

**CITY OF ABSECON
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2010**

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CITY OF ABSECON

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - STATUTORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2010



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Absecon
County of Atlantic, New Jersey

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the City of Absecon, State of New Jersey (the "City"), as of December 31, 2010 and 2009 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2010, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the City's management. Our responsibility is to express opinions 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the City, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the City, as of December 31, 2010 and 2009 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2010.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2010 and 2009 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2010 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2011 on our consideration of the City's internal control structure over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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



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

February 24, 2011

**EXHIBIT - A
CURRENT FUND**

CITY OF ABSECON
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

| | <u>Ref.</u> | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Balance</u> <u>Dec. 31, 2009</u> |
|--|-------------|--|--|
| <u>Assets</u> | | | |
| Regular Fund: | | | |
| Cash: | | | |
| Treasurer | A-4 | \$ 4,092,924.09 | \$ 3,886,752.47 |
| Change and Petty Cash Funds | | 450.00 | 450.00 |
| Due from State of New Jersey (c.73, P.L. 1976) | | 5,545.06 | 5,204.65 |
| | | <u>4,098,919.15</u> | <u>3,892,407.12</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 346,237.85 | 734,908.61 |
| Tax Title Liens Receivable | A-8 | 11,437.79 | 8,034.60 |
| Property Acquired/Assessed Valuation | | 416,200.00 | 416,200.00 |
| Revenue Accounts Receivable | A-9 | 7,015.70 | 6,705.48 |
| Police Detail Receivable | | 6,968.50 | 231.00 |
| Interfunds: | | | |
| Due from State & Federal Grant Fund | | 192,034.32 | 75,945.22 |
| Due from Animal Control Fund | | - | 686.60 |
| | | <u>979,894.16</u> | <u>1,242,711.51</u> |
| Deferred Charges: | | | |
| Special Emergency Authorization | | 53,000.00 | 106,000.00 |
| | | <u>53,000.00</u> | <u>106,000.00</u> |
| | | <u>5,131,813.31</u> | <u>5,241,118.63</u> |
| Federal and State Grant Fund: | | | |
| Grant Receivables | A-11 | 1,190,149.96 | 1,428,248.63 |
| | | <u>1,190,149.96</u> | <u>1,428,248.63</u> |
| | | <u>\$ 6,321,963.27</u> | <u>\$ 6,669,367.26</u> |

CITY OF ABSECON
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

| <u>Liabilities, Reserves and Fund Balance</u> | <u>Ref.</u> | <u>Balance Dec. 31, 2010</u> | <u>Balance Dec. 31, 2009</u> |
|---|-------------|----------------------------------|----------------------------------|
| Regular Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3:A-10 | \$ 534,005.30 | \$ 485,949.97 |
| Encumbrances Payable | A-3 | 297,941.95 | 294,541.31 |
| Prepaid Taxes | | 167,609.14 | 212,223.17 |
| Tax Overpayments | | 5,633.92 | 1.23 |
| Due to County for Added and Omitted Taxes | | 14,201.93 | 9,184.82 |
| Local School Tax Payable | | 2,270,779.13 | 2,256,956.63 |
| Due to State - DCA Fees | | 1,015.00 | 783.00 |
| Due to State - Vital Statistics | | 250.00 | 225.00 |
| | | <u>3,291,436.37</u> | <u>3,259,865.13</u> |
| Reserve for Receivables | | 979,894.16 | 1,242,711.51 |
| Fund Balance | A-1 | 860,482.78 | 738,541.99 |
| | | <u>5,131,813.31</u> | <u>5,241,118.63</u> |
| Federal and State Grant Fund: | | | |
| Due to Current Fund | | 192,034.32 | 75,945.22 |
| Reserve for Grants: | | | |
| Appropriated | A-13 | 902,169.05 | 1,199,175.73 |
| Unappropriated | A-12 | 10,129.23 | 24,365.58 |
| Encumbrances Payable | A-13 | 85,817.36 | 128,762.10 |
| | | <u>1,190,149.96</u> | <u>1,428,248.63</u> |
| | | <u>\$ 6,321,963.27</u> | <u>\$ 6,669,367.26</u> |

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

| | <u>Ref.</u> | <u>Year 2010</u> | <u>Year 2009</u> |
|--|-------------|----------------------|----------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | \$ | 573,300.00 | \$ 524,000.00 |
| Miscellaneous Revenue Anticipated | | 1,853,081.65 | 4,475,437.07 |
| Receipts from Delinquent Taxes | | 729,423.24 | 482,603.35 |
| Receipts from Current Taxes | | 19,837,612.56 | 18,890,883.22 |
| Non-Budget Revenue | | 84,927.07 | 20,794.56 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 384,533.12 | 604,770.46 |
| Grants Appropriated Cancelled | | 378,967.67 | 12,638.32 |
| Tax Overpayments Cancelled | | 1.23 | - |
| Interfund Returned | | 76,862.82 | 151,372.64 |
| Total Income | | <u>23,918,709.36</u> | <u>25,162,499.62</u> |
| <u>Expenditures</u> | | | |
| Budget and Emergency Appropriations: | | | |
| Appropriations Within "CAP" | | | |
| Operations: | | | |
| Salaries and Wages | | 3,622,600.00 | 3,613,400.00 |
| Other Expenses | | 3,240,445.00 | 3,289,547.00 |
| Deferred Charges & Statutory Expenditures | | 901,025.61 | 868,610.00 |
| Appropriations Excluded from "CAP" | | | |
| Operations: | | | |
| Salaries and Wages | | 116,987.45 | 44,111.35 |
| Other Expenses | | 675,417.23 | 2,732,439.67 |
| Capital Improvements | | 10,000.00 | 183,500.00 |
| Municipal Debt Service | | 973,051.90 | 995,862.74 |
| Deferred Charges | | 53,000.00 | 53,000.00 |
| County Taxes | | 2,836,898.00 | 2,661,663.13 |
| Due County for Added and Omitted Taxes | | 14,201.93 | 9,184.82 |
| Local District School Tax | | 10,194,630.00 | 10,166,985.00 |
| Senior Citizen Deduction Disallowed | | 500.00 | 250.00 |
| Interfund Created | | 199,002.82 | 76,631.82 |
| Grants Receivable Cancelled | | 385,708.63 | 19,386.69 |
| | | <u>23,223,468.57</u> | <u>24,714,572.22</u> |

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

| | <u>Ref.</u> | <u>Year 2010</u> | <u>Year 2009</u> |
|--|-------------|--------------------------|-----------------------------|
| Excess in Revenues | \$ | <u>695,240.79</u> | \$ <u>447,927.40</u> |
| Adjustments to Income before Fund Balance: | | | |
| Expenditures Included Above Which are by | | | |
| Statute Deferred Charges to Budget of | | | |
| Succeeding Year | | <u>-</u> | <u>-</u> |
| Statutory Excess of Fund Balance | | <u>695,240.79</u> | <u>447,927.40</u> |
| Fund Balance January 1 | | <u>738,541.99</u> | <u>814,614.59</u> |
| | | <u>1,433,782.78</u> | <u>1,262,541.99</u> |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | <u>573,300.00</u> | <u>524,000.00</u> |
| Fund Balance December 31 | \$ | <u><u>860,482.78</u></u> | \$ <u><u>738,541.99</u></u> |

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

| | Ref. | Budget | Anticipated | Realized | Excess or (Deficit) |
|---|------|------------|-----------------|------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| | | | N.J.S. 40A:4-87 | | |
| Fund Balance Anticipated | | 573,300.00 | | 573,300.00 | - |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | | 10,000.00 | | 12,950.00 | 2,950.00 |
| Other | | 11,000.00 | | 11,147.00 | 147.00 |
| Uniform Construction Code Fees | | 75,000.00 | | 61,302.00 | (13,698.00) |
| Fees and Permits | | 51,000.00 | | 55,330.56 | 4,330.56 |
| Fines and Costs - Municipal Court | | 95,000.00 | | 127,211.77 | 32,211.77 |
| Interest and Costs on Taxes | | 55,000.00 | | 82,833.43 | 27,833.43 |
| Interest on Investments | | 30,000.00 | | 42,715.92 | 12,715.92 |
| Consolidated Municipal Property Tax | | 35,082.00 | | 35,082.00 | - |
| Energy Receipts Tax | | 719,383.00 | | 719,382.97 | (0.03) |
| Reserve for Garden State Preservation Trust Fund | | 3,069.00 | | 3,069.00 | - |
| Occupancy Tax | | 206,000.00 | | 221,586.61 | 15,586.61 |
| Cable Franchise Fee | | 32,039.55 | | 32,039.55 | - |
| Communications Tower Rental | | 79,000.00 | | 83,847.79 | 4,847.79 |
| Elevator Inspections | | 4,500.00 | | 6,898.00 | 2,398.00 |
| Uniform Fire Safety Act | | 11,000.00 | | 10,521.22 | (478.78) |
| Special Items: | | | | | |
| Public and Private Revenues Offset With Appropriations: | | | | | |
| N.J. Transportation Trust Fund Authority Act | | | | 167,000.00 | - |
| Over the Limit Under Arrest | | | 4,400.00 | 4,400.00 | - |
| NJ DOT Transportation Enhancement | | | 37,760.00 | 37,760.00 | - |
| Community Development Block Grant | | | 77,422.00 | 77,422.00 | - |
| Clean Communities Grant | | 1,197.95 | 14,355.20 | 15,553.15 | - |

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

| | Ref. | Anticipated | | Realized | Excess or (Deficit) |
|---|------|----------------------|-------------------|----------------------|------------------------|
| | | Budget | N.J.S. 40A:4-87 | | |
| COPS In Shops | | | \$ 1,200.00 | \$ 1,200.00 | \$ - |
| Federal Body Armor | | 325.00 | | 325.00 | - |
| Recycling Tonnage | | 23,167.63 | | 23,167.63 | - |
| Body Armor Grant | | | 3,606.05 | 3,606.05 | - |
| Federal Bullet Proof Vest Partnership | | | 2,025.00 | 2,025.00 | - |
| Municipal Alliance on Alcoholism and Drug Abuse | | 14,705.00 | | 14,705.00 | - |
| | | <u>2,196,769.13</u> | <u>140,768.25</u> | <u>2,426,381.65</u> | <u>88,844.27</u> |
| Receipts from Delinquent Taxes | | 725,000.00 | | 729,423.24 | 4,423.24 |
| Subtotal General Revenues | | 2,921,769.13 | 140,768.25 | 3,155,804.89 | 93,267.51 |
| Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes | | 7,161,186.59 | - | 7,423,079.41 | 261,892.82 |
| Budget Totals | | <u>10,082,955.72</u> | <u>140,768.25</u> | <u>10,578,884.30</u> | <u>355,160.33</u> |
| Nonbudget Revenues | | <u>10,082,955.72</u> | <u>140,768.25</u> | <u>84,927.07</u> | <u>84,927.07</u> |
| | | \$ | \$ | \$ | \$ |
| | | <u>10,082,955.72</u> | <u>140,768.25</u> | <u>10,663,811.37</u> | <u>440,087.40</u> |

CITY OF ABSECON
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

| | Ref. | Budget | Anticipated | Realized | Excess or (Deficit) |
|---|------|------------|-----------------|------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| | | 573,300.00 | N.J.S. 40A:4-87 | 573,300.00 | - |
| Fund Balance Anticipated | | | | | |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | | 10,000.00 | | 12,950.00 | 2,950.00 |
| Other | | 11,000.00 | | 11,147.00 | 147.00 |
| Uniform Construction Code Fees | | 75,000.00 | | 61,302.00 | (13,698.00) |
| Fees and Permits | | 51,000.00 | | 55,330.56 | 4,330.56 |
| Fines and Costs - Municipal Court | | 95,000.00 | | 127,211.77 | 32,211.77 |
| Interest and Costs on Taxes | | 55,000.00 | | 82,833.43 | 27,833.43 |
| Interest on Investments | | 30,000.00 | | 42,715.92 | 12,715.92 |
| Consolidated Municipal Property Tax | | 35,082.00 | | 35,082.00 | - |
| Energy Receipts Tax | | 719,383.00 | | 719,382.97 | (0.03) |
| Reserve for Garden State Preservation Trust Fund | | 3,069.00 | | 3,069.00 | - |
| Occupancy Tax | | 206,000.00 | | 221,586.61 | 15,586.61 |
| Cable Franchise Fee | | 32,039.55 | | 32,039.55 | - |
| Communications Tower Rental | | 79,000.00 | | 83,847.79 | 4,847.79 |
| Elevator Inspections | | 4,500.00 | | 6,898.00 | 2,398.00 |
| Uniform Fire Safety Act | | 11,000.00 | | 10,521.22 | (478.78) |
| Special Items: | | | | | |
| Public and Private Revenues Offset With Appropriations: | | | | | |
| N.J. Transportation Trust Fund Authority Act | | | | 167,000.00 | - |
| Over the Limit Under Arrest | | | 4,400.00 | 4,400.00 | - |
| NJ DOT Transportation Enhancement | | | 37,760.00 | 37,760.00 | - |
| Community Development Block Grant | | | 77,422.00 | 77,422.00 | - |
| Clean Communities Grant | | 1,197.95 | 14,355.20 | 15,553.15 | - |

CITY OF ABSECON
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

| Ref. | Budget | Anticipated N.J.S. 40A:4-87 | Realized | Excess or (Deficit) |
|---|----------------------|--------------------------------|----------------------|------------------------|
| | \$ | \$ | \$ | |
| COPS In Shops | | 1,200.00 | 1,200.00 | - |
| Federal Body Armor | 325.00 | | 325.00 | - |
| Recycling Tonnage | 23,167.63 | | 23,167.63 | - |
| Body Armor Grant | | 3,606.05 | 3,606.05 | - |
| Federal Bullet Proof Vest Partnership | | 2,025.00 | 2,025.00 | - |
| Municipal Alliance on Alcoholism and Drug Abuse | 14,705.00 | | 14,705.00 | - |
| | <u>2,196,769.13</u> | <u>140,768.25</u> | <u>2,426,381.65</u> | <u>88,844.27</u> |
| Receipts from Delinquent Taxes | <u>725,000.00</u> | | <u>729,423.24</u> | <u>4,423.24</u> |
| Subtotal General Revenues | 2,921,769.13 | 140,768.25 | 3,155,804.89 | 93,267.51 |
| Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes | 7,161,186.59 | - | 7,423,079.41 | 261,892.82 |
| Budget Totals | <u>10,082,955.72</u> | <u>140,768.25</u> | <u>10,578,884.30</u> | <u>355,160.33</u> |
| Nonbudget Revenues | <u>10,082,955.72</u> | <u>140,768.25</u> | <u>10,663,811.37</u> | <u>84,927.07</u> |
| | \$ | \$ | \$ | \$ |
| | | | <u>10,663,811.37</u> | <u>440,087.40</u> |

CITY OF ABSECON
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections \$ 19,837,612.56

Allocated to:

School, County and Other Taxes 13,045,729.93

Balance for Support of Municipal Budget Appropriations 6,791,882.63

Add: Appropriation

"Reserve for Uncollected Taxes" 631,196.78

Amount for Support of Municipal

Budget Appropriations \$ 7,423,079.41

Receipts from Delinquent Taxes:

Delinquent Tax Collections \$ 717,417.97

Tax Title Lien Collections 12,005.27

\$ 729,423.24

Interest on Investments and Deposits

\$ 42,715.92

CITY OF ABSECON
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

| | | | |
|--|-----|------------------|----------------------------|
| Senior Citizen and Veterans Administrative Fee | \$ | 2,598.19 | |
| Reimbursements | | 5,458.57 | |
| Detail Administration Fees | | 5,015.50 | |
| Auction Proceeds | | 7,177.49 | |
| LOSAP refund for term volunteers | | 7,206.65 | |
| Miscellaneous | | 4,389.96 | |
| Inspection fines | | 1,200.00 | |
| Recycling | | 1,375.80 | |
| FEMA reimbursement | | 26,279.80 | |
| JIF reimbursement | | 7,748.11 | |
| Building Inspection | | 977.00 | |
| In Lieu of Taxes | | 500.00 | |
| Library Pension Contribution | | 15,000.00 | |
| | | <u>15,000.00</u> | |
| | | | \$ <u>84,927.07</u> |
| | | | |
| Total Miscellaneous Revenue Not Anticipated | | | \$ <u><u>84,927.07</u></u> |
| | | | |
| Cash Receipts | A-4 | | \$ <u>84,927.07</u> |
| | | | \$ <u><u>84,927.07</u></u> |

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

| | Appropriations | | Paid or Charged | Expended | | (Overexpended) Unexpended Balance Cancelled |
|---------------------------------|----------------|---------------------------|-----------------|------------|-------------|---|
| | Budget | Budget After Modification | | Encumbered | Reserved | |
| OPERATIONS WITHIN "CAPS" | | | | | | |
| GENERAL GOVERNMENT: | | | | | | |
| General Administration | | | | | | |
| Salaries and Wages | \$ 90,000.00 | \$ 90,000.00 | \$ 85,777.19 | \$ - | \$ 4,222.81 | \$ - |
| Other Expenses | 8,500.00 | 8,500.00 | 3,978.91 | - | 4,521.09 | - |
| Mayor and Council | | | | | | |
| Salaries and Wages | 81,500.00 | 81,500.00 | 81,278.78 | - | 221.22 | - |
| Other Expenses | 4,000.00 | 4,000.00 | 2,627.93 | - | 1,372.07 | - |
| Municipal Clerk | | | | | | |
| Salaries and Wages | 82,000.00 | 82,000.00 | 78,858.96 | - | 3,141.04 | - |
| Other Expenses | 18,000.00 | 18,000.00 | 6,149.82 | - | 11,850.18 | - |
| Elections | | | | | | |
| Other Expenses | 6,000.00 | 6,000.00 | 4,709.62 | - | 1,290.38 | - |
| Financial Administration | | | | | | |
| Salaries and Wages | 82,000.00 | 82,000.00 | 80,646.62 | - | 1,353.38 | - |
| Other Expenses | 12,300.00 | 12,300.00 | 2,639.57 | - | 9,660.43 | - |
| Audit Services | | | | | | |
| Annual Audit | 22,600.00 | 22,600.00 | 22,600.00 | - | - | - |
| Collection of Taxes | | | | | | |
| Salaries and Wages | 110,000.00 | 110,000.00 | 108,957.51 | - | 1,042.49 | - |
| Other Expenses | 4,300.00 | 4,300.00 | 3,856.40 | 30.00 | 413.60 | - |
| Assessment of Taxes | | | | | | |
| Salaries and Wages | 77,000.00 | 77,000.00 | 76,142.36 | - | 857.64 | - |
| Other Expenses | 9,000.00 | 9,000.00 | 5,171.28 | 987.79 | 2,840.93 | - |
| Legal Services | | | | | | |
| Other Expenses | 120,000.00 | 120,000.00 | 101,475.20 | - | 18,524.80 | - |
| Engineering Services and Costs | | | | | | |
| Other Expenses | 127,500.00 | 127,500.00 | 111,679.40 | 35.80 | 15,784.80 | - |
| Information Technology | | | | | | |
| Other Expenses | 13,000.00 | 13,000.00 | 9,659.50 | 243.60 | 3,096.90 | - |
| Municipal Prosecutor | | | | | | |
| Other Expenses | 12,500.00 | 12,500.00 | 12,500.00 | - | - | - |
| LAND USE ADMINISTRATION: | | | | | | |
| Planning Board | | | | | | |
| Salaries and Wages | 15,000.00 | 15,000.00 | 13,783.64 | - | 1,216.36 | - |
| Other Expenses | 4,000.00 | 4,000.00 | 2,791.29 | - | 1,208.71 | - |
| Zoning Board of Adjustment | | | | | | |
| Salaries and Wages | 2,500.00 | 2,500.00 | 1,703.20 | - | 796.80 | - |
| Other Expenses | 2,000.00 | 2,000.00 | 1,674.74 | - | 325.26 | - |
| Public Defender | | | | | | |
| Other Expenses | 3,600.00 | 3,600.00 | 3,600.00 | - | - | - |
| Municipal Court | | | | | | |
| Salaries and Wages | 102,000.00 | 102,000.00 | 99,672.08 | - | 2,327.92 | - |
| Other Expenses | 7,100.00 | 7,100.00 | 4,308.47 | - | 2,791.53 | - |

See Accompanying Notes to Financial Statements - Statutory Basis

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

| | Appropriations | | Paid or | | Expended | | (Overexpended) Unexpended Balance Cancelled |
|----------------------------------|----------------|------------------------------|--------------|-------------|--------------|-------------|--|
| | Budget | Budget After Modification | Charged | Charged | Encumbered | Reserved | |
| PUBLIC SAFETY: | | | | | | | |
| Fire Department | | | | | | | |
| Other Expenses | \$ 72,500.00 | \$ 72,500.00 | \$ 48,481.43 | \$ 4,388.29 | \$ 19,630.28 | \$ 1,796.48 | |
| Fire Hydrant Service | 77,000.00 | 77,000.00 | 68,936.56 | 6,266.96 | | | |
| Police | | | | | | | |
| Salaries and Wages | 2,320,000.00 | 2,320,000.00 | 2,195,189.03 | 33,154.92 | 124,810.97 | 13,458.00 | |
| Other Expenses | 110,400.00 | 110,400.00 | 63,787.08 | | | | |
| Police Dispatch | | | | | | | |
| Salaries and Wages | 202,000.00 | 202,000.00 | 190,144.03 | 2,596.82 | 11,855.97 | 5,752.89 | |
| Other Expenses | 27,000.00 | 27,000.00 | 18,650.29 | | | | |
| PUBLIC WORKS: | | | | | | | |
| Public Works Department | | | | | | | |
| Salaries and Wages | 320,000.00 | 320,000.00 | 302,728.95 | | 17,271.05 | | |
| Other Expenses | 100,000.00 | 100,000.00 | 69,792.35 | 8,857.11 | 21,350.54 | 5,188.91 | |
| Street Lighting | 142,000.00 | 142,000.00 | 124,736.64 | | | | |
| Maintenance of Motor Vehicles | | | | | | | |
| Other Expenses | 75,000.00 | 75,000.00 | 51,565.45 | 8,295.32 | 15,139.23 | | |
| Sanitation and Trash Removal | | | | | | | |
| Contractual | 125,000.00 | 125,000.00 | 114,084.63 | 10,371.33 | 544.04 | | |
| Tippings Fees | 525,000.00 | 525,000.00 | 462,283.00 | 40,600.00 | 22,117.00 | | |
| Clean Communities | 5,000.00 | 5,000.00 | | | 5,000.00 | | |
| Salaries and Wages | 1,200.00 | 1,200.00 | 1,169.70 | | 30.30 | | |
| Recycling Program | | | | | | | |
| Other Expenses | | | | | | | |
| HEALTH AND WELFARE: | | | | | | | |
| Animal Control | | | | | | | |
| Other Expenses | 8,400.00 | 8,400.00 | 7,700.00 | 700.00 | | | |
| Ambulance Service - Contractual | 65,496.00 | 65,496.00 | 65,496.00 | | | | |
| RECREATION AND EDUCATION: | | | | | | | |
| Recreation | | | | | | | |
| Other Expenses | 27,000.00 | 27,000.00 | 15,677.05 | 8,274.00 | 3,048.95 | | |
| Public Events | | | | | | | |
| Other Expenses | 2,000.00 | 2,000.00 | 1,357.94 | | 642.06 | | |
| Insurance | | | | | | | |
| General Liability | 150,000.00 | 150,000.00 | 126,261.00 | | 23,739.00 | | |
| Workers' Compensation Insurance | 284,649.00 | 284,649.00 | 284,649.00 | | | | |
| Employee Group Health | 676,000.00 | 676,000.00 | 593,315.45 | 55,045.00 | 27,639.55 | | |
| Uniform Fire Safety Act | | | | | | | |
| Salaries and Wages | 13,500.00 | 13,500.00 | 13,325.07 | | 174.93 | | |
| Other Expenses | 2,000.00 | 2,000.00 | 500.00 | | 1,500.00 | | |

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

| | Appropriations | | Paid or Charged | Expended | | (Overexpended) Unexpended Balance Cancelled |
|--|---------------------|---------------------------|---------------------|-------------------|-------------------|---|
| | Budget | Budget After Modification | | Encumbered | Reserved | |
| UNIFORM CONSTRUCTION CODE: | | | | | | |
| Appropriations Offset by Dedicated Revenues | | | | | | |
| Construction Code Official | | | | | | |
| Salaries and Wages | \$ 120,000.00 | \$ 120,000.00 | \$ 118,838.27 | \$ | \$ 1,161.73 | \$ |
| Other Expenses | 10,000.00 | 10,000.00 | 5,395.09 | | 4,604.91 | |
| Elevator Inspections | 4,500.00 | 4,500.00 | 4,500.00 | | | |
| UNCLASSIFIED: | | | | | | |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | | | |
| Electric | 117,000.00 | 117,000.00 | 103,814.42 | 7,967.09 | 5,218.49 | |
| Water | 16,000.00 | 16,000.00 | 8,226.36 | | 7,773.64 | |
| Telephone | 85,000.00 | 85,000.00 | 65,318.45 | 3,524.63 | 16,156.92 | |
| Gas | 38,000.00 | 38,000.00 | 34,293.87 | | 3,706.13 | |
| Gasoline | 80,000.00 | 80,000.00 | 46,139.01 | 22,517.03 | 11,343.96 | |
| Office Supplies | 43,000.00 | 43,000.00 | 29,854.74 | 3,011.81 | 10,133.45 | |
| CONTINGENT | 2,000.00 | 2,000.00 | 213.70 | | 1,786.30 | |
| TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS" | 6,863,045.00 | 6,863,045.00 | 6,162,667.03 | 228,941.95 | 471,436.02 | - |
| Detail: | | | | | | |
| Salaries and Wages | 3,620,000.00 | 3,622,600.00 | 3,448,117.42 | - | 174,482.58 | - |
| Other Expenses (Including Contingent) | 3,243,045.00 | 3,240,445.00 | 2,714,549.61 | 228,941.95 | 296,953.44 | - |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | | | |
| Deferred Charges | | | | | | |
| Statutory Expenditures: | | | | | | |
| Contributions to: | | | | | | |
| Public Employees' Retirement System | 13,589.00 | 13,589.00 | 13,589.00 | | - | |
| Social Security System (O.A.S.I.) | 285,000.00 | 285,000.00 | 268,987.79 | | 16,012.21 | |
| Unemployment Compensation Insurance | 12,000.00 | 12,000.00 | 10,642.59 | | 1,357.41 | |
| Police and Firemen's Retirement System | 452,342.61 | 452,342.61 | 452,342.61 | | - | |
| Public Employees' Retirement System | 136,894.00 | 136,894.00 | 136,894.00 | | - | |
| DCRP | 1,200.00 | 1,200.00 | 1,000.34 | | 199.66 | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | 901,025.61 | 901,025.61 | 883,456.33 | - | 17,569.28 | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | 7,764,070.61 | 7,764,070.61 | 7,046,123.36 | 228,941.95 | 489,005.30 | - |

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

| | Appropriations | | Paid or Charged | Expended | | (Overexpended) Unexpended Balance Cancelled |
|--|-------------------|---------------------------|-------------------|------------------|------------------|---|
| | Budget | Budget After Modification | | Encumbered | Reserved | |
| OPERATIONS EXCLUDED FROM "CAPS" | | | | | | |
| LOSAP | \$ 35,000.00 | \$ 35,000.00 | \$ - | \$ - | \$ 35,000.00 | \$ - |
| Insurance | | | | | | |
| Employee Group Health | 69,000.00 | 69,000.00 | 10,106.39 | 69,000.00 | - | - |
| Police and Firemen's Retirement System | 10,106.39 | 10,106.39 | 10,106.39 | - | - | - |
| Aid to Library (N.J.S.A. 40:54-35) | 327,458.21 | 327,458.21 | 327,458.21 | - | - | - |
| TOTAL OPERATIONS-EXCLUDED FROM "CAPS" | 441,564.60 | 441,564.60 | 337,564.60 | 69,000.00 | 35,000.00 | - |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES | | | | | | |
| Body Armor Grant (40A:4-87, \$3,606.05+) | | 3,606.05 | 3,606.05 | - | - | - |
| NJ DOT Transportation Enhancement Program (40A:4-87, \$37,760) | | 37,760.00 | 37,760.00 | - | - | - |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | | |
| County Share | 14,705.00 | 14,705.00 | 14,705.00 | - | - | - |
| Local Share | 3,676.25 | 3,676.25 | 3,676.25 | - | - | - |
| Over the Limit Under Arrest (40A-4-87, \$4,400+) | | 4,400.00 | 4,400.00 | - | - | - |
| Cops in Shops-Summer Shore Initiative (40A:4-87, \$1,200+) | | 1,200.00 | 1,200.00 | - | - | - |
| Federal Body Armor Grant | 325.00 | 325.00 | 325.00 | - | - | - |
| Bulletproof Vest Partnership (40A:4-87, \$2,025+) | | 2,025.00 | 2,025.00 | - | - | - |
| Community Development Block Grant (40A:4-87, \$77,422+) | 1,197.95 | 77,422.00 | 77,422.00 | - | - | - |
| Clean Communities (40A-4-87, \$14,355.20+) | 23,167.63 | 15,553.15 | 15,553.15 | - | - | - |
| Recycling Tonnage Grant | 167,000.00 | 23,167.63 | 23,167.63 | - | - | - |
| N.J. Transportation Trust Fund Authority Act | | 167,000.00 | 167,000.00 | - | - | - |
| TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES | 210,071.83 | 350,840.08 | 350,840.08 | - | - | - |
| TOTAL OPERATIONS - EXCLUDED FROM "CAPS" | 651,636.43 | 792,404.68 | 688,404.68 | 69,000.00 | 35,000.00 | - |
| Detail | | | | | | |
| Salaries and Wages | 19,579.20 | 116,987.45 | 116,987.45 | - | - | - |
| Other Expenses | 632,057.23 | 675,417.23 | 571,417.23 | 69,000.00 | 35,000.00 | - |

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

| | Appropriations | | Budget After Modification | Paid or Charged | Expended | | (Overexpended) Unexpended Balance Cancelled |
|---|---------------------|---|---------------------------|---------------------|------------------|------------------|---|
| | Budget | | | | Encumbered | Reserved | |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | | | |
| Capital Improvement Fund | \$ 10,000.00 | - | 10,000.00 | - | - | - | \$ - |
| HVAC System | | | | | | | 10,000.00 |
| TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | 10,000.00 | | 10,000.00 | - | - | 10,000.00 | - |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | | | |
| Payment of Bond Principal | 775,000.00 | | 775,000.00 | 775,000.00 | | | - |
| Interest on Bonds | 192,935.00 | | 192,935.00 | 192,935.00 | | | - |
| Loan Repayments for Principal and Interest | 5,116.90 | | 5,116.90 | 5,116.90 | | | - |
| TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | 973,051.90 | | 973,051.90 | 973,051.90 | - | - | - |
| DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS" | | | | | | | |
| Special Emergency Authorizations- 5 Years(NJS 40A:4-55) | 53,000.00 | | 53,000.00 | 53,000.00 | | | - |
| TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS" | 53,000.00 | | 53,000.00 | 53,000.00 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS" | 1,687,688.33 | | 1,828,456.58 | 1,714,456.58 | 69,000.00 | 45,000.00 | - |

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

| | Appropriations | | Expended | | (Overexpended) Unexpended Balance Cancelled |
|--|------------------|------------------------------|--------------------|---------------|--|
| | Budget | Budget After Modification | Paid or Charged | Encumbered | Reserved |
| TOTAL GENERAL APPROPRIATIONS EXCLUDED FROM "CAPS" | \$ 1,687,688.33 | \$ 1,828,456.58 | \$ 1,714,456.58 | \$ 69,000.00 | \$ 45,000.00 |
| SUBTOTAL GENERAL APPROPRIATIONS | 9,451,758.94 | 9,592,527.19 | 8,760,579.94 | 297,941.95 | 534,005.30 |
| Reserve for Uncollected Taxes | 631,196.78 | 631,196.78 | 631,196.78 | | |
| TOTAL GENERAL APPROPRIATIONS | \$ 10,082,955.72 | \$ 10,223,723.97 | \$ 9,391,776.72 | \$ 297,941.95 | \$ 534,005.30 |
| Original Adopted Budget | \$ 10,082,955.72 | | | | |
| Added Appropriations N.J.S.A. 40A:4-87 | 140,768.25 | | | | |
| | \$ 10,223,723.97 | | | | |
| Cash Disbursements | | | \$ 8,356,739.86 | | |
| Federal & State Grant Fund | | | 350,840.08 | | |
| Reserve for Uncollected Taxes | | | 631,196.78 | | |
| Special Emergency Authorization | | | 53,000.00 | | |
| | | | \$ 9,391,776.72 | | |

**EXHIBIT - B
TRUST FUND**

CITY OF ABSECON
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

| | <u>Ref.</u> | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Balance</u> <u>Dec. 31, 2009</u> |
|--|-------------|--|--|
| <u>Assets</u> | | | |
| <u>Animal Control Fund</u> | | | |
| Cash and Investments | B-1 | \$ 1,509.20 | \$ 2,177.40 |
| | | <u>1,509.20</u> | <u>2,177.40</u> |
| <u>Library Fund</u> | | | |
| Cash and Investments | B-2 | <u>622,647.77</u> | <u>527,469.20</u> |
| <u>Other Funds</u> | | | |
| Cash and Investments - Treasurer | B-3 | 1,163,817.23 | 1,253,726.89 |
| Cash - Collector | B-3 | 80,100.00 | 10,900.00 |
| Small Cities Revolving Loan Receivable | | 102,104.20 | 102,104.20 |
| | | <u>1,346,021.43</u> | <u>1,366,731.09</u> |
| | | <u>\$ 1,970,178.40</u> | <u>\$ 1,896,377.69</u> |

CITY OF ABSECON
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

| | <u>Ref.</u> | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Balance</u> <u>Dec. 31, 2009</u> |
|---|-------------|--|--|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| <u>Animal Control Fund</u> | | | |
| Reserve for Animal Control Expenditures | B-4 | \$ 1,509.20 | \$ 1,490.80 |
| Due to Current Fund | B-5 | - | 686.60 |
| | | <u>1,509.20</u> | <u>2,177.40</u> |
| <u>Library Fund</u> | | | |
| Fund Balance | | 622,647.77 | 527,469.20 |
| | | <u>622,647.77</u> | <u>527,469.20</u> |
| <u>Other Funds</u> | | | |
| Premiums Received at Tax Sale | | 80,100.00 | 10,900.00 |
| Payroll Deductions Payable | | 28,664.76 | 29,318.28 |
| Reserve for Cat Licenses | | 726.36 | 719.36 |
| Reserve for Planning and Zoning Escrow | | 139,472.59 | 119,428.41 |
| Reserve for Disposal of Forfeited Property | | 3,456.05 | 5,080.54 |
| Reserve for P.O.A.A. | | 396.00 | 322.00 |
| Reserve for Security Bond | | 1,900.00 | 1,900.00 |
| Reserve for Security Deposits | | 4,890.00 | 1,200.00 |
| Reserve for Fire Safety Penalty Act | | 2,526.62 | 2,681.62 |
| Reserve for Accumulated Leave | | 422,458.20 | 579,505.40 |
| Reserve for Revolving Loan Fund | | 102,104.20 | 102,104.20 |
| Reserve for Small Cities Grant | | 85,720.78 | 85,368.63 |
| Reserve for Performance Bond | | 447,846.16 | 405,236.35 |
| Reserve for Recreation Trust | | 25,759.71 | 22,936.48 |
| Reserve for ABTV | | - | 29.82 |
| | | <u>1,346,021.43</u> | <u>1,366,731.09</u> |
| | \$ | <u>1,970,178.40</u> | \$ <u>1,896,377.69</u> |

EXHIBIT - C
GENERAL CAPITAL FUND

CITY OF ABSECON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

| | <u>Ref.</u> | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Balance</u> <u>Dec. 31, 2009</u> |
|--|-------------|--|--|
| <u>Assets</u> | | | |
| Cash and Investments | C-2,C-3 | \$ 65,611.30 | \$ 123,973.35 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 5,031,524.38 | 5,811,417.28 |
| | | <u>\$ 5,097,135.68</u> | <u>\$ 5,935,390.63</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Serial Bonds Payable | C-8 | \$ 5,024,000.00 | \$ 5,799,000.00 |
| Green Trust Loan Payable | | 7,524.38 | 12,417.28 |
| Improvement Authorizations: | | | |
| Funded | C-7 | 26,888.82 | 61,852.66 |
| Contracts Payable | | 17,199.60 | 40,601.65 |
| Capital Improvement Fund | C-4 | 2,000.00 | 2,000.00 |
| Fund Balance | C-1 | 19,522.88 | 19,519.04 |
| | | <u>\$ 5,097,135.68</u> | <u>\$ 5,935,390.63</u> |

CITY OF ABSECON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

| | | | | |
|---|------------------|----|-------------|-------------------------|
| Balance December 31, 2009 | <u>Ref.</u> C | | \$ | 19,519.04 |
| Increased By: | | | | |
| Funded Improvement Authorizations Cancelled | | \$ | <u>3.84</u> | |
| | | | | <u>3.84</u> |
| | | | | <u>19,522.88</u> |
| Decreased By: | | | | |
| None | | | | <u>-</u> |
| Balance December 31, 2010 | C | | \$ | <u><u>19,522.88</u></u> |

EXHIBIT - D
SEWER UTILITY FUND

CITY OF ABSECON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

| | <u>Ref.</u> | <u>Balance Dec. 31, 2010</u> | <u>Balance Dec. 31, 2009</u> |
|---|-------------|----------------------------------|----------------------------------|
| <u>Assets</u> | | | |
| Operating Fund: | | | |
| Cash and Investments | D-5 | \$ 573,132.11 | \$ 394,410.93 |
| | | <u>573,132.11</u> | <u>394,410.93</u> |
| Receivables With Full Reserves: Sewer Rents Receivable | D-7 | 87,411.00 | 79,115.50 |
| | | <u>87,411.00</u> | <u>79,115.50</u> |
| Total Operating Fund | | <u>660,543.11</u> | <u>473,526.43</u> |
| Capital Fund: | | | |
| Cash and Investments | D-5 | 29,917.40 | 29,917.40 |
| Fixed Capital: Completed | | 3,367,978.74 | 3,367,978.74 |
| Total Capital Fund | | <u>3,397,896.14</u> | <u>3,397,896.14</u> |
| | | <u>\$ 4,058,439.25</u> | <u>\$ 3,871,422.57</u> |

CITY OF ABSECON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

| | <u>Ref.</u> | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Balance</u> <u>Dec. 31, 2009</u> |
|--|-------------|--|--|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves | D-4 | \$ 175,895.10 | \$ 33,722.69 |
| Encumbrances Payable | | 7,894.46 | 25,274.48 |
| Sewer Overpayments | | 190.00 | 94.00 |
| Prepaid Rents | | 238,781.67 | 218,865.50 |
| | | <u>422,761.23</u> | <u>277,956.67</u> |
| | | | |
| Reserve for Receivables | D | 87,411.00 | 79,115.50 |
| Fund Balance | D-1 | 150,370.88 | 116,454.26 |
| | | <u>660,543.11</u> | <u>473,526.43</u> |
| | | | |
| Capital Fund: | | | |
| Reserve for Amortization | | 3,367,978.74 | 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 |
| | | <u>3,397,896.14</u> | <u>3,397,896.14</u> |
| | | | |
| Total Capital Fund | | <u>\$ 4,058,439.25</u> | <u>\$ 3,871,422.57</u> |

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

| | Ref. | Year 2010 | Year 2009 |
|---|------|----------------------|----------------------|
| Revenue and Other Income Realized | | | |
| Fund Balance Utilized | - | \$ 73,000.00 | \$ 100,000.00 |
| Sewer Rents | | 1,429,453.50 | 1,378,950.28 |
| Miscellaneous | | 25,463.76 | 19,739.09 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation | | | |
| Reserves | | 29,999.36 | 11,150.69 |
| Total Income | | <u>1,557,916.62</u> | <u>1,509,840.06</u> |
| Expenditures: | | | |
| Operations: | | | |
| Salaries and Wages | | 218,000.00 | 168,000.00 |
| Other Expenses | | 1,216,600.00 | 1,223,500.00 |
| Deferred Charges and Statutory Expenditures | | 16,400.00 | 13,500.00 |
| Total Expenditures | | <u>1,451,000.00</u> | <u>1,405,000.00</u> |
| Excess in Revenue | | 106,916.62 | 104,840.06 |
| Fund Balance January 1 | D | <u>116,454.26</u> | <u>111,614.20</u> |
| | | 223,370.88 | 216,454.26 |
| Decreased By: | | | |
| Utilization as Anticipated Revenue | | 73,000.00 | 100,000.00 |
| Balance December 31 | D | <u>\$ 150,370.88</u> | <u>\$ 116,454.26</u> |

CITY OF ABSECON
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - STATUTORY BASIS

| | | | | |
|---------------------------|------------------|----|----|----------|
| Balance December 31, 2009 | <u>Ref.</u> D | | \$ | 2,103.29 |
| Increased By: | | | | |
| None | | \$ | | - |
| | | | | - |
| | | | | 2,103.29 |
| Decreased By: | | | | |
| None | | | | - |
| | | | | - |
| Balance December 31, 2010 | D | | \$ | 2,103.29 |

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS

| | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|------------------------------------|-------------------------------|------------------------|--------------------------------|
| Operating Fund Balance Anticipated | \$ 73,000.00 | \$ 73,000.00 | \$ - |
| Anticipated Revenue: | | | |
| Sewer Rents | 1,378,000.00 | 1,429,453.50 | 51,453.50 |
| Miscellaneous Receipts | | 25,463.76 | 25,463.76 |
| | <u>1,378,000.00</u> | <u>1,454,917.26</u> | <u>76,917.26</u> |
| Total Revenue | <u>\$ 1,451,000.00</u> | <u>\$ 1,527,917.26</u> | <u>\$ 76,917.26</u> |

Analysis of Realized Revenue:

| | | | |
|-------------------------------|-----------------|------------------------|--|
| Sewer Rents | | | |
| Accounts Receivable | \$ 1,429,453.50 | | |
| Total Sewer Rents | | <u>\$ 1,429,453.50</u> | |
| Miscellaneous Revenue | | | |
| Interest on Investments | \$ 3,629.96 | | |
| Connection Fees | 2,500.00 | | |
| Interest & Penalties on Rents | 18,208.80 | | |
| Tax Sale Cost | 990.00 | | |
| Bad Check Fee | 100.00 | | |
| Miscellaneous | 35.00 | | |
| Total Miscellaneous | | <u>\$ 25,463.76</u> | |

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

| | Appropriations | | Expended | | (Overexpended) Unexpended Balance Cancelled |
|--|------------------------|------------------------------|------------------------|----------------------|--|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations: | | | | | |
| Salaries and Wages | \$ 218,000.00 | \$ 218,000.00 | \$ 206,199.83 | \$ 11,800.17 | \$ |
| Other Expenses | 1,216,600.00 | 1,216,600.00 | 1,052,751.90 | 163,848.10 | |
| | <u>1,434,600.00</u> | <u>1,434,600.00</u> | <u>1,258,951.73</u> | <u>175,648.27</u> | |
| Deferred Charges and Statutory Expenditures: | | | | | |
| Social Security System (O.A.S.I.) | 16,000.00 | 16,000.00 | 15,798.03 | 201.97 | |
| Unemployment Compensation Insurance | 400.00 | 400.00 | 355.14 | 44.86 | |
| | <u>16,400.00</u> | <u>16,400.00</u> | <u>16,153.17</u> | <u>246.83</u> | |
| | <u>\$ 1,451,000.00</u> | <u>\$ 1,451,000.00</u> | <u>\$ 1,275,104.90</u> | <u>\$ 175,895.10</u> | \$ |
| Ref. | D | | | D | |
| Cash Disbursed | | D-5 | \$ 1,267,210.44 | | |
| Encumbrances Payable | | D | <u>7,894.46</u> | | |
| | | | <u>\$ 1,275,104.90</u> | | |

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

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

| | Balance Dec. 31, 2010 | Balance Dec. 31, 2009 |
|---|--------------------------|--------------------------|
| <u>Assets</u> | | |
| Land and Land Improvements | \$ 30,765,700.00 | \$ 30,765,700.00 |
| Building and Building Improvements | 6,400,000.00 | 6,400,000.00 |
| Machinery, Equipment and Vehicles | 2,904,168.20 | 4,873,115.89 |
| | <hr/> | <hr/> |
| Total General Fixed Assets | \$ <u>40,069,868.20</u> | \$ <u>42,038,815.89</u> |
| <u>Liabilities, Reserves, and Fund Balance</u> | | |
| Investment in General Fixed Assets | \$ <u>40,069,868.20</u> | \$ <u>42,038,815.89</u> |

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – statutory basis of the City of Absecon have been prepared in conformity with an “Other Comprehensive Basis of Accounting” (OCBOA) as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the 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.

Component Units

The financial statements of the component units of the City of Absecon are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. If the provisions of GASB 14 had been complied with the other entity’s financial statements would have to be either blended or discretely presented with the financial statements – statutory basis of the City of Absecon, the primary government.

Basis of Presentation, Fund Accounting

The financial statements – statutory 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the 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 – statutory 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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 – statutory 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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.

Liens Sold for Other Governmental Units

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

Fund Balance

Fund Balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future 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 1st, May 1st, August 1st, and November 1st. 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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 1st through December 31st. Deferred school taxes arises due to the differences in the municipal and school district fiscal year ends. As of December 31, 2010, the following is a breakdown of the school tax payable and year end tax deferral.

| Category | Amount |
|---------------------------|-----------------|
| Local School Tax Payable | \$ 2,270,779.13 |
| Local School Tax Deferred | 2,826,535.94 |
| | \$ 5,097,315.07 |

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 10th of the current year. In addition, fund balance is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

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

Compensated Absences and Post-Employment Benefits

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

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

| | <u>Year</u> <u>2010</u> | <u>Year</u> <u>2009</u> | <u>Year</u> <u>2008</u> |
|---|----------------------------|----------------------------|----------------------------|
| Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ 5,024,000.00 | \$ 5,799,000.00 | \$ 6,544,000.00 |
| Green Acres Trust Loan | 7,524.38 | 12,417.28 | 17,213.78 |
| Sewer Utility: | | | |
| Bonds and Notes | - | - | - |
| Less: | | | |
| Funds Temporarily Held to Pay Bonds and Notes | - | - | - |
| Total Issued | <u>5,031,524.38</u> | <u>5,811,417.28</u> | <u>6,561,213.78</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>\$ 5,031,524.38</u> | <u>\$ 5,811,417.28</u> | <u>\$ 6,561,213.78</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 0.59%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------|------------------------|----------------------|------------------------|
| Local School Debt | \$ 637,000.00 | \$ 637,000.00 | \$ - |
| Utility Debt | - | - | - |
| General Debt | <u>5,031,524.38</u> | <u>-</u> | <u>5,031,524.38</u> |
| | <u>\$ 5,668,524.38</u> | <u>\$ 637,000.00</u> | <u>\$ 5,031,524.38</u> |

Net debt \$5,031,524.38 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$973,366,748 = .52%.

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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 | \$ | 34,067,836.18 |
| Net Debt | | <u>5,031,524.38</u> |
| | \$ | <u><u>29,036,311.80</u></u> |

Description of Bonds and Loans Payable

At December 31, 2010, bonds payable in the General Capital Fund consisted of the following individual issues:

\$3,224,000 General Improvement Bond, dated May 15, 2002, due in annual installments through May 15, 2012, bearing interest at varying rates (3.75%-4.00%) per annum. The balance remaining as of December 31, 2010, is \$994,000.

\$4,400,000 General Improvement Bond, dated May 29, 2008, due in annual installments beginning August 1, 2010 through August 1, 2018, bearing interest at varying rates (3.25%-3.50%) per annum. The balance remaining as of December 31, 2010, is \$4,030,000.

Changes in Long-Term Debt

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

| | <u>Outstanding 12/31/09</u> | <u>Issues or Additions</u> | <u>Payments or Expenditures</u> | <u>Outstanding 12/31/10</u> |
|----------------------------|---------------------------------|--------------------------------|-------------------------------------|---------------------------------|
| General Capital Fund: | | | | |
| Bonds Payable | \$ 5,799,000.00 | \$ - | \$ 775,000.00 | \$ 5,024,000.00 |
| Loans Payable | 12,417.28 | - | 4,892.90 | 7,524.38 |
| Total General Capital Fund | <u>5,811,417.28</u> | <u>-</u> | <u>779,892.90</u> | <u>5,031,524.38</u> |
| Utility Capital Fund: | | | | |
| Bonds Payable | - | - | - | - |
| Loans Payable | - | - | - | - |
| Total Utility Capital Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total All Funds | <u>\$ 5,811,417.28</u> | <u>\$ -</u> | <u>\$ 779,892.90</u> | <u>\$ 5,031,524.38</u> |

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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 | | Utility Capital Fund | |
|----------------------------|------------------------|----------------------|----------------------|-------------|
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 810,000.00 | \$ 163,685.00 | \$ | \$ |
| 2012 | 824,000.00 | 133,730.00 | | |
| 2013 | 540,000.00 | 113,125.00 | | |
| 2014 | 550,000.00 | 95,575.00 | | |
| 2015 | 560,000.00 | 77,700.00 | | |
| 2016-2018 | 1,740,000.00 | 121,800.00 | | |
| | <u>\$ 5,024,000.00</u> | <u>\$ 705,615.00</u> | <u>\$ -</u> | <u>\$ -</u> |

Schedule of Annual Debt Service for Principal and Interest for Loans

| Year Ending December 31 | General Capital Fund | | Utility Capital Fund | |
|----------------------------|----------------------|------------------|----------------------|-------------|
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 4,991.25 | \$ 125.65 | \$ | \$ |
| 2012 | 2,533.13 | 25.33 | | |
| | <u>\$ 7,524.38</u> | <u>\$ 150.98</u> | <u>\$ -</u> | <u>\$ -</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, 2010, the City estimates this liability to be approximately \$996,923.16 based on 2010 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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, 2010 | | Balance December 31, 2009 |
|--------------------------------|---------------------------------|----|---------------------------------|
| | <u> </u> | | <u> </u> |
| Prepaid Taxes - Cash Liability | \$ 167,609.14 | \$ | 212,223.17 |
| | <u> </u> | | <u> </u> |

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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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 average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

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, and PFRS provides for employee contributions of 8.5% of base compensation, as defined. 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.

For the Public Employees' Retirement System, the Township contributed \$150,483.00 and \$145,114.00 for the years ended December 31, 2010 and 2009 respectively.

For the Police and Firemens' Retirement System, the Township's contribution was \$462,449 for 2010, and \$437,046.00 for 2009.

Three Year Trend Information for PERS

| Funding Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---------------------|----------------------------------|--------------------------------------|-------------------------------|
| 12/31/10 | \$ 150,483.00 | 100% | \$ - |
| 12/31/09 | 145,114.00 | 100% | - |
| 12/31/08 | 113,637.60 | 100% | - |

Three Year Trend Information for PFRS

| Funding Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---------------------|----------------------------------|--------------------------------------|-------------------------------|
| 12/31/10 | \$ 462,449.00 | 100% | \$ - |
| 12/31/09 | 437,046.00 | 100% | - |
| 12/31/08 | 398,332.00 | 100% | - |

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 7: CASH AND CASH EQUIVALENTS 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, 2010, the carrying amount of the City's deposits was \$6,629,659.10 and the bank balance was \$6,634,771.17. Of the bank balance, \$571,856.96 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, 2010, 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

Pursuant to the Enabling Act, the funds of the City may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the City may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2010, 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(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>2010</u> | <u>2009</u> | <u>2008R</u> |
|----------------------------|-------------|-------------|--------------|
| Tax Rate | \$ 1.960 | \$ 1.900 | \$ 1.839 |
| Apportionment of Tax Rate: | | | |
| Municipal | 0.695 | 0.659 | 0.630 |
| County | 0.276 | 0.257 | 0.245 |
| Local School | 0.989 | 0.984 | 0.964 |

Assessed Valuation

| | |
|------|------------------|
| 2010 | \$ 1,030,440,871 |
| 2009 | 1,033,864,972 |
| 2008 | 1,038,939,327 R |

R - revaluation

Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Collections</u> | <u>Percentage of Collections</u> |
|-------------|------------------|--------------------|----------------------------------|
| 2010 | \$ 20,296,563.94 | \$ 19,837,612.56 | 97.74% |
| 2009 | 19,711,428.44 | 18,890,883.22 | 95.84% |
| 2008 | 19,204,181.67 | 18,578,709.39 | 96.74% |

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 8: PROPERTY TAXES (Continued)

| <u>Year</u> | | <u>Liens</u> | | <u>Taxes</u> | | <u>Delinquent</u> | | <u>Tax Levy</u> |
|-------------|----|--------------|----|--------------|----|-------------------|--|-----------------|
| 2010 | \$ | 11,437.79 | \$ | 346,237.85 | \$ | 357,675.64 | | 1.81% |
| 2009 | | 8,034.60 | | 734,908.61 | | 742,943.21 | | 3.77% |
| 2008 | | 10,336.57 | | 477,810.06 | | 488,146.63 | | 2.54% |

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> |
|-------------|----|---------------|
| 2010 | \$ | 416,200.00 |
| 2009 | | 416,200.00 |
| 2008 | | 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 | 2010 | \$ | 860,482.78 | \$ | 530,000.00 | | 61.59% |
| | 2009 | | 738,541.99 | | 573,300.00 | | 77.63% |
| | 2008 | | 814,614.59 | | 524,000.00 | | 64.32% |
| | 2007 | | 1,745,991.72 | | 1,046,900.00 | | 59.96% |
| | 2006 | | 1,257,690.86 | | 610,000.00 | | 48.50% |
| Sewer Utility | 2010 | | 150,370.88 | | - | | 0.00% |
| | 2009 | | 116,454.26 | | 73,000.00 | | 62.69% |
| | 2008 | | 111,614.20 | | 100,000.00 | | 89.59% |
| | 2007 | | 121,573.00 | | 108,000.00 | | 88.84% |
| | 2006 | | 127,224.94 | | 125,000.00 | | 98.25% |

* - 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 –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2010 are as follows:

| <u>Amount</u> | <u>Due To</u> | <u>Due From</u> |
|----------------------|---------------|---------------------|
| \$ 192,034.32 | Current Fund | Grant Fund |
| - | Current Fund | Animal Control Fund |
| <u>\$ 192,034.32</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, 2010. Included in decreases are assets associated with the City's sewer capital fund.

| | <u>Balance as of December 31, 2009</u> | <u>Increases/ Additions</u> | <u>Decreases</u> | <u>Balance as of December 31, 2010</u> |
|------------------------------------|--|---------------------------------|--------------------------|--|
| Land & Improvements | \$ 30,765,700.00 | \$ | \$ | \$ 30,765,700.00 |
| Buildings | 6,400,000.00 | | | 6,400,000.00 |
| Machinery, Vehicles & Equipment | 4,873,115.89 | 50,439.00 | (2,019,386.69) | 2,904,168.20 |
| Total | <u>\$ 42,038,815.89</u> | <u>\$ 50,439.00</u> | <u>\$ (2,019,386.69)</u> | <u>\$ 40,069,868.20</u> |

CITY OF ABSECON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

NOTE 15: 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.

Property and Liability Insurance

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

NOTE 16: 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 not be material to the financial statements.

NOTE 17: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2010 and February 24, 2011, 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.

SUPPLEMENTARY INFORMATION

CITY OF ABSECON
CURRENT FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Current Fund</u> |
|---|-------------|-------------------------------|
| Balance December 31, 2009 | | \$ 3,886,752.47 |
| Increased By Receipts: | | |
| Collector | \$ | 20,480,139.12 |
| Revenue Accounts Receivable | | 1,423,084.39 |
| Miscellaneous Revenue Not Anticipated | | 84,927.07 |
| Due from State - Senior Citizens and Veterans | | 129,909.59 |
| Due State for DCA Fees | | 4,752.00 |
| Due to State - Vital Statistics | | 1,225.00 |
| Due from Grant Fund | | 185,317.52 |
| Due from Animal Control Trust Fund | | 686.60 |
| Police Detail | | 16,610.00 |
| | | <u>22,326,651.29</u> |
| | | 26,213,403.76 |
| Decreased By Disbursements: | | |
| 2010 Appropriations | | 8,356,739.86 |
| 2009 Appropriation Reserves | | 395,958.16 |
| County Taxes | | 2,836,898.00 |
| County Added and Omitted Taxes | | 9,184.82 |
| Local District School Tax | | 10,180,807.50 |
| Due from Grant Fund | | 311,823.83 |
| Due to State - DCA Training Fees | | 4,520.00 |
| Due to State - Vital Statistics | | 1,200.00 |
| Police Detail | | 23,347.50 |
| | | <u>22,120,479.67</u> |
| Balance December 31, 2010 | | \$ <u><u>4,092,924.09</u></u> |

CITY OF ABSECON
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

| | <u>Ref.</u> | | |
|-----------------------------|-------------|----------------------|----------------------|
| Balance December 31, 2009 | <u>A</u> | | \$ - |
| Increased By Receipts: | | | |
| Taxes Receivable | | \$ 20,212,057.36 | |
| Liens Receivable | | 12,005.27 | |
| Interest and Cost on Taxes | | 82,833.43 | |
| Tax Overpayments | | 5,633.92 | |
| Prepaid Taxes | | <u>167,609.14</u> | |
| | | | <u>20,480,139.12</u> |
| | | | 20,480,139.12 |
| Decreased By Disbursements: | | | |
| Payment to Treasurer | | <u>20,480,139.12</u> | |
| | | | <u>20,480,139.12</u> |
| Balance December 31, 2010 | A | | <u><u>\$ -</u></u> |

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

| Year | Balance Dec. 31, 2009 | 2010 Levy | Added Taxes | 2009 Collections | 2010 Collections | Adjustments | Transferred To Tax Title Liens | Balance Dec. 31, 2010 |
|-----------------|-----------------------------|------------------|----------------|---------------------|---------------------|-----------------|--------------------------------------|-----------------------------|
| Arrears 2009 | \$ 734,908.61 | | | | 717,417.97 | \$ (1,702.58) | 10,963.74 | \$ 4,824.32 |
| | 734,908.61 | | - | - | 717,417.97 | (1,702.58) | 10,963.74 | 4,824.32 |
| 2010 | | 20,296,563.94 | | 212,223.17 | 19,625,389.39 | (114,688.01) | 2,849.84 | 341,413.53 |
| | \$ 734,908.61 | \$ 20,296,563.94 | \$ - | \$ 212,223.17 | \$ 20,342,807.36 | \$ (116,390.59) | \$ 13,813.58 | \$ 346,237.85 |
| Ref. | A | | | | | | | A |

\$ 20,212,057.36 Taxes Receivable
130,750.00 Senior Citizens and Veterans

\$ 20,342,807.36

Analysis of 2010 Property Tax Levy

Tax Yield:

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

\$ 20,195,306.36
101,257.58

\$ 20,296,563.94

Tax Levy:

Local District School Tax:
Levy

\$ 10,194,630.00
\$ 10,194,630.00

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

2,836,898.00
14,201.93
7,161,186.59
89,647.42
7,250,834.01
\$ 20,296,563.94

CITY OF ABSECON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | | | | |
|---------------------------------|------------------|----|----|-------------------------|
| Balance December 31, 2009 | <u>Ref.</u> A | | \$ | 8,034.60 |
| Increased by: | | | | |
| Transfers from Taxes Receivable | | \$ | | 13,813.58 |
| Interest and Costs on Sale | | | | <u>1,594.88</u> |
| | | | | <u>15,408.46</u> |
| | | | | 23,443.06 |
| Decreased by: | | | | |
| Cash Receipts | | \$ | | <u>12,005.27</u> |
| | | | | <u>12,005.27</u> |
| Balance December 31, 2010 | A | | \$ | <u><u>11,437.79</u></u> |

CITY OF ABSECON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Balance</u> <u>Dec. 31, 2009</u> | <u>Accrued</u> <u>In 2010</u> | <u>Collected</u> | <u>Balance</u> <u>Dec. 31, 2010</u> |
|--|--|----------------------------------|------------------------|--|
| <u>Miscellaneous Revenue Anticipated:</u> | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | \$ | 12,950.00 | 12,950.00 | \$ |
| Other | | 11,147.00 | 11,147.00 | |
| Uniform Construction Code Fees | | 61,302.00 | 61,302.00 | |
| Fees and Permits | | 55,330.56 | 55,330.56 | |
| Fines and Costs - Municipal Court | 6,705.48 | 127,521.99 | 127,211.77 | 7,015.70 |
| Interest and Costs on Taxes | | 82,833.43 | 82,833.43 | |
| Interest on Investments | | 42,715.92 | 42,715.92 | |
| Consolidated Municipal Property Tax | | 35,082.00 | 35,082.00 | |
| Energy Receipts Tax | | 719,382.97 | 719,382.97 | |
| Reserve for Garden State Preservation Trust Fund | | 3,069.00 | 3,069.00 | |
| Occupancy Tax | | 221,586.61 | 221,586.61 | |
| Cable Franchise Fee | | 32,039.55 | 32,039.55 | |
| Communications Tower Rental | | 83,847.79 | 83,847.79 | |
| Elevator Inspections | | 6,898.00 | 6,898.00 | |
| Uniform Fire Safety Act | | 10,521.22 | 10,521.22 | |
| TOTALS | <u>\$ 6,705.48</u> | <u>\$ 1,506,228.04</u> | <u>\$ 1,505,917.82</u> | <u>\$ 7,015.70</u> |
| | Ref. | Ref. | A | A |
| | Tax Collector | A-5 | 82,833.43 | |
| | Treasurer Cash Collected | A-4 | 1,423,084.39 | |
| | | | <u>1,505,917.82</u> | |

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

| | Balance Dec. 31, 2009 | Balance After Transfers | Paid or Charged | Balance Lapsed |
|--------------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| General Administration | \$ | | | |
| Salaries and Wages | 1,788.74 | 1,788.74 | \$ - | 1,788.74 |
| Other Expenses | 8,810.50 | 8,810.50 | 1,242.50 | 7,568.00 |
| Mayor and Council | | | | |
| Salaries and Wages | 696.60 | 696.60 | 250.00 | 446.60 |
| Other Expenses | 825.27 | 825.27 | | 825.27 |
| Municipal Clerk | | | | |
| Salaries and Wages | 8,463.86 | 8,463.86 | | 8,463.86 |
| Other Expenses | 13,343.72 | 13,343.72 | 1,116.70 | 12,227.02 |
| Financial Administration | | | | |
| Salaries and Wages | 821.26 | 821.26 | | 821.26 |
| Other Expenses | 11,290.89 | 11,290.89 | 4,202.64 | 7,088.25 |
| Elections | 961.51 | 961.51 | | 961.51 |
| Assessment of Taxes | | | | |
| Salaries and Wages | 714.65 | 714.65 | | 714.65 |
| Other Expenses | 1,870.84 | 1,870.84 | 1,041.43 | 829.41 |
| Collection of Taxes | | | | |
| Salaries and Wages | 38.03 | 38.03 | | 38.03 |
| Other Expenses | 1,495.83 | 1,495.83 | 30.00 | 1,465.83 |
| Legal Services | | | | |
| Other Expenses | 6,238.28 | 6,238.28 | 4,413.30 | 1,824.98 |
| Engineering Services and Costs | | | | |
| Other Expenses | 7,673.73 | 7,673.73 | 4,519.50 | 3,154.23 |
| Planning Board | | | | |
| Salaries and Wages | 1,068.74 | 1,068.74 | | 1,068.74 |
| Other Expenses | 2,461.58 | 2,461.58 | 125.00 | 2,336.58 |
| Zoning Board of Adjustment | | | | |
| Other Expenses | 1,182.62 | 1,182.62 | 14.25 | 1,168.37 |

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

| | Balance Dec. 31, 2009 | Balance After Transfers | Paid or Charged | Balance Lapsed |
|--|--------------------------|-------------------------------|--------------------|-------------------|
| Construction | \$ | \$ | | \$ |
| Salaries and Wages | 1,573.07 | 1,573.07 | | 1,573.07 |
| Other Expenses | 6,030.99 | 6,030.99 | | 6,030.99 |
| Elevator Inspections | 4,288.00 | 4,288.00 | 212.00 | 4,076.00 |
| Information Technology | 6,864.55 | 6,864.55 | 189.00 | 6,675.55 |
| Shade Tree Commission | | | | |
| Other Expenses | 11,012.49 | 11,012.49 | | 11,012.49 |
| Insurance | | | | |
| General Liability | 69.00 | 69.00 | | 69.00 |
| Health Insurance | 129,425.14 | 129,425.14 | 88,600.61 | 40,824.53 |
| Fire Department | | | | |
| Other Expenses | 1,778.62 | 1,778.62 | 1,736.46 | 42.16 |
| Fire Hydrant Service | 6,293.41 | 6,293.41 | 6,266.96 | 26.45 |
| Police | | | | |
| Salaries and Wages | 116,199.69 | 116,199.69 | 90,531.42 | 25,668.27 |
| Other Expenses | 69,357.09 | 69,357.09 | 20,555.99 | 48,801.10 |
| Police Dispatch | | | | |
| Salaries and Wages | 2,716.46 | 2,716.46 | | 2,716.46 |
| Other Expenses | 20,104.73 | 20,104.73 | 12,476.75 | 7,627.98 |
| Uniform Fire Safety Act (P.L. 1983, Ch. 383) | | | | |
| Salaries and Wages | 50.16 | 50.16 | | 50.16 |
| Other Expenses | 1,439.00 | 1,439.00 | 1,166.00 | 273.00 |
| Public Works Department | | | | |
| Other Expenses | 14,067.56 | 14,067.56 | 12,597.01 | 1,470.55 |
| Street Lighting | 18,445.10 | 18,445.10 | 11,719.77 | 6,725.33 |
| Maintenance of Motor Vehicles | | | | |
| Other Expenses | 20,987.72 | 20,987.72 | 16,980.50 | 4,007.22 |
| Public Events | | | | |
| Other Expenses | 15,974.51 | 15,974.51 | 5,318.66 | 10,655.85 |
| Recreation | | | | |
| Other Expenses | 14,905.50 | 14,905.50 | | 14,905.50 |

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

| | Balance Dec. 31, 2009 | Balance After Transfers | Paid or Charged | Balance Lapsed |
|---|--------------------------|-------------------------------|----------------------|----------------------|
| Recycling Program | | | | |
| Salaries and Wages | \$ 6,461.56 | \$ 6,461.56 | | \$ 6,461.56 |
| Other Expenses | 411.19 | 411.19 | | 411.19 |
| Sanitation and Trash Removal | | | | |
| Contractual | 11,469.06 | 11,469.06 | 10,371.33 | 1,097.73 |
| Tipping Fees | 50,726.43 | 50,726.43 | 39,680.26 | 11,046.17 |
| Clean Communities | | | | |
| Salaries and Wages | 5,826.19 | 5,826.19 | | 5,826.19 |
| Electric | 15,184.37 | 15,184.37 | 8,177.64 | 7,006.73 |
| Water | 6,331.77 | 6,331.77 | 414.76 | 5,917.01 |
| Telephone | 6,072.88 | 6,072.88 | 3,132.92 | 2,939.96 |
| Natural Gas | 9,347.76 | 9,347.76 | 2,960.70 | 6,387.06 |
| Gasoline | 48,235.43 | 48,235.43 | 13,027.73 | 35,207.70 |
| Office Supplies | 19,547.32 | 19,547.32 | 820.46 | 18,726.86 |
| Salary Adjustment | 9,420.97 | 9,420.97 | | 9,420.97 |
| Contingent | 1,702.15 | 1,702.15 | 256.00 | 1,446.15 |
| Statutory Expenditures | | | | |
| Contribution to Social Security System (O.A.S.I.) | 8,141.18 | 8,141.18 | 6,963.91 | 1,177.27 |
| DCRP | 28.01 | 28.01 | | 28.01 |
| Unemployment Compensation Insurance | 329.87 | 329.87 | | 329.87 |
| Municipal Court | | | | |
| Salaries and Wages | 230.90 | 230.90 | | 230.90 |
| Other Expenses | 4,690.80 | 4,690.80 | 1,421.00 | 3,269.80 |
| LOSAP | 45,000.00 | 45,000.00 | 23,425.00 | 21,575.00 |
| Ambulance Service-Contractual | 4.00 | 4.00 | | 4.00 |
| | <u>\$ 780,491.28</u> | <u>\$ 780,491.28</u> | <u>\$ 395,958.16</u> | <u>\$ 384,533.12</u> |
| | | | A-4 | A-1 |
| Appropriation Reserves | \$ 485,949.97 | | | |
| Encumbrances Payable | 294,541.31 | | | |
| | <u>\$ 780,491.28</u> | | | |

Ref.

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

| Grant: | Balance Dec. 31, 2009 | Anticipated Revenues | Received | Reductions | Balance Dec. 31, 2010 |
|--|--------------------------|--|----------------------|----------------------|--------------------------|
| Body Armor | \$ - | \$ 3,606.05 | \$ 3,606.05 | \$ - | - |
| Body Armor-Federal | 875.62 | 325.00 | 675.00 | - | 525.62 |
| N.J. Safe Streets to Transit | 275,000.00 | - | - | - | 275,000.00 |
| Municipal Drug Alliance | 14,705.00 | - | 14,439.66 | 265.34 | - |
| Municipal Drug Alliance 10 | - | 14,705.00 | - | - | 14,705.00 |
| COPS in Shops | 1,200.00 | - | 1,200.00 | - | - |
| COPS in Shops - Summer 2010 | - | 1,200.00 | 1,200.00 | - | - |
| COPS in Shops - College/Fall 08-09 | 3,200.00 | - | 3,200.00 | - | - |
| Clean Communities | - | 15,553.15 | 14,355.20 | 1,197.95 | - |
| Recycling Tonnage | - | 23,167.63 | - | 23,167.63 | - |
| Smart Future Planning-Central Bus. District | 13,100.00 | - | - | 13,100.00 | - |
| Atlantic County- Open Space | 74,587.00 | - | 74,500.00 | 87.00 | - |
| Atlantic County-NJ Avenue Improvements | 421,760.01 | - | 40,314.88 | 360,267.03 | 21,178.10 |
| Over the Limit Under Arrest | - | 4,400.00 | 4,000.00 | 400.00 | - |
| Transportation Enhancement Grant | 529,000.00 | - | - | - | 529,000.00 |
| N.J. Transportation Trust Fund Authority Act | 75,454.75 | - | - | 11,589.26 | 63,865.49 |
| N.J. Transportation Trust Fund Authority Act | - | 167,000.00 | - | - | 167,000.00 |
| NJ DOT Transportation Enhancement | - | 37,760.00 | - | - | 37,760.00 |
| Community Development Block Grant | - | 77,422.00 | - | - | 77,422.00 |
| Federal Bullet Proof Vest Partnership | 5,000.00 | 2,025.00 | 727.50 | - | 1,297.50 |
| Emergency Management Assistance | 14,366.25 | - | 5,000.00 | - | - |
| NJ DOT IBOAT Program | - | - | 11,970.00 | - | 2,396.25 |
| TOTALS | \$ 1,428,248.63 | \$ 347,163.83 | \$ 175,188.29 | \$ 410,074.21 | \$ 1,190,149.96 |
| Ref. | A | A | A-12 | A | A |
| | | Cancelled | \$ 385,708.63 | | |
| | | Transferred from Grants Unappropriated | \$ 24,365.58 | | |
| | | | <u>\$ 410,074.21</u> | | |

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

| <u>Purpose</u> | <u>Balance</u> Dec. 31, 2009 | <u>Received</u> | <u>Anticipated</u> <u>Revenues</u> | <u>Balance</u> Dec. 31, 2010 |
|-------------------------|---------------------------------|-----------------|---------------------------------------|---------------------------------|
| Grant: | | | | |
| Recycling Tonnage Grant | \$ 23,167.63 | \$ 10,129.23 | \$ 23,167.63 | \$ 10,129.23 |
| Clean Communities | 1,197.95 | - | 1,197.95 | - |
| TOTALS | \$ 24,365.58 | \$ 10,129.23 | \$ 24,365.58 | \$ 10,129.23 |
| | A | A-4 | A-11 | A |

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

| Purpose | Balance | Budget | Expended | Cancelled | Balance |
|--|---------------|----------------|------------|--------------|---------------|
| | Dec. 31, 2009 | Appropriations | | | Dec. 31, 2010 |
| Grant: | \$ | \$ | \$ | \$ | \$ |
| DWI - Municipal Court | 148.25 | | | | 148.25 |
| Drunk Driving Enforcement Fund 2008 | 3,800.45 | | 3,800.45 | | - |
| Drunk Driving Enforcement Fund 2009 | 5,722.52 | | 2,254.45 | | 3,468.07 |
| Atlantic County-NJ Avenue Improvements | 428,360.01 | | 61,492.98 | (366,867.03) | - |
| Clean Communities | 3,518.99 | 15,553.15 | 13,155.60 | | 5,916.54 |
| Recycling Tonnage | - | 23,167.63 | 23,167.00 | | 0.63 |
| NJ DOT IBOAT Program | 14,366.25 | | 14,366.25 | | - |
| DEP Stormwater Regulation | 221.50 | | 221.50 | | - |
| NJ DOT | 19,603.80 | | 8,014.54 | (11,589.26) | - |
| COPS in Shops - Summer 2010 | - | 1,200.00 | 1,200.00 | | - |
| COPS in Shops - College/Fall 08-09 | 1,600.00 | | 1,600.00 | | - |
| N.J. Transportation Trust Fund Authority Act | - | 167,000.00 | 163,664.55 | | - |
| Tree Planting Program | | | | | 3,335.45 |
| State Share | 7,500.00 | | | | 7,500.00 |
| Local Share | 2,500.00 | | | | 2,500.00 |
| State Body Armor -2010 | - | 3,606.05 | 2,322.50 | | 1,283.55 |
| Body Armor -2009 | 10,341.18 | | 1,350.00 | | 8,991.18 |
| Enhanced 9-1-1 Equipment | 1,231.00 | | | | 1,231.00 |
| Federal Body Armor Grant | - | 325.00 | 325.00 | | - |
| Over the Limit Under Arrest | - | 4,400.00 | 4,000.00 | (400.00) | - |
| NJ Safe Streets to Transit | 258,879.50 | | 41,629.50 | | 217,250.00 |
| Justice Assistance Grant | 21,936.00 | | 21,936.00 | | - |
| Transportation Enhancement Grant | 529,000.00 | | - | | 529,000.00 |
| NJ DOT Transportation Enhancement | | | | | - |
| Streetscape Improvement NJ Ave & Station | 37,760.00 | | | | 37,760.00 |
| Community Development Block Grant | 77,422.00 | | | | 77,422.00 |
| Federal Bullet Proof Vest Partnership | 2,025.00 | | 1,997.50 | | 27.50 |

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, 2009 | <u>Budget</u> Appropriations | <u>Expended</u> | <u>Cancelled</u> | <u>Balance</u> Dec. 31, 2010 |
|------------------------------------|---------------------------------|---------------------------------|----------------------|------------------------|---------------------------------|
| Emergency Management Assistance-08 | \$ - | \$ - | \$ - | \$ - | - |
| Emergency Management Assistance | 7,717.99 | | 5,249.89 | | 2,468.10 |
| Municipal Alliance on Alcoholism | - | | | | - |
| County Share | 11,490.39 | 14,705.00 | 22,217.23 | (111.38) | 3,866.78 |
| Local Share | - | 3,676.25 | 3,676.25 | | - |
| TOTALS | <u>\$ 1,327,937.83</u> | <u>\$ 350,840.08</u> | <u>\$ 397,641.19</u> | <u>\$ (378,967.67)</u> | <u>\$ 902,169.05</u> |
| Ref. | A | | | A-1 | A |

| | |
|----------------------|------------------------|
| Grants Appropriated | \$ 1,199,175.73 |
| Encumbrances Payable | 128,762.10 |
| | <u>\$ 1,327,937.83</u> |

| | |
|----------------------|----------------------|
| Cash Disbursed | A-4 \$ 311,823.83 |
| Encumbrances Payable | 85,817.36 |
| | <u>\$ 397,641.19</u> |

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

| | | | |
|-----------------------------|------------------|----|------------------------|
| Balance December 31, 2009 | <u>Ref.</u> B | \$ | 2,177.40 |
| Increased By Receipts: | | | |
| Dog Licenses Fees | | \$ | 626.40 |
| State License Fees | | | 162.60 |
| Late Fees | | | <u>85.00</u> |
| | | | <u>874.00</u> |
| | | | 3,051.40 |
| Decreased By Disbursements: | | | |
| Animal Control Expenditures | | | 693.00 |
| Due to Current Fund | | | 686.60 |
| Due to State of New Jersey | | | <u>162.60</u> |
| | | | <u>1,542.20</u> |
| Balance December 31, 2010 | B | \$ | <u><u>1,509.20</u></u> |

CITY OF ABSECON
TRUST FUND
SCHEDULE OF LIBRARY CASH

| | | | | |
|-----------------------------|------------------|-------------|----|------------------------|
| Balance December 31, 2009 | <u>Ref.</u> B | | \$ | 527,469.20 |
| Increased By Receipts: | | | | |
| Library Fees | | \$ 6,746.98 | | |
| City Contribution | | 327,458.21 | | |
| Interest on Investments | | 3,919.80 | | |
| Grant | | 3,624.00 | | |
| | | <hr/> | | <hr/> |
| | | | | 341,748.99 |
| | | | | <hr/> |
| | | | | 869,218.19 |
| Decreased By Disbursements: | | | | |
| Reserve for Expenditures | | 237,570.42 | | |
| County Library System | | 9,000.00 | | |
| | | <hr/> | | <hr/> |
| | | | | 246,570.42 |
| Balance December 31, 2010 | B | | \$ | <hr/> <hr/> 622,647.77 |

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

| | <u>Ref.</u> | | |
|--|-------------|-----------------|-------------------------------|
| Balance December 31, 2009 - Treasurer | B | | \$ 1,253,726.89 |
| Balance December 31, 2009 - Collector | B | | <u>10,900.00</u> |
| | | | <u>1,264,626.89</u> |
| Increased By Receipts: | | | |
| Redemption of Outside Liens | | \$ 141,703.46 | |
| Tax Premiums Received | | 123,279.77 | |
| Reserve for Recreation | | 21,880.00 | |
| Payroll Deductions Payable | | 4,457,174.09 | |
| Reserve for Cat Licenses | | 7.00 | |
| Reserve for Planning and Zoning Escrow | | 131,195.00 | |
| Reserve for Fire Safety Penalty Act | | 70.00 | |
| Reserve for Small Cities Grant | | 352.15 | |
| Reserve for Performance Bond | | 46,253.31 | |
| Reserve for P.O.A.A. | | 74.00 | |
| Reserve for Security Bonds and Deposits | | <u>5,690.00</u> | |
| | | | <u>4,927,678.78</u> |
| | | | 6,192,305.67 |
| Decreased By Disbursements: | | | |
| Reserve for Outside Liens | | 141,703.46 | |
| Reserve for Tax Premiums | | 54,079.77 | |
| Reserve for Recreation | | 19,056.77 | |
| Reserve for Small Cities Grant | | | |
| Payroll Deductions Payable | | 4,457,827.61 | |
| Reserve for Developers (Plan, Zone Engineers) Escrow | | 111,150.82 | |
| Reserve for ABTV | | 29.82 | |
| Reserve for Disposal of Forfeited Property | | 1,624.49 | |
| Reserve for Fire Safety Penalty Act | | 225.00 | |
| Reserve for Performance Bond | | 3,643.50 | |
| Reserve for Accumulated Leave | | 157,047.20 | |
| Reserve for Security Bonds and Deposits | | <u>2,000.00</u> | |
| | | | <u>4,948,388.44</u> |
| Balance December 31, 2010 | | | \$ <u><u>1,243,917.23</u></u> |
| Balance December 31, 2010 - Treasurer | B | | \$ 1,163,817.23 |
| Balance December 31, 2010 - Collector | B | | <u>80,100.00</u> |
| | | | <u>\$ 1,243,917.23</u> |

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

| | | | | |
|-----------------------------|------------------|---------------|----|------------------------|
| Balance December 31, 2009 | <u>Ref.</u> B | | \$ | 1,490.80 |
| Increased By: | | | | |
| Dog Licenses Fees Collected | B-1 | \$ 626.40 | | |
| Late Fees Collected | | <u>85.00</u> | | |
| | | | | <u>711.40</u> |
| | | | | 2,202.20 |
| Decreased By Disbursements: | | | | |
| Animal Control Expenditures | B-1 | <u>693.00</u> | | |
| | | | | <u>693.00</u> |
| Balance December 31, 2010 | B | | \$ | <u><u>1,509.20</u></u> |

| | | | | |
|------------------------|-------------|--------------------|--|--|
| License Fees Collected | <u>Year</u> | | | |
| | 2008 | 700.60 | | |
| | 2009 | <u>913.40</u> | | |
| | | <u>\$ 1,614.00</u> | | |

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

| | | | | |
|---------------------------|------------------|--------|----|--------|
| Balance December 31, 2009 | <u>Ref.</u> B | | \$ | 686.60 |
| Increased By: | | | | |
| None | | \$ | | - |
| | | | | - |
| | | | | 686.60 |
| Decreased By: | | | | |
| Cash Disbursements | | 686.60 | | |
| | | | | 686.60 |
| Balance December 31, 2010 | B | | \$ | - |

Exhibit B-6

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

| | | | | |
|-----------------------------|------------------|--------|----|--------|
| Balance December 31, 2009 | <u>Ref.</u> B | | \$ | - |
| Increased By: | | | | |
| Collected in 2010 | | \$ | | 162.60 |
| | | | | 162.60 |
| | | | | 162.60 |
| Decreased By: | | | | |
| Paid to State of New Jersey | | 162.60 | | |
| | | | | 162.60 |
| Balance December 31, 2010 | B | | \$ | - |

CITY OF ABSECON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

| | | | | |
|-----------------------------|------------------|-----------|----|------------|
| Balance December 31, 2009 | <u>Ref.</u> C | | \$ | 123,973.35 |
| Increased By Receipts: | | | | |
| None | | \$ | | - |
| | | | | - |
| | | | | 123,973.35 |
| Decreased By Disbursements: | | | | |
| Improvement Authorizations | C-7 | 58,362.05 | | 58,362.05 |
| Balance December 31, 2010 | C | | \$ | 65,611.30 |

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

| | Receipts | | Disbursements | | | Transfers | | Balance Dec. 31, 2010 |
|--|--------------------------|-----------------|-----------------|-------------------------------|-------------|---------------------|---------------------|--------------------------|
| | Balance Dec. 31, 2009 | Bonds Issued | Notes Issued | Improvement Authorizations | Misc. | From | To | |
| Fund Balance | \$ 19,519.04 | \$ | \$ | \$ | \$ | \$ | 3.84 | \$ 19,522.88 |
| Capital Improvement Fund | 2,000.00 | | | | | | | 2,000.00 |
| Contracts Payable | 40,601.65 | | | | | 40,601.65 | 17,199.60 | 17,199.60 |
| <u>Improvement Authorizations</u> | | | | | | | | |
| <u>Ord.</u> | | | | | | | | |
| <u>Number</u> | | | | | | | | |
| 2-09 Clubhouse Roof and Irrigation Pipes | 50,648.35 | | | 58,362.05 | | 949.60 | 24,351.65 | 15,688.35 |
| 7-09 NJ Avenue Streetscape | - | | | | | 16,250.00 | 16,250.00 | - |
| 9-07 Various Repairs to City Parks | 11,200.47 | | | | | | | 11,200.47 |
| 11-07 Various Improvements | 2.33 | | | | | 2.33 | | - |
| 3-08 Various Road Improvements | 1.51 | | | | | 1.51 | | - |
| | <u>\$ 123,973.35</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 58,362.05</u> | <u>\$ -</u> | <u>\$ 57,805.09</u> | <u>\$ 57,805.09</u> | <u>\$ 65,611.30</u> |
| Ref. | | | | | | | | <u>C</u> |

CITY OF ABSECON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | | | | |
|---------------------------|------------------|----|----|----------|
| Balance December 31, 2009 | <u>Ref.</u> C | | \$ | 2,000.00 |
| Increased By: | | | | |
| None | | \$ | | - |
| | | | | - |
| | | | | 2,000.00 |
| Decreased By: | | | | |
| None | | | | - |
| | | | | - |
| Balance December 31, 2010 | C | | \$ | 2,000.00 |

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | | | | |
|---------------------------|------------------|------------|----|--------------|
| Balance December 31, 2009 | <u>Ref.</u> C | | \$ | 5,811,417.28 |
| Increased By: | | | | |
| Serial Bonds Issued | | \$ | | - |
| | | | | - |
| | | | | 5,811,417.28 |
| Decreased By: | | | | |
| Serial Bonds Paid | | 775,000.00 | | |
| Green Acres Loan Paid | | 4,892.90 | | |
| | | | | 779,892.90 |
| Balance December 31, 2010 | C | | \$ | 5,031,524.38 |

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

| Improvement Description | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2009 | Increased | Decreased | Balance Dec. 31, 2010 |
|-------------------------|---------------|--------------------------|---------------------------------|---------------|---------------|-----------------------|-----------|---------------|-----------------------|
| | | | Date | Amount | | | | | |
| General Improvements | 5/15/2002 | \$ 3,224,000 | 5/15/2011 | \$ 500,000.00 | Various | \$ 1,469,000.00 | \$ | \$ 475,000.00 | \$ 994,000.00 |
| | | | 5/11/2012 | 494,000.00 | Various | | | | |
| General Improvements | 5/29/2008 | 4,400,000 | 8/1/2011 | 310,000.00 | 3.250% | 4,330,000.00 | | 300,000.00 | 4,030,000.00 |
| | | | 8/1/2012 | 330,000.00 | 3.250% | | | | |
| | | | 8/1/2013 | 540,000.00 | 3.250% | | | | |
| | | | 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% | | | | | | |
| | | | | | | \$ 5,799,000.00 | C | \$ 775,000.00 | \$ 5,024,000.00 |
| | | | | | | Ref. | C-2 | - | C |

CITY OF ABSECON
SEWER UTILITY FUNDS
SCHEDULE OF CASH - TREASURER

| | Ref. | Operating | Capital |
|---------------------------------|------|----------------------|---------------------|
| Balance December 31, 2009 | D | \$ 394,410.93 | \$ 29,917.40 |
| Increased by Receipts: | | | |
| Sewer Rent Collected | | \$ 1,210,588.00 | |
| Miscellaneous Revenue Collected | | 25,463.76 | |
| Prepaid Rents | | 238,781.67 | |
| Sewer Overpayments | | <u>96.00</u> | |
| | | 1,474,929.43 | - |
| | | <u>1,869,340.36</u> | <u>29,917.40</u> |
| Decreased by Disbursements: | | | |
| Current Appropriations | | 1,267,210.44 | |
| Appropriation Reserves | | <u>28,997.81</u> | |
| | | 1,296,208.25 | - |
| Balance December 31, 2010 | D | \$ <u>573,132.11</u> | \$ <u>29,917.40</u> |

CITY OF ABSECON
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

| | Receipts | | | Disbursements | | | Transfers | | Balance Dec. 31, 2010 |
|-----------------------------------|--------------------------|-----------------|-----------------|---------------|-------------------------------|-------|-----------|------|--------------------------|
| | Balance Dec. 31, 2009 | 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> | | | | | | | | | |
| <u>Ord.</u> | | | | | | | | | |
| <u>Number</u> | | | | | | | | | |
| 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, 2009 | <u>Ref.</u> D | | \$ | 79,115.50 |
| Increased By: | | | | |
| Sewer Levy | | \$ 1,437,749.00 | | |
| | | | | 1,437,749.00 |
| | | | | 1,516,864.50 |
| Decreased By: | | | | |
| Collections | | 1,210,588.00 | | |
| Prepays Applied | | 218,865.50 | | |
| | | | | 1,429,453.50 |
| Balance December 31, 2010 | D | | \$ | 87,411.00 |

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

| | Balance Dec. 31, 2009 | Balance After Transfers | Paid or Charged | Balance Lapsed |
|--|--------------------------|-------------------------------|---------------------|---------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 6,279.14 | \$ 6,279.14 | - | 6,279.14 |
| Other Expenses | 51,919.86 | 51,919.86 | 28,997.81 | 22,922.05 |
| Deferred Charges and Statutory Expenditures: | | | | |
| Social Security | 787.13 | 787.13 | - | 787.13 |
| Unemployment | 11.04 | 11.04 | - | 11.04 |
| TOTALS | \$ 58,997.17 | \$ 58,997.17 | \$ 28,997.81 | \$ 29,999.36 |
| | | | D-5 | D-1 |
| Appropriation Reserves | \$ 33,722.69 | | | |
| Encumbrances Payable | 25,274.48 | | | |
| | \$ 58,997.17 | | | |

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

| | | | | |
|---------------------------|------------------|---|----|-----------|
| Balance December 31, 2009 | <u>Ref.</u> D | | \$ | 27,814.11 |
| Increased By: | | | | |
| None | | - | | - |
| | | | | 27,814.11 |
| Decreased By: | | | | |
| None | | - | | - |
| | | | | - |
| Balance December 31, 2010 | D | | \$ | 27,814.11 |

CITY OF ABSECON
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2010



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS – STATUTORY BASIS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the City Council
City of Absecon
500 Mill Road
Absecon, New Jersey

We have audited the financial statements – statutory basis of the City of Absecon, State of New Jersey (the “City”), as of and for the year ended December 31, 2010, and have issued our report thereon dated February 24, 2011. Our report disclosed that, as described in Note 1 to the financial statements, the City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division.

We noted certain matters that we reported to the City's management in a separate letter dated February 24, 2011.

This report is intended solely for the information and use of management, the City Council, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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



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

February 24, 2011

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 \$21,000 except by contract or agreement." The City approved a resolution in August 2004 increasing the bid threshold to \$25,000 based upon the certification of a qualified purchasing agent at that time.

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$25,000 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 \$25,000 "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

2010 Road Program

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 23, 2010 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> |
|-------------|---------------|
| 2010 | 11 |
| 2009 | 6 |
| 2008 | 6 |

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 2010 and 2011 Taxes | 25 |
| Delinquent Taxes | 25 |
| Current Sewer Rents | 25 |
| Delinquent Sewer Rents | 25 |
| Total | <hr/> 100 |

Deposit of Municipal Funds

N.J.S. 40A:5-15 states, "All municipal funds shall be deposited within 48 hours upon receipt."

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
Certified Public Accountant
Registered Municipal Accountant
No. 393

February 24, 2011

CITY OF ABSECON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2010

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- | | |
|--|-----------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiency identified That is not considered to be a Material Weakness? | NO |

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

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY 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 – statutory 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

All prior year findings have been corrected or partially corrected.