01 |
| Watershed Aid | 3,337.00 | | - |
| Total Section B: State Aid Without Offsetting Appropriations | <u>757,802.00</u> | <u>-</u> | <u>0.01</u> |
| Section C: Uniform Construction Code Fees | | | |
| Uniform Construction Code Fees | 54,000.00 | | 5,984.00 |
| Total Section C: Uniform Construction Code Fees | <u>54,000.00</u> | <u>-</u> | <u>5,984.00</u> |
| Section F: Special Items - Public and Private Programs | | | |
| Off-Set with Appropriations | 8,078.46 | 7,584.10 | - |
| Drunk Driving Enforcement Fund | 14,705.00 | | - |
| Municipal Alliance on Alcoholism and Drug Abuse | | | - |
| Clean Communities | | 17,133.81 | - |
| State Body Armor | | 3,354.13 | - |
| Federal Body Armor | | 2,912.65 | - |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | Anticipated | | Realized | Excess or (Deficit) |
|---|---------------------|---------------------|----------------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | | |
| N.J. Transportation Trust Fund Authority Act | | 187,000.00 | 187,000.00 | - |
| Recycling Tonnage | | 9,660.33 | 9,660.33 | - |
| Driving Sober or Get Pulled Over | | 8,800.00 | 8,800.00 | - |
| COPS in Shops | | 2,800.00 | 2,800.00 | - |
| NJ Hazard Mitigation Grant | | 668,513.00 | 668,513.00 | - |
| Atlantic County Drainage Improvements | | 222,837.00 | 222,837.00 | - |
| Sustainable Jersey Grant | | 2,000.00 | 2,000.00 | - |
| Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations | 22,783.46 | 1,132,595.02 | 1,155,378.48 | - |
| Section G: Other Special Items | | | | |
| Uniform Fire Safety Act | 9,500.00 | | 10,438.02 | 938.02 |
| Occupancy Tax | 241,381.00 | | 292,736.71 | 51,355.71 |
| Library Funds Dedicated for Pension | 16,000.00 | | 23,000.00 | 7,000.00 |
| Anticipated Grant Interfunds | 341,443.07 | | 287,748.80 | (53,694.27) |
| Total Section G: Other Special Items | 608,324.07 | - | 613,923.53 | 5,599.46 |
| Total Miscellaneous Revenues: | 1,843,330.41 | 1,132,595.02 | 3,062,620.81 | 86,695.38 |
| Receipts from Delinquent Taxes | 440,000.00 | | 443,769.51 | 3,769.51 |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | | |
| Local Tax for Municipal Purposes | 7,330,687.37 | | 7,500,792.72 | 170,105.35 |
| Library Tax | 283,297.00 | | 283,297.00 | - |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | 7,613,984.37 | - | 7,784,089.72 | 170,105.35 |
| Budget Totals | 9,897,314.78 | 1,132,595.02 | 11,290,480.04 | 260,570.24 |
| Non- Budget Revenues: | | | | |
| Other Non- Budget Revenues: | | | 125,989.06 | 125,989.06 |
| | 9,897,314.78 | 1,132,595.02 | 11,416,469.10 | 386,559.30 |

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

| | |
|--|----------------------------|
| Revenue from Collections | \$ 21,412,579.66 |
| Less: Reserve for Tax Appeals Pending | <u>-</u> |
| Net Revenue from Collections | 21,412,579.66 |
| Allocated to: | |
| School, County and Other Taxes | <u>14,204,379.13</u> |
| Balance for Support of Municipal Budget Appropriations | 7,208,200.53 |
| Increased by: | |
| Appropriation "Reserved for Uncollected Taxes" | <u>575,889.19</u> |
| Amount for Support of Municipal Budget Appropriations | <u><u>7,784,089.72</u></u> |

Receipts from Delinquent Taxes:

| | |
|--------------------------------------|--------------------------|
| Delinquent Tax Collection | \$ 439,965.99 |
| Tax Title Lien Collections | <u>3,803.52</u> |
| Total Receipts from Delinquent Taxes | <u><u>443,769.51</u></u> |

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

| | |
|--|-----------------|
| Senior Citizen and Veterans Administrative Fee | 2,190.00 |
| Reimbursements | 640.00 |
| Administration Fees | 4,640.00 |
| Statutory Excess-Animal Control Fund | 141.40 |
| Ceremony Fees | 1,100.00 |
| Hurricane Reimbursement | 56,426.03 |
| Miscellaneous | 2,752.23 |
| Inspection fines | 654.00 |
| Recycling | 1,713.40 |
| FEMA reimbursement | 3,499.37 |
| JIF reimbursement | 6,665.00 |
| Building Inspection | 1,111.00 |
| In Lieu of Taxes | 500.00 |
| Sale of assets | 20,418.63 |
| Storm Reimbursement | 16,770.53 |
| Tax Collector Miscellaneous | <u>6,767.47</u> |

| | |
|--|--------------------------|
| Total Miscellaneous Revenue Not Anticipated: | <u><u>125,989.06</u></u> |
|--|--------------------------|

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---------------------------------|----------------|----------------------------|-----------------|------------|-----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| OPERATIONS WITHIN "CAPS" | | | | | | |
| GENERAL GOVERNMENT: | | | | | | |
| General Administration | | | | | | |
| Salaries and Wages | 92,000.00 | 51,000.00 | 51,000.00 | | | - |
| Other Expenses | 14,600.00 | 44,600.00 | 30,151.42 | 9,156.08 | 5,292.50 | - |
| Mayor and Council | | | | | | |
| Salaries and Wages | 81,500.00 | 81,500.00 | 81,378.78 | | 121.22 | 0.00 |
| Other Expenses | 2,800.00 | 2,800.00 | 2,341.66 | | 458.34 | - |
| Municipal Clerk | | | | | | |
| Salaries and Wages | 86,000.00 | 88,000.00 | 87,738.14 | | 261.86 | 0.00 |
| Other Expenses | 13,200.00 | 13,200.00 | 5,410.31 | 150.09 | 7,639.60 | - |
| Financial Administration | | | | | | |
| Salaries and Wages | 85,000.00 | 87,500.00 | 86,460.54 | | 1,039.46 | 0.00 |
| Other Expenses | 2,500.00 | 2,500.00 | 951.25 | 17.84 | 1,530.91 | - |
| Audit Services | | | | | | |
| Other Expenses | 23,400.00 | 23,400.00 | 23,400.00 | | | - |
| Collection of Taxes | | | | | | |
| Salaries and Wages | 114,000.00 | 116,500.00 | 116,074.37 | | 425.63 | 0.00 |
| Other Expenses | 3,680.00 | 3,680.00 | 3,158.46 | | 521.54 | - |
| Assessment of Taxes | | | | | | |
| Salaries and Wages | 50,000.00 | 51,500.00 | 51,352.80 | | 147.20 | (0.00) |
| Other Expenses | 7,650.00 | 7,650.00 | 6,670.28 | 370.97 | 608.75 | - |
| Legal Services | | | | | | |
| Other Expenses | 200,000.00 | 235,000.00 | 216,930.62 | | 18,069.38 | - |
| Engineering Services and Costs | | | | | | |
| Other Expenses | 90,000.00 | 90,000.00 | 77,444.05 | 4,224.75 | 8,331.20 | - |
| Elections | | | | | | |
| Other Expenses | 6,000.00 | 6,000.00 | 3,681.96 | 616.10 | 1,701.94 | - |
| Information Technology | | | | | | |
| Other Expenses | 28,000.00 | 28,000.00 | 26,183.36 | | 1,816.64 | - |
| Municipal Prosecutor | | | | | | |
| Other Expenses | 12,500.00 | 12,500.00 | 12,500.00 | | | - |
| LAND USE ADMINISTRATION | | | | | | |
| Planning Board | | | | | | |
| Salaries and Wages | 12,000.00 | 12,000.00 | 12,000.00 | | - | - |
| Other Expenses | 7,000.00 | 7,000.00 | 4,717.35 | | 2,282.65 | - |
| Zoning Board | | | | | | |
| Salaries and Wages | 2,000.00 | 2,000.00 | 2,000.00 | | | - |
| Other Expenses | 1,900.00 | 1,900.00 | 1,521.02 | | 378.98 | - |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---------------------------------|----------------|----------------------------|-----------------|------------|------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Municipal Court | | | | | | |
| Salaries and Wages | 99,000.00 | 95,200.00 | 92,895.78 | | 2,304.22 | - |
| Other Expenses | 9,375.00 | 9,375.00 | 5,781.85 | 159.98 | 3,433.17 | - |
| Public Defender | | | | | | |
| Other Expenses | 3,600.00 | 3,600.00 | 3,600.00 | | | - |
| PUBLIC SAFETY | | | | | | |
| Fire Department | | | | | | |
| Other Expenses | 63,700.00 | 63,700.00 | 42,151.58 | 17,499.51 | 4,048.91 | - |
| Fire Hydrant Services | 81,000.00 | 81,000.00 | 60,037.20 | 20,012.40 | 950.40 | 0.00 |
| Police Department | | | | | | |
| Salaries and Wages | 2,295,000.00 | 2,293,000.00 | 2,124,449.20 | | 168,550.80 | - |
| Other Expenses | 129,800.00 | 131,800.00 | 88,165.43 | 42,148.72 | 1,485.85 | 0.00 |
| Police Dispatch | | | | | | |
| Salaries and Wages | 210,000.00 | 218,000.00 | 215,093.96 | | 2,906.04 | 0.00 |
| Other Expenses | 22,000.00 | 22,000.00 | 21,150.77 | 225.00 | 624.23 | - |
| PUBLIC WORKS | | | | | | |
| Public Works Department | | | | | | |
| Salaries and Wages | 290,000.00 | 290,000.00 | 279,143.67 | | 10,856.33 | 0.00 |
| Other Expenses | 100,000.00 | 100,000.00 | 88,104.12 | 6,343.84 | 5,552.04 | - |
| Street Lighting | 140,000.00 | 140,000.00 | 132,981.65 | 7,018.35 | | 0.00 |
| Sanitation Trash Removal | | | | | | |
| Contractual | 134,000.00 | 134,000.00 | 120,930.37 | 10,993.67 | 2,075.96 | 0.00 |
| Tipping Fees | 485,000.00 | 485,000.00 | 431,352.68 | 40,000.00 | 13,647.32 | - |
| Recycling Program | | | | | | |
| Salaries and Wages | 5,000.00 | 5,000.00 | 4,522.98 | | 477.02 | 0.00 |
| Other Expenses | 3,000.00 | 1,500.00 | 1,301.14 | | 198.86 | - |
| Maintenance of Motor Vehicles | | | | | | |
| Other Expenses | 95,500.00 | 95,500.00 | 64,430.05 | 5,248.15 | 25,821.80 | - |
| Clean Communities Program | | | | | | |
| Salaries and Wages | 5,000.00 | 3,000.00 | 2,970.24 | | 29.76 | 0.00 |
| HEALTH AND WELFARE | | | | | | |
| Animal Control | | | | | | |
| Other Expenses | 8,400.00 | 8,400.00 | 7,700.00 | 700.00 | | - |
| Ambulance Service | | | | | | |
| Other Expenses | 58,496.00 | 58,496.00 | 50,513.51 | | 7,982.49 | - |
| RECREATION AND EDUCATION | | | | | | |
| Recreation | | | | | | |
| Other Expenses | 30,500.00 | 29,000.00 | 28,899.00 | | 101.00 | - |
| Public Events | | | | | | |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|---------------------|----------------------------|---------------------|-------------------|-------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Other Expenses | 47,300.00 | 47,300.00 | 37,466.45 | 5,200.00 | 4,633.55 | - |
| Insurance | | | | | | |
| General Liability | 130,000.00 | 118,000.00 | 117,805.00 | | 195.00 | - |
| Workers Compensation Insurance | 283,222.00 | 283,222.00 | 283,222.00 | | | - |
| Employee Group Health | 765,000.00 | 765,000.00 | 605,966.34 | 136,000.00 | 23,033.66 | 0.00 |
| Uniform Fire Safety Act | | | | | | |
| Salaries and Wages | 13,900.00 | 14,200.00 | 14,140.79 | | 59.21 | (0.00) |
| UNIFORM CONSTRUCTION CODE | | | | | | |
| Construction Official | | | | | | |
| Salaries and Wages | 125,400.00 | 128,400.00 | 128,388.48 | | 11.52 | 0.00 |
| Other Expenses | 6,000.00 | 6,000.00 | 2,495.82 | 306.00 | 3,198.18 | - |
| UNCLASSIFIED | | | | | | |
| UTILITY EXPENSES AND BULK PURCHASES | | | | | | |
| Electric | 115,000.00 | 115,000.00 | 97,912.78 | 12,280.79 | 4,806.43 | - |
| Water | 10,000.00 | 10,000.00 | 8,325.81 | | 1,674.19 | - |
| Telephone | 65,000.00 | 62,000.00 | 54,431.92 | 618.57 | 6,949.51 | - |
| Gas | 32,150.00 | 32,150.00 | 21,687.04 | 4,040.84 | 6,422.12 | - |
| Gasoline | 82,000.00 | 82,000.00 | 50,172.46 | 17,522.03 | 14,305.51 | - |
| Office Supplies/Maintenance | 40,000.00 | 40,000.00 | 36,178.17 | 879.70 | 2,942.13 | - |
| Salary Adjustment | 20,000.00 | - | - | | | - |
| Compensated Absences Funding | 25,000.00 | 25,000.00 | 25,000.00 | | | - |
| TOTAL OPERATIONS WITHIN "CAPS" | 6,964,073.00 | 6,964,073.00 | 6,252,434.61 | 341,733.38 | 369,905.01 | 0.00 |
| Contingent | 2,000.00 | 2,000.00 | 1,391.25 | 48.15 | 560.60 | - |
| TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS" | 6,966,073.00 | 6,966,073.00 | 6,253,825.86 | 341,781.53 | 370,465.61 | 0.00 |
| Detail: | | | | | | |
| Salaries and Wages | 3,565,800.00 | 3,536,800.00 | 3,349,609.73 | - | 187,190.27 | 0.00 |
| Other Expenses | 3,400,273.00 | 3,429,273.00 | 2,904,216.13 | 341,781.53 | 183,275.34 | 0.00 |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES: | | | | | | |
| Deferred Charges: | | | | | | |
| None | | | | | | - |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|---------------------|----------------------------|---------------------|-------------------|-------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Statutory Expenditures: | | | | | | |
| Contributions to: | | | | | | |
| Public Employees' Retirement System | 164,133.00 | 164,133.00 | 164,133.00 | | | - |
| Social Security System (O.A.S.I.) | 280,000.00 | 280,000.00 | 258,865.26 | | 21,134.74 | - |
| Police and Firemen's Retirement System | 453,776.00 | 453,776.00 | 453,776.00 | | | - |
| Defined Contribution Retirement Program | 3,500.00 | 3,500.00 | 1,521.72 | | 1,978.28 | - |
| Unemployment Compensation Insurance | 14,000.00 | 14,000.00 | 11,971.12 | | 2,028.88 | - |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES: | 915,409.00 | 915,409.00 | 890,267.10 | - | 25,141.90 | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | 7,881,482.00 | 7,881,482.00 | 7,144,092.96 | 341,781.53 | 395,607.51 | 0.00 |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | | |
| (A) Operations - Excluded from "CAPS" | | | | | | |
| Aid to Library | 283,297.00 | 283,297.00 | 283,297.00 | | | - |
| LOSAP Program | 30,000.00 | 30,000.00 | | | 30,000.00 | - |
| | 313,297.00 | 313,297.00 | 283,297.00 | - | 30,000.00 | - |
| (A) Public and Private Programs Off-Set by Revenues | | | | | | |
| Drunk Driving Enforcement Fund | 8,078.46 | 15,662.56 | 15,662.56 | | | - |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | | |
| County Share | 14,705.00 | 14,705.00 | 14,705.00 | | | - |
| Local Share | 3,676.25 | 3,676.25 | 3,676.25 | | | - |
| Clean Communities | | 17,133.81 | 17,133.81 | | | - |
| Recycling Tonnage | | 9,660.33 | 9,660.33 | | | - |
| COPS in Shops | | 2,800.00 | 2,800.00 | | | - |
| Driving Sober or Get Pulled Over | | 8,800.00 | 8,800.00 | | | - |
| Body Armor Federal | | 2,912.65 | 2,912.65 | | | - |
| N.J. Transportation Trust Fund Authority Act | | 187,000.00 | 187,000.00 | | | - |
| Sustainable Jersey Grant | | 2,000.00 | 2,000.00 | | | - |
| Body Armor State | | 3,354.13 | 3,354.13 | | | - |
| FEMA Hazard Mitigation Grant | | 668,513.00 | 668,513.00 | | | - |
| Atlantic County Drainage Improvements | | 222,837.00 | 222,837.00 | | | - |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|-----------------|----------------------------|-----------------|------------|------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Total Public and Private Programs Off-Set by Revenues | 26,459.71 | 1,159,054.73 | 1,159,054.73 | - | - | - |
| Total Operations - Excluded from "CAPS" Detail: | 339,756.71 | 1,472,351.73 | 1,442,351.73 | - | 30,000.00 | - |
| Salaries and Wages | 8,078.46 | 36,922.89 | 36,922.89 | - | - | - |
| Other Expenses | 331,678.25 | 1,435,428.84 | 1,405,428.84 | - | 30,000.00 | - |
| (C) Capital Improvements | 25,700.00 | 25,700.00 | 25,700.00 | - | - | - |
| Capital Improvement Fund | 25,700.00 | 25,700.00 | 25,700.00 | - | - | - |
| Total Capital Improvements | 25,700.00 | 25,700.00 | 25,700.00 | - | - | - |
| (D) Debt Service | 540,000.00 | 540,000.00 | 540,000.00 | - | - | - |
| Payment of Bond Principal | 232,750.00 | 232,750.00 | 232,750.00 | - | - | - |
| Interest on Bonds | 113,125.00 | 113,125.00 | 113,125.00 | - | - | - |
| Interest on Notes | 8,611.88 | 8,611.88 | 8,611.87 | - | - | 0.01 |
| Total Debt Service | 894,486.88 | 894,486.88 | 894,486.87 | - | - | 0.01 |
| (E) Deferred Charges | 150,000.00 | 150,000.00 | 150,000.00 | - | - | - |
| Emergency Authorizations | 30,000.00 | 30,000.00 | 30,000.00 | - | - | - |
| Special Emergency Authorizations - 5 years | 120,000.00 | 120,000.00 | 120,000.00 | - | - | - |
| Total Deferred Charges | 180,000.00 | 180,000.00 | 180,000.00 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS" | 1,439,943.59 | 2,572,538.61 | 2,542,538.60 | - | 30,000.00 | 0.01 |
| SUBTOTAL GENERAL APPROPRIATIONS | 9,321,425.59 | 10,454,020.61 | 9,686,631.56 | 341,781.53 | 425,607.51 | 0.01 |
| (M) Reserve for Uncollected Taxes | 575,889.19 | 575,889.19 | 575,889.19 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS | \$ 9,897,314.78 | 11,029,909.80 | 10,262,520.75 | 341,781.53 | 425,607.51 | 0.01 |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | Appropriations | | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|----------------|-------------------------------|----------------------|---------------------------|---|
| | Budget | Budget After Modifications | Paid or Charged | Encumbered Reserved | |
| Budget | | 9,897,314.78 | | | 0.01 |
| Appropriations by 40A:4-87 | | <u>1,132,595.02</u> | | | <u>(0.00)</u> |
| | | <u>11,029,909.80</u> | | | <u>0.01</u> |
| Reserve for Uncollected Taxes Federal and State Grants | | | 575,889.19 | | |
| Deferred Charges | | | <u>1,159,054.73</u> | | |
| Disbursements | | | 180,000.00 | | |
| | | | <u>8,347,576.83</u> | | |
| | | | <u>10,262,520.75</u> | | |
| | | | | Cancelled Overexpended | |

See Accompanying Notes to Financial Statements-Regulatory Basis

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**EXHIBIT - B
TRUST FUND**

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

| <u>ASSETS</u> | <u>2013</u> | <u>2012</u> |
|--|------------------------|---------------------|
| <u>Animal Control Fund</u> | | |
| Cash | \$ 1,517.40 | 1,741.65 |
| | <u>1,517.40</u> | <u>1,741.65</u> |
| <u>Library Fund</u> | | |
| Cash | 254,626.80 | 206,598.41 |
| | <u>254,626.80</u> | <u>206,598.41</u> |
| <u>Other Funds</u> | | |
| Cash - Treasurer | 727,334.74 | 763,513.07 |
| Cash - Collector | 79,900.00 | 177,340.56 |
| Small Cities Revolving Loan Receivable | 102,104.20 | 102,104.20 |
| | <u>909,338.94</u> | <u>1,042,957.83</u> |
| | <u>\$ 1,165,483.14</u> | <u>1,251,297.89</u> |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>2013</u> | <u>2012</u> |
|---|------------------------|---------------------|
| <u>Animal Control Fund</u> | | |
| Reserve for Animal Control Expenditures | \$ 1,376.00 | 1,381.40 |
| Interfunds: | | |
| Due to Current Fund | 141.40 | 360.25 |
| | <u>1,517.40</u> | <u>1,741.65</u> |
| <u>Library Fund</u> | | |
| Fund Balance | 254,626.80 | 206,598.41 |
| | <u>254,626.80</u> | <u>206,598.41</u> |
| <u>Other Funds</u> | | |
| Redemption for Outside Liens | - | 8,640.56 |
| Premiums Received at Tax Sale | 79,900.00 | 168,700.00 |
| Payroll Deductions Payable | 27,096.54 | 27,336.87 |
| Reserve for Cat Licenses | 777.61 | 771.36 |
| Reserve for Planning and Zoning Escrow | 136,656.43 | 187,719.39 |
| Reserve for Disposal of Forfeited Property | 7,974.16 | 7,654.16 |
| Reserve for P.O.A.A. | 195.00 | 115.00 |
| Reserve for Security Bond | 1,900.00 | 1,900.00 |
| Reserve for Security Deposits | 5,300.00 | 5,540.00 |
| Reserve for Fire Safety Penalty Act | 3,176.18 | 2,501.62 |
| Reserve for Accumulated Leave | 230,063.36 | 224,524.13 |
| Reserve for Revolving Loan Fund | 102,104.20 | 102,104.20 |
| Reserve for Small Cities Grant | 87,779.67 | 87,341.93 |
| Reserve for Performance Bond | 166,955.58 | 169,821.59 |
| Reserve for Recreation Trust | 59,460.21 | 48,287.02 |
| | <u>909,338.94</u> | <u>1,042,957.83</u> |
| | <u>\$ 1,165,483.14</u> | <u>1,251,297.89</u> |

See Accompanying Notes to Financial Statements-Regulatory Basis

EXHIBIT - C
GENERAL CAPITAL FUND

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

| <u>ASSETS</u> | <u>2013</u> | <u>2012</u> |
|---|------------------------|---------------------|
| Cash | \$ 500,273.69 | 201,317.35 |
| Deferred Charges to Future Taxation - | | |
| Funded | 2,850,000.00 | 3,390,000.00 |
| Unfunded | 488,300.00 | 232,750.00 |
| | <u>3,838,573.69</u> | <u>3,824,067.35</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Contracts Payable | 227,854.97 | 27,347.22 |
| Bond Anticipation Notes Payable | 488,300.00 | 232,750.00 |
| Serial Bonds Payable | 2,850,000.00 | 3,390,000.00 |
| Improvement Authorizations: | | |
| Funded | 112,018.53 | 2,129.51 |
| Unfunded | 159,810.19 | 171,715.62 |
| Fund Balance | 590.00 | 125.00 |
| | <u>\$ 3,838,573.69</u> | <u>3,824,067.35</u> |

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

| | |
|------|---|
| 2012 | - |
| 2013 | - |

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

| | <u>2013</u> | <u>2012</u> |
|-----------------------------------|------------------|---------------|
| Beginning Balance January 1 | \$ 125.00 | - |
| Increased by: | | |
| Premiums on sale of Bonds & Notes | 465.00 | 125.00 |
| Decreased by: | | |
| Surplus budgeted in Current Fund | - | - |
| Ending Balance December 31 | <u>\$ 590.00</u> | <u>125.00</u> |

See Accompanying Notes to Financial Statements-Regulatory Basis

EXHIBIT - D
SEWER UTILITY FUND

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

| | 2013 | 2012 |
|--|-----------------|--------------|
| <u>ASSETS</u> | | |
| Operating Fund: | | |
| Cash | \$ 1,002,323.64 | 891,748.59 |
| | 1,002,323.64 | 891,748.59 |
| Receivables and Other Assets with Full Reserves: | | |
| Consumer Accounts Receivable | 98,272.50 | 101,079.00 |
| Utility Liens | 1,224.00 | - |
| | 99,496.50 | 101,079.00 |
| Total Operating Fund | 1,101,820.14 | 992,827.59 |
| Capital Fund: | | |
| Cash - Treasurer | 29,917.40 | 29,917.40 |
| Fixed Capital | 3,491,069.74 | 3,376,878.74 |
| Total Capital Fund | 3,520,987.14 | 3,406,796.14 |
| | \$ 4,622,807.28 | 4,399,623.73 |

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

| | 2013 | 2012 |
|---|-----------------|--------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Operating Fund: | | |
| Appropriation Reserves | \$ 91,937.90 | 87,387.85 |
| Reserve for Encumbrances | 20,009.75 | 118,172.92 |
| Utility Overpayments | 765.00 | 582.00 |
| Prepaid Rents | 280,505.86 | 231,724.50 |
| | 393,218.51 | 437,867.27 |
| Reserve for Receivables | 99,496.50 | 101,079.00 |
| Fund Balance | 609,105.13 | 453,881.32 |
| Total Operating Fund | 1,101,820.14 | 992,827.59 |
| Capital Fund: | | |
| Reserve for Amortization | 3,491,069.74 | 3,376,878.74 |
| Capital Improvement Fund | 27,814.11 | 27,814.11 |
| Fund Balance | 2,103.29 | 2,103.29 |
| Total Capital Fund | 3,520,987.14 | 3,406,796.14 |
| | \$ 4,622,807.28 | 4,399,623.73 |

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

| | |
|------|---|
| 2012 | - |
| 2013 | - |

**SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | 2013 | 2012 |
|---|---------------|--------------|
| Revenue and Other Income Realized | | |
| Fund Balance | \$ 37,000.00 | 161,600.00 |
| Rents | 1,622,021.86 | 1,548,384.50 |
| Miscellaneous Revenue Anticipated | 37,443.54 | 35,292.03 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Res. | 78,358.41 | 64,592.69 |
| Total Income | 1,774,823.81 | 1,809,869.22 |
| Expenditures | | |
| Operations | 1,516,000.00 | 1,520,000.00 |
| Capital Improvements | 20,000.00 | 120,000.00 |
| Deferred Charges and Statutory Expenditures | 46,600.00 | 19,600.00 |
| Total Expenditures | 1,582,600.00 | 1,659,600.00 |
| Excess/(Deficit) in Revenue | 192,223.81 | 150,269.22 |
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year | | |
| Total Adjustments | - | - |
| Excess in Operations | 192,223.81 | 150,269.22 |
| Fund Balance January 1 | 453,881.32 | 465,212.10 |
| Decreased by: | 646,105.13 | 615,481.32 |
| Utilization as Anticipated Revenue | 37,000.00 | 161,600.00 |
| Fund Balance December 31 | \$ 609,105.13 | 453,881.32 |

See Accompanying Notes to Financial Statements-Regulatory Basis

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

| | <u>2013</u> | <u>2012</u> |
|-----------------------------------|--------------------|-----------------|
| Beginning Balance January 1 | \$ 2,103.29 | 2,103.29 |
| Increased by: | | |
| Premiums on sale of Bonds & Notes | - | - |
| Decreased by: | | |
| Surplus budgeted in Current Fund | - | - |
| Ending Balance December 31 | <u>\$ 2,103.29</u> | <u>2,103.29</u> |

See Accompanying Notes to Financial Statements-Regulatory Basis

**SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Anticipated Budget | Realized | Excess or (Deficit) |
|---------------------|------------------------|---------------------|------------------------|
| Surplus Anticipated | \$ 37,000.00 | 37,000.00 | - |
| Rents | 1,545,600.00 | 1,622,021.86 | 76,421.86 |
| Miscellaneous | - | 37,443.54 | 37,443.54 |
| | <u>\$ 1,582,600.00</u> | <u>1,696,465.40</u> | <u>113,865.40</u> |

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

| | |
|------------------------------|--------------|
| Current Collections | 1,390,297.36 |
| Prepays/Overpayments Applied | 231,724.50 |

1,622,021.86

Miscellaneous

| | |
|-------------------------|-----------|
| Interest on Rents | 24,409.00 |
| Interest on Investments | 5,013.43 |
| Tax Sale Cost | 1,165.00 |
| Miscellaneous | 6,856.11 |

37,443.54

**SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|---------------------|----------------------------|---------------------|------------------|------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Operations: | | | | | | |
| Salaries and Wages | 240,000.00 | 240,000.00 | 214,370.71 | | 25,629.29 | |
| Other Expenses | 1,276,000.00 | 1,276,000.00 | 1,212,659.14 | 20,009.75 | 43,331.11 | |
| | <u>1,516,000.00</u> | <u>1,516,000.00</u> | <u>1,427,029.85</u> | <u>20,009.75</u> | <u>68,960.40</u> | <u>-</u> |
| Capital Improvements: | | | | | | |
| Capital Outlay | 20,000.00 | 20,000.00 | | | 20,000.00 | |
| | <u>20,000.00</u> | <u>20,000.00</u> | <u>-</u> | <u>-</u> | <u>20,000.00</u> | <u>-</u> |
| Deferred Charges and Statutory Expenditures: | | | | | | |
| Public Employees' Retirement System | 27,000.00 | 27,000.00 | 27,000.00 | | - | |
| Social Security System | 19,000.00 | 19,000.00 | 16,189.87 | | 2,810.13 | |
| Unemployment Compensation Insurance | 600.00 | 600.00 | 432.63 | | 167.37 | |
| | <u>46,600.00</u> | <u>46,600.00</u> | <u>43,622.50</u> | <u>-</u> | <u>2,977.50</u> | <u>-</u> |
| | <u>1,582,600.00</u> | <u>1,582,600.00</u> | <u>1,470,652.35</u> | <u>20,009.75</u> | <u>91,937.90</u> | <u>-</u> |

See Accompanying Notes to Financial Statements-Regulatory Basis

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Balance <u>December 31, 2013</u> | Balance <u>December 31, 2012</u> |
|--|-------------------------------------|-------------------------------------|
| <u>Assets</u> | | |
| Land and Land Improvements | \$ 30,052,750.00 | 30,052,750.00 |
| Building and Building Improvements | 6,444,935.00 | 6,444,935.00 |
| Machinery, Equipment and Vehicles | 2,883,452.05 | 3,022,772.56 |
| | <hr/> | <hr/> |
| Total General Fixed Assets | <u>39,381,137.05</u> | <u>39,520,457.56</u> |
| <u>Liabilities, Reserves, and Fund Balance</u> | | |
| Investment in General Fixed Assets | \$ <u>39,381,137.05</u> | <u>39,520,457.56</u> |

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The City of Absecon is an offshore community located on the eastern section of the County of Atlantic. The population according to a 2005 census is 7,989.

The City is incorporated and operates under a Council form of government, where the Council is elected from wards. The Mayor is chosen through a separate election and is the Chief Executive Officer of the City. The City Council is the law making body and passes all Resolutions and Ordinances. The City employs an administrator who is responsible for the day-to-day operations of the City.

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

B. Description of Funds

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

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

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

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

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

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

C. Basis of Accounting

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

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

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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

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

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

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

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

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

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

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

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

D. Required Financial Statements

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In 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 entity'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 entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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 entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$575,889.19 and \$724,287.94. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$0 and \$70,000. In addition, the entity operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$37,000 and \$161,600.

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the City Council. The following significant budget transfers were approved in the 2013 and 2012 calendar years:

| <u>Budget Category</u> | <u>2013</u> | <u>2012</u> |
|----------------------------|-------------|-------------|
| <u>Current Fund:</u> | | |
| General and Administrative | | |
| Salaries and Wages | \$ (41,000) | - |
| Other Expenses | 30,000 | - |
| Legal Services | 35,000 | 80,000 |
| General Liability | (12,000) | (36,000) |
| Electric | | (13,700) |
| Telephone | | (19,000) |
| Gas | | (10,000) |
| Salary Adjustment | (20,000) | - |

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2013 and 2012, the following significant budget insertions were approved:

| <u>Budget Category</u> | <u>2013</u> | <u>2012</u> |
|--|-------------|-------------|
| COPs in Shops | \$ 2,800 | 1,200 |
| Federal Bullet Proof Vest Partnership | 2,913 | 3,440 |
| Recycling Tonnage Grant | 9,660 | 9,817 |
| Clean Communities Program | 17,134 | 14,594 |
| Body Armor Grant - State | 3,354 | 2,689 |
| Drunk Driving Enforcement Fund | 7,584 | 4,530 |
| N.J. Transportation Trust Fund Authority Act | 187,000 | - |
| Driving Sober or Get Pulled Over | 8,800 | - |
| N.J. Hazard Mitigation Grant | 668,513 | - |
| Atlantic County Drainage Improvements | 222,837 | - |
| Sustainable Jersey Grant | 2,000 | - |

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for \$150,000. The emergency was for a City reassessment of property. The unfunded balance as of December 31, 2013 was \$120,000. During 2012, the entity approved one emergency appropriation in the amount of \$150,000 for legal services. This amount was included in the 2013 budget.

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 3: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$7,331,826 and \$6,015,875 was exposed to custodial credit risk.

Note 4: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

| | Balance 12/31/2011 | Additions | Retirements/ Adjustments | Balance 12/31/2012 |
|-------------------------|-----------------------|----------------|-----------------------------|-----------------------|
| Land & Improvements | \$ 30,052,750 | | - | 30,052,750 |
| Buildings | 6,413,050 | 31,885 | - | 6,444,935 |
| Equipment and Machinery | 2,908,226 | 163,001 | (48,454) | 3,022,773 |
| | <u>\$ 39,374,026</u> | <u>194,886</u> | <u>(48,454)</u> | <u>39,520,458</u> |

| | Balance 12/31/2012 | Additions | Retirements | Balance 12/31/2013 |
|-------------------------|-----------------------|----------------|------------------|-----------------------|
| Land & Improvements | \$ 30,052,750 | | | 30,052,750 |
| Buildings | 6,444,935 | | | 6,444,935 |
| Equipment and Machinery | 3,022,773 | 133,648 | (272,969) | 2,883,452 |
| | <u>\$ 39,520,458</u> | <u>133,648</u> | <u>(272,969)</u> | <u>39,381,137</u> |

Note 5: SHORT-TERM OBLIGATIONS

| | Balance 12/31/11 | Issued | Retired | Balance 12/31/12 |
|-------------------------------------|---------------------|----------------|----------|---------------------|
| Bond Anticipation Notes payable: | | | | |
| General Capital | \$ - | 232,750 | | 232,750 |
| General | - | 150,000 | - | 150,000 |
| | <u>\$ -</u> | <u>382,750</u> | <u>-</u> | <u>382,750</u> |

| | Balance 12/31/12 | Issued | Retired | Balance 12/31/13 |
|-------------------------------------|---------------------|----------------|----------------|---------------------|
| Bond Anticipation Notes payable: | | | | |
| General Capital | \$ 232,750 | 488,300 | 232,750 | 488,300 |
| General | 150,000 | 120,000 | 150,000 | 120,000 |
| | <u>\$ 382,750</u> | <u>608,300</u> | <u>382,750</u> | <u>608,300</u> |

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

The \$608,300 note was issued on 08/08/13 and is due and payable on 08/08/14 with interest at 1.50%. As of December 31, 2013 the City has authorized but not issued bonds in the amount of \$0 and \$0 in the General Capital Fund and Utility Capital Fund respectively.

Note 6: LONG TERM DEBT.

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

| | Balance 12/31/11 | Issued | Retired | Balance 12/31/12 | Amounts Due Within One Year |
|------------------------------------|---------------------|----------|----------------|---------------------|-----------------------------------|
| Bonds payable: | | | | | |
| General | \$ 4,214,000 | - | 824,000 | 3,390,000 | 540,000 |
| Utility | - | - | - | - | - |
| Total | \$ 4,214,000 | - | 824,000 | 3,390,000 | 540,000 |
| Other liabilities: | | | | | |
| Loans Payable | \$ 2,533 | | 2,533 | - | - |
| Compensated Absences Payable | 793,715 | | 45,906 | 747,809 | - |
| Total long-term liabilities | \$ 5,010,248 | - | 872,439 | 4,137,809 | 540,000 |

| | Balance 12/31/12 | Issued | Retired | Balance 12/31/13 | Amounts Due Within One Year |
|------------------------------------|---------------------|---------------|----------------|---------------------|-----------------------------------|
| Bonds payable: | | | | | |
| General | \$ 3,390,000 | | 540,000 | 2,850,000 | 550,000 |
| Utility | - | - | - | - | - |
| Total | \$ 3,390,000 | - | 540,000 | 2,850,000 | 550,000 |
| Other liabilities: | | | | | |
| Loans Payable | \$ - | | - | - | - |
| Compensated Absences Payable | 747,809 | 33,855 | 19,461 | 762,203 | - |
| Total long-term liabilities | \$ 4,137,809 | 33,855 | 559,461 | 3,612,203 | 550,000 |

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

At December 31, 2013, bonds payable in the General Capital Fund consisted of the following individual issues:

\$4,400,000.00 General Bonds dated May 29, 2008 due in annual installments through August 1, 2018 bearing interest at varying rates (3.25%-3.50%) per annum. The balance remaining as of December 31, 2013 is \$2,850,000.00.

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

| <u>Year</u> | <u>General Fund</u> | |
|-------------|---------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2014 | \$ 550,000 | 95,575 |
| 2015 | 560,000 | 77,700 |
| 2016 | 560,000 | 59,500 |
| 2017 | 580,000 | 41,300 |
| 2018 | 600,000 | 21,000 |
| | \$ 2,850,000 | 295,075 |

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year, and the total interest charged to the current budget was \$113,125.

| <u>Summary of Municipal Debt</u> | <u>Year 2013</u> | <u>Year 2012</u> | <u>Year 2011</u> |
|--|------------------|------------------|------------------|
| <u>Issued:</u> | | | |
| General - Bonds and Notes | \$ 3,338,300 | 3,622,750 | 4,216,533 |
| Sewer Utility - Bonds and Notes | - | - | - |
| Total Issued | 3,338,300 | 3,622,750 | 4,216,533 |
| <u>Authorized but not issued:</u> | | | |
| General - Bonds and Notes | - | - | - |
| Sewer Utility - Bonds and Notes | - | - | - |
| Total Authorized But Not Issued | - | - | - |
| Total Bonds & Notes Issued and Authorized But Not Issued | \$ 3,338,300 | 3,622,750 | 4,216,533 |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .386%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------------|-------------------|-------------------|-----------------|
| Local School District Debt | \$ - | - | - |
| Sewer Utility Debt | - | - | - |
| General Debt | 3,338,300 | - | 3,338,300 |
| | \$ 3,338,300 | - | 3,338,300 |

Net Debt \$3,338,300 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$864,463,470= .386%.

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

| | | |
|---|-----------|-------------------|
| 3 1/2 % of Equalized Valuation Basis (Municipal) | \$ | 30,256,221 |
| Net Debt | | 3,338,300 |
| Remaining Borrowing Power | <u>\$</u> | <u>26,917,921</u> |

The City of Absecon School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

| | | <u>*2014</u> | <u>2013</u> |
|---------------|----|--------------|-------------|
| Current Fund | \$ | 410,000 | 0 |
| Sewer Utility | | 0 | 37,000 |

* - As intended to be introduced by the City as of the date of this report.

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

| | <u>Balance December 31, 2013</u> | <u>2014 Budget Appropriation</u> | <u>Balance to Succeeding</u> |
|---------------------------------|--|--------------------------------------|----------------------------------|
| Current fund: | | | |
| Special Emergency Appropriation | \$ 120,000 | 30,000 | 90,000 |
| | <u>\$ 120,000</u> | <u>30,000</u> | <u>90,000</u> |

Note 9: SCHOOL TAXES

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

| | <u>12/31/2013</u> | <u>12/31/2012</u> |
|----------------|---------------------|-------------------|
| Balance of Tax | \$ 5,433,379 | 5,240,190 |
| Deferred | 2,826,536 | 2,826,536 |
| Tax Payable | <u>\$ 2,606,843</u> | <u>2,413,654</u> |

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 10: TAXES AND SEWER COLLECTED IN ADVANCE

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

| | Balance 12/31/13 | Balance 12/31/12 |
|---------------------------------------|---------------------|---------------------|
| Prepaid Taxes | \$ 249,927 | 215,179 |
| Sewer Prepaid Rents | 280,506 | 231,725 |
| Cash Liabilities Collected in Advance | \$ 530,433 | 446,904 |

Note 11: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 7.87% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$191,133, \$191,827 and \$187,739.

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$453,776, \$462,265, and \$575,110.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$3,816,777, \$3,960,464 and \$4,058,538. Payroll covered by PFRS was \$1,817,580, \$1,747,947 and \$1,809,728. Payroll covered by PERS was \$1,449,515, \$1,489,811 and \$1,516,325.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only.

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

Note 12: POST-RETIREMENT BENEFITS

Plan Description The City of Absecon contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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

Note 13: ACCRUED SICK AND VACATION BENEFITS

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$762,203 in 2013 and \$747,809 in 2012. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The entity does not accrue the liability.

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 14: ECONOMIC DEPENDENCY

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

Note 15: RISK MANAGEMENT

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

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

Note 16: DEFERRED COMPENSATION

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

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

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

Note 17: CONTINGENT LIABILITIES

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

**CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 18: INTERFUND BALANCES

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the City of Absecon:

| | Due From | Due To |
|-------------------------------|-------------|-----------|
| Current Fund: | | |
| Animal Control Fund | \$ 141 | |
| Grant Fund | | 25,914 |
| Grant Fund: | | |
| Current Fund | 25,914 | |
| Trust Fund: | | |
| Current - Animal Control Fund | | 141 |
| | \$ 26,055 | 26,055 |

The amount due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The amount due to the Current Fund from the Animal Control Fund represents the statutory excess accumulated in the Animal Control Fund in the current year.

Note 19: LEASE OF CITY PROPERTY

The City is party to a lease agreement of communication towers. The City leases these towers to Crown Castle at a rate of approximately \$7,800 per month. The total rent received in 2013 was \$92,910.

Note 20: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through March 13, 2014, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAYEN 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 City Council
City of Absecon, 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, of the City of Absecon, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2014 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Leon P. Costello

Leon P. Costello, CPA
Registered Municipal Accountant
No. 393

March 13, 2014

CITY OF ABSECON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- | | |
|---------------------------------------|-----------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiency identified? | NO |

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any 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.

None needed

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings or questioned costs.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

| | Current Fund | Grant Fund |
|--|------------------------|------------|
| Balance December 31, 2012 | \$ 3,637,529.42 | - |
| Increased by Receipts: | | |
| Tax Collector | 21,855,619.43 | |
| Revenue Accounts Receivable | 1,832,469.63 | |
| Miscellaneous Revenue | 125,847.66 | |
| Due from State of N.J. Senior & Veterans | 109,500.00 | |
| Due from Grant Fund | 41,651.15 | |
| Due from Animal Control Fund | 360.25 | |
| Due to State: | | |
| Vital Statistics | 1,100.00 | |
| DCA Fees | 4,826.00 | |
| Special Emergency Notes | 120,000.00 | |
| Police Detail | 17,160.00 | |
| Federal and State Receivables | | 468,066.82 |
| | 24,108,534.12 | 468,066.82 |
| | 27,746,063.54 | 468,066.82 |
| Decreased by Disbursements: | | |
| Current Year Appropriation | 8,347,576.83 | |
| Prior Year Appropriations | 492,226.97 | |
| County Taxes | 3,339,869.45 | |
| Local District School Taxes | 10,673,568.00 | |
| Special Emergency Notes | 150,000.00 | |
| Due to State: | | |
| Vital Statistics | 1,075.00 | |
| DCA Fees | 5,468.00 | |
| Reserves for Reassessment of Property | 29,044.35 | |
| Refund of Prior Year Revenue | 5,527.51 | |
| Due to Current Fund | | 329,399.95 |
| Federal and State Disbursements | | 138,666.87 |
| Police Detail | 18,205.00 | |
| | 23,062,561.11 | 468,066.82 |
| Balance December 31, 2013 | \$ <u>4,683,502.43</u> | <u>-</u> |

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

| | | | |
|-----------------------------|---------------|----|---------------|
| Balance December 31, 2012 | | \$ | - |
| Increased by Receipts: | | | |
| Prepaid Taxes | 249,926.53 | | |
| Taxes Receivable | 21,527,116.68 | | |
| Revenue Accounts Receivable | 74,772.70 | | |
| Tax Title and Other Liens | 3,803.52 | | |
| | <hr/> | | <hr/> |
| | | | 21,855,619.43 |
| | | | <hr/> |
| | | | 21,855,619.43 |
| Payments to Treasurer | | | <hr/> |
| | | | 21,855,619.43 |
| Balance December 31, 2013 | | \$ | <hr/> <hr/> |

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

| Year | Balance Dec. 31, 2012 | Current Year Levy | Added Taxes | Collections by Cash | | Adjustments | Transferred To Tax Title Lien | Arrears | Balance Dec. 31, 2013 |
|---------|--------------------------|----------------------|-------------|---------------------|---------------|-------------|-------------------------------------|------------|--------------------------|
| | | | | 2012 | 2013 | | | | |
| Arrears | \$ 4,201.19 | | | | | | | | |
| 2011 | 5,236.73 | | | | | | | | |
| 2012 | 445,791.49 | | | 430,528.07 | (750.00) | 16,013.42 | | 0.00 | |
| | 455,229.41 | | | 439,965.99 | (750.00) | 16,013.42 | | 0.00 | |
| 2013 | | 21,823,949.25 | 7,364.08 | 215,178.97 | 21,197,400.69 | 81,217.44 | 17,384.65 | 320,131.58 | |
| | \$ 455,229.41 | 21,823,949.25 | 7,364.08 | 215,178.97 | 21,637,366.68 | 80,467.44 | 33,398.07 | 320,131.58 | |

Cash Receipts
Senior Citizens and Veterans
21,637,366.68

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 21,823,949.25
Added Taxes (54:4-63.1 et. Seq.) 7,364.08
21,831,313.33

Tax Levy:
General County Taxes 3,132,044.23
County Library Taxes
County Open Space Taxes 46,958.53
County Health Taxes 157,491.62
County Added and Omitted Taxes 1,127.75
Total County Taxes 3,337,622.13

Local School District Tax 10,866,757.00
Additional Local School District Tax -

Local Tax for Municipal Purposes 7,613,984.37
Add: Additional Tax Levied 12,949.83
7,626,934.20

21,831,313.33

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

| | | | |
|---|-----------|----|-----------|
| Balance December 31, 2012 | | \$ | 24,046.60 |
| Increased by: | | | |
| Transfers from Taxes Receivable | 33,398.07 | | |
| Interest and Costs Accrued by Sale of March 19, 2013 | 1,910.83 | | |
| Other | 845.49 | | |
| | | | 36,154.39 |
| | | | 60,200.99 |
| Decreased by: | | | |
| Collections | 3,803.52 | | |
| | | | 3,803.52 |
| Balance December 31, 2013 | | \$ | 56,397.47 |

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

| | Balance Dec. 31, 2012 | Accrued in 2013 | Collected by | | Balance Dec. 31, 2013 |
|-------------------------------------|--------------------------|---------------------|------------------|---------------------|--------------------------|
| | | | Collector | Treasurer | |
| Licenses: | | | | | |
| Alcoholic Beverages | - | 12,950.00 | | 12,950.00 | - |
| Other | - | 10,657.00 | | 10,657.00 | - |
| Fees and Permits | - | 74,175.71 | | 74,175.71 | - |
| Fines and Costs: | | | | | |
| Municipal Court | 8,765.01 | 152,863.40 | | 151,033.70 | 10,594.71 |
| Interest and Costs on Taxes | - | 74,772.70 | 74,772.70 | | - |
| Interest Earned on Investments | - | 27,612.91 | | 27,612.91 | - |
| Energy Receipts Tax | - | 754,465.01 | | 754,465.01 | - |
| Watershed Moratorium Offset | - | 3,337.00 | | 3,337.00 | - |
| Uniform Construction Code Fees | - | 59,984.00 | | 59,984.00 | - |
| Occupancy Tax | - | 292,736.71 | | 292,736.71 | - |
| Cable Franchise Fee | - | 31,420.88 | | 31,420.88 | - |
| Communications Tower Rental | - | 92,909.89 | | 92,909.89 | - |
| Library Funds Dedicated for Pension | - | 23,000.00 | | 23,000.00 | - |
| Uniform Fire Safety Act | - | 10,438.02 | | 10,438.02 | - |
| Anticipated Grant Interfunds | | 287,748.80 | | 287,748.80 | |
| | <u>8,765.01</u> | <u>1,909,072.03</u> | <u>74,772.70</u> | <u>1,832,469.63</u> | <u>10,594.71</u> |

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

| | Balance Dec. 31, 2012 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|---|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT: | | | | | |
| General Administration | | | | | |
| Other Expenses | \$ 5,229.45 | 5,229.45 | 3,610.00 | 1,619.45 | - |
| Mayor and Council | | | | | |
| Salaries and Wages | 321.22 | 321.22 | 150.00 | 171.22 | - |
| Municipal Clerk | | | | | |
| Other Expenses | 2,973.19 | 2,973.19 | 275.90 | 2,697.29 | - |
| Collection of Taxes | | | | | |
| Salaries and Wages | 1,127.57 | 1,127.57 | 988.87 | 138.70 | - |
| Legal Services | | | | | |
| Emergency Appropriation (+150,000) | 47,159.69 | 57,959.69 | 57,705.70 | 253.99 | - |
| Engineering Services and Costs | | | | | |
| Other Expenses | 9,938.75 | 9,938.75 | 746.25 | 9,192.50 | - |
| Information Technology | | | | | |
| Other Expenses | 4,745.11 | 4,745.11 | 450.00 | 4,295.11 | - |
| LAND USE ADMINISTRATION | | | | | |
| Planning Board | | | | | |
| Other Expenses | 2,006.35 | 2,206.35 | 2,169.00 | 37.35 | - |
| Zoning Board of Adjustment | | | | | |
| Other Expenses | 225.32 | 425.32 | 390.00 | 35.32 | - |
| Municipal Court | | | | | |
| Salaries and Wages | 6,022.26 | 6,022.26 | 887.24 | 5,135.02 | - |
| Other Expenses | 1,379.61 | 1,379.61 | 1,324.12 | 55.49 | - |
| PUBLIC SAFETY | | | | | |
| Fire Department | | | | | |
| Other Expenses | 8,229.37 | 9,129.37 | 9,070.02 | 59.35 | - |
| Fire Hydrant Service | | | | | |
| Police | 6,884.36 | 6,884.36 | 6,670.80 | 213.56 | - |
| Salaries and Wages | 174,236.36 | 158,236.36 | 142,178.40 | 16,057.96 | - |
| Other Expenses | 42,578.14 | 45,378.14 | 45,062.75 | 315.39 | - |
| Police Dispatch | | | | | |
| Salaries and Wages | 22,267.78 | 22,267.78 | 4,130.50 | 18,137.28 | - |
| Other Expenses | 1,497.73 | 1,497.73 | 52.00 | 1,445.73 | - |

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

| | Balance Dec. 31, 2012 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|---|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| PUBLIC WORKS | | | | | |
| Public Works Department | | | | | |
| Salaries and Wages | 32,193.27 | 32,193.27 | 1,005.94 | 31,187.33 | - |
| Other Expenses | 15,482.96 | 15,482.96 | 12,553.09 | 2,929.87 | - |
| Street Lighting | 15,029.67 | 15,029.67 | 11,408.20 | 3,621.47 | - |
| Maintenance of Motor Vehicles | | | | | |
| Other Expenses | 19,802.91 | 19,802.91 | 16,285.75 | 3,517.16 | - |
| Sanitation and Trash Removal | | | | | |
| Contractual | 12,762.75 | 12,762.75 | 10,839.75 | 1,923.00 | - |
| Tipping Fees | 55,412.19 | 55,412.19 | 44,790.45 | 10,621.74 | - |
| HEALTH AND WELFARE | | | | | |
| Animal Control | | | | | |
| Other Expenses | 700.00 | 700.00 | 700.00 | - | - |
| Ambulance Service - Contractual | 841.64 | 841.64 | 841.64 | - | - |
| RECREATION AND EDUCATION | | | | | |
| Public Events | | | | | |
| Other Expenses | 10,037.98 | 10,037.98 | 8,230.77 | 1,807.21 | - |
| Insurance | | | | | |
| Employee Group Health | 175,575.57 | 175,575.57 | 134,092.57 | 41,483.00 | - |
| UNIFORM CONSTRUCTION CODE | | | | | |
| Appropriations Offset by Dedicated Revenues | | | | | |
| Construction Code Official | | | | | |
| Salaries and Wages | 952.17 | 952.17 | 879.63 | 72.54 | - |
| Elevator Inspections | 4,450.50 | 4,450.50 | 2,499.00 | 1,951.50 | - |
| UNCLASSIFIED | | | | | |
| UTILITY EXPENSES AND BULK PURCHASES | | | | | |
| Electric | 16,928.64 | 16,928.64 | 6,472.85 | 10,455.79 | - |
| Water | 1,299.48 | 1,299.48 | 452.26 | 847.22 | - |
| Telephone | 529.97 | 1,629.97 | 1,561.11 | 68.86 | - |
| Gas | 8,096.34 | 8,096.34 | 3,964.87 | 4,131.47 | - |
| Gaoline | 25,254.97 | 25,254.97 | 14,796.74 | 10,458.23 | - |
| Office Supplies | 4,340.48 | 4,340.48 | 1,371.57 | 2,968.91 | - |

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

| | Balance Dec. 31, 2012 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|-----------------------------------|--------------------------|-------------------------------|----------------------|-------------------|-------------------|
| STATUTORY EXPENDITURES | | | | | |
| Contributions to: | | | | | |
| Social Security System (O.A.S.I.) | 18,683.58 | 18,683.58 | 5,147.27 | 13,536.31 | - |
| OPERATIONS EXCLUDED FROM "CAPS" | | | | | |
| LOSAP | 30,000.00 | 30,000.00 | 23,471.96 | 6,528.04 | - |
| All Other Accounts - No Change | 24,036.25 | 24,036.25 | | 24,036.25 | |
| | <u>\$ 809,233.58</u> | <u>809,233.58</u> | <u>577,226.97</u> | <u>232,006.61</u> | <u>-</u> |
| Cash Disbursements | | | \$ 492,226.97 | | |
| Transfer to Accounts Payable | | | 85,000.00 | | |
| | | | <u>\$ 577,226.97</u> | | |

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

| Purpose | Balance Dec. 31, 2012 | Transferred From 2013 Revenues | Received | Cancellation Adjustments | Balance Dec. 31, 2013 |
|--|--------------------------|--------------------------------------|-------------------|-----------------------------|--------------------------|
| FEDERAL GRANTS: | | | | | |
| Federal Bulletproof Vest Partnership | \$ 3,440.00 | | | | 3,440.00 |
| Federal Bulletproof Vest Partnership | 1,127.50 | | | | 1,127.50 |
| Federal Body Armor | | 2,912.65 | 1,570.00 | | 1,342.65 |
| Total Federal | <u>4,567.50</u> | <u>2,912.65</u> | <u>1,570.00</u> | <u>-</u> | <u>5,910.15</u> |
| STATE GRANTS: | | | | | |
| Body Armor - State | - | 3,354.13 | 3,354.13 | | - |
| N.J. Safe Streets to Transit | 118,862.47 | | 118,822.47 | 40.00 | - |
| Municipal Drug Alliance | - | 14,705.00 | | 267.95 | 14,437.05 |
| Municipal Drug Alliance - 2012 | 11,574.23 | | 11,311.38 | 262.85 | - |
| COPS in Shops | - | 2,800.00 | 2,800.00 | | - |
| Atlantic County Drainage Improvements | - | 222,837.00 | 67,250.00 | | 155,587.00 |
| Clean Communities | - | 17,133.81 | 17,133.81 | | - |
| Recycling Tonnage | - | 9,660.33 | 9,660.33 | | - |
| Drunk Driving Enforcement Fund 2012 | - | 15,662.56 | 15,662.56 | | - |
| Transportation Enhancement Grant | 142,326.12 | | 142,326.12 | | - |
| NJ DOT Transportation Enhancement | 37,760.00 | | 37,760.00 | | - |
| N.J. Transportation Trust Fund Authority Act | - | 187,000.00 | 42,494.48 | | 144,505.52 |
| Driving Sober or Get Pulled Over | - | 8,800.00 | 4,000.00 | 400.00 | 4,400.00 |
| N.J. Transportation Trust Fund Authority Act | 42,494.48 | | | | 42,494.48 |
| NJ Hazard Mitigation Grant | - | 668,513.00 | | | 668,513.00 |
| Sustainable Jersey Grant | - | 2,000.00 | | | - |
| Total State | <u>353,017.30</u> | <u>1,152,465.83</u> | <u>474,575.28</u> | <u>970.80</u> | <u>1,029,937.05</u> |
| | <u>\$ 357,584.80</u> | <u>1,155,378.48</u> | <u>476,145.28</u> | <u>970.80</u> | <u>1,035,847.20</u> |
| | | Cash | 468,066.82 | | |
| | | Unappropriated Reserves | 8,078.46 | | |
| | | | <u>476,145.28</u> | | |

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

| | Balance December 31, 2012 | | 2013 | | Encumbrances | Disbursed | Encumbrances | Canceled | Balance Dec. 31, 2013 |
|--|---------------------------|-----------------------------|---------------------|----------------|--------------|-------------------|-------------------|------------------|--------------------------|
| | Appropriated | Reserve for Encumbrances | Appropriations | Appropriations | | | | | |
| FEDERAL GRANTS: | | | | | | | | | |
| Federal Bulletproof Vest Partnership | 3,452.50 | | 2,912.65 | | | 1,560.00 | 5.12 | 18,219.74 | 4,800.03 |
| Community Development Block Grant | 18,219.74 | | | | | 675.00 | | | - |
| Emergency Management Assistance | 1,560.10 | | 668,513.00 | | | | | | 885.10 |
| FEMA Hazard Mitigation Grant | | | | | | | | | 668,513.00 |
| Total Federal | 23,232.34 | - | 671,425.65 | | | 2,235.00 | 5.12 | 18,219.74 | 674,198.13 |
| STATE GRANTS: | | | | | | | | | |
| Drunk Driving Enforcement Fund 2011 | 582.93 | 85.00 | | | | 667.93 | | | - |
| Drunk Driving Enforcement Fund 2012 | 4,529.73 | | | | | 4,529.73 | | | - |
| Drunk Driving Enforcement Fund 2013 | - | | 15,662.56 | | | 8,215.98 | | | 7,446.58 |
| Clean Communities | - | | 17,133.81 | | | 14,655.85 | 700.00 | | 1,777.96 |
| Recycling Tonnage | - | 55.00 | 9,660.33 | | | 990.39 | | | 8,724.94 |
| Recycling Tonnage | 4,997.26 | 539.36 | | | | 5,536.62 | | | - |
| COPS in Shops | - | | 2,800.00 | | | 2,800.00 | | | - |
| Driving Sober or Get Pulled Over | - | | 8,800.00 | | | 4,000.00 | | 400.00 | 4,400.00 |
| N.J. Transportation Trust Fund Authority Act | - | | 187,000.00 | | | 6,700.00 | 180,300.00 | | - |
| Sustainable Jersey Grant | - | | 2,000.00 | | | | | | - |
| State Body Armor | 3,272.88 | | | | | 1,560.00 | 1,544.88 | | 2,000.00 |
| Body Armor | 7,776.18 | | 3,354.13 | | | | | 231.00 | 168.00 |
| Enhanced 9-1-1 Equipment | 231.00 | | | | | | | | 11,130.31 |
| Municipal Alliance on Alcoholism | | | | | | | | | - |
| County Share | 530.80 | 14,376.43 | 14,705.00 | | | 15,303.64 | 13,395.14 | 530.80 | 382.65 |
| Local Share | - | 545.48 | 3,676.25 | | | 4,221.73 | | | - |
| Atlantic County Drainage Improvements | - | | 222,837.00 | | | 67,250.00 | 68,250.00 | | 87,337.00 |
| Total State | 21,920.78 | 15,601.27 | 487,629.08 | | | 136,431.87 | 264,190.02 | 1,161.80 | 123,367.44 |
| \$ | 45,153.12 | 15,601.27 | 1,159,054.73 | | | 138,666.87 | 264,195.14 | 19,381.54 | 797,565.57 |

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

| <u>Purpose</u> | <u>Balance Dec. 31, 2012</u> | <u>Transferred To 2013 Appropriations</u> | <u>Received</u> | <u>Balance Dec. 31, 2013</u> |
|---------------------------|----------------------------------|---|-----------------|----------------------------------|
| FEDERAL GRANTS: | | | | |
| None | \$ - | | | - |
| Total Federal | - | - | - | - |
| STATE GRANTS: | | | | |
| Drunk Driving Enforcement | 8,078.46 | 8,078.46 | | - |
| Total State | <u>8,078.46</u> | <u>8,078.46</u> | <u>-</u> | <u>-</u> |
| | \$ <u>8,078.46</u> | <u>8,078.46</u> | <u>-</u> | <u>-</u> |

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

| | | |
|-----------------------------|-----------|----------|
| Balance December 31, 2012 | \$ | 1,741.65 |
| Increased By Receipts: | | |
| Dog Licenses Fees | \$ 725.00 | |
| State License Fees | 177.00 | |
| Late Fees | 129.00 | |
| | | 1,031.00 |
| | | 2,772.65 |
| Decreased By Disbursements: | | |
| Animal Control Expenditures | 718.00 | |
| Due to Current Fund | 360.25 | |
| Due to State of New Jersey | 177.00 | |
| | | 1,255.25 |
| Balance December 31, 2013 | \$ | 1,517.40 |

TRUST FUND
SCHEDULE OF LIBRARY CASH

| | | |
|-----------------------------|-------------|------------|
| Balance December 31, 2012 | \$ | 206,598.41 |
| Increased By Receipts: | | |
| Library Fees | \$ 6,434.59 | |
| City Contribution | 283,297.00 | |
| Interest on Investments | 1,168.59 | |
| Grant | 3,685.00 | |
| | | 294,585.18 |
| | | 501,183.59 |
| Decreased By Disbursements: | | |
| Reserve for Expenditures | 246,556.79 | |
| | | 246,556.79 |
| Balance December 31, 2013 | \$ | 254,626.80 |

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

| | | |
|--|-----------------|-----------------------------|
| Balance December 31, 2012 - Treasurer | | \$ 763,513.07 |
| Balance December 31, 2012 - Collector | | <u>177,340.56</u> |
| | | 940,853.63 |
| Increased By Receipts: | | |
| Redemption of Outside Liens | \$ 324,709.19 | |
| Tax Premiums Received | 79,300.00 | |
| Reserve for Recreation | 23,638.20 | |
| Payroll Deductions Payable | 4,216,716.09 | |
| Reserve for Cat Licenses | 21.00 | |
| Reserve for Planning and Zoning Escrow | 144,856.14 | |
| Reserve for Disposal of Forfeited Property | 10,019.00 | |
| Reserve for Fire Safety Penalty Act | 1,425.00 | |
| Reserve for Small Cities Grant | 437.74 | |
| Reserve for Performance Bond | 67,551.71 | |
| Reserve for Accumulated Leave | 25,000.00 | |
| Reserve for P.O.A.A. | 80.00 | |
| Reserve for Security Bonds and Deposits | <u>2,000.00</u> | |
| | | <u>4,895,754.07</u> |
| | | 5,836,607.70 |
| Decreased By Disbursements: | | |
| Reserve for Outside Liens | 333,349.75 | |
| Reserve for Tax Premiums | 168,100.00 | |
| Reserve for Recreation | 12,465.01 | |
| Payroll Deductions Payable | 4,216,956.42 | |
| Reserve for Cat Licenses | 14.75 | |
| Reserve for Planning and Zoning Escrow | 195,919.10 | |
| Reserve for Disposal of Forfeited Property | 9,699.00 | |
| Reserve for Fire Safety Penalty Act | 750.44 | |
| Reserve for Performance Bond | 70,417.72 | |
| Reserve for Accumulated Leave | 19,460.77 | |
| Reserve for Security Bonds and Deposits | <u>2,240.00</u> | |
| | | <u>5,029,372.96</u> |
| Balance December 31, 2013 | | \$ <u><u>807,234.74</u></u> |
| Balance December 31, 2013 - Treasurer | | \$ 727,334.74 |
| Balance December 31, 2013 - Collector | | <u>79,900.00</u> |
| | | \$ <u><u>807,234.74</u></u> |

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

| | | | |
|--------------------------------------|----|--------|----------|
| Balance December 31, 2012 | | \$ | 1,381.40 |
| Increased By: | | | |
| Dog Licenses Fees Collected | \$ | 725.00 | |
| Late Fees Collected | | 129.00 | |
| | | | 854.00 |
| | | | 2,235.40 |
| Decreased By Disbursements: | | | |
| Animal Control Expenditures | | 718.00 | |
| Statutory Excess Due to Current Fund | | 141.40 | |
| | | | 859.40 |
| Balance December 31, 2013 | | \$ | 1,376.00 |

| License Fees Collected | <u>Year</u> | |
|------------------------|-------------|----------|
| | 2011 | 670.00 |
| | 2012 | 706.00 |
| | \$ | 1,376.00 |

TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

| | | |
|---|----|--------|
| Balance December 31, 2012 | \$ | 360.25 |
| Increased By: | | |
| Statutory Excess in Reserves for Expenditures | \$ | 141.40 |
| | | |
| | | 141.40 |
| | | 501.65 |
| Decreased By: | | |
| Cash Disbursements | | 360.25 |
| | | |
| | | 360.25 |
| Balance December 31, 2013 | \$ | 141.40 |

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

| | | |
|-----------------------------|----|--------|
| Balance December 31, 2012 | \$ | - |
| Increased By: | | |
| Collected in 2013 | \$ | 177.00 |
| | | |
| | | 177.00 |
| | | 177.00 |
| Decreased By: | | |
| Paid to State of New Jersey | | 177.00 |
| | | |
| | | 177.00 |
| Balance December 31, 2013 | \$ | - |

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

| | | | |
|-----------------------------------|------------|----|------------|
| Balance December 31, 2012 | | \$ | 201,317.35 |
| Increased by: | | | |
| Premiums on sale of Bonds & Notes | 465.00 | | |
| Bond Anticipation Notes Issued | 488,300.00 | | |
| Capital Improvement Fund | 25,700.00 | | |
| | | | 514,465.00 |
| | | | 715,782.35 |
| Decreased by: | | | |
| Improvement Authorizations | 215,508.66 | | |
| | | | 215,508.66 |
| Balance December 31, 2013 | | \$ | 500,273.69 |

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

| | Balance | | Receipts | | Disbursements Improvement Authorizations | Transfers | | Balance Dec. 31, 2013 |
|--|---------------|-----------|---------------|-------------|--|------------|------------|--------------------------|
| | Dec. 31, 2012 | | Miscellaneous | Debt Issued | | From | To | |
| Fund Balance | \$ 125.00 | | | 465.00 | | | | 590.00 |
| Capital Improvement Fund | - | 25,700.00 | | | 25,700.00 | | | - |
| Contracts Payable | 27,347.22 | | | | 27,347.22 | | 227,854.97 | 227,854.97 |
| Improvement Authorizations: | | | | | | | | |
| 2-09 Clubhouse Roof and Irrigation Pipes | 1,473.41 | | | | | | | 1,473.41 |
| 9-07 Various Repairs to City Parks | 656.10 | | | | | | | 656.10 |
| 5-12 Various Improvements | 171,715.62 | | | | 67,886.27 | 42,000.00 | 27,347.22 | 89,176.57 |
| 5-13 Various Improvements | | | 488,300.00 | | 147,622.39 | 206,567.42 | 25,700.00 | 159,810.19 |
| 16-13 Road Improvements | | | | | | 21,287.55 | 42,000.00 | 20,712.45 |
| | \$ 201,317.35 | 25,700.00 | | 488,765.00 | 215,508.66 | 322,902.19 | 322,902.19 | 500,273.69 |

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

| | | | |
|------------------------------------|-----------|----|-------------|
| Balance December 31, 2012 | | \$ | - |
| Increased by: | | | |
| Current Fund Budget Appropriation | 25,700.00 | | |
| | <hr/> | | <hr/> |
| | | | 25,700.00 |
| | | | 25,700.00 |
| Decreased by: | | | |
| Financed Improvement Authorization | 25,700.00 | | |
| | <hr/> | | <hr/> |
| | | | 25,700.00 |
| Balance December 31, 2013 | | \$ | <hr/> <hr/> |

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

| | | |
|---------------------------|------------|-------------------------------|
| Balance December 31, 2012 | | \$ 3,390,000.00 |
| Increased by: | | |
| None | - | |
| | | - |
| | | 3,390,000.00 |
| Decreased by: | | |
| Serial Bonds Paid | 540,000.00 | |
| | | 540,000.00 |
| Balance December 31, 2013 | | \$ <u><u>2,850,000.00</u></u> |

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

| Ord # | Improvement Description | Balance Dec. 31, 2012 | 2013 Authorizations | Raised in 2013 Budget | Debt Issued | Balance Dec. 31, 2013 | Analysis of Balance | | |
|-------|-------------------------|--------------------------|------------------------|-----------------------------|-------------|--------------------------|-------------------------------|--------------|---|
| | | | | | | | Bond Anticipation Notes | Expenditures | Unexpended Improvement Authorizations |
| 5-12 | Various Improvements | \$ 232,750.00 | 488,300.00 | 232,750.00 | \$ - | 488,300.00 | 488,300.00 | - | - |
| 5-13 | Various Improvements | \$ 232,750.00 | 488,300.00 | 232,750.00 | \$ - | 488,300.00 | 488,300.00 | - | - |
| | | | | | | | | | |

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

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding December 31, 2013 | | | | Interest Rate | Balance Dec. 31, 2012 | Increased | Decreased | Balance Dec. 31, 2013 |
|----------------------|---------------|--------------------------|---|------------|--------|----|---------------------|-----------------------|-------------------|---------------------|-----------------------|
| | | | Date | Amount | | | | | | | |
| General Improvements | 5/29/2008 | 4,400,000 | 8/1/2014 | 550,000.00 | 3.250% | \$ | 3,390,000.00 | | 540,000.00 | 2,850,000.00 | |
| | | | 8/1/2015 | 560,000.00 | 3.250% | | | | | | |
| | | | 8/1/2016 | 560,000.00 | 3.250% | | | | | | |
| | | | 8/1/2017 | 580,000.00 | 3.500% | | | | | | |
| | | | 8/1/2018 | 600,000.00 | 3.500% | | | | | | |
| | | | | | | \$ | <u>3,390,000.00</u> | - | <u>540,000.00</u> | <u>2,850,000.00</u> | |

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

| Improvement Description | Ordinance Number | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2012 | Increased | Decreased | Balance Dec. 31, 2013 |
|------------------------------|------------------|------------------------|---------------|------------------|---------------|-----------------------|-------------------|-------------------|-----------------------|
| Various Capital Improvements | 5-12 | 8/9/2012 | 8/9/2012 | 8/9/2013 | 2.250% \$ | 232,750.00 | | 232,750.00 | - |
| Various Capital Improvements | 5-13 | 8/8/2013 | 8/8/2013 | 8/8/2014 | 1.500% | - | 488,300.00 | | 488,300.00 |
| | | | | | \$ | <u>232,750.00</u> | <u>488,300.00</u> | <u>232,750.00</u> | <u>488,300.00</u> |
| | | | | | | | C-1 | | |

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

| Ordinance Number | Improvement Description | Balance Dec. 31, 2012 | 2013 Authorizations | Debt Issued | Balance Dec. 31, 2013 |
|---------------------|-------------------------|--------------------------|------------------------|----------------|--------------------------|
| 5-13 | Various Improvements | \$ - | 488,300.00 | 488,300.00 | - |
| | | \$ - | 488,300.00 | 488,300.00 | - |

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

| | <u>Operating Fund</u> | <u>Capital Fund</u> |
|-----------------------------|------------------------|---------------------|
| Balance December 31, 2012 | \$ 891,748.59 | 29,917.40 |
| Increased by Receipts: | | |
| Collector | 1,390,297.36 | |
| Miscellaneous Revenue | 37,443.54 | |
| Prepaid Rents | 280,505.86 | |
| Sewer Overpayments | 183.00 | |
| | <u>1,708,429.76</u> | <u>-</u> |
| | 2,600,178.35 | 29,917.40 |
| Decreased by Disbursements: | | |
| Current Year Appropriation | 1,470,652.35 | |
| Prior Year Appropriations | 127,202.36 | |
| | <u>1,597,854.71</u> | <u>-</u> |
| Balance December 31, 2013 | \$ <u>1,002,323.64</u> | <u>29,917.40</u> |

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

| | Balance Dec. 31, 2012 | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2013 |
|------------------------------------|--------------------------|---------------|-------------|-------------------------------|---------------|-----------|----------|--------------------------|
| | | Miscellaneous | Debt Issued | Improvement Authorizations | Miscellaneous | From | To | |
| Fund Balance | 2,103.29 | | | | | | | 2,103.29 |
| Capital Improvement Fund | 27,814.11 | | | | | | | 27,814.11 |
| Improvement Authorizations: | | | | | | | | |
| None | | | | | | | | - |
| | \$ 29,917.40 | - | - | - | - | - | - | 29,917.40 |

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

| | <u>Ref.</u> | |
|--------------------------------------|--------------|----------------------------|
| Balance December 31, 2012 | | \$ 101,079.00 |
| Increased by Receipts: | | |
| Consumer Accounts Charges and Levies | 1,620,314.36 | |
| | | 1,620,314.36 |
| | | 1,721,393.36 |
| Decreased by Disbursements: | | |
| Collections | 1,390,297.36 | |
| Prepays/Ovepayments Applied | 231,724.50 | |
| Transfers to Liens | 1,099.00 | |
| | | 1,623,120.86 |
| Balance December 31, 2013 | | \$ <u><u>98,272.50</u></u> |

**SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS**

| | | |
|---|----------|---------------------------|
| Balance December 31, 2012 | | \$ - |
| Increased by Receipts: | | |
| Transferred from Consumer Accounts Receivable | 1,099.00 | |
| Penalties and Costs | 125.00 | |
| | | 1,224.00 |
| | | 1,224.00 |
| Decreased by Disbursements: | | |
| Collections | - | |
| | | - |
| Balance December 31, 2013 | | \$ <u><u>1,224.00</u></u> |

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

| | Balance Dec. 31, 2012 | Balance After Transfers | Paid or Charges | Balance Lapsed | Over- Expended |
|-------------------------------------|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 8,342.49 | 8,342.49 | 1,106.99 | 7,235.50 | - |
| Other Expenses | 74,900.18 | 74,900.18 | 11,819.69 | 63,080.49 | - |
| Capital Improvements | | | | | |
| Capital Outlay | 120,000.00 | 120,000.00 | 114,191.00 | 5,809.00 | - |
| Statutory Expenditures | | | | | |
| Contribution to: | | | | | |
| Social Security System (O.A.S.I.) | 2,142.18 | 2,142.18 | 84.68 | 2,057.50 | - |
| Unemployment Compensation Insurance | 175.92 | 175.92 | | 175.92 | - |
| | <u>\$ 205,560.77</u> | <u>205,560.77</u> | <u>127,202.36</u> | <u>78,358.41</u> | <u>-</u> |

CITY OF ABSECON

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2013

CITY OF ABSECON

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials, or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by contract or agreement." The City's bid threshold is \$36,000 based upon the certification of a qualified purchasing agent.

The governing body of the City 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 violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal payments in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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

Vehicle Maintenance Services
Road Improvements

Collection of Interest on Delinquent Taxes and Assessments

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

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

"BE IT RESOLVED" by the City Council of the City of Absecon, in accordance with Chapter 435, New Jersey Laws of 1979, and N.J.S.A 54:4-67, 54:5-32, 54:5-24 and 54:5-35, which authorizes the Governing Body to fix the rate of interest to be charged, in the City of Absecon, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at 8 percent per annum on the first \$1,500 of delinquency and 18% per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes and assessments become delinquent. In addition, a 6% penalty is authorized for delinquencies in excess of \$10,000 at the end of the year.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held March 19, 2013 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

CITY OF ABSECON

GENERAL COMMENTS - Continued

Delinquent Taxes and Tax Title Liens

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

| <u>Year</u> | <u>Number</u> |
|-------------|---------------|
| 2013 | 22 |
| 2012 | 19 |
| 2011 | 16 |

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

Verification of Delinquent Taxes and Other Charges

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

| <u>Type</u> | <u>Number Mailed</u> |
|---------------------------------|----------------------|
| Payments of 2013 and 2014 Taxes | 10 |
| Delinquent Taxes | 10 |
| Current Sewer Rents | 5 |
| Delinquent Sewer Rents | 5 |
| Total | <hr/> 30 |

Deposit of Municipal Funds

N.J.S. 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 has revealed that municipal funds were deposited within the mandated time.

CITY OF ABSECON

FINDINGS AND RECOMMENDATIONS

Finding 2013-01

The Clerk's Office did not maintain a permanent record of the City's 2013 meeting minutes, resolutions and ordinances.

Criteria:

The Clerk's Office is required to maintain a permanent "unalterable" record of approved meeting minutes and resolutions, and adopted ordinances of the City.

Condition:

There were two signed versions of one transfer resolution, and only unsigned Microsoft Word files were maintained of the transcribed minutes, resolutions and ordinances which were not in "read-only" formats.

Cause:

The City is not ensuring that a permanent record of municipal meeting minutes, resolutions and ordinances, being the original and Council approved documents, are being maintained, and in an unalterable condition.

Effect:

A compromise over the authenticity of the City's minutes, resolutions and ordinances and duplicate versions.

Recommendation:

That the City ensure that a permanent record of the City's meeting minutes, resolutions and ordinances be maintained.

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to comments, if any.

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

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

Leon P. Costello

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

March 13, 2014

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