

**CITY OF ABSECON  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2012**

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**CITY OF ABSECON**

**PART I**

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

**FOR THE YEAR ENDED**

**DECEMBER 31, 2012**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## 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 groups of the City of Absecon, New Jersey, as of December 31, 2012 and 2011, 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, 2012.

### ***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 American, 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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

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 February 28, 2013 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**

**February 28, 2013**

**EXHIBIT - A  
CURRENT FUND**

**CITY OF ABSECON**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 3,637,529.42	\$ 4,029,758.59
Change and Petty Cash Funds		550.00	550.00
Due from State of New Jersey (c.73, P.L. 1976)		4,795.06	5,523.82
		<u>3,642,874.48</u>	<u>4,035,832.41</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	455,229.41	362,464.43
Tax Title Liens Receivable	A-8	24,046.60	15,596.66
Property Acquired/Assessed Valuation		416,200.00	416,200.00
Revenue Accounts Receivable	A-9	8,765.01	9,932.00
Police Detail Receivable		385.00	5,582.50
Interfunds:			
Due from State & Federal Grant Fund		288,751.95	665,706.93
Due from Animal Control Fund		360.25	22.40
		<u>1,193,738.22</u>	<u>1,475,504.92</u>
Deferred Charges:			
Special Emergency Authorization		150,000.00	-
Emergency Appropriation		150,000.00	-
		<u>300,000.00</u>	<u>-</u>
		<u>5,136,612.70</u>	<u>5,511,337.33</u>
Federal and State Grant Fund:			
Grant Receivables	A-11	357,584.80	1,004,271.87
		<u>357,584.80</u>	<u>1,004,271.87</u>
		<u>\$ 5,494,197.50</u>	<u>\$ 6,515,609.20</u>

**CITY OF ABSECON**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 455,542.72	\$ 586,143.47
Encumbrances Payable	A-3	364,152.36	369,112.01
Accounts Payable		-	3,085.18
Special Emergency Note Payable		150,000.00	-
Prepaid Taxes		215,178.97	224,625.86
Tax Overpayments		4.42	1,680.71
Due to County for Added and Omitted Taxes		3,375.07	7,363.45
Local School Tax Payable		2,413,653.61	2,472,544.13
Due to State - DCA Fees		1,376.00	997.00
Due to State - Vital Statistics		350.00	175.00
Reserves:			
Reassessment of Property		36,257.22	-
		<u>3,639,890.37</u>	<u>3,665,726.81</u>
Reserve for Receivables		1,193,738.22	1,475,504.92
Fund Balance	A-1	<u>302,984.11</u>	<u>370,105.60</u>
		<u>5,136,612.70</u>	<u>5,511,337.33</u>
Federal and State Grant Fund:			
Due to Current Fund		288,751.95	665,706.93
Reserve for Grants:			
Appropriated	A-13	45,153.12	90,196.58
Unappropriated	A-12	8,078.46	-
Encumbrances Payable	A-13	15,601.27	248,368.36
		<u>357,584.80</u>	<u>1,004,271.87</u>
		<u>\$ 5,494,197.50</u>	<u>\$ 6,515,609.20</u>

**CITY OF ABSECON**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>	
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$	70,000.00	\$	540,181.00
Miscellaneous Revenue Anticipated		2,173,812.88		2,284,356.57
Receipts from Delinquent Taxes		333,915.89		327,035.07
Receipts from Current Taxes		20,089,012.59		20,358,910.52
Non-Budget Revenue		81,852.33		64,642.22
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves		337,202.19		455,086.63
Grants Appropriated Cancelled		31,257.69		9,917.37
Adjustment to Petty Cash		-		100.00
Interfund Returned		108,319.81		199,002.82
Total Income		<u>23,225,373.38</u>		<u>24,239,232.20</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations Within "CAP"				
Operations:				
Salaries and Wages		3,590,800.00		3,607,100.00
Other Expenses		3,678,442.00		3,232,282.00
Deferred Charges & Statutory Expenditures		927,592.00		1,058,349.00
Appropriations Excluded from "CAP"				
Operations:				
Salaries and Wages		35,663.77		35,746.60
Other Expenses		363,963.51		583,872.89
Capital Improvements		12,250.00		200,000.00
Municipal Debt Service		960,288.45		978,801.90
Deferred Charges		-		53,000.00
County Taxes		3,133,406.32		3,151,994.84
Due County for Added and Omitted Taxes		3,375.07		7,363.45
Local District School Tax		10,480,379.00		10,598,160.00
Senior Citizen Deduction Disallowed		250.00		-
Interfund Created		289,497.20		670,937.83
Grants Receivable Cancelled		46,587.55		11,819.87
		<u>23,522,494.87</u>		<u>24,189,428.38</u>

**CITY OF ABSECON**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>		<u>Year 2011</u>
(Deficit)/Excess in Revenues	\$	<u>(297,121.49)</u>	\$	<u>49,803.82</u>
Adjustments to Income before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>300,000.00</u>		<u>-</u>
Statutory Excess of Fund Balance		<u>2,878.51</u>		<u>49,803.82</u>
Fund Balance January 1		<u>370,105.60</u>		<u>860,482.78</u>
		<u>372,984.11</u>		<u>910,286.60</u>
Decreased by:				
Utilization as Anticipated Revenue		<u>70,000.00</u>		<u>540,181.00</u>
Fund Balance December 31	\$	<u><u>302,984.11</u></u>	\$	<u><u>370,105.60</u></u>

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Budget	Anticipated	Realized	Excess or (Deficit)
		\$ 70,000.00	\$ N.J.S. 40A:4-87	\$ 70,000.00	\$ -
Fund Balance Anticipated					
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		10,000.00		12,950.00	2,950.00
Other		11,000.00		11,094.00	94.00
Fees and Permits		47,000.00		58,123.98	11,123.98
Fines and Costs - Municipal Court		118,000.00		146,748.80	28,748.80
Interest and Costs on Taxes		55,000.00		49,044.52	(5,955.48)
Interest on Investments		42,000.00		44,812.87	2,812.87
Energy Receipts Tax		754,465.00		754,464.97	(0.03)
Watershed Moratorium Offset		3,337.00		3,337.00	-
Uniform Construction Code Fees		60,000.00		54,281.00	(5,719.00)
Occupancy Tax		227,520.00		246,966.18	19,446.18
Cable Franchise Fee		31,025.08		31,025.08	-
Communications Tower Rental		85,000.00		86,885.09	1,885.09
Elevator Inspections		6,000.00		5,194.00	(806.00)
Library Funds Returned to Taxpayer		28,143.00		28,143.00	-
Library Funds Dedicated for Pension		16,000.00		16,000.00	-
Anticipated Grant Interfunds		562,974.04		562,974.04	-
Uniform Fire Safety Act		10,000.00		9,594.32	(405.68)
Special Items:					
Public and Private Revenues Offset With Appropriations:			14,593.38		-
Clean Communities Grant				14,593.38	-

See Accompanying Notes to Financial Statements - Regulatory Basis

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

Ref.	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	\$ 1,200.00	\$ 1,200.00	\$ 2,400.00	-
COPS In Shops			3,440.00	-
Federal Bulletproof Vest Partnership			9,816.78	-
Recycling Tonnage	-	2,689.14	2,689.14	-
Body Armor Grant - State	14,705.00	-	14,705.00	-
Municipal Alliance on Alcoholism and Drug Abuse		4,529.73	4,529.73	
Drunk Driving Enforcement Fund	<u>2,153,369.12</u>	<u>36,269.03</u>	<u>2,243,812.88</u>	<u>54,174.73</u>
Receipts from Delinquent Taxes	340,000.00		333,915.89	(6,084.11)
Subtotal General Revenues	2,493,369.12	36,269.03	2,577,728.77	48,090.62
Amount to be Raised by Taxes for Support to Municipal Budget -				
Local Tax for Municipal Purposes	7,149,872.52	-	6,882,363.14	(267,509.38)
Minimum Library Tax	313,777.00		313,777.00	
Budget Totals	<u>9,957,018.64</u>	<u>36,269.03</u>	<u>9,773,868.91</u>	<u>(219,418.76)</u>
Nonbudget Revenues	\$ 9,957,018.64	\$ 36,269.03	\$ 9,855,721.24	\$ (137,566.43)

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections \$ 20,089,012.59

Allocated to:

School, County and Other Taxes 13,617,160.39

Balance for Support of Municipal Budget Appropriations 6,471,852.20

Add: Appropriation

"Reserve for Uncollected Taxes" 724,287.94

Amount for Support of Municipal

Budget Appropriations \$ 7,196,140.14

Receipts from Delinquent Taxes:

Delinquent Tax Collections \$ 319,518.64

Tax Title Lien Collections 14,397.25

\$ 333,915.89

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

Analysis of Non-Budget Revenues:

## Miscellaneous Revenue Not Anticipated:

Senior Citizen and Veterans Administrative Fee	\$	2,396.31	
Reimbursements		3,441.02	
Administration Fees		2,094.50	
Statutory Excess-Animal Control Fund		360.25	
Ceremony Fees		375.00	
Hurricane Reimbursement		2,489.50	
Miscellaneous		7,479.13	
Inspection fines		1,002.00	
Recycling		370.00	
FEMA reimbursement		51,061.61	
JIF reimbursement		4,824.00	
Building Inspection		4,033.00	
In Lieu of Taxes		500.00	
Sale of assets		1,426.01	
		<hr/>	
			\$ <u>81,852.33</u>
 Total Miscellaneous Revenue Not Anticipated			 \$ <u><u>81,852.33</u></u>
 Due from Animal Control Trust Fund			 \$ 360.25
Cash Receipts	A-4		<u>81,492.08</u>
			<u><u>\$ 81,852.33</u></u>

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration	\$ 92,000.00	\$ 92,000.00	\$ 90,067.29	\$ 5,015.00	\$ 1,932.71	\$
Salaries and Wages	14,600.00	14,600.00	9,370.55		214.45	
Other Expenses						
Mayor and Council	81,500.00	81,500.00	81,178.78		321.22	
Salaries and Wages	2,500.00	2,500.00	2,255.32		244.68	
Other Expenses						
Municipal Clerk	84,000.00	86,000.00	85,853.33		146.67	
Salaries and Wages	23,000.00	23,000.00	20,026.81	91.00	2,882.19	
Other Expenses						
Financial Administration	84,000.00	85,000.00	84,903.43		96.57	
Salaries and Wages	9,800.00	2,800.00	1,919.51		880.49	
Other Expenses						
Audit Services	24,385.00	24,385.00	24,385.00		-	
Annual Audit						
Collection of Taxes	112,000.00	114,000.00	112,872.43		1,127.57	
Salaries and Wages	3,400.00	3,400.00	3,009.84		390.16	
Other Expenses						
Assessment of Taxes	63,000.00	63,000.00	54,542.79		8,457.21	
Salaries and Wages	6,000.00	6,500.00	6,446.80		53.20	
Other Expenses		150,000.00	150,000.00		-	
Reassessment of Property-Special Emerg						
Legal Services	120,000.00	200,000.00	200,000.00		-	
Other Expenses		150,000.00	102,840.31	31,273.83	15,885.86	
Emergency Appropriation (+150,000)						
Engineering Services and Costs	85,000.00	60,000.00	50,061.25		9,938.75	
Other Expenses						
Elections	6,000.00	6,000.00	5,638.36		361.64	
Other Expenses						
Information Technology	14,000.00	14,000.00	9,254.89		4,745.11	
Other Expenses						
Municipal Prosecutor	12,500.00	12,500.00	12,400.69		99.31	
Other Expenses						
<b>LAND USE ADMINISTRATION:</b>						
Planning Board	12,000.00	12,800.00	12,693.05		106.95	
Salaries and Wages	4,900.00	19,400.00	17,393.65	2,000.00	6.35	
Other Expenses						
Zoning Board of Adjustment	2,000.00	2,200.00	2,066.32		133.68	
Salaries and Wages	1,900.00	1,900.00	1,674.68		225.32	
Other Expenses						
Public Defender	3,600.00	3,600.00	3,600.00		-	
Other Expenses						

See Accompanying Notes to Financial Statements - Regulatory Basis

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Municipal Court						
Salaries and Wages	\$ 102,000.00	\$ 102,000.00	\$ 95,977.74	\$	\$ 6,022.26	\$
Other Expenses	6,375.00	6,375.00	4,995.39	1,289.12	90.49	
<b>PUBLIC SAFETY:</b>						
Fire Department						
Other Expenses	59,500.00	67,500.00	59,270.63	7,960.52	268.85	
Fire Hydrant Service	80,000.00	80,000.00	73,115.64		6,884.36	
Police						
Salaries and Wages	2,310,000.00	2,310,000.00	2,135,763.64		174,236.36	
Other Expenses	131,600.00	131,600.00	89,021.86	39,275.91	3,302.23	
Police Dispatch						
Salaries and Wages	210,000.00	210,000.00	187,732.22		22,267.78	
Other Expenses	28,000.00	28,000.00	26,502.27	59.80	1,437.93	
<b>PUBLIC WORKS:</b>						
Public Works Department						
Salaries and Wages	290,000.00	290,000.00	257,806.73		32,193.27	
Other Expenses	100,000.00	100,000.00	84,517.04	11,589.34	3,883.62	
Street Lighting	140,000.00	140,000.00	124,970.33	11,408.20	3,621.47	
Maintenance of Motor Vehicles						
Other Expenses	90,000.00	90,000.00	70,197.09	14,630.05	5,172.86	
Sanitation and Trash Removal						
Contractual	132,000.00	132,000.00	119,237.25	10,839.75	1,923.00	
Tippings Fees	485,000.00	494,000.00	438,587.81	46,319.60	9,092.59	
Clean Communities						
Salaries and Wages	5,000.00	1,000.00	470.27		529.73	
Recycling Program						
Salaries and Wages	5,000.00	2,000.00	1,458.77		541.23	
Other Expenses	1,000.00	1,000.00			1,000.00	
<b>HEALTH AND WELFARE:</b>						
Animal Control						
Other Expenses	8,400.00	8,400.00	7,700.00		700.00	
Ambulance Service - Contractual	67,496.00	67,496.00	66,654.36		841.64	
<b>RECREATION AND EDUCATION:</b>						
Recreation						
Other Expenses	24,000.00	24,000.00	22,464.54		1,535.46	
Public Events						
Other Expenses	47,300.00	43,300.00	33,262.02	2,654.96	7,383.02	
Insurance						
General Liability	135,000.00	99,000.00	98,737.00		263.00	
Workers' Compensation Insurance	276,886.00	276,886.00	276,886.00		-	
Employee Group Health	765,000.00	765,000.00	589,424.43	140,204.75	35,370.82	
Uniform Fire Safety Act						
Salaries and Wages	13,600.00	13,900.00	13,863.37		36.63	

See Accompanying Notes to Financial Statements - Regulatory Basis

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>UNIFORM CONSTRUCTION CODE:</b>						
Appropriations Offset by Dedicated Revenues						
Construction Code Official						
Salaries and Wages	\$ 122,000.00	\$ 125,400.00	\$ 124,447.83	\$	952.17	\$
Other Expenses	6,000.00	6,000.00	3,028.02		2,971.98	
Elevator Inspections	6,000.00	6,000.00	1,549.50	2,499.00	1,951.50	
<b>UNCLASSIFIED:</b>						
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>						
Electric	123,000.00	109,300.00	92,371.36	6,472.85	10,455.79	
Water	10,000.00	10,000.00	8,700.52		1,299.48	
Telephone	70,000.00	51,000.00	50,470.03	387.68	142.29	
Gas	33,000.00	23,000.00	14,903.66	3,964.87	4,131.47	
Gasoline	80,000.00	85,000.00	59,745.03	15,000.00	10,254.97	
Office Supplies	42,000.00	37,000.00	32,659.52	744.63	3,595.85	
Compensated Absences Funding	100,000.00	100,000.00	100,000.00		-	
<b>CONTINGENT</b>						
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>6,969,242.00</b>	<b>7,269,242.00</b>	<b>6,511,976.75</b>	<b>353,690.86</b>	<b>403,574.39</b>	<b>-</b>
Detail:						
Salaries and Wages	3,588,100.00	3,590,800.00	3,341,768.99	-	249,031.01	-
Other Expenses (Including Contingent)	3,381,142.00	3,678,442.00	3,170,207.76	353,690.86	154,543.38	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
Deferred Charges						
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I.)	280,000.00	280,000.00	261,316.42		18,683.58	
Unemployment Compensation Insurance	14,000.00	14,000.00	12,431.20	-	1,568.80	
Police and Firemen's Retirement System	462,265.00	462,265.00	462,265.00		-	
Public Employees' Retirement System	167,827.00	167,827.00	167,827.00		-	
DCRP	3,500.00	3,500.00	1,784.05	-	1,715.95	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>	<b>927,592.00</b>	<b>927,592.00</b>	<b>905,623.67</b>	<b>-</b>	<b>21,968.33</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>7,896,834.00</b>	<b>8,196,834.00</b>	<b>7,417,600.42</b>	<b>353,690.86</b>	<b>425,542.72</b>	<b>-</b>

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
LOSAP						
Aid to Library (N.J.S.A. 40:54-35)	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -	\$ 30,000.00	\$ -
	313,777.00	313,777.00	313,777.00	-	-	-
<b>TOTAL OPERATIONS-EXCLUDED FROM "CAPS"</b>	<b>343,777.00</b>	<b>343,777.00</b>	<b>313,777.00</b>	<b>-</b>	<b>30,000.00</b>	<b>-</b>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
Body Armor Grant-State (40A:4-87, \$2,689.14+)		2,689.14	2,689.14			
Municipal Alliance on Alcoholism and Drug Abuse County Share						
Local Share	14,705.00	14,705.00	14,705.00			
Cops in Shops-Summer Shore Initiative (40A:4-87, \$1,200+)	3,676.25	3,676.25	3,676.25			
Federal Bulletproof Vest Partnership (40A:4-87, \$3,440+)	1,200.00	2,400.00	2,400.00			
Drunk Driving Enforcement Fund (40A:4-87, \$4,529.73+)		3,440.00	3,440.00			
Clean Communities (40A-4-87, \$14,493.38+)		4,529.73	4,529.73			
Recycling Tonnage Grant (40A-4-87, \$9,816.78+)		14,593.38	14,593.38			
		9,816.78	9,816.78			
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	<b>19,581.25</b>	<b>55,850.28</b>	<b>55,850.28</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>363,358.25</b>	<b>399,627.28</b>	<b>369,627.28</b>	<b>-</b>	<b>30,000.00</b>	<b>-</b>
Detail						
Salaries and Wages	-	35,663.77	35,663.77	-	-	-
Other Expenses	363,358.25	363,963.51	333,963.51	-	30,000.00	-

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	\$ 12,250.00	\$ 12,250.00	\$ 12,250.00	\$ -	\$ -	\$ -
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	<u>12,250.00</u>	<u>12,250.00</u>	<u>12,250.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>						
Payment of Bond Principal	824,000.00	824,000.00	824,000.00	-	-	-
Interest on Bonds	133,730.00	133,730.00	133,730.00	-	-	-
Loan Repayments for Principal and Interest	2,558.45	2,558.45	2,558.45	-	-	-
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	<u>960,288.45</u>	<u>960,288.45</u>	<u>960,288.45</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</b>						
Special Emergency Authorizations- 5 Years(NJS 40A:4-55)	-	-	-	-	-	-
<b>TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<u>1,335,896.70</u>	<u>1,372,165.73</u>	<u>1,342,165.73</u>	<u>-</u>	<u>30,000.00</u>	<u>-</u>

**CITY OF ABSECON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled	
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>TOTAL GENERAL APPROPRIATIONS EXCLUDED FROM "CAPS"</b>	\$ 1,335,896.70	\$ 1,372,165.73	\$ 1,342,165.73	\$ -	\$ 30,000.00	\$ -
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	9,232,730.70	9,568,999.73	8,759,766.15	353,690.86	455,542.72	-
Reserve for Uncollected Taxes	724,287.94	724,287.94	724,287.94			
<b>TOTAL GENERAL APPROPRIATIONS</b>	\$ 9,957,018.64	\$ 10,293,287.67	\$ 9,484,054.09	\$ 353,690.86	\$ 455,542.72	\$ -
Original Adopted Budget	\$ 9,957,018.64					
Added Appropriations N.J.S.A. 40A:4-87	36,269.03					
Emergency Appropriation	150,000.00					
Special Emergency Appropriation	150,000.00					
	\$ 10,293,287.67					
Cash Disbursements			\$ 8,553,915.87			
Federal & State Grant Fund			55,850.28			
Reserve for Uncollected Taxes			724,287.94			
Special Emergency Authorization			150,000.00			
			\$ 9,484,054.09			

**EXHIBIT - B  
TRUST FUND**

**CITY OF ABSECON**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 1,741.65	\$ 1,647.20
		<u>1,741.65</u>	<u>1,647.20</u>
<u>Library Fund</u>			
Cash and Investments	B-2	<u>206,598.41</u>	<u>152,626.53</u>
<u>Other Funds</u>			
Cash and Investments - Treasurer	B-3	763,513.07	679,601.22
Cash - Collector	B-3	177,340.56	26,258.62
Small Cities Revolving Loan Receivable		102,104.20	102,104.20
		<u>1,042,957.83</u>	<u>807,964.04</u>
		<u>\$ 1,251,297.89</u>	<u>\$ 962,237.77</u>

See Accompanying Notes to Financial Statements -  
Regulatory Basis

**CITY OF ABSECON**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-4	\$ 1,381.40	\$ 1,624.80
Due to Current Fund	B-5	360.25	22.40
		<u>1,741.65</u>	<u>1,647.20</u>
<u>Library Fund</u>			
Fund Balance		206,598.41	152,626.53
		<u>206,598.41</u>	<u>152,626.53</u>
<u>Other Funds</u>			
Redemption for Outside Liens		8,640.56	358.62
Premiums Received at Tax Sale		168,700.00	25,900.00
Payroll Deductions Payable		27,336.87	25,920.72
Reserve for Cat Licenses		771.36	747.36
Reserve for Planning and Zoning Escrow		187,719.39	180,969.29
Reserve for Disposal of Forfeited Property		7,654.16	5,831.16
Reserve for P.O.A.A.		115.00	440.00
Reserve for Security Bond		1,900.00	1,900.00
Reserve for Security Deposits		5,540.00	5,190.00
Reserve for Fire Safety Penalty Act		2,501.62	2,896.62
Reserve for Accumulated Leave		224,524.13	147,948.26
Reserve for Revolving Loan Fund		102,104.20	102,104.20
Reserve for Small Cities Grant		87,341.93	86,581.92
Reserve for Performance Bond		169,821.59	184,816.18
Reserve for Recreation Trust		48,287.02	36,359.71
		<u>1,042,957.83</u>	<u>807,964.04</u>
		\$ <u>1,251,297.89</u>	\$ <u>962,237.77</u>

See Accompanying Notes to Financial Statements -  
Regulatory Basis

**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

**CITY OF ABSECON**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Cash and Investments	C-2,C-3	\$ 201,317.35	\$ 26,099.73
Deferred Charges to Future Taxation:			
Funded	C-5	3,390,000.00	4,216,533.12
Unfunded	C-6	232,750.00	-
		<u>\$ 3,824,067.35</u>	<u>\$ 4,242,632.85</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 3,390,000.00	\$ 4,214,000.00
Bond Anticipation Notes Payable	C-9	232,750.00	-
Green Trust Loan Payable		-	2,533.12
Improvement Authorizations:			
Funded	C-7	2,129.51	5,172.37
Unfunded	C-7	171,715.62	-
Contracts Payable		27,347.22	20,927.36
Fund Balance	C-1	125.00	-
		<u>\$ 3,824,067.35</u>	<u>\$ 4,242,632.85</u>

**CITY OF ABSECON**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2011	<u>Ref.</u> C		\$	-
Increased By:				
Premium on Bond Anticipation Notes		\$ <u>125.00</u>		<u>125.00</u>
				<u>125.00</u>
Decreased By:				
None		<u>-</u>		<u>-</u>
Balance December 31, 2012	C		\$	<u><u>125.00</u></u>

**EXHIBIT - D**  
**SEWER UTILITY FUND**

**CITY OF ABSECON**  
**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 891,748.59	\$ 808,855.78
		<u>891,748.59</u>	<u>808,855.78</u>
Receivables With Full Reserves:			
Sewer Rents Receivable	D-7	101,079.00	80,358.50
		<u>101,079.00</u>	<u>80,358.50</u>
Total Operating Fund		<u>992,827.59</u>	<u>889,214.28</u>
Capital Fund:			
Cash and Investments	D-5	29,917.40	29,917.40
Fixed Capital:			
Completed		3,376,878.74	3,367,978.74
		<u>3,406,796.14</u>	<u>3,397,896.14</u>
Total Capital Fund		<u>3,406,796.14</u>	<u>3,397,896.14</u>
		<u>\$ 4,399,623.73</u>	<u>\$ 4,287,110.42</u>

**CITY OF ABSECON**  
**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 87,387.85	\$ 73,025.73
Encumbrances Payable		118,172.92	24,632.95
Sewer Overpayments		582.00	165.00
Prepaid Rents		231,724.50	245,820.00
		<u>437,867.27</u>	<u>343,643.68</u>
Reserve for Receivables	D	101,079.00	80,358.50
Fund Balance	D-1	453,881.32	465,212.10
Total Operating Fund		<u>992,827.59</u>	<u>889,214.28</u>
Capital Fund:			
Reserve for Amortization		3,376,878.74	3,367,978.74
Capital Improvement Fund	D-10	27,814.11	27,814.11
Fund Balance	D-2	2,103.29	2,103.29
Total Capital Fund		<u>3,406,796.14</u>	<u>3,397,896.14</u>
		<u>\$ 4,399,623.73</u>	<u>\$ 4,287,110.42</u>

**CITY OF ABSECON**  
**SEWER UTILITY FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	161,600.00	\$ -
Sewer Rents		1,548,384.50	1,498,260.00
Miscellaneous		35,292.03	66,915.96
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		64,592.69	174,665.26
Total Income		<u>1,809,869.22</u>	<u>1,739,841.22</u>
Expenditures:			
Operations:			
Salaries and Wages		230,000.00	220,000.00
Other Expenses		1,290,000.00	1,166,500.00
Capital Improvements		120,000.00	20,000.00
Deferred Charges and Statutory Expenditures		19,600.00	18,500.00
Total Expenditures		<u>1,659,600.00</u>	<u>1,425,000.00</u>
Excess in Revenue		150,269.22	314,841.22
Fund Balance January 1	D	<u>465,212.10</u>	<u>150,370.88</u>
		615,481.32	465,212.10
Decreased By:			
Utilization as Anticipated Revenue		161,600.00	-
Balance December 31	D	<u>\$ 453,881.32</u>	<u>\$ 465,212.10</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

**CITY OF ABSECON**  
**SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2011	<u>Ref.</u> D		\$	2,103.29
Increased By:				
None		\$		-
				-
				2,103.29
Decreased By:				
None				-
				-
Balance December 31, 2012	D		\$	2,103.29

**CITY OF ABSECON**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 161,600.00	\$ 161,600.00	\$ -
Anticipated Revenue:			
Sewer Rents	1,498,000.00	1,548,384.50	50,384.50
Miscellaneous Receipts	<u>-</u>	<u>35,292.03</u>	<u>35,292.03</u>
	<u>1,498,000.00</u>	<u>1,583,676.53</u>	<u>85,676.53</u>
Total Revenue	<u>\$ 1,659,600.00</u>	<u>\$ 1,745,276.53</u>	<u>\$ 85,676.53</u>

Analysis of Realized Revenue:

Sewer Rents			
Accounts Receivable	\$ 1,548,384.50		
		<u>\$ 1,548,384.50</u>	
Miscellaneous Revenue			
Interest on Investments	\$ 8,615.03		
Connection Fees	2,700.00		
Interest & Penalties on Rents	22,212.00		
Tax Sale Cost	1,605.00		
Bad Check Fee	<u>160.00</u>		
Total Miscellaneous		<u>\$ 35,292.03</u>	

**CITY OF ABSECON**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 230,000.00	\$ 230,000.00	\$ 221,657.51	\$ 8,342.49	\$
Other Expenses	1,290,000.00	1,290,000.00	1,219,081.74	70,918.26	
	<u>1,520,000.00</u>	<u>1,520,000.00</u>	<u>1,440,739.25</u>	<u>79,260.75</u>	
Capital Improvements:					
Capital Outlay	120,000.00	120,000.00	114,191.00	5,809.00	
	<u>120,000.00</u>	<u>120,000.00</u>	<u>114,191.00</u>	<u>5,809.00</u>	-
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	19,000.00	19,000.00	16,857.82	2,142.18	
Unemployment Compensation Insurance	600.00	600.00	424.08	175.92	
	<u>19,600.00</u>	<u>19,600.00</u>	<u>17,281.90</u>	<u>2,318.10</u>	
	<u>\$ 1,659,600.00</u>	<u>\$ 1,659,600.00</u>	<u>\$ 1,572,212.15</u>	<u>\$ 87,387.85</u>	\$
Ref.	D			D	
Cash Disbursed		D-5	\$ 1,454,039.23		
Encumbrances Payable		D	118,172.92		
			<u>\$ 1,572,212.15</u>		

See Accompanying Notes to Financial Statements - Regulatory Basis

**EXHIBIT - E**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

**CITY OF ABSECON**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Balance <u>December 31, 2012</u>	Balance <u>December 31, 2011</u>
<u>Assets</u>		
Land and Land Improvements	\$ 30,052,750.00	\$ 30,052,750.00
Building and Building Improvements	6,444,935.00	6,413,050.00
Machinery, Equipment and Vehicles	3,022,772.56	2,908,225.59
	<hr/>	<hr/>
Total General Fixed Assets	<u>\$ 39,520,457.56</u>	<u>\$ 39,374,025.59</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Investment in General Fixed Assets	<u>\$ 39,520,457.56</u>	<u>\$ 39,374,025.59</u>

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements – regulatory basis of the City of Absecon have been prepared in conformity with an standards established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the City's accounting policies are described below.

**Description of Financial Reporting Entity**

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.

**Basis of Presentation, Fund Accounting**

The financial statements – regulatory basis of the City of Absecon contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City of Absecon accounts for its financial transactions through the following separate funds which differ from the funds required by GAAP.

**Current Fund**

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

**Trust Funds**

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

**General Capital Funds**

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

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Sewer Utility Operating and Capital Funds**

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

**Budgets and Budgetary Accounting**

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

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

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

**Cash and Investments**

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

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

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

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

Generally, the City considers all investments that mature in one year or less to be cash equivalents.

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

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfunds**

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to fund balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies**

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

**General Fixed Assets**

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

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed Assets used in governmental operations (“general fixed assets”) are accounted for in the General Fixed Assets Account Group. Public domain (“Infrastructure”) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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

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

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

**Utility Fixed Assets**

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

**Foreclosed Property**

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

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Charges**

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

**Appropriation Reserves**

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

**Fund Balance**

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

**Revenues**

Revenues are recorded as received in cash except for certain amounts that are due from other governmental units. Revenue from Federal and State Grants is realized as revenue when anticipated as such in the City's budget. Other amounts that are due the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

**Property Tax Revenues**

Property tax revenues are collected in quarterly installments due February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>. Property taxes unpaid on April 1, of the year following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**School Taxes**

The City is responsible for levying, collecting and remitting school taxes for the City of Absecon School District. Fund balance is charged for the full amount required to be raised from taxation to operate the school districts from January 1<sup>st</sup> through December 31<sup>st</sup>. Deferred school taxes arises due to the differences in the municipal and school district fiscal year ends. As of December 31, 2012 and 2011, the following is a breakdown of the school tax payable and year end tax deferral.

<u>Category</u>	<u>Dec. 31 2012</u>	<u>Dec. 31 2011</u>
Local School Tax Payable	\$ 2,413,653.61	\$ 2,472,544.13
Local School Tax Deferred	2,826,535.94	2,826,535.94
	<u>\$ 5,240,189.55</u>	<u>\$ 5,299,080.07</u>

**County Taxes**

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

**Reserve for Uncollected Taxes**

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

**Expenditures**

Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance system. Outstanding encumbrances at December 31<sup>st</sup> are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis; interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

**Compensated Absences and Post-Employment Benefits**

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

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued:			
General:			
Bonds and Notes	\$ 3,622,750.00	\$ 4,214,000.00	\$ 5,024,000.00
Green Acres Trust Loan	-	2,533.12	7,524.38
Sewer Utility:			
Bonds and Notes	-	-	-
Less:			
Funds Temporarily Held to Pay Bonds and Notes	-	-	-
Total Issued	<u>3,622,750.00</u>	<u>4,216,533.12</u>	<u>5,031,524.38</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	-	-	-
Sewer Utility:			
Bonds and Notes	-	-	-
Total Authorized But Not Issued	<u>-</u>	<u>-</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,622,750.00</u>	<u>\$ 4,216,533.12</u>	<u>\$ 5,031,524.38</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.397%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ -	\$ -	\$ -
Utility Debt	-	-	-
General Debt	<u>3,622,750.00</u>	<u>-</u>	<u>3,622,750.00</u>
	<u>\$ 3,622,750.00</u>	<u>\$ -</u>	<u>\$ 3,622,750.00</u>

Net debt \$3,622,750.00 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$913,105,763 = .397%.

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 2: LONG-TERM DEBT (Continued)**

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

3-1/2% of Equalized Valuation Basis	\$	31,958,701.71
Net Debt		<u>3,622,750.00</u>
	\$	<u><u>28,335,951.71</u></u>

**Description of Bonds and Loans Payable**

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

\$4,400,000 General Improvement Bond, dated May 29, 2008, due in annual installments beginning August 1, 2009 through August 1, 2018, bearing interest at varying rates (3.25%-3.50%) per annum. The balance remaining as of December 31, 2012, is \$3,390,000.

**Changes in Long-Term Debt**

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

	<u>Outstanding</u> <u>12/31/11</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/12</u>
General Capital Fund:				
Bonds Payable	\$ 4,214,000.00	\$	\$ 824,000.00	\$ 3,390,000.00
Loans Payable	<u>2,533.12</u>		<u>2,533.12</u>	<u>-</u>
Total General Capital Fund	<u>4,216,533.12</u>	<u>-</u>	<u>826,533.12</u>	<u>3,390,000.00</u>
Utility Capital Fund:				
Bonds Payable	-			-
Loans Payable	-			-
Total Utility Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 4,216,533.12</u>	<u>\$ -</u>	<u>\$ 826,533.12</u>	<u>\$ 3,390,000.00</u>

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 2: LONG-TERM DEBT (Continued)**

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
2013	\$ 540,000.00	\$ 113,125.00
2014	550,000.00	95,575.00
2015	560,000.00	77,700.00
2016	560,000.00	59,500.00
2017	580,000.00	41,300.00
2018	600,000.00	21,000.00
	<u>\$ 3,390,000.00</u>	<u>\$ 408,200.00</u>

**NOTE 3: COMPENSATED ABSENCES**

The City has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2012, the City estimates this liability to be approximately \$747,808.79 based on 2012 pay rates and compensated absence balances.

**NOTE 4: DEFERRED COMPENSATION ACCOUNT**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998, the City of Absecon amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrators are Equitable and Valic.

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 5: TAXES COLLECTED IN ADVANCE**

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

		Balance December 31, 2012		Balance December 31, 2011
Prepaid Taxes - Cash Liability	\$	215,178.97	\$	224,625.86

**NOTE 6: RETIREMENT PLANS**

**Plan Descriptions**

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

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

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

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq. For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary.

**Vesting and Benefit Provisions**

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

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 6: RETIREMENT PLANS (Continued)**

**Vesting and Benefit Provisions (Continued)**

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation (increased to 6.5% effective 10/1/11). Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary (increased to 10% effective 10/1/11).

For the Public Employees' Retirement System, the City contributed \$191,827.00 and \$187,739.00 for the years ended December 31, 2012 and 2011 respectively.

**Three Year Trend Information for PERS**

<b>Funding Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/12	\$ 191,827.00	100%	\$ -
12/31/11	187,739.00	100%	-
12/31/10	150,483.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was \$462,265.00 for 2012, and \$575,110.00 for 2011.

**Three Year Trend Information for PFRS**

<b>Funding Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/12	\$ 462,265.00	100%	\$ -
12/31/11	575,110.00	100%	-
12/31/10	462,449.00	100%	-

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 7: DEPOSITS AND INVESTMENTS**

Operating cash, in the form of checking and money market savings accounts, is held in the City's name by a commercial banking institution. At December 31, 2012, the carrying amount of the City's deposits was \$5,909,706.45 and the bank balance was \$ 6,015,874.56. Of the bank balance, \$250,000.00 was insured with Federal Deposit Insurance Corporation.

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

**Investments**

As of December 31, 2012, the City did not have any investments.

**NOTE 8: PROPERTY TAXES**

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

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

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey statutes.

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 8: PROPERTY TAXES (Continued)**

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

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

**Comparative Schedule of Tax Rates**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ 2.070	\$ 2.044	\$ 1.960
Apportionment of Tax Rate:			
Municipal	0.732	0.710	0.695
County	0.309	0.306	0.276
Local School	1.029	1.028	0.989

**Assessed Valuation**

2012	\$ 1,018,328,424
2011	1,030,628,805
2010	1,030,440,871

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 21,102,007.79	\$ 20,089,012.59	95.20%
2011	21,115,519.19	20,358,910.52	96.42%
2010	20,296,563.94	19,837,612.56	97.74%

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 8: PROPERTY TAXES (Continued)**

<u>Year</u>		<u>Liens</u>		<u>Taxes</u>		<u>Delinquent</u>		<u>Tax Levy</u>
2012	\$	24,046.00	\$	455,229.41	\$	479,275.41		2.27%
2011		15,596.66		362,464.43		378,061.09		1.79%
2010		11,437.79		346,237.85		357,675.64		1.76%

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>		<u>Amount</u>
2012	\$	416,200.00
2011		416,200.00
2010		416,200.00

**NOTE 9: ECONOMIC DEPENDENCY**

The City of Absecon is not economically dependent on any one funding agency within the City or the State of New Jersey.

**NOTE 10: FUND BALANCES APPROPRIATED**

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

	<u>Year</u>		<u>Balance December 31st</u>		<u>* Utilized in Budget of Succeeding Year</u>		<u>Percent Utilized</u>
Current Fund	2012	\$	302,984.11	\$	-		0.00%
	2011		370,105.60		70,000.00		18.91%
	2010		860,482.78		540,181.00		62.78%
	2009		738,541.99		573,300.00		77.63%
	2008		814,614.59		524,000.00		64.32%
Sewer Utility	2012		453,881.32		37,000.00		8.15%
	2011		465,212.10		161,600.00		34.74%
	2010		150,370.88		-		0.00%
	2009		116,454.26		73,000.00		62.69%
	2008		111,614.20		100,000.00		89.59%

\* - As intended to be introduced by the City as of the date of this report or not provided.

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

A receivable between the Current Fund and Grant Fund has resulted from temporary funding of grant activity. The amount due from the Animal Control Fund is a result of a statutory excess due the Current Fund. Both amounts are expected to be returned within the following year. Receivables and payables at December 31, 2012 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 288,751.95	Current Fund	Grant Fund
<u>360.25</u>	Current Fund	Animal Control Fund
<u>\$ 289,112.20</u>		

**NOTE 12: BUDGETARY DATA**

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

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

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

**NOTE 13: FEDERAL AND STATE GRANTS**

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

**NOTE 14: GENERAL FIXED ASSETS**

The City has opted to include assets with a value of \$5,000 or more for Machinery, Vehicles and Equipment. The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2012.

	<u>Balance as of December 31, 2011</u>	<u>Increases/ Additions</u>	<u>Decreases</u>	<u>Balance as of December 31, 2012</u>
Land & Improvements	\$ 30,052,750.00	\$ -	\$ -	\$ 30,052,750.00
Buildings	6,413,050.00	31,885.00		6,444,935.00
Machinery, Vehicles & Equipment	2,908,225.59	163,001.05	(48,454.08)	3,022,772.56
Total	<u>\$ 39,374,025.59</u>	<u>\$ 194,886.05</u>	<u>\$ (48,454.08)</u>	<u>\$ 39,520,457.56</u>

**CITY OF ABSECON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 15: SHORT-TERM FINANCING**

Short-term debt provides for financing of governmental activities and capital projects. On August 9, 2012, the City issued Bond Anticipation Notes in the amount of \$382,750.00 at a rate of 2.25%. Of that amount, \$232,750.00 was used to finance General Capital projects and \$150,000.00 used as a current fund Special Emergency for the costs associated with the reassessment of City property. The note will mature on August 9, 2013.

The following is a summary of changes in short-term debt for the year ended December 31, 2012.

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Total</u>
Balance December 31, 2011	\$ -	\$ -	\$ -
Increases	150,000.00	232,750.00	382,750.00
Decreases			-
Balance December 31, 2012	\$ <u>150,000.00</u>	\$ <u>232,750.00</u>	\$ <u>382,750.00</u>

**NOTE 16: RISK MANAGEMENT**

The City 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. There have been no significant decreases in City coverage, nor any known significant claims exceeding coverage.

**Property and Liability Insurance**

The City maintains commercial insurance coverage for property, liability and surety bonds.

**NOTE 17: LITIGATION**

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

**NOTE 18: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and February 28, 2013, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the City that would require disclosure.

**NOTE 19: TAX APPEALS PENDING**

The City's Tax Assessor's Office has identified some City properties with state tax court appeals pending which may, if successful and in the aggregate, have a significant impact on the City's realized tax revenue. As of the date of this report, the process is on-going and amounts have not been estimable.

## SUPPLEMENTARY INFORMATION

**CITY OF ABSECON**  
**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2011		\$ 4,029,758.59
Increased By Receipts:		
Collector	\$	20,343,191.99
Revenue Accounts Receivable		1,509,620.29
Miscellaneous Revenue Not Anticipated		81,492.08
Special Emergency Note		150,000.00
Due from State - Senior Citizens and Veterans		119,817.30
Due State for DCA Fees		3,633.00
Due to State - Vital Statistics		1,275.00
Due from Grant Fund		660,352.01
Police Detail		14,932.50
		<u>22,884,314.17</u>
		26,914,072.76
Decreased By Disbursements:		
2012 Appropriations		8,553,915.87
2011 Appropriation Reserves		618,053.29
County Taxes		3,133,406.32
County Added and Omitted Taxes		7,363.45
Local District School Tax		10,539,269.52
Due from Grant Fund		302,403.14
Due to State - DCA Training Fees		3,254.00
Due to State - Vital Statistics		1,100.00
Reserve for Reassessment of Property		103,281.28
Accounts Payable		3,085.18
Tax Overpayments		1,676.29
Police Detail		9,735.00
		<u>23,276,543.34</u>
Balance December 31, 2012		\$ <u><u>3,637,529.42</u></u>

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

Balance December 31, 2011	<u>Ref.</u> A		\$ -
Increased By Receipts:			
Taxes Receivable		\$ 20,064,566.83	
Liens Receivable		14,397.25	
Interest and Cost on Taxes		49,044.52	
Tax Overpayments		4.42	
Prepaid Taxes		<u>215,178.97</u>	
			<u>20,343,191.99</u>
			20,343,191.99
Decreased By Disbursements:			
Payment to Treasurer		<u>20,343,191.99</u>	
			<u>20,343,191.99</u>
Balance December 31, 2012	A		\$ <u><u>-</u></u>

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

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
Arrears	\$ 15,738.52	\$ -	\$ -	\$ -	\$ 11,813.33	\$ 276.00	\$ -	\$ 4,201.19
2011	346,725.91	-	-	307,705.31	319,518.64	(20,190.00)	13,593.87	5,236.73
	362,464.43	-	-	-	319,518.64	(19,914.00)	13,593.87	9,437.92
2012		21,102,007.79	9,372.18	224,625.86	19,864,386.73	(568,902.40)	7,673.49	445,791.49
	\$ 362,464.43	\$ 21,102,007.79	\$ 9,372.18	\$ 224,625.86	\$ 20,183,905.37	\$ (588,816.40)	\$ 21,267.36	\$ 455,229.41
Ref.	A							A

\$ 20,064,566.83 Taxes Receivable  
 119,338.54 Senior Citizens and Veterans  
\$ 20,183,905.37

Analysis of 2012 Property Tax Levy

Tax Yield:  
 General Property Tax  
 Added/Omitted Taxes (54.4-63.1 et seq.)

\$ 21,079,398.38  
 22,609.41  
\$ 21,102,007.79

Tax Levy:

Local District School Tax:  
 Levy

\$ 10,480,379.00  
\$ 10,480,379.00

County Taxes  
 County Taxes Added and Omitted  
 Local Tax for Municipal Purposes  
 Local Tax for Municipal Library Purposes  
 Add: Additional Tax Levied

3,133,406.32  
 3,375.07  
 7,149,872.52  
 313,777.00  
7,484,847.40  
\$ 21,102,007.79

**CITY OF ABSECON**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2011	<u>Ref.</u> A	\$	15,596.66
Increased by:			
Transfers from Taxes Receivable		\$	21,267.36
Interest and Costs on Sale			<u>1,579.83</u>
			<u>22,847.19</u>
			38,443.85
Decreased by:			
Cash Receipts		\$	<u>14,397.25</u>
			<u>14,397.25</u>
Balance December 31, 2012	A	\$	<u><u>24,046.60</u></u>

**CITY OF ABSECON**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance</u> Dec. 31, 2011	<u>Accrued</u> In 2012	<u>Collected</u>	<u>Balance</u> Dec. 31, 2012
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$	12,950.00	12,950.00	\$
Other		11,094.00	11,094.00	
Fees and Permits		58,123.98	58,123.98	
Fines and Costs - Municipal Court		145,581.81	146,748.80	8,765.01
Interest and Costs on Taxes	9,932.00	49,044.52	49,044.52	
Interest on Investments		44,812.87	44,812.87	
Energy Receipts Tax		754,464.97	754,464.97	
Watershed Moratorium Offset		3,337.00	3,337.00	
Uniform Construction Code Fees		54,281.00	54,281.00	
Occupancy Tax		246,966.18	246,966.18	
Cable Franchise Fee		31,025.08	31,025.08	
Communications Tower Rental		86,885.09	86,885.09	
Elevator Inspections		5,194.00	5,194.00	
Library Funds Returned to Taxpayer		28,143.00	28,143.00	
Library Funds Dedicated for Pension		16,000.00	16,000.00	
Uniform Fire Safety Act		9,594.32	9,594.32	
<b>TOTALS</b>	<u>\$ 9,932.00</u>	<u>\$ 1,557,497.82</u>	<u>\$ 1,558,664.81</u>	<u>\$ 8,765.01</u>
	A			A
Ref.				
Tax Collector			49,044.52	
Treasurer Cash Collected			<u>1,509,620.29</u>	
			<u>\$ 1,558,664.81</u>	
		Ref.		
		A-5		
		A-4		

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
General Administration				
Salaries and Wages	\$ 143.53	\$ 143.53	-	\$ 143.53
Other Expenses	993.11	993.11		993.11
Mayor and Council				
Salaries and Wages	121.22	121.22		121.22
Other Expenses	1,796.50	1,796.50		1,796.50
Municipal Clerk				
Other Expenses	8,545.22	8,545.22	2,178.66	6,366.56
Financial Administration				
Salaries and Wages	533.97	533.97		533.97
Other Expenses	5,365.14	5,365.14	-	5,365.14
Elections				
Other Expenses	1,238.25	1,238.25		1,238.25
Assessment of Taxes				
Salaries and Wages	8,899.90	8,899.90		8,899.90
Other Expenses	3,081.33	3,081.33	340.25	2,741.08
Collection of Taxes				
Salaries and Wages	553.74	553.74		553.74
Other Expenses	1,269.68	1,269.68	649.07	620.61
Legal Services				
Salaries and Wages	-	-		-
Other Expenses	19,501.61	19,501.61	19,185.15	316.46
Engineering Services and Costs				
Other Expenses	15,661.79	15,661.79	11,472.43	4,189.36
Planning Board				
Salaries and Wages	263.49	263.49		263.49
Other Expenses	6,200.40	6,200.40	6,200.40	-
Zoning Board of Adjustment				
Salaries and Wages	94.38	94.38		94.38
Other Expenses	344.82	344.82	30.00	314.82
Public Defender				
Other Expenses	300.00	300.00	300.00	-
Construction				
Salaries and Wages	4,391.81	4,391.81		4,391.81
Other Expenses	3,578.09	3,578.09	2,124.09	1,454.00

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Elevator Inspections	1,524.00	1,524.00	1,524.00	-
Information Technology	2,742.62	2,742.62	1,096.25	1,646.37
Insurance				
Workers' Compensation	-	-		-
General Liability	34,078.00	34,078.00		34,078.00
Health Insurance	159,265.16	159,265.16	125,735.07	33,530.09
Municipal Prosecutor				
Salaries and Wages				
Other Expenses	958.26	958.26		958.26
Fire Department				
Other Expenses	2,256.39	2,256.39	1,735.82	520.57
Fire Hydrant Service	7,819.76	7,819.76	6,561.84	1,257.92
Police				
Salaries and Wages	179,989.84	179,989.84	175,226.28	4,763.56
Other Expenses	17,327.65	17,327.65	17,100.89	226.76
Police Dispatch				
Salaries and Wages	12,567.35	12,567.35		12,567.35
Other Expenses	2,409.10	2,409.10	2,362.98	46.12
Uniform Fire Safety Act (P.L. 1983, Ch. 383)				
Salaries and Wages	8.50	8.50		8.50
Other Expenses	1,500.00	1,500.00		1,500.00
Public Works Department				
Salaries and Wages	19,925.58	19,925.58		19,925.58
Other Expenses	38,064.62	38,064.62	17,982.85	20,081.77
Street Lighting	28,044.89	28,044.89	10,980.95	17,063.94
Maintenance of Motor Vehicles				
Other Expenses	28,527.24	28,527.24	8,519.50	20,007.74
Recreation				
Other Expenses	12,001.00	12,001.00	7,250.00	4,751.00
Animal Control				
Other Expenses	700.00	700.00	700.00	-
Recycling Program				
Salaries and Wages	5,000.00	5,000.00		5,000.00
Other Expenses	1,724.05	1,724.05		1,724.05

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Sanitation and Trash Removal				
Contractual	\$ 10,683.37	\$ 10,683.37	\$ 10,483.33	\$ 200.04
Tipping Fees	64,296.14	64,296.14	37,442.97	26,853.17
Clean Communities				
Salaries and Wages	5,000.00	5,000.00		5,000.00
Ambulance Service-Contractual				
Electric	12,412.84	-	4,867.20	7,545.64
Water	1,815.04	1,815.04	409.88	1,405.16
Telephone	20,836.87	20,836.87	5,579.33	15,257.54
Natural Gas	10,009.63	10,009.63	2,405.51	7,604.12
Gasoline	11,031.43	11,031.43	10,203.53	827.90
Office Supplies	10,427.84	10,427.84	1,643.43	8,784.41
Contingent	1,800.20	1,800.20	-	1,800.20
Statutory Expenditures				
Contribution to Social Security System (O.A.S.I.)	17,886.93	17,886.93	13,404.81	4,482.12
DCRP	310.08	310.08	-	310.08
Unemployment Compensation Insurance	230.60	230.60	-	230.60
Employee Group Health	15,200.00	15,200.00	-	15,200.00
Municipal Court				
Salaries and Wages	2,729.02	2,729.02		2,729.02
Other Expenses	140.83	140.83	124.51	16.32
LOSAP	35,000.00	35,000.00	19,902.75	15,097.25
HVAC System	10,000.00	10,000.00	9,287.00	713.00
911 Phone System	48,000.00	48,000.00	45,473.00	2,527.00
Building Phone System	12,682.50	12,682.50	12,617.50	65.00
Voice & Security System	10,000.00	10,000.00	9,960.00	40.00
Police Portable Radio Equipment	15,000.00	15,000.00	14,992.06	7.94
Police Department Furniture Replacement	65.84	65.84	-	65.84
Road Repairs & Paving	384.33	384.33	-	384.33
	<u>\$ 955,255.48</u>	<u>\$ 955,255.48</u>	<u>\$ 618,053.29</u>	<u>\$ 337,202.19</u>
Ref.			A-4	A-1
Appropriation Reserves	\$ 586,143.47			
Encumbrances Payable	369,112.01			
	<u>\$ 955,255.48</u>			

**CITY OF ABSECON**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Grant:	Balance Dec. 31, 2011	Anticipated Revenues	Received	Reductions	Balance Dec. 31, 2012
Body Armor - State	\$ -	\$ 2,689.14	\$ 2,689.14	\$ -	-
Federal Bulletproof Vest Partnership	878.12	3,440.00	878.12	-	3,440.00
N.J. Safe Streets to Transit	119,822.75	-	-	960.28	118,862.47
Municipal Drug Alliance	14,705.00	-	14,705.00	-	-
Municipal Drug Alliance 2012	-	14,705.00	2,896.86	233.91	11,574.23
COPS in Shops	1,200.00	-	1,200.00	-	-
COPS in Shops-2012	-	2,400.00	2,400.00	-	-
Clean Communities	-	14,593.38	14,593.38	-	-
Recycling Tonnage	-	9,816.78	9,816.78	-	-
Drunk Driving Enforcement Fund 2012	-	4,529.73	4,529.73	-	-
Transportation Enhancement Grant	529,000.00	-	386,673.88	-	142,326.12
NJ DOT Transportation Enhancement	37,760.00	-	-	-	37,760.00
N.J. Transportation Trust Fund Authority Act	-	-	47,186.50	-	-
N.J. Transportation Trust Fund Authority Act	47,186.50	-	129,113.66	3,391.86	42,494.48
N.J. Transportation Trust Fund Authority Act	175,000.00	-	35,420.50	42,001.50	-
Community Development Block Grant	77,422.00	-	170.00	-	1,127.50
Federal Bullet Proof Vest Partnership	1,297.50	-	-	-	-
NJ DOT IBOAT Program	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 1,004,271.87</b>	<b>\$ 52,174.03</b>	<b>\$ 652,273.55</b>	<b>\$ 46,587.55</b>	<b>\$ 357,584.80</b>
Ref.	A			A	A
			Cancelled	\$ 46,587.55	
				\$ 46,587.55	

**CITY OF ABSECON**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Grant: Drunk Driving Enforcement Fund	\$ - \$	8,078.46 \$	- \$	8,078.46
TOTALS	<u>\$ -</u>	<u>8,078.46</u>	<u>-</u>	<u>8,078.46</u>
	A	A-4	A-11	A

**CITY OF ABSECON**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	Balance	Budget	Expended	Cancelled	Balance
	Dec. 31, 2011	Appropriations			Dec. 31, 2012
Grant:	\$	\$	\$	\$	\$
DWI - Municipal Court	148.25	-	148.25	-	-
Drunk Driving Enforcement Fund 2011	8,561.79	-	7,978.86	-	582.93
Drunk Driving Enforcement Fund 2012	-	4,529.73	-	-	4,529.73
Clean Communities	9,725.98	-	9,725.98	-	(0.00)
Clean Communities	-	14,593.38	14,593.38	-	-
Recycling Tonnage	5,993.68	-	5,993.68	-	0.00
Recycling Tonnage	-	9,816.78	4,819.52	-	4,997.26
COPS in Shops	-	2,400.00	2,400.00	-	-
COPS in Shops - Summer 2012	-	-	-	-	-
N.J. Transportation Trust Fund Authority Act	757.65	-	727.50	(30.15)	-
Tree Planting Program	-	-	-	-	-
State Share	7,500.00	-	-	(7,500.00)	-
Local Share	2,500.00	-	-	(2,500.00)	-
State Body Armor	583.74	2,689.14	-	-	3,272.88
Body Armor -2009	8,991.18	-	1,215.00	-	7,776.18
Enhanced 9-1-1 Equipment	1,231.00	-	1,000.00	-	231.00
Federal Bulletproof Vest Partnership	1,227.50	3,440.00	1,215.00	-	3,452.50
NJ Safe Streets to Transit	70,976.85	-	68,124.09	(2,852.76)	(0.00)
Transportation Enhancement Grant	113,533.21	-	113,533.21	-	-
NJ DOT Transportation Enhancement	-	-	-	-	-
Streetscape Improvement NJ Ave & Station	23,083.97	-	23,083.97	-	-
Community Development Block Grant	69,952.50	-	33,591.89	(18,140.87)	18,219.74
Emergency Management Assistance	2,468.10	-	908.00	-	1,560.10

**CITY OF ABSECON**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2011	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2012
Municipal Alliance on Alcoholism					
County Share	\$ 11,329.54	\$ 14,705.00	\$ 25,269.83	\$ (233.91)	\$ 530.80
Local Share	-	3,676.25	3,676.25		-
<b>TOTALS</b>	<u>\$ 338,564.94</u>	<u>\$ 55,850.28</u>	<u>\$ 318,004.41</u>	<u>\$ (31,257.69)</u>	<u>\$ 45,153.12</u>
Ref.	A			A-1	A
Grants Appropriated	\$ 90,196.58				
Encumbrances Payable	<u>248,368.36</u>				
	<u>\$ 338,564.94</u>				
Cash Disbursed		A-4	\$ 302,403.14		
Encumbrances Payable			<u>15,601.27</u>		
			<u>\$ 318,004.41</u>		

**CITY OF ABSECON**  
**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2011	<u>Ref.</u> B		\$	1,647.20
Increased By Receipts:				
Dog Licenses Fees		\$		551.00
State License Fees				144.00
Late Fees				155.00
				<u>850.00</u>
				2,497.20
Decreased By Disbursements:				
Animal Control Expenditures				589.15
Due to Current Fund				22.40
Due to State of New Jersey				144.00
				<u>755.55</u>
Balance December 31, 2012	B		\$	<u><u>1,741.65</u></u>

**CITY OF ABSECON**  
**TRUST FUND**  
**SCHEDULE OF LIBRARY CASH**

Balance December 31, 2011	<u>Ref.</u> B		\$	152,626.53
Increased By Receipts:				
Library Fees		\$		6,176.32
City Contribution				313,777.00
Miscellaneous				2,746.13
Interest on Investments				1,465.09
Grant				3,722.00
				<u>327,886.54</u>
				480,513.07
Decreased By Disbursements:				
Reserve for Expenditures				<u>273,914.66</u>
				<u>273,914.66</u>
Balance December 31, 2012	B		\$	<u><u>206,598.41</u></u>

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

Balance December 31, 2011 - Treasurer	<u>Ref.</u> B	\$ 679,601.22
Balance December 31, 2011 - Collector	B	<u>26,258.62</u>
		705,859.84
Increased By Receipts:		
Redemption of Outside Liens	\$	244,085.00
Tax Premiums Received		188,600.00
Reserve for Recreation		21,365.00
Payroll Deductions Payable		4,359,915.81
Reserve for Cat Licenses		24.00
Reserve for Planning and Zoning Escrow		87,969.00
Reserve for Disposal of Forfeited Property		1,823.00
Reserve for Fire Safety Penalty Act		555.00
Reserve for Small Cities Grant		760.01
Reserve for Performance Bond		2,955.57
Reserve for Accumulated Leave		100,000.00
Reserve for P.O.A.A.		74.00
Reserve for Security Bonds and Deposits		<u>5,350.00</u>
		<u>5,013,476.39</u>
		5,719,336.23
Decreased By Disbursements:		
Reserve for Outside Liens		235,803.06
Reserve for Tax Premiums		45,800.00
Reserve for Recreation		9,437.69
Payroll Deductions Payable		4,358,499.66
Reserve for P.O.A.A.		399.00
Reserve for Planning and Zoning Escrow		81,218.90
Reserve for Fire Safety Penalty Act		950.00
Reserve for Performance Bond		17,950.16
Reserve for Accumulated Leave		23,424.13
Reserve for Security Bonds and Deposits		<u>5,000.00</u>
		<u>4,778,482.60</u>
Balance December 31, 2012		\$ <u><u>940,853.63</u></u>
Balance December 31, 2012 - Treasurer	B	\$ 763,513.07
Balance December 31, 2012 - Collector	B	<u>177,340.56</u>
		<u>\$ 940,853.63</u>

**CITY OF ABSECON**  
**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2011	<u>Ref.</u> B		\$	1,624.80
Increased By:				
Dog Licenses Fees Collected	B-1	\$		551.00
Late Fees Collected				155.00
				<u>706.00</u>
				2,330.80
Decreased By Disbursements:				
Animal Control Expenditures	B-1			589.15
Statutory Excess Due to Current Fund				360.25
				<u>949.40</u>
Balance December 31, 2012	B		\$	<u><u>1,381.40</u></u>

License Fees Collected

<u>Year</u>	
2010	711.40
2011	670.00
	<u>1,381.40</u>
	\$ <u><u>1,381.40</u></u>

**CITY OF ABSECON**  
**TRUST FUND**  
**SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND**

Balance December 31, 2011	<u>Ref.</u> B		\$	22.40
Increased By:				
Statutory Excess in Reserves for Expenditures		\$		360.25
				360.25
				382.65
Decreased By:				
Cash Disbursements				22.40
				22.40
Balance December 31, 2012	B		\$	360.25

**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

Balance December 31, 2011	<u>Ref.</u> B		\$	-
Increased By:				
Collected in 2012		\$		144.00
				144.00
				144.00
Decreased By:				
Paid to State of New Jersey				144.00
				144.00
Balance December 31, 2012	B		\$	-

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

Balance December 31, 2011	<u>Ref.</u> C	\$ 26,099.73
Increased By Receipts:		
Bond Anticipation Notes Issued	\$	232,750.00
Premium on BAN sale		125.00
Capital Improvement Fund		<u>12,250.00</u>
		<u>245,125.00</u>
		271,224.73
Decreased By Disbursements:		
Improvement Authorizations	C-7	<u>69,907.38</u>
		<u>69,907.38</u>
Balance December 31, 2012	C	<u><u>\$ 201,317.35</u></u>

**CITY OF ABSECON  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ -	\$ -	\$ -	\$ 125.00	\$ -	\$ -	\$ -	\$ -	\$ 125.00
Capital Improvement Fund	-	-	-	12,250.00	-	-	12,250.00	-	-
Contracts Payable	20,927.36	-	-	-	20,927.36	-	20,927.36	27,347.22	27,347.22
<b>Improvement Authorizations</b>									
Ord. Number									
2-09 Clubhouse Roof and Irrigation Pipes	1,473.41	-	-	-	-	-	-	-	1,473.41
9-07 Various Repairs to City Parks	3,698.96	-	-	3,042.86	-	-	-	-	656.10
13-11 Various Improvements	-	-	232,750.00	20,927.36	45,937.16	-	27,347.22	20,927.36	-
5-12 Various Improvements	-	-	-	-	-	-	-	12,250.00	171,715.62
	\$ 26,099.73	\$ -	\$ 232,750.00	\$ 12,375.00	\$ 69,907.38	\$ -	\$ 60,524.58	\$ 60,524.58	\$ 201,317.35
Ref.	C								C

**CITY OF ABSECON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2011	<u>Ref.</u> C		\$	-
Increased By:				
2012 Budget Appropriation		\$ <u>12,250.00</u>		<u>12,250.00</u>
				12,250.00
Decreased By:				
Improvement Authorizations Funded		<u>12,250.00</u>		<u>12,250.00</u>
				-
Balance December 31, 2012	C		\$	<u><u>-</u></u>

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2011	<u>Ref.</u> C		\$	4,216,533.12
Increased By:				
None		\$ <u>-</u>		<u>-</u>
				4,216,533.12
Decreased By:				
Serial Bonds Paid		824,000.00		
Green Acres Loan Paid		<u>2,533.12</u>		
				<u>826,533.12</u>
Balance December 31, 2012	C		\$	<u><u>3,390,000.00</u></u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded by Current Budget	Bonds Issued	Balance Dec. 31, 2012	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
5-12	Various Improvements	\$	\$ 232,750.00	\$	-	\$ 232,750.00	\$ 232,750.00	\$	\$
		\$ -	\$ 232,750.00	\$ -	\$ -	\$ 232,750.00	\$ 232,750.00	\$ -	\$ -
	Ref.								
									C

**CITY OF ABSECON  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	2011		Funding Sources	Deferred Charges to Future Taxation	Transfer from Contracts Payable	Paid/Charged or Cancelled	2012	
				Balance December 31, 2011	Unfunded					Balance December 31, 2012	Unfunded
9-07/6-08	Various Repairs to City Parks	6/7/2007	\$ 150,000	\$ 3,698.96	\$ -	\$ -	\$ -	\$ -	\$ 3,042.86	\$ 656.10	\$ -
2/09	Clubhouse Roof and Irrigation Pipes	4/16/2009	75,000	1,473.41	-	-	-	-	-	1,473.41	-
13/11	Various Improvements	10/6/2011	21,523	-	-	-	-	20,927.36	20,927.36	-	-
5/12	Various Improvements	5/17/2012	245,000	-	-	245,000.00	-	-	73,284.38	-	171,715.62
				<u>\$ 5,172.37</u>	<u>\$ -</u>	<u>\$ 245,000.00</u>	<u>\$ -</u>	<u>\$ 20,927.36</u>	<u>\$ 97,254.60</u>	<u>\$ 2,129.51</u>	<u>\$ 171,715.62</u>
			Ref.	<u>C</u>	<u>C</u>	<u>C-4</u>				<u>C</u>	<u>C</u>
				Capital Improvement Fund	Deferred Charges Unfunded	Cash Disbursed	Contracts Payable				
				\$ 12,250.00	\$ 232,750.00	\$ 245,000.00	\$ -	\$ -	\$ 69,907.38	\$ 27,347.22	\$ 97,254.60

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance Dec. 31, 2012		
			Date	December 31, 2012 Amount	Interest Rate	Balance Dec. 31, 2011		Increased	Decreased
General Improvements	5/15/2002	\$ 3,224,000				\$ 494,000.00	\$ -	\$ 494,000.00	\$ -
General Improvements	5/29/2008	4,400,000	8/1/2013	540,000.00	3.250%	3,720,000.00		330,000.00	3,390,000.00
			8/1/2014	550,000.00	3.250%				
			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%				
						\$ 4,214,000.00	\$ -	\$ 824,000.00	\$ 3,390,000.00
						C		C-2	C
					Ref.				

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
5-12	Various Capital Improvements	8/9/2012	8/9/2012	8/9/2013	2.25%	-	232,750.00	-	232,750.00
					Ref.	\$ -	\$ 232,750.00	-	\$ 232,750.00
						C	C-2	C-2	C

**CITY OF ABSECON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2012</u>
5-12	Various Improvements	\$ -	\$ 232,750.00	\$ 232,750.00	\$ -
		<u>\$ -</u>	<u>\$ 232,750.00</u>	<u>\$ 232,750.00</u>	<u>\$ -</u>
	Ref.	C			C

**CITY OF ABSECON**  
**SEWER UTILITY FUNDS**  
**SCHEDULE OF CASH - TREASURER**

	Ref.	Operating	Capital
Balance December 31, 2011	D	\$ 808,855.78	\$ 29,917.40
Increased by Receipts:			
Sewer Rent Collected	\$	1,302,399.50	
Miscellaneous Revenue Collected		35,292.03	
Sewer Overpayments		582.00	
Prepaid Rents		<u>231,724.50</u>	
		1,569,998.03	<u>-</u>
		<u>2,378,853.81</u>	<u>29,917.40</u>
Decreased by Disbursements:			
Current Appropriations		1,454,039.23	
Appropriation Reserves		<u>33,065.99</u>	
		<u>1,487,105.22</u>	<u>-</u>
Balance December 31, 2012	D	\$ <u>891,748.59</u>	\$ <u>29,917.40</u>

CITY OF ABSECON  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH

	Receipts		Disbursements			Transfers		Balance Dec. 31, 2012	
	Balance Dec. 31, 2011	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From		To
Fund Balance	\$ 2,103.29	\$	\$	\$	\$	\$	\$	\$	2,103.29
Capital Improvement Fund	27,814.11								27,814.11
<u>Improvement Authorizations</u>									
Ord.									
Number									
None									
	\$ 29,917.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,917.40
Ref.	D								D

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

Balance December 31, 2011	<u>Ref.</u> D		\$	80,358.50
Increased By:				
Sewer Levy		\$ 1,569,105.00		
				1,569,105.00
				1,649,463.50
Decreased By:				
Collections		1,302,399.50		
Overpayments Applied		165.00		
Prepays Applied		245,820.00		
				1,548,384.50
Balance December 31, 2012	D		\$	101,079.00

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 3,433.88	\$ 3,433.88	-	\$ 3,433.88
Other Expenses	72,695.63	72,695.63	24,165.99	48,529.64
Capital Improvements:				
Capital Outlay	20,000.00	20,000.00	8,900.00	11,100.00
Deferred Charges and Statutory Expenditures:				
Social Security	1,473.60	1,473.60	-	1,473.60
Unemployment	55.57	55.57	-	55.57
<b>TOTALS</b>	<b>\$ 97,658.68</b>	<b>\$ 97,658.68</b>	<b>\$ 33,065.99</b>	<b>\$ 64,592.69</b>
			D-5	D-1
Appropriation Reserves	\$ 73,025.73			
Encumbrances Payable	24,632.95			
	<u>\$ 97,658.68</u>			

**CITY OF ABSECON**  
**SEWER UTILITY FUND**  
**SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND**

Balance December 31, 2011	<u>Ref.</u> D	\$ 27,814.11
Increased By:		
None	-	-
	_____	_____
		27,814.11
Decreased By:		
None	-	-
	_____	_____
Balance December 31, 2012	D	\$ <u><u>27,814.11</u></u>

**CITY OF ABSECON**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2012**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2013 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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**

**February 28, 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

#### **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 13, 2012 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>
2012	19
2011	16
2010	11

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 2012 and 2013 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**

None

In accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and 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**

**February 28, 2013**

**CITY OF ABSECON**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2012**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Unqualified 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?      | <b>NO</b> |
| 2) Significant Deficiency identified? | <b>NO</b> |

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.