

**CITY OF SOMERS POINT**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2011**

# CITY OF SOMERS POINT

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**CITY OF SOMERS POINT**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2011**



1535 HAVEN AVENUE • PO BOX 538  
OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710



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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
Members of City Council  
City of Somers Point, New Jersey

We have audited the accompanying balance sheet - regulatory basis of the various funds and account groups of the City of Somers Point, New Jersey, as of December 31, 2011, the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the City of Somers Point's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements for the year ended December 31, 2010 were audited by other auditors whose report dated April 1, 2011 expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unqualified opinion under the regulatory basis of accounting.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Somers Point, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The affect on the financial statements of the variances

between the prescribed basis of accounting and the 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 basis of accounting discussed in the third paragraph of this report, 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 City of Somers Point as of December 31, 2011 and 2010 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the City of Somers Point, New Jersey as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2012 on our consideration of the City of Somers Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Office of Management and Budget Circular 04-04 and is also not a required part of the basic financial statements. The accompanying supplementary information as listed in the table of contents and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

*Kenneth W. Moore*  
Kenneth W. Moore, CPA  
Registered Municipal Accountant  
No. 231

April 6, 2012

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**EXHIBIT A - CURRENT FUND**



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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 3,425,403.96	\$ 3,234,105.00
Change and Petty Cash Fund	A-5	450.00	450.00
		<u>3,425,853.96</u>	<u>3,234,555.00</u>
Other Receivables:			
Due from the State of New Jersey		9,439.00	8,939.00
		<u>9,439.00</u>	<u>8,939.00</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	697,286.20	782,100.19
Tax Title Liens Receivable	A-7	85,471.39	80,093.00
Property Acquired / Assessed Valuation		19,412.00	19,412.00
Revenue Accounts Receivable	A-8	5,498.50	23,608.00
Due from Utility Operating Fund	D	19,316.56	-
Due from Federal and State Grant Fund	A	-	158,620.97
	A	<u>826,984.65</u>	<u>1,063,834.16</u>
		<u>4,262,277.61</u>	<u>4,307,328.16</u>
Federal and State Grant Fund:			
Due from Current	A	204,201.05	-
Due from General Capital	C	-	41,227.00
Federal and State Grants Receivable	A-12	28,722.99	605,800.45
		<u>232,924.04</u>	<u>647,027.45</u>
		<u>\$ 4,495,201.65</u>	<u>\$ 4,954,355.61</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Regular Fund:			
Appropriation Reserves	A-3	\$ 435,061.94	\$ 415,440.00
Encumbrances Payable	A-3	240,789.38	74,362.00
Accounts Payable	A-9	8,886.04	52,397.00
Prepaid Taxes	A-4	239,189.63	201,167.00
Tax Overpayments		278,353.04	516,698.00
Local and Regional School Tax Payable	A-10:A-11	10.01	10.00
Payroll Taxes Payable		18,493.24	18,051.83
Due to State of New Jersey:			
Marriage License and Domestic Partner Fees	A-4	425.00	-
State Training Fees		-	1,501.00
Due to Federal and State Grant Fund	A	204,201.05	-
Due to Other Trust Funds	B	33,357.06	1,900.00
Due to General Capital Fund	C	-	7,417.00
Reserve for Tax Appeals		100,000.00	100,000.00
		<u>1,558,766.39</u>	<u>1,388,943.83</u>
Reserves for Receivables	A	826,984.65	1,063,834.16
Fund Balance	A-1	<u>1,876,526.57</u>	<u>1,854,550.17</u>
		<u>4,262,277.61</u>	<u>4,307,328.16</u>
Federal and State Grant Fund:			
Due to Current Fund	A	-	158,620.97
Due to Other Trust Fund		-	5,229.00
Reserve for Encumbrances	A-13	142.00	-
Reserve for State Grants:			
Unappropriated Reserves	A-13	72,618.81	7,092.00
Appropriated Reserves	A-12	<u>160,163.23</u>	<u>476,085.48</u>
		<u>232,924.04</u>	<u>647,027.45</u>
		<u>\$ 4,495,201.65</u>	<u>\$ 4,954,355.61</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,561,089.00	\$ 1,223,500.00
Miscellaneous Revenues Anticipated	A-2	2,293,828.32	2,625,752.00
Receipts from Delinquent Taxes	A-2	714,018.13	722,618.00
Receipts from Current Taxes	A-2	28,958,161.57	27,982,216.00
Nonbudget Revenues	A-2	490,748.37	585,195.00
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-9	260,075.65	475,042.00
Canceled Accounts Payable		17,350.00	45,202.00
Canceled Reserve for Codification		-	1,419.00
Canceled Checks	A-4	12,982.95	6,738.00
Interfunds Returned		158,620.97	9,543.00
Canceled Grants	A-12:A-13	63,847.53	-
		<u>34,530,722.49</u>	<u>33,677,225.00</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	4,823,045.00	4,774,400.00
Other Expenses	A-3	4,054,640.00	3,810,700.00
Deferred Charges and			
Statutory Expenditures	A-3	1,176,518.00	996,535.00
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	479,526.03	460,461.00
Other Expenses	A-3	79,822.32	311,841.00
Capital Improvements	A-3	50,000.00	200,000.00
Debt Service	A-3	1,072,505.35	1,063,798.00
Deferred Charges	A-3	210,350.00	251,800.00
County Taxes Payable	A-6	5,091,937.05	4,641,392.00
County Share of Added and Omitted Taxes	A-6	10,863.70	8,805.00
Local District School Tax	A-10	8,606,708.50	8,648,206.00
Regional High School Tax	A-11	7,268,807.34	6,836,485.00
Interfunds Created		19,316.56	26,640.00
Prior Year Revenue Returned or Credited		3,617.24	15,768.00
		<u>\$ 32,947,657.09</u>	<u>\$ 32,046,831.00</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Excess in Revenues		\$ 1,583,065.40	\$ 1,630,394.00
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		-	-
Statutory Excess to Fund Balance		1,583,065.40	1,630,394.00
Fund Balance January 1	A	<u>1,854,550.17</u>	<u>1,447,656.17</u>
Total		3,437,615.57	3,078,050.17
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>1,561,089.00</u>	<u>1,223,500.00</u>
Fund Balance December 31	A	<u>\$ 1,876,526.57</u>	<u>\$ 1,854,550.17</u>



**CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,561,089.00	\$	\$ 1,561,089.00	\$ -
		<u>1,561,089.00</u>	<u>-</u>	<u>1,561,089.00</u>	<u>-</u>
<u>Miscellaneous Revenues:</u>					
Licenses-Alcoholic Beverages	A-8	20,000.00		24,498.00	4,498.00
Fees and Permits	A-8	14,000.00		17,446.00	3,446.00
Municipal Court	A-8	279,982.00		321,245.23	41,263.23
Interest and Costs on Taxes	A-8	88,000.00		182,118.70	94,118.70
Interest on Investments	A-8	5,000.00		9,857.98	4,857.98
Fees and Permits - Chapter 115 Inspections	A-8	30,000.00		25,145.00	(4,855.00)
Cable Television Franchise Fees	A-8	49,500.00		46,936.32	(2,563.68)
Hotel Fee	A-8	90,000.00		101,973.99	11,973.99
Consolidated Municipal Property Tax Relief Act	A-8	156,606.00		156,606.00	-
Energy Receipts Tax	A-8	810,490.00		810,490.00	-
Uniform Construction Code fees	A-8	110,000.00		128,220.28	18,220.28
Interlocal Dispatching Services	A-8	304,000.00		304,000.00	-
Uniform Fire Safety Act	A-8	23,209.00		45,628.47	22,419.47
Reserve to Pay Bonds	A-8	30,000.00		30,000.00	-
<u>Additional Revenues Offset With Appropriations:</u>					
Safe and Secure Program	A-12	21,142.00		21,142.00	-
Clean Communities	A-12	1,880.00	21,608.03	23,488.03	-
Municipal Alliance	A-12	14,355.00		14,355.00	-
Body Armor - 2010	A-12	2,625.00		2,625.00	-
Drunk Driving Enforcement 2010	A-12	1,300.00		1,300.00	-
Recycling Tonnage	A-12	13,535.00	12,217.32	25,752.32	-
Local Arts Program	A-12	1,000.00		1,000.00	-

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
(CONTINUED)**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Total Miscellaneous	A-2	\$ 2,066,624.00	\$ 33,825.35	\$ 2,293,828.32	\$ 193,378.97
Receipts from Delinquent Taxes	A-2	462,500.00		714,018.13	251,518.13
Subtotal General Revenues		4,090,213.00	33,825.35	4,568,935.45	444,897.10
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	A-2	8,791,448.00		8,947,904.98	156,456.98
Budget Totals		12,881,661.00	33,825.35	13,516,840.43	601,354.08
Nonbudget Revenues	A-1:A-2			490,748.37	490,748.37
		\$ 12,881,661.00	\$ 33,825.35	\$ 14,007,588.80	\$ 1,092,102.45
	Ref.	A-3	A-3		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
(CONTINUED)**

<u>Analysis of Realized Revenue:</u>	<u>Ref.</u>	
<u>Allocation of Current Tax Collections:</u>		
Revenue from Collections	A-1:A-6	\$ 28,958,161.57
Allocated to:		
School and County Taxes		<u>20,978,316.59</u>
Balance for Support of Municipal Budget Revenues		7,979,844.98
Add:		
Appropriation: "Reserve for Uncollected Taxes"	A-3	<u>968,060.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 8,947,904.98</u>
 <u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-6	\$ 714,018.13
Tax Title Lien Collections	A-7	<u>-</u>
	A-2	<u>\$ 714,018.13</u>

**CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
(CONTINUED)**

<u>Analysis of Realized Revenue: (Continued)</u>	<u>Ref.</u>	
 <u>Miscellaneous Revenue Not Anticipated:</u>		
Vital Statistic	\$ 71,319.20	
Street Openings	8,550.00	
Municipal Searches	20.00	
Bingo and Raffle Licenses	1,220.00	
Police Reports	3,867.22	
Mercantile License Fee	22,571.46	
Elections	7,404.90	
Police Detail	6,850.00	
Copies	4,442.38	
Planning and Zoning	24,155.00	
FEMA	196,699.13	
Sale of Property	28,967.28	
Leases	43,750.00	
Motor Vehicles	7,117.50	
NJLM Educators	23,279.74	
Insurance Refunds	3,700.00	
Senior and Veterans Fee	2,695.00	
Miscellaneous - Tax Collector	43.76	
Miscellaneous	34,095.80	
	\$ 490,748.37	A-2:A-8

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 69,000.00	\$ 69,000.00	\$ 68,500.00	\$ 500.00	\$	\$
Other Expenses	35,000.00	37,000.00	36,006.16	993.84		
Department of General Administration						
Salaries and Wages	124,000.00	124,000.00	122,144.00	1,856.00		
Other Expenses	56,500.00	56,500.00	52,587.90	3,912.10		
Department of City Clerk						
Salaries and Wages	166,000.00	166,000.00	147,842.52	18,157.48		
Other Expenses	30,000.00	36,000.00	32,955.66	3,044.34		
Data Processing						
Other Expenses	3,000.00	3,000.00	3,000.00			
Department of Finance						
Salaries and Wages	49,000.00	29,000.00	24,154.42	4,845.58		
Other Expenses	20,000.00	26,000.00	25,447.25	552.75		
Annual Audit						
Other Expenses	30,000.00	30,000.00	30,000.00			
Department of Tax Assessment						
Salaries and Wages	82,000.00	82,000.00	80,773.15	1,226.85		
Other Expenses	20,000.00	20,000.00	15,730.77	4,269.23		
Department of Tax Collection						
Salaries and Wages	70,000.00	78,000.00	76,257.40	1,742.60		
Other Expenses	20,000.00	18,000.00	15,777.43	2,222.57		
Legal Services and Cost						
Other Expenses	244,000.00	244,000.00	214,335.52	29,664.48		
Municipal Prosecutor						
Other Expenses	18,000.00	18,000.00	17,747.00	253.00		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED)**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>		<u>OVER EXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>		
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
Engineering Services and Costs						
Other Expenses	\$ 4,000.00	\$ 16,000.00	\$ 8,649.75	\$ 7,350.25		\$
Public Buildings and Grounds						
Salaries and Wages	119,000.00	120,000.00	119,035.62	964.38		
Other Expenses	73,000.00	73,000.00	72,280.47	719.53		
Vehicle Maintenance	100,000.00	100,000.00	99,265.90	734.10		
Planning Board						
Salaries and Wages	11,000.00	11,000.00	11,000.00			
Other Expenses	25,000.00	25,000.00	24,164.49	835.51		
Zoning Board						
Salaries and Wages	9,000.00	9,000.00	9,000.00			
Other Expenses	10,000.00	10,000.00	6,245.62	3,754.38		
<u>PUBLIC SAFETY:</u>						
Department of Fire						
Salaries and Wages	40,600.00	40,600.00	40,489.92	110.08		
Other Expenses	85,000.00	85,000.00	69,922.16	15,077.84		
Department of Police						
Salaries and Wages	2,569,000.00	2,619,000.00	2,618,148.08	851.92		
Other Expenses	168,000.00	165,000.00	135,498.91	29,501.09		
Department of Communications						
Salaries and Wages	152,000.00	152,000.00	149,771.59	2,228.41		
Other Expenses	18,500.00	16,500.00	4,429.00	12,071.00		
Department of Emergency Management						
Salaries and Wages	8,500.00	6,500.00	5,900.00	600.00		
Other Expenses	6,000.00	6,000.00	4,245.79	1,754.21		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
PUBLIC SAFETY:						
Bureau of Fire Prevention						
Salaries and Wages	\$ 24,000.00	\$ 24,000.00	\$ 22,490.08	\$ 1,509.92	\$	\$
Other Expenses	8,000.00	6,000.00	745.79	5,254.21		
Department of Zoning/Code Enforcement						
Salaries and Wages	68,000.00	70,500.00	68,298.56	2,201.44		
Other Expenses	9,000.00	7,000.00	2,673.59	4,326.41		
PUBLIC WORKS:						
Department of Public Works						
Salaries and Wages	423,000.00	434,500.00	431,290.74	3,209.26		
Other Expenses	63,000.00	61,000.00	51,853.48	9,146.52		
Division of Sanitation						
Salaries and Wages	415,700.00	352,445.00	343,836.77	8,608.23		
Other Expenses	197,600.00	197,600.00	185,819.89	11,780.11		
Sanitation - Transfer Fee	252,800.00	237,800.00	216,085.71	21,714.29		
HEALTH AND WELFARE:						
Animal Control Services						
Other Expenses	9,000.00	9,000.00	9,000.00			
RECREATION AND EDUCATION:						
Department of Parks and Recreation Programs						
Salaries and Wages	10,000.00	8,000.00	7,500.00	500.00		
Other Expenses	34,000.00	34,000.00	32,548.78	1,451.22		
Department of Parks and Recreation Facilities						
Salaries and Wages	134,000.00	126,000.00	117,459.60	8,540.40		
Other Expenses	30,000.00	31,000.00	30,667.90	332.10		
Environmental Commission						
Other Expenses	1,000.00	1,000.00		1,000.00		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
Economic Development and Advisory Commission						
Other Expenses	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$	\$	\$
Historic Preservation Commission						
Other Expenses	3,000.00	1,000.00	113.68	886.32		
MUNICIPAL COURT:						
Municipal Court						
Salaries and Wages	169,500.00	169,500.00	163,546.77	5,953.23		
Other Expenses	28,000.00	28,000.00	20,358.16	7,641.84		
Public Defender (P.L. 1997, C.256)						
Other Expenses	8,000.00	11,000.00	10,750.00	250.00		
INSURANCE:						
General Liability	142,035.00	137,035.00	134,665.60	2,369.40		
Workers Compensation Insurance	286,950.00	286,950.00	285,419.40	1,530.60		
Employee Group Health	1,192,255.00	1,192,255.00	1,131,732.13	60,522.87		
Surety Bond Premiums	1,000.00	1,000.00		1,000.00		
Health Waiver - Employee Opt Out	4,745.00	23,000.00	22,776.98	223.02		
Municipal Services Act						
Other Expenses	65,000.00	65,000.00	65,000.00			
Apartment Trash Collection						
Other Expenses	75,000.00	75,000.00	75,000.00			
STATE UNIFORM CONSTRUCTION CODE:						
Construction Official						
Salaries and Wages	132,000.00	132,000.00	132,000.00			
Other Expenses	8,000.00	8,000.00	7,985.31	14.69		
UNCLASSIFIED:						
Gasoline	98,000.00	112,000.00	106,022.17	5,977.83		
Diesel Fuel	40,000.00	54,000.00	50,468.24	3,531.76		
Fire Hydrant Water	93,000.00	93,000.00	88,301.82	4,698.18		

See Accompanying Notes to Financial Statements



**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
UNCLASSIFIED:						
Electric	\$ 150,000.00	\$ 140,000.00	\$ 110,549.32	\$ 29,450.68	\$	\$
Street Lighting	102,000.00	102,000.00	93,147.09	8,852.91		
Telephone	42,000.00	42,000.00	37,076.94	4,923.06		
Natural Gas	44,000.00	36,000.00	23,475.18	12,524.82		
Water	40,000.00	40,000.00	32,165.63	7,834.37		
Fuel #2	1,000.00	1,000.00		1,000.00		
Waste Water	7,000.00	6,000.00	4,500.00	1,500.00		
Telecommunications Costs	5,000.00	5,000.00	4,843.85	156.15		
Total Operations Within "CAPS"	<u>8,876,685.00</u>	<u>8,876,685.00</u>	<u>8,486,475.64</u>	<u>390,209.36</u>	-	-
Contingent	1,000.00	1,000.00	-	1,000.00		
Total Operations Incl. Contingent Within "CAPS"	<u>8,877,685.00</u>	<u>8,877,685.00</u>	<u>8,486,475.64</u>	<u>391,209.36</u>	-	-
Detail:						
Salaries and Wages	4,845,300.00	4,823,045.00	4,759,439.22	63,605.78	-	-
Other Expenses	4,032,385.00	4,054,640.00	3,727,036.42	327,603.58	-	-
<u>DEFERRED CHARGES AND STATUTORY</u>						
<u>EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	246,391.00	246,391.00	246,391.00			
Social Security System (O.A.S.I.)	337,000.00	337,000.00	322,590.99	14,409.01		
Police and Firemens' Retirement System of NJ	563,127.00	563,127.00	563,127.00			
Unemployment Compensation Insurance (N.J.)	20,000.00	20,000.00	20,000.00			
Defined Contribution Retirement Plan	10,000.00	10,000.00	6,527.33	3,472.67		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	<u>1,176,518.00</u>	<u>1,176,518.00</u>	<u>1,158,636.32</u>	<u>17,881.68</u>	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>10,054,203.00</u>	<u>10,054,203.00</u>	<u>9,645,111.96</u>	<u>409,091.04</u>	-	-

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>						
Length of Service Awards Program	\$ 20,000.00	\$ 20,000.00	\$	\$ 20,000.00	\$	\$
Recycling Tax (PL 2008, C. 311)	11,200.00	11,200.00	11,200.00			
Dispatch Services - Interlocal Service Agreement	304,000.00	304,000.00	298,029.10	5,970.90		
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
Municipal Alliance on Drug and Alcohol Abuse						
State Share	14,355.00	14,355.00	14,355.00			
City Share	3,590.00	3,590.00	3,590.00			
Safe and Secure Communities Program						
State Share	21,142.00	21,142.00	21,142.00			
City Share	130,896.00	130,896.00	130,896.00			
Clean Communities	1,880.00	23,488.03	23,488.03			
Body Armor Grant	2,625.00	2,625.00	2,625.00			
Drunk Driving Enforcement Fund	1,300.00	1,300.00	1,300.00	-		
Local Arts Development Program	1,000.00	1,000.00	1,000.00			
Recycling Tonnage	13,535.00	25,752.32	25,752.32			
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>525,523.00</b>	<b>559,348.35</b>	<b>533,377.45</b>	<b>25,970.90</b>	<b>-</b>	<b>-</b>
Detail:						
Salaries and Wages	456,038.00	479,526.03	473,555.13	5,970.90	-	-
Other Expenses	69,485.00	79,822.32	59,822.32	20,000.00		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ _____	\$ _____	\$ _____
 TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	 50,000.00	 50,000.00	 50,000.00	 -	 -	 -
 <u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	756,250.00	756,250.00	756,250.00			
Interest on Bonds	260,025.00	260,025.00	259,465.00			560.00
Interest on Notes	33,250.00	33,250.00	33,157.63			92.37
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	24,000.00	24,000.00	23,632.72			367.28
 TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	 1,073,525.00	 1,073,525.00	 1,072,505.35	 -	 -	 1,019.65
 TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	 1,649,048.00	 1,682,873.35	 1,655,882.80	 25,970.90	 -	 1,019.65

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"</u>						
Deferred Charges to Future Taxation Unfunded:						
Tax Appeal Refunding Ordinance	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00			\$ -
Ordinance 05-09	200.00	200.00	200.00			-
Ordinance 09-09	10,150.00	10,150.00	10,150.00			-
Ordinance 07-10	50,000.00	50,000.00	50,000.00			-
<b>TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"</b>	<b>210,350.00</b>	<b>210,350.00</b>	<b>210,350.00</b>	-	-	-
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	11,913,601.00	11,947,426.35	11,511,344.76	435,061.94	-	1,019.65
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<b>968,060.00</b>	<b>968,060.00</b>	<b>968,060.00</b>			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 12,881,661.00</b>	<b>\$ 12,915,486.35</b>	<b>\$ 12,479,404.76</b>	<b>\$ 435,061.94</b>	<b>\$ -</b>	<b>\$ 1,019.65</b>
	A-2			A	A	

Budget	<u>Ref.</u>	
N.J.S.A. 40A:4-87	A-2	\$ 12,881,661.00
	A-2	33,825.35
		\$ 12,915,486.35

	<u>Ref.</u>	
Encumbrances Payable		\$ 240,789.38
Federal and State Grants	A-12	224,148.35
Reserve for Uncollected Taxes	A-3	968,060.00
Disbursed	A-4	11,046,407.03
		\$ 12,479,404.76

See Accompanying Notes to Financial Statements

**EXHIBIT B - TRUST FUNDS**



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

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Dog License Fund:			
Cash	B-1	\$ 3,114.53	\$ 203.18
		<u>3,114.53</u>	<u>203.18</u>
Length of Service award Program (unaudited)			
Investment held for LOSAP		146,858.79	159,803.00
		<u>146,858.79</u>	<u>159,803.00</u>
Other Funds:			
Cash	B-1	953,000.36	879,664.31
Due from Current Fund		33,357.06	1,900.00
Due from General Capital		-	15,035.00
Due from the Federal and State Grant Fund		-	5,229.00
		<u>986,357.42</u>	<u>901,828.31</u>
		\$ <u>1,136,330.74</u>	\$ <u>1,061,834.49</u>
 <u>Liabilities, Reserves, and Fund Balance</u>			
Dog License Fund:			
Due to State of New Jersey	B-3	\$ 6.60	\$ 1.20
Reserve for Dog Fund	B-2	3,107.93	201.98
		<u>3,114.53</u>	<u>203.18</u>
Length of Service award Program (unaudited)			
Investment held for LOSAP		146,858.79	159,803.00
		<u>146,858.79</u>	<u>159,803.00</u>
Other Funds:			
Reserve for Unemployment	B-4	41,666.45	55,648.47
Reserve for Escrow	B-5	189,705.68	219,315.00
Reserve for Recreation	B-6	147,873.56	115,922.03
Reserve for Street Opening Deposits	B-7	5,278.13	-
Reserve for Law Enforcement	B-8	43,228.12	33,844.99
Reserve for P.O.A.A.	B-9	2,102.00	1,860.00
Reserve for Tax Title Lien Redemption	B-10	8,654.95	3,250.11
Reserve for Premiums	B-11	148,850.01	102,650.00
Reserve for Affordable Housing Trust	B-12	385,302.44	369,337.71
Reserve for Police Off Duty	B-13	9,488.88	-
Reserve for Recycling	B-14	4,207.20	-
		<u>986,357.42</u>	<u>901,828.31</u>
Total		\$ <u>1,136,330.74</u>	\$ <u>1,061,834.49</u>

See Accompanying Notes to Financial Statements

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**EXHIBIT C - GENERAL CAPITAL FUND**



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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash and Investments	C-2	\$ 1,474,056.13	\$ 1,458,169.25
Due from:			
Current Fund	C-4	-	7,417.00
Deferred Charges to Future Taxation:			
Funded	C-5	6,576,782.89	7,355,857.02
Unfunded	C-6	3,332,000.00	2,592,350.00
		<u>\$ 11,382,839.02</u>	<u>\$ 11,413,793.27</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-8	\$ 188,800.61	\$ -
Due to:			
Trust Other - Escrow	B	-	15,035.00
Federal and State Grant Fund	C-7	-	41,227.00
Sewer Utility Capital Fund	D	250,000.00	21,735.00
Improvement Authorizations:			
Funded	C-8	430,045.27	997,603.00
Unfunded	C-8	710,949.40	817,750.00
Bond Anticipation Notes Payable	C-9	2,750,000.00	1,900,000.00
General Serial Bonds Payable	C-10	6,553,500.00	7,309,750.00
Green Trust Loan Payable	C-11	23,282.89	46,107.00
Reserve for Payment of Bonds		86,739.47	116,739.47
Reserve for Bequest - JFK Park		23,000.00	23,000.00
Reserve for Acquisition of Vehicle		10,000.00	10,000.00
Fund Balance	C-1	<u>114,847.32</u>	<u>114,847.00</u>
		<u>\$ 11,141,164.96</u>	<u>\$ 11,413,793.47</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2011 and 2010 of \$582,000 and \$692,350 respectively (C-13)

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

		<u>2011</u>	<u>2011</u>
	<u>Ref.</u>		
Balance as of December 31, 2010	C	\$ 114,847.32	\$ 106,069.32
Increase by:			
Canceled Improvement Authorizations	C-8	<u>521,674.06</u>	<u>8,778.00</u>
		627,743.38	114,847.32
Decrease by:			
Appropriated to Finance			
Improvement Authorizations	C-8	<u>280,000.00</u>	<u>-</u>
Balance as of December 31, 2011	C	<u>\$ 347,743.38</u>	<u>\$ 114,847.32</u>

**EXHIBIT D - SEWER UTILITY**



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

	Ref.	<u>2011</u>		<u>2010</u>
<b><u>ASSETS</u></b>				
Operating Fund:				
Cash and Investments	D-5	\$ 296,016.42	\$	591,967.17
Due from Sewer Utility Capital Fund		<u>346,833.27</u>		<u>759.95</u>
		<u>642,849.69</u>		<u>592,727.12</u>
Receivables and Other Assets with Full Reserves:				
Consumer Accounts Receivable	D-7	<u>88,273.94</u>		<u>103,772.49</u>
		<u>88,273.94</u>		<u>103,772.49</u>
Deferred Charges				
Overexpenditure of Appropriation		<u>11,618.84</u>		<u>1,378.00</u>
Total of Operating Fund		<u>742,742.47</u>		<u>697,877.61</u>
Capital Fund:				
Due from General Capital Fund		250,000.00		21,734.65
Due from NJEIT		1,865,768.94		2,930,000.00
Fixed Capital - Completed	D-8	6,968,068.19		6,968,068.19
Fixed Capital - Authorized and Uncompleted	D-9	4,075,513.80		3,614,407.49
Total of Capital Fund		<u>13,159,350.93</u>		<u>13,534,210.33</u>
Total Assets	D	<u>\$ 13,902,093.40</u>	\$	<u>14,232,087.94</u>

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

	Ref.	<u>2011</u>		<u>2010</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>				
<b>Operating Fund:</b>				
<b>Liabilities:</b>				
Appropriation Reserves	D-4	\$ 128,266.63	\$	55,314.00
Encumbrances Payable	D-4	458.03		71,620.00
Accounts Payable		500.00		500.00
Sewer Rent Overpayments		40,656.14		40,534.00
Prepaid Sewer Rents		226,666.12		282,608.00
Due to Current Fund		19,316.56		-
Accrued Interest on Bonds and Notes	D-11	24,287.90		18,007.00
		<u>440,151.38</u>		<u>468,583.00</u>
Reserve for Receivables	Res.	88,273.94		103,772.49
Fund Balance	D-1	214,317.15		125,522.12
Total of Operating Fund		<u>742,742.47</u>		<u>697,877.61</u>
<b>Capital Fund:</b>				
<b>Improvement Authorizations</b>				
Funded	D-12	1,703,917.72		2,950,013.20
Unfunded	D-12	374,487.41		99,325.00
Bond Anticipation Notes Payable	D-13	250,000.00		-
Serial Bonds Payable	D-14	1,171,500.00		1,320,250.00
NJEIT Bonds Payable	D-15	2,875,000.00		2,875,000.00
Due to Sewer Operating Fund		346,833.27		759.95
Reserves for Amortization	D-16	6,296,756.99		6,186,900.68
Deferred Reserve for Amortization	D-17	101,000.00		101,000.00
Fund Balance	D-2	39,855.54		961.50
Total of Capital Fund		<u>13,159,350.93</u>		<u>13,534,210.33</u>
Total Liabilities, Reserves and Fund Balance	D	<u>\$ 13,902,093.40</u>	\$	<u>14,232,087.94</u>



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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Fund Balance Anticipated	D-3	\$ 53,000.00	\$ 75,000.00
Rents	D-3:D-7	2,213,334.55	2,165,873.00
Miscellaneous	D-3	30,521.76	22,661.00
Miscellaneous Not Anticipated	D-3	-	5,879.00
Other Credits to Income:			
Canceled Reserves		-	35,103.00
Rent Overpayments Cancelled		6,158.24	6,476.12
Unexpended Balance of Appropriation Reserves	D-9	46,744.98	13,450.00
Total Income		<u>2,349,759.53</u>	<u>2,324,442.12</u>
 <u>Expenditures</u>			
Operations:			
Salaries and Wages	D-4	490,000.00	490,000.00
Other Expenses	D-4	376,000.00	364,000.00
Atlantic County Utility Authority	D-4	1,100,000.00	1,124,000.00
Debt Service	D-4	213,205.34	198,228.00
Deferred Charges and Statutory Expenditures	D-4	39,000.00	38,000.00
Total Expenditures		<u>2,218,205.34</u>	<u>2,214,228.00</u>
Excess(Deficit) in Revenues		131,554.19	110,214.12
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred charges to budget of succeeding year	D	<u>10,240.84</u>	<u>1,378.00</u>
Statutory Excess to Fund Balance		<u>\$ 141,795.03</u>	<u>\$ 111,592.12</u>
Fund Balance January 1	D	\$ 125,522.12	\$ 88,930.00
Decreased by:			
Utilization as Anticipated Revenue		53,000.00	75,000.00
Fund Balance December 31	D	<u>\$ 214,317.15</u>	<u>\$ 125,522.12</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Balance January 1,	D	\$ 961.50	\$ 961.50
Canceled Improvement Authorizations	D-12	38,894.04	-
Balance December 31,	D	<u>\$ 39,855.54</u>	<u>\$ 961.50</u>

**SEWER OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Ref.</u>	<u>Antic. Budget</u>	<u>Realized</u>	<u>Excess Or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 53,000.00	\$ 53,000.00	\$ -
Rents - Sewer	D-1:D-7	2,132,000.00	2,213,334.55	81,334.55
Miscellaneous Receipts	D-5	23,062.00	30,521.76	7,459.76
Additional Sewer Rents	D-1:D-7			-
		<u>\$ 2,208,062.00</u>	<u>\$ 2,296,856.31</u>	<u>\$ 88,794.31</u>

**Analysis of Realized Revenue**

Rents

Consumer Accounts Receivable	D-7	<u>\$ 2,213,334.55</u>
------------------------------	-----	------------------------

Miscellaneous

Interest on Deposits	\$ 490.36	
Interest on Delinquent Rents	15,256.79	
Miscellaneous	<u>14,774.61</u>	
	D-5	<u>\$ 30,521.76</u>

**SEWER OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Appropriations		Expended			Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid Or Charged	Encumbered	Reserved		
<b>OPERATING</b>							
Salaries and Wages	\$ 490,000.00	\$ 490,000.00	\$ 483,735.59	\$	\$ 6,264.41	\$	\$
Other Expenses	376,000.00	376,000.00	264,333.75	458.03	111,208.22		
ACMUA- Treatment Costs	1,100,000.00	1,100,000.00	1,089,206.00		10,794.00		
	<u>1,966,000.00</u>	<u>1,966,000.00</u>	<u>1,837,275.34</u>	<u>458.03</u>	<u>128,266.63</u>	<u>-</u>	<u>-</u>
<b>CAPITAL IMPROVEMENTS</b>							
Capital Outlay		-			-		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEBT SERVICE</b>							
Principal	148,750.00	148,750.00	148,750.00			-	
Interest on Bonds	48,437.00	48,437.00	58,677.84			-	10,240.84
Interest on Notes	5,875.00	5,875.00	5,777.50			97.50	
	<u>203,062.00</u>	<u>203,062.00</u>	<u>213,205.34</u>	<u>-</u>	<u>-</u>	<u>97.50</u>	<u>10,240.84</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>							
Deferred Charges							
Contribution to: Social Security System (O.A.S.I.)	39,000.00	39,000.00	39,000.00		-		
	<u>39,000.00</u>	<u>39,000.00</u>	<u>39,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,208,062.00</u>	<u>\$ 2,208,062.00</u>	<u>\$ 2,089,480.68</u>	<u>\$ 458.03</u>	<u>\$ 128,266.63</u>	<u>\$ 97.50</u>	<u>\$ 10,240.84</u>

Ref.

D-3	D-3	D:D-1	D:D-1	D
Accrued interest on Bonds 12/31/11	\$ (24,287.90)	D-11		
Accrued interest on Bonds 12/31/10	18,007.00	D-11		
Disbursed	2,083,199.78	D-5		
	<u>\$ 2,089,480.68</u>			

**EXHIBIT G - GENERAL FIXED ASSETS**



**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31,**

	<u>2011</u>	<u>2010</u>
General Fixed Assets:		
Land and Improvements	\$ 8,284,500.00	\$ 8,284,500.00
Buildings and Improvements	3,328,250.00	3,322,600.00
Machinery and Equipment	7,644,858.81	7,355,850.93
Total General Fixed Assets	<u>\$ 19,257,608.81</u>	<u>\$ 18,962,950.93</u>
Investment in General Fixed Assets	<u>\$ 19,257,608.81</u>	<u>\$ 18,962,950.93</u>

See Accompanying Notes to Financial Statements

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**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

**A. Reporting Entity**

The City of Somers Point (hereafter referred to as the “City”) is a suburban mainland community in the County of Atlantic, State of New Jersey. The City covers an area of approximately 4.4 square miles with a population according to the 2000 census of 11,614.

The City is incorporated and operates under a Mayor and Council form of government. The Mayor is the Chief Executive Officer of the City and is elected by the voters. The City Council selects one of its members on an annual basis to hold the Office of Council President. The City Council is the law making body and passes all Resolutions and Ordinances. The City employs a City Administrator who is responsible for the day-to-day operations of the City.

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

**B. Description of Funds**

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

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

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

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

Sewer Utility Operating and Capital Fund – The Sewer Utility Operating and Capital Funds account

**CITY OF SOMERS POINT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

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

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow. A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. 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. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land is foreclosed or donated. Land purchased by the City is valued at cost.

No depreciation has been provided for in the financial statements.

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

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar year ended December 31, 2011.

	Balance as of 12/31/10	Additions	Disposals	Balance as of 12/31/11
Land and Improvements	\$ 8,284,500.00			\$ 8,284,500.00
Buildings and Improvements	\$ 3,322,600.00	\$ 5,650.00		\$ 3,328,250.00
Machinery and Equipment	\$ 7,355,850.93	\$ 323,596.88	\$ 34,589.00	\$ 7,644,858.81
	<u>\$ 18,962,950.93</u>	<u>\$ 329,246.88</u>	<u>\$ 34,589.00</u>	<u>\$ 19,257,608.81</u>

Utility Fixed Assets – Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. 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 and equipment and improvements and contributed capital.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

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

Capitalization of Interest -- It is the policy of the City of Somers Point to treat interest on projects as a current expense and the interest is included in the current operating budget.

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

**D. Comparative Data**

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

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2011 and 2010 statutory budgets included a reserve for uncollected taxes in the amount of \$968,060 and \$869,203. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2011 and 2010 statutory budgets was \$1,561,089 and \$1,223,500.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2011 calendar year:

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Department of Finance	
Salaries & Wages	\$ (20,000.00)
Engineering Service and Costs	\$ 14,000.00
Department of Police	
Salaries & Wages	\$ 50,000.00
Department of Sanitation	
Salaries & Wages	\$ (63,255.00)
Sanitation - Transfer Fee	\$ (15,000.00)
Gasoline	\$ 14,000.00
Diesel Fuel	\$ 14,000.00

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2011, there were the following budget insertions;

Clean Community	\$ 21,608.03
Recycling Tonnage	12,217.32
	\$ <u>33,825.35</u>

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City had no emergency appropriations during 2011.

**Note 3: INVESTMENTS**

As of December 31, 2011 and 2010, the municipality had no investments.

**Interest Rate Risk.** The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The municipality places no limit on the amount the City may invest in any one issuer.

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011 and 2010, \$0 and \$0 of the municipality’s bank balance of \$6,651,205.57 and \$6,211,185.00, respectively were exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

Long-term debt as of December 31, 2011 consisted of the following:

	Balance Beginning	Additions	Reductions	Balance Ending	Due in One Year
General	\$ 7,355,857.02		\$ 779,074.13	\$ 6,576,782.89	\$ 779,532.89
Utility	4,195,250.00		148,750.00	4,046,500.00	158,855.25
Comp Absences	1,581,540.00			1,581,540.00	
<b>Total</b>	<b>\$ 13,132,647.02</b>	<b>\$ -</b>	<b>\$ 927,824.13</b>	<b>\$ 12,204,822.89</b>	<b>\$ 938,388.14</b>

**Paid by Current Fund:**

\$4,625,000.00 General Improvement Bond dated 8/15/03 payable in annual installments through 8/15/12. \$600,000.00 of principal was paid on 8/15/11. Interest is paid semiannually at a rate of 3.375% to 3.5 % per annum. The balance remaining as of December 31, 2011 was \$600,000.00.

\$6,266,000.00 General Improvement Bond dated 7/1/09 payable in annual installments through 7/1/19. \$156,250.00 of principal was paid on 7/1/11. Interest is paid semiannually at rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2011 was \$5,953,500.00.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

\$380,050.00 Green Trust Loans Payable dated 3/5/93 payable in semiannual installments of \$11,816.50 through 12/5/12. The payment includes principal and interest. \$22,824.13 of principal was paid during 2011. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2011 was \$23,282.89.

**Paid by Sewer Utility Fund:**

\$1,360,000.00 Sewer Refunding Bonds dated 12/28/2000 payable in annual installments through 12/1/2013. \$125,000.00 of principal was paid on 12/1/11. Interest is paid semiannually at a rate of 4.75% per annum. The balance remaining as of December 31, 2011 was \$265,000.00.

\$954,000.00 Sewer Refunding Bonds dated 7/1/09 payable in annual installments through 7/01/19. \$23,750.00 of principal was paid on 7/01/11. Interest is paid semiannually at rates from 3.00% to 4% per annum. The balance remaining as of December 31, 2011 was \$906,500.00.

\$1,410,000.00 N.J. Environmental Fund Loan Bond dated 12/2/10 payable in annual installments through 8/1/30. The first payment is due 2/1/12. Interest is paid semiannually at a rate of 5% per annum. The balance remaining as of December 31, 2011 was \$1,410,000.00.

\$1,465,000.00 N.J. Environmental Fund Loan Bond dated 12/2/10 payable in semiannual installments through 8/1/30 bearing no interest. The first payment is due 2/1/12. The balance remaining as of December 31, 2011 was \$1,465,000.00.

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

Year	General		Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2012	\$ 779,532.89	\$ 235,047.24	\$ 275,855.25	\$ 115,627.89	\$ 1,406,063.27
2013	694,300.00	208,619.25	367,805.25	106,431.01	1,377,155.51
2014	746,500.00	186,054.00	240,605.25	94,083.26	1,267,242.51
2015	785,500.00	161,793.00	251,605.25	87,894.51	1,286,792.76
2016	828,750.00	136,264.25	258,355.25	81,260.76	1,304,630.26
2017-2021	2,742,200.00	215,161.50	1,128,326.25	290,538.53	4,376,226.28
2022-2026			805,526.25	167,500.00	973,026.25
2027-2030			718,421.25	52,500.00	770,921.25
	<u>\$ 6,576,782.89</u>	<u>\$ 1,142,939.24</u>	<u>\$ 4,046,500.00</u>	<u>\$ 995,835.96</u>	<u>\$ 12,762,058.09</u>

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

As of December 31, 2011, the carrying value of the above bonds approximates the fair value of the bonds.

<u>Summary of Municipal Debt</u>	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued:</u>			
General:			
Bonds Issued	\$ 6,576,782.89	\$ 7,355,857.00	\$ 8,134,481.00
Bond Anticipation Note	2,750,000.00	1,900,000.00	
Sewer Utility:			
Bonds & Notes Issued	4,046,500.00	4,195,250.00	1,459,000.00
Bond Anticipation Note	250,000.00		
Net Debt Issued	<u>13,623,282.89</u>	<u>13,451,107.00</u>	<u>9,593,481.00</u>
 <u>Authorized but not issued:</u>			
General:			
Bonds & Notes	582,000.00	692,350.00	1,894,150.00
Sewer Utility:			
Bonds & Notes	349,325.00	99,325.00	3,029,325.00
 Bonds & Notes Authorized But Not Issued			
	<u>931,325.00</u>	<u>791,675.00</u>	<u>4,923,475.00</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>14,554,607.89</u>	<u>14,242,782.00</u>	<u>14,516,956.00</u>
 Deductions:			
Reserve for Payment of Bonds	86,739.47	116,739.00	146,739.00
Self-liquidating Debt	4,645,825.00	4,294,575.00	4,488,325.00
Total Deductions	<u>4,732,564.47</u>	<u>4,411,314.00</u>	<u>4,635,064.00</u>
Net Debt	<u>\$ 9,822,043.42</u>	<u>\$ 9,831,468.00</u>	<u>\$ 9,881,892.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.70%.



**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 22,499,933.00	\$ 22,499,933.00	\$ -
Self-Liquidating Purpose	4,645,825.00	4,645,825.00	-
General Debt	9,908,782.89	86,739.47	9,822,043.42
	<u>\$ 37,054,540.89</u>	<u>\$ 27,232,497.47</u>	<u>\$ 9,822,043.42</u>

Net Debt \$9,822,043.42 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$1,401,400,647 = 0.70%.

The foregoing information is in agreement with the original Annual Debt Statement filed with the Division of Local Government Services.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 49,049,022.65
Net Debt	9,822,043.42
Remaining Borrowing Power	<u>\$ 39,226,979.23</u>

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

**Calculation of "Self-Liquidating Purposes"  
Water and Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Fund Balance Anticipated Interest and Other Investment Income, and Other Charges for the Year		\$ 2,296,856.31
Deductions:		
Operating and Maintenance Costs	\$ 2,005,000.00	
Debt Service per Water and Sewer Fund	<u>213,205.34</u>	
Total Deductions		<u>2,218,205.34</u>
Excess in Revenues		<u>\$ 78,650.97</u>

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 6: NOTES**

**Bond Anticipation Note**

**General Capital**

The City has outstanding at December 31, 2011 and 2010, a bond anticipation note in the amount of \$2,750,000.00 and \$1,900,000.00, respectively. At December 31, 2011, \$2,750,000.00 is payable to Jeffries & Co., Inc. The current interest rate on this note is 1.75% and will mature on October 3, 2012.

**Utility Capital**

The City has outstanding at December 31, 2011 and 2010, a bond anticipation note in the amount of \$250,000.00 and \$.00, respectively. At December 31, 2011, \$250,000.00 is payable to Jeffries & Co., Inc. The current interest rate on this note is 1.75% and will mature on October 3, 2012.

	<u>General Capital</u>	<u>Utility Capital</u>	<u>Total</u>
Balance 12/31/10	\$ 1,900,000.00	\$ -	\$ 1,900,000.00
Increase	850,000.00	250,000.00	1,100,000.00
Balance 12/31/11	<u>\$ 2,750,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 3,000,000.00</u>

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012 has not been determined since the budget has not been adopted.

**Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, there were the following deferred charges.

	Balance 12/31/11	2012 Budget Appropriation	Balance to Succeeding Budgets
Sewer Utility Operating Fund: Overexpenditure of Appropriation	\$ 11,618.84	\$ 11,618.84	\$ -
	<u>\$ 11,618.84</u>	<u>\$ 11,618.84</u>	<u>\$ -</u>

The appropriations in the 2012 budget are not less than that required by statute.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 9: SCHOOL TAXES**

Local District School Tax in the amount of \$8,606,708.50 and \$8,648,206.00 has been raised for the 2011 and 2010 calendar year, respectively and \$8,606,708.5 and \$8,648,205.00 were remitted to the school district leaving a \$1.00 balance payable.

Regional High School Tax in the amount of \$7,268,807.34 and \$6,836,485.00 has been raised for the 2011 and 2010 calendar year, respectively and \$7,268,807.33 and \$6,836,485.00 were remitted to the school district leaving a \$9.01 balance payable.

**Note 10: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/11	Balance 12/31/10
Prepaid Taxes	\$ 239,189.63	\$ 201,167.00
Cash Liability for Taxes Collected in Advance	\$ 239,189.63	\$ 201,167.00

**Note 11: PENSION FUNDS**

*Description of Plans*

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at [www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

*Public Employees' Retirement System*

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

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

*Police and Fireman's Retirement System*

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5.5% (6.5% as of October 1, 2012) of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.9% of covered payroll and for PFRS a rate of 8.5% of covered payroll. The City's contributions to PERS for the years ending December 31, 2011, 2010 and 2009 were \$246,391.00, \$183,555.00 and \$177,347.00 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2011, 2010 and 2009 were \$563,127.00, \$462,980.00 and \$447,323.00 respectively, equal to the required contributions for each year.

**NOTE 13: POST-RETIREMENT BENEFITS**

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

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

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Policemen Benevolent Association Mainland Local 77 – Superior Officers – Individuals who retired following years of service in the Police and Fireman’s Retirement System receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement as follows:

25 years	1 year of coverage
26 years	2 years of coverage
27 years	3 years of coverage
28 years	4 years of coverage
29 years	5 years of coverage
30 years	covered until age 65

Policemen Benevolent Association Mainland Local 77 – Supervisors – Individuals who retired following years of service in the Police and Fireman’s Retirement System receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement as follows:

1 year of coverage

Policemen Benevolent Association Mainland Local 77 – Patrol Officers and Dispatchers – Individuals who retired following years of service in the Police and Fireman’s Retirement System receive hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement as follows:

1 year of coverage

Teamsters #115 – No Benefits

Individuals with contracts will receive hospitalization, major medical, dental, prescription and optical benefits similar to what they were receiving at retirement as follows:

Administrator - with 25 years of service in PERS system life time benefits.

Police Chief – with the following:

25 years	1 year of coverage
26 years	2 years of coverage
27 years	3 years of coverage
28 years	4 years of coverage
29 years	5 years of coverage
30 years	until eligible for Medicare

City Clerk – with 30 years of service full coverage until Medicare eligible

Tax Collector – with 25 years of service 5 years of coverage

Tax Assessor – 1 year of coverage

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Court Administrator – with 30 years of service or age 62 1 year of coverage

Deputy Clerk – service years already met full coverage until Medicare eligible

Planning and Zoning Officer – service years already met payments for supplemental Medicare until age 72 to a maximum of \$2,500 per year

**Funding Policy** Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City of Somers Point on a monthly basis. The rates charged by the system for the year ended December 31, 2011 vary according to the type of coverage selected by the retiree and range from \$436.88 to \$2,141.70 monthly per retiree.

The City of Somers Point contributions to SHBP for post-retirement benefits for the year ended December 31, 2011 and 2010, were \$73,574.08 and \$33,253.00 respectively, which equaled the required contribution for the year.

**Note 14: DEFERRED COMPENSATION**

Employees of the City of Somers Point may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service For State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

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

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

**CITY OF SOMERS POINT  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 15: LABOR CONTRACTS**

As of December 31, 2011, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

<u>Contract</u>	<u>Category</u>	<u>Expiration</u>	<u>Covers</u>
Teamsters #115	Blue and White Collar	12/31/12	All employees except part time, police and employees with individual contracts.
PBA #77	Police	12/31/11	All patrol officers, detectives and dispatchers.
PBA #77	Superior Officers	12/31/11	Captains and Lieutenants.
PBA #77	Supervisors	12/31/11	Sergeants
Individuals	Administrator	12/31/11	W. Swain
	City Clerk	12/31/11	C. DeGrassi
	Tax Collector	12/31/11	L. MacEwan
	Tax Assessor	12/31/11	D. Hesley
	Public Works	12/31/11	G. Martin
	Various	12/31/11	G. Hutchinson

All contracts that expired 12/31/11 have not been settled.

**Note 16: ACCRUED SICK AND VACATION BENEFITS**

The City has permitted full time employees to accrue unused sick and vacation 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, 2011 and 2010, the City estimates this liability to approximate \$1,398,631.00 and \$1,581,540.00, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has not established an accrual.

**Note 17: ECONOMIC DEPENDENCY**

The City of Somers Point is not economically dependent on any one industry.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 18: LEASE OBLIGATIONS**

Capital Leases

The City is leasing the following vehicles.

<u>Description</u>	<u>Vendor</u>
3 - 2010 Ford Crown Victorias	Winner Ford of Cherry Hill
2 - 2010 Ford Crown Victorias	Winner Ford of Cherry Hill

The economic substance of the leases is that the City is financing the acquisition of the assets through the lease, and, accordingly, they are recorded in the City's General Fixed Asset Account Group. The following is a schedule by years of future minimum payments required under the leases together with their present value as of December 31, 2011:

Years Ending December 31, 2012	\$ 38,077
Total minimum lease payments	<u>38,077</u>
Less amount representing interest	<u>2,948</u>
Present value of minimum lease payments	<u><u>\$ 35,129</u></u>

At December 31, 2011, the City had lease agreements in effect for the following:

Operating:  
Copy Machines

The following is an analysis of operating leases:

Operating Leases – Future minimum rental payments under operating lease agreements are as follows:



**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

<u>Year</u>	<u>Amount</u>
2012	\$ 5,408
2013	5,408
2014	5,408
2015	4,507

Rental payments under operating leases for the year 2011 were \$5,408.

**Note 19: RISK MANAGEMENT** - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2011 and 2010 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

**Unemployment Compensation Insurance** – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the City’s trust fund for the last three years.

<u>Calender Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 20,000.00	\$ 8,347.95	\$ 42,329.97	\$ 41,666.45
2010	20,000.00	8,012.00	28,665.53	55,648.47
2009				56,302.00

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 20: 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 21: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)**

During the year 2001 the voters of the City of Somers Point approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

**Note 22: INTERFUND BALANCES**

As of December 31, 2011, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Sewer Utility Operating Fund	\$ 19,316.56	\$
Federal and State Grant Fund		204,201.05
Trust Funds - Other		33,357.06
Grant Fund:		
Current Fund	204,201.05	
Trust Fund - Other:		
Current	33,357.06	
General Capital:		
Sewer Utility Capital Fund		250,000.00
Sewer Utility Operating Fund:		
Current Fund		19,316.56
Sewer Utility Capital Fund:		
General Capital	250,000.00	
	<u>\$ 506,874.67</u>	<u>\$ 506,874.67</u>

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 23: SUBSEQUENT EVENTS**

The City has evaluated subsequent events through April 6, 2012, the date which the financial statements were available to be issued and no items were noted for disclosure.

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## **SUPPLEMENTARY INFORMATION**



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

The Honorable Mayor and  
Members of City Council  
City of Somers Point, New Jersey

We have audited the financial statements - regulatory basis of the City of Somers Point, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated April 6, 2012. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the City of Somers Point, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from 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, the 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 of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”)

Internal Control Over Financial Reporting

Management of the City of Somers Point is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Somers Point, New Jersey'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 - regulatory basis but not for the purpose of expressing an opinion on the effectiveness of the City of Somers Point's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Somers Point's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

*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 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 entity's financial statements will not be prevented, or

detected and corrected on a timely basis. We consider the deficiencies in the accompanying schedule of findings and responses to be material weaknesses: 11-1, and 11-2.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Somers Point, New Jersey'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 audit disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services and which are described in the accompanying schedule of findings and responses as items 11-3 and 11-4.

We noted certain matters that we reported to management of the City of Somers Point, New Jersey in a separate letter dated April 6, 2012.

The City of Somers Point's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Somers Point's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Finance Committee, City Council and the State of New Jersey, Division of Local Government Services 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**

*Kenneth Moore*  
**Kenneth W. Moore, CPA**  
**Registered Municipal Accountant**  
**No. 231**

**April 6, 2012**



**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/11	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance at 12/31/11	Cumulative Expenditures
<b>FEDERAL</b>									
Passed through the State of New Jersey									
Department of Community Affairs									
Small Cities	14.228			\$ 11,490.00	\$ -	\$ -	\$ -	\$ 11,490.00	
Total Department of Community Affairs				<u>11,490.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,490.00</u>	
Federal Emergency Management Assistance									
Homeland Security									
Total Federal Emergency Management Assistance	83.554	1/1/09-12/31/09		<u>7,488.95</u>	<u>-</u>	<u>-</u>	<u>(7,488.95)</u>	<u>-</u>	
Total Federal Assistance				<u>\$ 18,978.95</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,488.95)</u>	<u>\$ 11,490.00</u>	
<b>STATE</b>									
State of New Jersey									
Department of Environmental Protection									
Stormwater Grant	N/A	1/1/06-12/31/06	\$ 7,318	\$ 7,318.30	\$ -	\$ -	\$ (7,318.30)	\$ -	\$ -
Operation Planning Program	N/A		932	931.71			(931.71)	-	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/11-12/31/11	25,752		25,752.32	8,092.00		17,660.32	8,092.00
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/09-12/31/09	29,684	24,454.94				24,454.94	5,229.06
Clean Communities Act	4900-765-178920	1/1/09-12/31/09	14,711	14,711.37			(14,711.37)	-	14,711.37
Clean Communities Act	4900-765-178920	1/1/11-12/31/11	23,488		23,488.03	23,488.03		-	23,488.03
Total Department of Environmental Protection				<u>47,416.32</u>	<u>49,240.35</u>	<u>31,580.03</u>	<u>(22,961.38)</u>	<u>42,115.26</u>	
Department of Community Affairs									
Sustainable Growth Grant									
Sewerage Infrastructure Grant	N/A		10,000	7,812.49			(7,812.49)	-	2,187.51
Total Department of Community Affairs				<u>7,871</u>	<u>-</u>	<u>-</u>	<u>(7,870.50)</u>	<u>-</u>	<u>-</u>
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/10-12/31/10		10,857.45			(10,857.45)	-	-
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/09-12/31/09	11,459	5,763.57		5,029.01		734.56	10,724.01
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/11-12/31/11	1,300		1,300.00	1,214.75		85.25	1,214.75
Think Safe Speed Management	N/A		1,332	1,331.60				1,331.60	-
Total Division of Motor Vehicles				<u>17,952.62</u>	<u>1,300.00</u>	<u>6,243.76</u>	<u>(10,857.45)</u>	<u>2,151.41</u>	
New Jersey Department of Transportation									
Reconstruction of Bay Avenue	6320-480-601385-61		150,000	41,481.67			(41,481.67)	-	108,518.33
Reconstruction of Ambler Road	6320-480-601385-61		150,000	6,418.55			(6,418.55)	-	143,581.45
Reconstruction of Roads 2010	6320-480-601385-61	1/1/10-12/31/10	150,000					-	150,000.00
Construction of Bike Path	6320-480-601385-61	1/1/09-12/31/10	200,000	200,000.00		110,449.30		89,550.70	110,449.30
				<u>247,900.22</u>	<u>-</u>	<u>110,449.30</u>	<u>(47,900.22)</u>	<u>89,550.70</u>	
New Jersey Department of Law and Public Safety									
Body Armor		1/1/11-12/31/11	2,625		2,625.00			2,625.00	-
Body Armor		1/1/10-12/31/10	3,891	3,891.42				3,891.42	-
Body Armor		1/1/09-12/31/09	2,625	2,625.00				2,625.00	-
Body Armor		1/1/08-12/31/08	1,842	1,842.06				1,842.06	-
Body Armor		1/1/05-12/31/05	2,290	2,289.99		2,289.99		-	2,289.99
Body Armor		Prior	630	629.87				629.87	-
Safe and Secure Communities	100-066-1020-107-090940	1/1/11-12/31/11	152,038		152,038.00	150,470.12	(1,424.28)	143.60	151,894.40
Safe and Secure Communities	100-066-1020-107-090940	1/1/10-12/31/10	153,913	42,526.19			(42,526.19)	-	111,386.81
				<u>53,804.53</u>	<u>154,663.00</u>	<u>152,760.11</u>	<u>(43,950.47)</u>	<u>11,756.95</u>	
Total State Assistance				<u>382,756.68</u>	<u>205,203.35</u>	<u>301,033.20</u>	<u>(141,352.51)</u>	<u>145,574.32</u>	
Total Financial Assistance				<u>\$ 401,735.63</u>	<u>\$ 205,203.35</u>	<u>\$ 301,033.20</u>	<u>\$ (148,841.46)</u>	<u>\$ 157,064.32</u>	

**Notes to Schedule of Expenditures of Federal and State Awards  
December 31, 2011**

**Note 1: BASIS OF PRESENTATION**

The accompanying schedule of federal and state awards includes the federal and state grant activity of the City of Somers Point, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs.

**Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards		\$ 301,033.20
Add local funding		15,846.09
Expenditure per Audit Schedule A-13	<u>\$ -</u>	<u>\$ 316,879.29</u>

## *Schedule of Financial Statement Findings*

### **11-1. Criteria**

The City is required to maintain an encumbrance accounting system.

#### **Condition**

Encumbrances are not being properly recorded although the accounting system has the ability to track encumbrances.

#### **Cause**

There is no centralized purchasing system in place to ensure that all proper purchasing procedures and laws are being followed.

#### **Effect**

Accurate remaining balances in the budgeted line items are not able to be provided to City Council for the decision making process.

#### **Recommendation**

That all encumbrances are recorded in the accounting system prior to orders for goods or services are processed.

#### **Management Response**

Encumbrances will be maintained in the accounting system as required.

### **11-2. Criteria**

Minutes of all Council meetings are to be approved on a regular basis and be available for examination.

#### **Condition**

Only 3 meeting minutes were approved during 2011 and minutes were not prepared in a timely manner.

#### **Context**

Records of public meetings for the majority of 2011 were not approved until 2012. Also, the majority of the minutes were not available in a timely manner.

#### **Cause**

Staffing issues within the City did not allow personnel not fulfill the requirements of their positions.

#### **Effect**

The City receives a large number of OPRA requests, that they may not be able to comply with if the minutes are not approved and available. The Council has no official record of the business decisions made at each meeting.

#### **Recommendation**

Minutes should be prepared in the prescribed format in a timely manner and approved by City Council at the subsequent month's Council meeting.

#### **Management Response**

Minutes will be prepared and approved in a timely manner.

### **11-3. Criteria**

Controls over all cash receipts in some departments must be implemented and operating effectively.

#### **Condition**

There are no established control procedures for receipts throughout the City. Several offices within City Hall receive cash payments, and there is no way to determine if all payments are being timely deposited or recorded as the proper type of revenues.

#### **Cause**

No written procedures have been approved and implemented to provide control procedures over cash receipts throughout the City.

#### **Effect**

It is difficult to determine if all of the revenue is properly recorded.

#### **Recommendation**

Controls over receipts should be approved and implemented throughout all departments within the City.

#### **Management Response**

Procedures over receipts will be approved and implemented.

### **11-4. Criteria**

Escrow funds must be properly accounted for and maintained.

#### **Condition**

No reconciliation of the escrow funds is being done to ensure the proper amount is being held by the City. In addition, quarterly reports are not being sent, interest is not being allocated and separate accounts are not maintained as required by statute.

#### **Cause**

There are no procedures documented or implemented to ensure proper accounting for the escrow funds.

#### **Effect**

The City is not in compliance with State Statutes regarding the escrow funds on deposit. In addition, it is difficult to determine if all of the funds that are required to be on deposit are properly accounted for.

#### **Recommendation**

The City should analyze the balance in the escrow account and reconcile the bank account to the detail records on a regular basis. In addition, separate accounts should be opened, interest should be allocated and quarterly statements should be sent as required by State Statutes.

#### **Management Response**

The escrow accounts will be analyzed and procedures implemented to bring the City into compliance with State Statutes.

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Treasurer</u>	
Balance as of December 31, 2010	A		\$ 3,234,105.00
Increased by Receipts:			
Taxes Receivable	A-6	\$ 29,120,526.75	
Tax Title Liens	A-7	-	
2012 Prepaid Taxes	A	239,191.92	
Due from State - Sr. Citizens and Veterans		134,750.00	
Miscellaneous Revenue Anticipated	A-2:A-8	2,204,165.97	
Miscellaneous Revenue Not Anticipated	A-2:A-8	490,748.37	
Federal and State Grants Receivable	A-11	501,674.03	
Federal and State Grants Unappropriated	A-13	71,248.81	
Interfunds Returned		60,038.06	
Due to State of NJ - Marriage Licenses		425.00	
Change in Payroll Taxes		441.41	
Voided Check		<u>12,982.95</u>	
			<u>32,836,193.27</u>
			<u>36,070,298.27</u>
Decreased by Disbursements:			
2011 Appropriations	A-3	\$ 11,046,407.03	
2010 Appropriation Reserves	A-9	220,840.31	
County Taxes Payable	A-6	5,091,937.05	
Due County for Added and Omitted Taxes	A-6	10,863.70	
Local District School Tax	A-10	8,606,708.50	
Regional High School Tax	A-11	7,268,807.33	
Accounts Payable		35,047.00	
Federal and State Grant Expenditures	A-13	316,737.29	
State of NJ Training Fees		1,501.00	
Interfunds Created		19,316.56	
Refund of Tax Overpayments		<u>26,728.54</u>	
			<u>32,644,894.31</u>
Balance as of December 31, 2011	A		<u>\$ 3,425,403.96</u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF CHANGE AND PETTY CASH FUNDS**

<u>Office</u>	<u>Balance Dec. 31, 2010</u>	<u>Received From Treasurer</u>	<u>Returned to Treasurer</u>	<u>Balance Dec. 31, 2011</u>
Municipal Court	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Collector	300.00	300.00	300.00	300.00
Police Department	100.00	100.00	100.00	100.00
	<u>\$ 450.00</u>	<u>\$ 450.00</u>	<u>\$ 450.00</u>	<u>\$ 450.00</u>
Ref.	A			A

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

Year	Balance		Added Taxes	Collections		Over-Payments (Created) Applied	(Transfers)/ Canceled	Transferred To Tax Title Liens	Balance	
	Dec. 31, 2010	2011 Levy		2010	2011				Dec. 31, 2010	Dec. 31, 2011
2009	\$ 8.88	\$	\$	\$	\$ 1,058.98	\$ (4,053.53)	\$ (3,257.41)	\$	\$ 6,260.84	
2010	782,091.31				764,296.82	(47,284.14)	48,910.28		16,168.35	
	782,100.19	-	-	-	765,355.80	(51,337.67)	45,652.87	-	22,429.19	
2011		29,728,643.66	95,952.82	201,169.29	28,490,420.95	(266,571.33)	186,218.66	5,359.24	674,857.01	
	<u>\$ 782,100.19</u>	<u>\$ 29,728,643.66</u>	<u>\$ 95,952.82</u>	<u>\$ 201,169.29</u>	<u>\$ 29,255,776.75</u>	<u>\$ (317,909.00)</u>	<u>\$ 231,871.53</u>	<u>\$ 5,359.24</u>	<u>\$ 697,286.20</u>	
Ref.	A							A-7	A	

Taxes Receivable	<u>Ref.</u>	
Senior Citizens and Veterans	A-4	\$ 29,120,526.75
		135,250.00
		<u>\$ 29,255,776.75</u>
Analysis of 2011 Property Tax Levy	<u>Ref.</u>	
Tax Yield:		\$
General Property Tax		29,728,643.66
Added Taxes (54:4-63.1 et. seq.)		95,952.82
	A-6	<u>\$ 29,824,596.48</u>
Tax Levy:		
Local School District Tax (Abstract)	A-10	\$ 8,606,708.50
Regional High School Tax (Abstract)	A-11	7,268,807.34
County Taxes:		
County Tax (Abstract)		\$ 4,328,637.27
County Library Tax (Abstract)		429,248.56
County Health Tax (Abstract)		263,568.81
County Open Space (Abstract)		70,482.41
Due County for Added Taxes (54:4-63.1 et. seq.)		10,863.70
Total County Taxes		5,102,800.75
Local Tax for Municipal Purposes	A-2	8,791,448.00
Add: Additional Tax Levied		54,831.89
		<u>16,115,087.23</u>
	A-6	<u>\$ 29,824,596.48</u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance as of December 31, 2010	A	\$	80,093.00
Increased by:			
Transfers from Taxes			
Receivable	A-6	\$	5,359.24
Interest and Costs Accrued by:			
Sale of March 24, 2011	Res.		<u>19.15</u>
			<u>5,378.39</u>
			85,471.39
Decreased by:			
Collected	A-4		<u>-</u>
			-
Balance as of December 31, 2011	A	\$	<u><u>85,471.39</u></u>



**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Accrued In 2011</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>	
Miscellaneous Revenue Anticipated:						
Licenses-Alcoholic Beverages	A-2	\$	\$ 24,498.00	\$ 24,498.00	\$ -	
Fees and Permits	A-2		17,446.00	17,446.00	-	
Municipal Court	A-2	23,608.00	303,135.73	321,245.23	5,498.50	Dec 2011
Interest and Costs on Taxes	A-2		182,118.70	182,118.70	-	
Interest on Investments	A-2		9,857.98	9,857.98	-	
Fees and Permits - Chapter 115 Inspections	A-2		25,145.00	25,145.00	-	
Cable Television Franchise Fees	A-2		46,936.32	46,936.32	-	
Hotel Fee	A-2		101,973.99	101,973.99	-	
Consolidated Municipal Property Tax Relief Act	A-2		156,606.00	156,606.00	-	
Energy Receipts Tax	A-2		810,490.00	810,490.00	-	
Uniform Construction Code fees	A-2		128,220.28	128,220.28	-	
Interlocal Dispatching Services	A-2		304,000.00	304,000.00	-	
Uniform Fire Safety Act	A-2		45,628.47	45,628.47	-	
Reserve to Pay Bonds	A-2		30,000.00	30,000.00	-	
Miscellaneous Revenue Not Anticipated:	A-2		490,748.37	490,748.37	-	
		<u>\$ 23,608.00</u>	<u>\$ 2,676,804.84</u>	<u>\$ 2,694,914.34</u>	<u>\$ 5,498.50</u>	
	<u>Ref.</u>	<u>A</u>		<u>A-4</u>		

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2010**

	Balance Dec. 31, 2010	Balance After Transfers	Paid	Overexpended	Balance Lapsed
OPERATIONS WITHIN "CAPS"					-
Administrative and Executive					
Other Expenses	\$ 3,742.60	\$ 1,342.60	\$ 247.40	\$	\$ 1,095.20
Mayor and Council					
Other Expenses	6,072.96	14,472.96	13,363.00		1,109.96
Department of City Clerk					
Other Expenses	650.57	1,150.57	681.99		468.58
Department of Finance					
Other Expenses	1,811.96	1,811.96	106.25		1,705.71
Department of Tax Assessment					
Other Expenses	1,409.63	1,409.63	640.20		769.43
Department of Tax Collection					
Salaries and Wages		-			-
Other Expenses	5,592.50	2,292.50	215.00		2,077.50
Legal Services and Cost					
Other Expenses	29,042.47	29,042.47	24,622.40		4,420.07
Public Buildings and Grounds					
Other Expenses	10,867.86	5,867.86	3,703.00		2,164.86
Vehicle Maintenance	1,522.25	3,522.25	2,106.25		1,416.00
Planning Board					
Other Expenses	264.04	264.04	(13,601.53)		13,865.57
Zoning Board					
Other Expenses	3,102.66	3,102.66	44.81		3,057.85
PUBLIC SAFETY:					
Department of Fire					
Other Expenses	9,625.69	9,625.69	1,285.76		8,339.93
Department of Police					
Salaries and Wages	62,611.36	62,611.36	8,456.74		54,154.62
Other Expenses	10,387.12	10,387.12	2,144.81		8,242.31
Department of Communications					
Salaries and Wages	592.36	592.36	236.80		355.56
Bureau of Fire Prevention					
Other Expenses	5,265.26	5,265.26	270.00		4,995.26
PUBLIC WORKS:					
Department of Public Works					
Salaries and Wages	2,421.20	16,421.20	13,744.45		2,676.75
Other Expenses	71.09	571.09	557.68		13.41
Division of Sanitation					
Sanitation - Transfer Fee	39,602.58	19,602.58	15,231.57		4,371.01
RECREATION AND EDUCATION:					
Department of Parks and Recreation Programs					
Other Expenses	144.04	144.04	82.75		61.29
Department of Parks and Recreation Facilities					
Other Expenses	8,783.47	1,783.47	1,348.61		434.86
MUNICIPAL COURT:					
Municipal Court					
Other Expenses	9,258.12	9,258.12	643.00		8,615.12
Public Defender (P.L. 1997, C.256)					
Other Expenses	250.00	250.00	250.00		-
INSURANCE:					
Employee Group Insurance	25,701.98	25,701.98	3,912.93		21,789.05
Municipal Services Act					
Other Expenses	27,252.17	27,252.17	21,959.27		5,292.90
Apartment Trash Collection					
Other Expenses	37,311.72	37,311.72	34,306.36		3,005.36
STATE UNIFORM CONSTRUCTION CODE:					
Construction Official					
Other Expenses	803.25	803.25	150.02		653.23
UNCLASSIFIED:					
Gasoline	976.74	6,276.74	6,216.65		60.09
Diesel Fuel	5,021.74	7,021.74	5,874.95		1,146.79
Fire Hydrant Water	19,312.20	18,312.20	15,337.56		2,974.64
Electric	15,307.77	21,307.77	21,030.39		277.38
Street Lighting	15,852.26	17,352.26	16,892.91		459.35
Telephone	1,623.26	1,623.26	1,463.31		159.95
Water	17.42	1,017.42	922.96		94.46
Natural Gas	2,925.12	7,325.12	6,691.17		633.95
Length of Service Awards Program	20,000.00	20,000.00	16,800.00		3,200.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Social Security	4,518.40	4,518.40	1,786.93		2,731.47
Accounts with no Activity	100,086.18	93,186.18			93,186.18
<b>Totals</b>	<b>\$ 489,802.00</b>	<b>\$ 489,802.00</b>	<b>\$ 229,726.35</b>	<b>\$ -</b>	<b>\$ 260,075.65</b>
Ref.	A	A	A	A	A-1
	Reserved	\$ 415,440.00	\$ 8,886.04	Accounts Payable	
	Encumbered	74,362.00	220,840.31	Expended A-4	
		<u>\$ 489,802.00</u>	<u>\$ 229,726.35</u>		

**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance as of December 31, 2010			
School Tax Payable	A	\$	1.00
Increased by:			
Levy-Calendar Year January 1, 2011 to December 31, 2011	A-6		<u>8,606,708.50</u>
			8,606,709.50
Decreased by:			
Payments	A-4		<u>8,606,708.50</u>
Balance as of December 31, 2011			
School Tax Payable	A	\$	<u><u>1.00</u></u>
 <u>2011 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10	\$	8,606,708.50
Tax Payable December 31, 2011	A-11		<u>1.00</u>
			8,606,709.50
Less:			
Tax Payable December 31, 2010	A:A-10		<u>1.00</u>
Amount Charged to 2011 Operations	A-1	\$	<u><u>8,606,708.50</u></u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX**

Balance as of December 31, 2010			
School Tax Payable	A	\$	9.00
Increased by:			
Levy-Calendar Year January 1, 2011 to December 31, 2011	A-6		<u>7,268,807.34</u>
			7,268,816.34
Decreased by:			
Payments	A-4		<u>7,268,807.33</u>
Balance as of December 31, 2011			
School Tax Payable	A	\$	<u><u>9.01</u></u>
 <u>2011 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10	\$	7,268,807.33
Tax Payable December 31, 2011	A-11		<u>9.01</u>
			7,268,816.34
Less:			
Tax Payable December 31, 2010	A:A-10		<u>9.00</u>
Amount Charged to 2011 Operations	A-1	\$	<u><u>7,268,807.34</u></u>

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - RECEIVABLE**

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2011</u>
Safe and Secure Program	\$ 23,370.00	\$ 21,142.00	\$ 21,142.00	\$ (23,370.00)	\$ -
Clean Communities	-	23,488.03	23,488.03		-
Department of Transportation:					
Ambler Road	7,896.64			(7,896.64)	-
Bay Avenue	12,129.40			(12,129.40)	-
2010	37,500.00		37,500.00		-
DOT Bikeways	200,000.00		189,433.85		10,566.15
Municipal Alliance	43,477.80	14,355.00	10,249.07	(33,228.73)	14,355.00
Environmental Services Grant	268.00			(268.00)	-
Special Legislative Grant - Kern Field	40,000.00			(40,000.00)	-
Atlantic County Open Space	24,885.50			(24,885.50)	-
Think Safety/Speed Management Grant	1,781.60				1,781.60
Recycling Tonnage Grant	-	25,752.32	24,382.08		1,370.24
Local Arts Development Program	225.00			(225.00)	-
Local Arts Development Program	1,100.00			(1,100.00)	-
Local Arts Development Program		1,000.00	750.00		250.00
Body Armor - 2011	-	2,625.00	2,625.00		-
Over the Limit Under Arrest	675.00			(275.00)	400.00
Drunk Driving Enforcement 2010	10,857.45			(10,857.45)	-
Drunk Driving Enforcement 2011		1,300.00	1,300.00		-
<b>Federal Grants</b>					
COPS Universal	550.06			(550.06)	-
U.S. Department of Homeland Security - Firefighters	7,100.00			(7,100.00)	-
Small Cities - 2010	66,544.00		66,544.00		-
Small Cities - 2010	127,440.00		127,440.00		-
	<u>\$ 605,800.45</u>	<u>\$ 89,662.35</u>	<u>\$ 504,854.03</u>	<u>\$ (161,885.78)</u>	<u>\$ 28,722.99</u>
<u>Ref.</u>	A	A-2		A-1	A
		Unappropriated Reserves Federal and State Grant Fund	A-14 A-4	\$ 3,180.00	
				<u>501,674.03</u>	
				<u>\$ 504,854.03</u>	

See Accompanying Auditor's Report

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATED**

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Expended</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2011</u>
Local River Management Plan	\$ 3,000.00	\$	\$	(3,000.00)	\$ -
Municipal Alliance - 2010	4,472.91			(4,472.91)	-
Municipal Alliance - 2009	32,120.94			(32,120.94)	-
Municipal Alliance - 2011		17,945.00	14,846.09		3,098.91
Clean Communities - Prior	14,711.37	23,488.03	23,488.03	(14,711.37)	-
Sustainable Growth Grant	7,812.49			(7,812.49)	-
Body Armor - 2011		2,625.00			2,625.00
Body Armor - 2010	3,891.42				3,891.42
Body Armor - 2009	2,625.00				2,625.00
Body Armor - 2008	1,842.06				1,842.06
Body Armor - 2005	2,289.99		2,289.99		-
Body Armor - Prior	629.87				629.87
State and Local All Hazards Emergency Operation Planning Program	931.71			(931.71)	-
Department of Transportation					
Bay Avenue	41,481.67			(41,481.67)	-
Ambler Road	6,418.55			(6,418.55)	-
DOT Bikeways	200,000.00		110,449.30		89,550.70
Sewage Infrastructure Act	7,870.50			(7,870.50)	-
Drunk Driving Enforcement 2010	10,857.45			(10,857.45)	-
Drunk Driving Enforcement	5,763.57		5,029.01		734.56
Drunk Driving Enforcement - 2011		1,300.00	1,214.75		85.25
Think Safety/Speed Management Grant	1,331.60				1,331.60
Safe and Secure Communities	42,526.19	152,038.00	150,470.12	(43,950.47)	143.60
Municipal Stormwater Regulation	7,318.30			(7,318.30)	-
Atlantic County Open Space	34,006.00			(34,006.00)	-
Recycling Tonnage Grant	24,454.94	25,752.32	8,092.00		42,115.26

FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATED

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Expended</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2011</u>
Small Cities	\$ 11,490.00	\$	\$	\$	\$ 11,490.00
U.S. Department of Homeland Security - Firefighters	7,488.95			(7,488.95)	-
Sam's Club Safe Neighborhood Hero Grant	750.00			(750.00)	-
Local Arts Development Program		1,000.00	1,000.00		-
	<u>\$ 476,085.48</u>	<u>\$ 224,148.35</u>	<u>\$ 316,879.29</u>	<u>\$ (223,191.31)</u>	<u>\$ 160,163.23</u>
<u>Ref.</u>	A	A-3		A-1	A
		Cash Disbursements A-4	\$ 316,737.29		
		Encumbrance A	142.00		
			<u>\$ 316,879.29</u>		

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

Grant	Balance Dec. 31, 2010	Received	Transferred to 2011 Budget Appropriations	Canceled	Balance Dec. 31, 2011
Municipal Alliance	\$ 2,542.00	\$	\$	\$ (2,542.00)	\$ -
Body Armor	-	260.81			260.81
Clean Communities	1,880.00		1,880.00		-
Small Cities	-	70,988.00			70,988.00
Drunk Driving Enforcement Fund	1,300.00		1,300.00		-
Recycling Tonnage	1,370.00				1,370.00
	\$ 7,092.00	\$ 71,248.81	\$ 3,180.00	\$ (2,542.00)	\$ 72,618.81
	A	A-4	A-12	A-1	A

See Accompanying Auditor's Report



**TRUST FUND**  
**SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Dog Licenses</u>	<u>Other</u>
Balance as of December 31, 2010	B	\$ 203.18	879,664.31
Increased by Receipts:			
Dog License Fees 2011	B-2	\$ 2,707.00	
Due to State of New Jersey	B-3	465.00	
Kennel Fee	B-2	25.00	
Cat License Fees 2011	B	730.00	
Interest Earned			673.09
Employee Withholdings	B-4		8,272.68
Employer Contribution	B-4		20,000.00
Deposits from Developer's	B-5		146,190.79
Recreation Program	B-6		112,771.65
Street Opening	B-7		12,578.13
Law Enforcement	B-8		12,009.64
Parking Offenses Adjudication Act	B-9		242.00
Tax Title Lien Redemption	B-10		522,317.09
Tax Premiums	B-11		136,148.30
Affordable Housing	B-12		15,390.75
Police Off Duty	B-13		18,271.22
Recycling	B-14		4,207.20
Due from General Capital			15,035.00
Due from Federal and State Grants			5,229.00
		<u>3,927.00</u>	<u>1,029,336.54</u>
		4,130.18	1,909,000.85
Decreased by Disbursements			
Statutory Expenditures	B-2	556.05	
Due to State of New Jersey	B-3	459.60	
Unemployment Claims	B-4		42,329.97
Developers Escrow	B-5		175,800.11
Recreation Program	B-6		80,820.12
Street Opening	B-7		7,300.00
Law Enforcement	B-8		2,626.51
Parking Offenses Adjudication Act	B-9		-
Tax Title Lien Redemption	B-10		516,936.09
Tax Premiums	B-11		89,948.29
Affordable Housing	B-12		-
Police Off Duty	B-13		8,782.34
Recycling	B-14		-
Due from Current Fund			31,457.06
		<u>1,015.65</u>	<u>956,000.49</u>
Balance as of December 31, 2011	B	<u>\$ 3,114.53</u>	<u>953,000.36</u>

See Accompanying Auditor's Report

**TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

	Ref.		
Balance as of December 31, 2010	B		\$ 201.98
Increased by:			
Dog License Fees Collected		\$ 2,707.00	
Cat License Fees Collected		730.00	
Kennel Fee		<u>25.00</u>	
	B-1		<u>3,462.00</u>
			3,663.98
Decreased by:			
Statutory Excess			
Expenditures under N.J.S. 4:19-15:11	B-1	<u>556.05</u>	
			<u>556.05</u>
Balance as of December 31, 2011	B		<u><u>\$ 3,107.93</u></u>

License Fees Collected:

Year	Amount
2009	\$ 1,990.00
2010	<u>2,033.00</u>
	<u><u>\$ 4,023.00</u></u>

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH**

	<u>Ref.</u>		
Balance as of December 31, 2010	B	\$	1.20
Increased by:			
2011 State License Fees	B-1	\$	465.00
			465.00
			466.20
Decreased by:			
Disbursements to the State	B-1		459.60
Balance as of December 31, 2011	B	\$	6.60

**TRUST FUND  
SCHEDULE OF RESERVE FOR UNEMPLOYMENT**

	<u>Ref.</u>		
Balance as of December 31, 2010	B		\$ 55,648.47
Increased by:			
Employee Withholdings	B-1	\$ 8,272.68	
Employer Contribution	B-1	20,000.00	
Interest Earned	B-1	<u>75.27</u>	
			28,347.95
Decreased by:			
Payment of Claims	B-1	<u>42,329.97</u>	
			<u>42,329.97</u>
Balance as of December 31, 2011	B		\$ <u><u>41,666.45</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR ESCROW**

Balance as of December 31, 2010	B		\$	219,315.00
Increased by:				
Deposits from Developer's	B-1	\$	146,190.79	
Interest	B-1		-	
				146,190.79
				365,505.79
Decreased by:				
Disbursements	B-1		175,800.11	
				175,800.11
Balance as of December 31, 2011	B		\$	189,705.68

See Accompanying Auditor's Report

**TRUST FUND  
SCHEDULE OF RESERVE FOR RECREATION**

Balance as of December 31, 2010	B		\$ 115,922.03
Increased by:			
Boat Ramp Fee	B-1	\$ 17,465.00	
Senior Center		7,165.55	
Concerts		28,469.66	
Rentals		5,525.00	
Recreation Miscellaneous		1,809.00	
Other		3,236.54	
Bayfest		49,100.90	
	B-1	<hr/>	<hr/> 112,771.65
			228,693.68
Decreased by:			
Bayfest		33,385.81	
Other Recreation		47,434.31	
	B-1	<hr/>	<hr/> 80,820.12
Balance as of December 31, 2011	B		\$ <u><u>147,873.56</u></u>

See Accompanying Auditor's Report

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR STREET OPENING DEPOSITS**

Balance as of December 31, 2010	B		\$	-
Increased by:				
Receipts	B-1	\$	12,578.13	
Interest	B-1		<u>          -</u>	
				<u>12,578.13</u>
				12,578.13
Decreased by:				
Disbursements	B-1		<u>7,300.00</u>	
				<u>7,300.00</u>
Balance as of December 31, 2011	B		\$	<u><u>5,278.13</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR LAW ENFORCEMENT**

Balance as of December 31, 2010	B		\$ 33,844.99
Increased by:			
Receipts		\$ 11,950.38	
Interest		<u>59.26</u>	
	B-1		<u>12,009.64</u>
			45,854.63
Decreased by:			
Disbursements	B-1	<u>2,626.51</u>	
			<u>2,626.51</u>
Balance as of December 31, 2011	B		\$ <u><u>43,228.12</u></u>

See Accompanying Auditor's Report



**TRUST FUND  
SCHEDULE OF RESERVE FOR P.O.A.A.**

Balance as of December 31, 2010	B		\$	1,860.00
Increased by:				
Receipts	B-1	\$		242.00
Interest	B-1			-
				242.00
				2,102.00
Decreased by:				
Disbursements	B-1			-
				-
Balance as of December 31, 2011	B		\$	2,102.00

**TRUST FUND  
SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTION**

Balance as of December 31, 2010	B	\$	3,250.11
Increased by:			
Deposits for Redemption	B-1	\$	522,317.09
Interest	B-1		<u>23.84</u>
			<u>522,340.93</u>
			525,591.04
Decreased by:			
Disbursements	B-1		<u>516,936.09</u>
			<u>516,936.09</u>
Balance as of December 31, 2011	B	\$	<u><u>8,654.95</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR PREMIUMS**

Balance as of December 31, 2010	B	\$	102,650.00
Increased by:			
Deposits for Premiums		\$	135,950.00
Interest			<u>198.30</u>
	B-1		<u>136,148.30</u>
			238,798.30
Decreased by:			
Disbursements	B-1		<u>89,948.29</u>
			<u>89,948.29</u>
Balance as of December 31, 2011	B	\$	<u><u>148,850.01</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST**

Balance as of December 31, 2010	B		\$	369,337.71
Increased by:				
Receipts	B-1	\$	15,390.75	
Interest			<u>573.98</u>	
				<u>15,964.73</u>
				385,302.44
Decreased by:				
Disbursements	B-1		<u>-</u>	
				<u>-</u>
Balance as of December 31, 2011	B		\$	<u><u>385,302.44</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR POLICE EXTRA DUTY**

Balance as of December 31, 2010	B		\$	-
Increased by:				
Receipts		\$	18,258.88	
Interest			<u>12.34</u>	
	B-1			<u>18,271.22</u>
				18,271.22
Decreased by:				
Disbursements	B-1		<u>8,782.34</u>	
				<u>8,782.34</u>
Balance as of December 31, 2011	B		\$	<u><u>9,488.88</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR RECYCLING**

Balance as of December 31, 2010	B		\$	-
Increased by:				
Receipts	B-1	\$		4,207.20
Interest				-
				4,207.20
Decreased by:				
Disbursements	B-1			-
				-
Balance as of December 31, 2011	B		\$	4,207.20

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

	<u>Ref.</u>		
Balance as of December 31, 2010	C		\$ 1,458,169.25
Increased by:			
Receipts	C-3	\$ <u>1,367,767.00</u>	
			1,367,767.00
Decreased by:			
Disbursements	C-3	<u>1,351,880.12</u>	
			<u>1,351,880.12</u>
Balance as of December 31, 2011	C		<u><u>\$ 1,474,056.13</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2010	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2011
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 114,847.32	\$	\$	\$	\$	\$ 280,000.00	\$ 521,674.06	\$ 356,521.38
Capital Improvement Fund	-	50,000.00				50,000.00		-
Due to/from Current Fund	(7,417.00)		7,417.00					-
Due to/from Trust Other Fund	15,035.00				15,035.00			-
Due to/from Utility Capital Fund	21,735.00		250,000.00		21,735.00			250,000.00
Due to Federal and State Grants Fund	41,227.00				41,227.00			-
Encumbered	-						188,800.61	188,800.61
Reserve for Bequest - JFK Park	23,000.00							23,000.00
Reserve to Pay Bonds	116,739.47				30,000.00			86,739.47
Reserve for the Acquisition of Vehicle	10,000.00							10,000.00

Improvement Authorizations:

<u>Ordinance</u>							
<u>Number</u>							
13-99	Various Improvements:						
	(A) Purchase of Police Equipment	500.00				500.00	-
8-01	Various Improvements:						
	(E) Parking Lots & Improvements	86,606.68				78,916.18	7,690.50
08-02/ 11-03	Various Improvements & Acquisition of Land	169.69				169.69	-
06-03/ 13-03	Various Improvements	2,678.57				2,678.57	-
12-04	Various Improvements	25,153.00		6,909.50		15,610.00	2,633.50
15-04	Various Improvements - City Hall	44,726.46		8,925.16		35,801.30	-
5-05	Various Improvements and Acquisitions	9,913.45		2,084.14		7,829.31	-
6-05	Improvements and Acquisitions	540,102.01				439,179.69	100,922.32
8-06	Various Improvements and Acquisitions	12,520.66		5,837.50		6,683.16	-
9-06	Various Improvements and Acquisitions	18,239.14		18,239.14			-
10-06	Various Improvements	4,177.00				4,177.00	-

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2010	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2011
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
25-06 Various Improvements	\$ 9.16	\$	\$	\$	\$	9.16	\$	\$ -
11-07 Various Improvements	58,988.87			30,852.55				28,136.32
12-07 Various Improvements	22,844.00			13,844.00		9,000.00		-
11-08 Various Improvements	17,695.36							17,695.36
20-08 Various Improvements	153,278.11			30,068.12		4,500.00		118,709.99
05-09 Various Improvements and Acquisitions	40,292.40	200.00						40,492.40
09-09 Various Improvements and Acquisitions	299,729.00	10,150.00		207,311.37				102,567.63
2009 Tax Refund Payments	(497,488.44)	150,000.00						(347,488.44)
2010 Various Improvements and Acquisitions	312,692.46	50,000.00		337,157.39				25,535.07
05-11 Various Improvements			850,000.00	505,766.53		56,565.61	50,000.00	337,667.86
07-11 Various Improvements				76,887.72		48,855.00	280,000.00	154,257.28
<u>Local Improvements</u>								
21-00 Water Distribution System	(29,825.12)							(29,825.12)
	<u>\$ 1,458,169.25</u>	<u>\$ 260,350.00</u>	<u>\$ 1,107,417.00</u>	<u>\$ 1,243,883.12</u>	<u>\$ 107,997.00</u>	<u>\$ 1,040,474.67</u>	<u>\$ 1,040,474.67</u>	<u>\$ 1,474,056.13</u>
	C	C-4	C-8					C



**GENERAL CAPITAL FUND  
AMOUNT DUE (TO)/FROM CURRENT FUND**

	<u>Ref.</u>		
Balance as of December 31, 2010	C		\$ 7,417.00
Decreased by:			
Payment	C-3	<u>7,417.00</u>	<u>7,417.00</u>
Balance as of December 31, 2011	C		\$ <u>          -</u>

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

	<u>Ref.</u>		
Balance as of December 31, 2010	C		\$ 7,355,857.02
Decreased by:			
2011 Budget Appropriations:			
General Serial Bonds	C-10	\$ 756,250.00	
Green Trust Loan	C-11	<u>22,824.13</u>	
			<u>779,074.13</u>
Balance as of December 31, 2011	C		<u>\$ 6,576,782.89</u>



**GENERAL CAPITAL FUND  
STATEMENT OF DUE TO FEDERAL AND STATE GRANT FUND**

	<u>Ref.</u>	
Balance as of December 31, 2010	C	\$ 41,227.00
Decreased by:		
Payments	C-3	<u>41,227.00</u>
Balance as of December 31, 2011	C	<u><u>\$ -</u></u>

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations		Expended	Canceled	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charge to Future Taxation			Funded	Unfunded
13-99	Various Improvements: (A) Purchase of Police Equip	07/15/99	\$ 63,500.00	\$ 500.00	\$	\$	\$	\$	(500.00)	\$	0.00
8-01	Various Improvements: (E) Parking Lots & Improvements	06/14/01	872,002.00	86,606.68				78,880.00	(36.18)		7,690.50
08-02/ 11-03	Various Improvements & Acquisition of Land (L) Bike Path	04/11/02	1,005,500.00	169.69					(169.69)		0.00
06-03/13-03	Various Improvements	12/11/04	1,000,000.00	2,678.57					(2,678.57)		0.00
12-04	Various Improvements	04/08/04	850,000.00	25,153.00				6,909.50	(15,610.00)		2,633.50
15-04	Various Improvements - City Hall	08/26/05	500,000.00	44,726.46				8,925.16	(35,801.30)		0.00
5-05	Various Improvements & Acquisitions	05/12/05	600,000.00	9,913.45				2,084.14	(7,829.31)		0.00
6-05	Improvements and Acquisitions	05/25/05	1,200,000.00	540,102.01					(439,179.69)		100,922.32
8-06	Various Improvements & Acquisitions	04/13/06	950,000.00	12,520.66				5,837.50	(6,683.16)		0.00
9-06	Various Improvements & Acquisitions	04/13/06	228,000.00	18,239.14				18,239.14			0.00
10-06	Various Improvements	04/13/06	50,000.00	4,177.00					(4,177.00)		0.00
25-06	Various Improvements	12/14/06	100,000.00	9.16					(9.16)		0.00
10-07	Various Improvements			58,988.87				30,852.55			28,136.32
12-07	Various Improvements	08/28/07	625,000.00	22,844.00				13,844.00	(9,000.00)		0.00
11-08	Various Improvements	04/24/08	260,000.00	17,695.36							17,695.36
19-08	Various Improvements	08/28/08	82,500.00	0.00							0.00
20-08	Various Improvements	08/28/08	752,000.00	153,278.11				34,568.12			118,709.99
05-09	Various Improvements & Acquisitions	04/09/09	276,000.00		40,492.40						40,492.40

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations		Expended	Canceled	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charge to Future Taxation			Funded	Unfunded
09-09	Various Improvements & Acquisitions	06/25/09	\$ 877,000.00	\$	\$ 309,879.00	\$	\$	\$ 207,311.37	\$	\$	\$ 102,567.63
2009	Tax Refund Payments	11/12/09	725,000.00		77,511.44						77,511.44
07-10	Various Improvements & Acquisitions	07/14/10	1,000,000.00		362,692.46			337,157.39			25,535.07
05-11	Various Improvements	05/26/11	1,000,000.00			50,000.00	950,000.00	562,332.14			437,667.86
07-11	Various Improvements	05/26/11	280,000.00			280,000.00		125,742.72		154,257.28	
<u>LOCAL IMPROVEMENTS</u>											
21-00	Water Distributions System	12/14/01	60,000.00		27,175.00						27,175.00
				<u>\$ 997,602.16</u>	<u>\$ 817,750.30</u>	<u>\$ 330,000.00</u>	<u>\$ 950,000.00</u>	<u>\$ 1,432,683.73</u>	<u>\$ (521,674.06)</u>	<u>\$ 430,045.27</u>	<u>\$ 710,949.40</u>
				C	C	C-1:C-8	C-6	C-3	C-1	C	C:C-6

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

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
05-09, 09-09 & 07-10 Var Imp	10/5/2010	10/4/2011	1,900,000	1.75%	\$ 1,900,000.00	\$	\$	\$ 1,900,000.00
05-11 Various Improvements	10/4/2011	10/4/2011	850,000	1.75%		850,000.00		850,000.00
					<u>\$ 1,900,000.00</u>	<u>\$ 850,000.00</u>	<u>\$ -</u>	<u>\$ 2,750,000.00</u>
					C	C-5:C-13		C

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
General Improvements	8/15/2003	4,625,000	08/15/12	600,000	3.500%	\$ 1,200,000.00	\$	\$ 600,000.00	\$ 600,000.00
General Improvements	7/1/2009	6,266,000	07/01/12	156,250	3.250%				
			07/01/13	694,300	3.250%				
			07/01/14	746,500	3.200%				
			07/01/15	785,500	3.250%				
			07/01/16	828,750	3.750%				
			07/01/17	876,500	3.750%				
			07/01/18	924,250	3.750%				
			07/01/19	941,450	4.000%				
						6,109,750.00		156,250.00	5,953,500.00
						<u>\$ 7,309,750.00</u>	<u>\$ -</u>	<u>\$ 756,250.00</u>	<u>\$ 6,553,500.00</u>

See Accompanying Auditors Report



**GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2011		Interest Rate	Balance			
			Date	Amount		Dec. 31, 2010	Increased	Decreased	Dec. 31, 2011
Bayfront Area	3/5/1993	\$ 380,050	06/09/12	11,585	2.000%				
			12/09/12	11,698		\$ 46,107.02	\$	\$ 22,824.13	\$ 23,282.89
						<u>\$ 46,107.02</u>	<u>\$ -</u>	<u>\$ 22,824.13</u>	<u>\$ 23,282.89</u>
						C		C-5	C

See Accompanying Auditors Report

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

Balance as of December 31, 2010	<u>Ref.</u> C	\$ -
Increased by:		
2011 Budget Appropriation	C-3	<u>50,000.00</u>
		50,000.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>50,000.00</u>
Balance as of December 31, 2011	C	<u><u>\$ -</u></u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorization</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
05-09	Various Improvements & Acquisitions	\$ 200.00	\$	\$ 200.00	\$ -
09-09	Various Improvements & Acquisitions	10,150.00		10,150.00	-
2009	Tax Refund Payments	575,000.00		150,000.00	425,000.00
07-10	Various Improvements & Acquisitions	50,000.00		50,000.00	-
05-11	Various Improvements		950,000.00	850,000.00	100,000.00
<u>LOCAL IMPROVEMENTS</u>					
21-00	Water Distribution System	57,000.00			57,000.00
		<u>\$ 692,350.00</u>	<u>\$ 950,000.00</u>	<u>\$ 1,060,350.00</u>	<u>\$ 582,000.00</u>
			C	BAN's \$ 850,000.00	C
			Deferred Charges Raised in Budget	\$ 210,350.00	
				<u>\$ 1,060,350.00</u>	

See Accompanying Auditor's Report

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

	<u>Ref.</u>	<u>Operating</u>
Balance as of December 31, 2010		\$ 591,967.17
Increased by Receipts:		
Sewer Rents Receivable	D-7	\$ 1,940,508.93
Prepaid Sewer Rents		226,666.12
Sewer Liens	D-8	-
Due to Current Fund		19,316.56
Miscellaneous Anticipated	D-3	30,521.76
		<u>2,217,013.37</u>
		2,808,980.54
Decreased by Disbursements:		
2011 Appropriations	D-4	2,083,199.78
2010 Appropriation Reserves	D-9	80,189.02
Due from Sewer Utility Capital Fund		346,073.32
Refund of Rent Overpayments	D-7	3,502.00
		<u>2,512,964.12</u>
Balance as of December 31, 2011	D	<u>\$ 296,016.42</u>

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2010	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2011	
		BAN	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 961.50	\$	\$ 0.35	\$	\$	\$	\$ 38,893.69	\$ 39,855.54	
Due from the State of NJEIT	(2,930,000.00)		1,064,231.06					(1,865,768.94)	
Due from General Capital Fund	(21,734.65)		(228,265.35)					(250,000.00)	
Due to Sewer Utility Operating Fund	759.95	(250,000.00)	(835,966.06)	(1,432,039.38)				346,833.27	
<u>Improvement Authorizations:</u>									
<u>Ordinance</u>									
<u>Number</u>									
9-01/	Various Sewer Utility Improvements								
15-02	(A) Acquisition of Backhoe	12,580.91				12,580.91		-	
	(B) Acquisition of Rotor Stay Pump	(4,325.00)					4,325.00	-	
	(D) Improvements to:								
	Pump Station, Mains and Other								
	System Components	82.00				82.00		-	
6-02	Purchase of Vactor Machine	18.00				18.00		-	
11-04	Various Sewer Capital Improvements	67,697.75		23,157.00		30,537.78		14,002.97	
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	2,873,959.54		1,279,044.79				1,594,914.75	
6-11	Various Sewer Capital Improvements		250,000.00	129,837.59				120,162.41	
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.00</u>	<u>\$ -</u>	<u>\$ 43,218.69</u>	<u>\$ 43,218.69</u>	<u>\$ (0.00)</u>

D-13

D-12



**SEWER OPERATING FUND  
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2010	Additions By Budget Capital Outlay	By Ordinance	Balance Dec. 31, 2011
Sewer System Improvements	\$ 6,968,068.19	\$	\$	\$ 6,968,068.19
	<u>\$ 6,968,068.19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,968,068.19</u>
Ref.	D			D

**SEWER UTILITY CAPITAL FUND  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010	2011 Authorizations		Costs to Fixed Capital	Canceled	Balance Dec. 31, 2011
		Date	Amount		Deferred Reserve for Amortization	Deferred Charge to Future Revenue			
9-01:15-02	Various Sewer Utility Improvements	06/14/01 09/12/02	\$ 270,000	\$ 16,436.01	\$	\$	\$	\$ 8,337.91	\$ 8,098.10
6-02	Purchase of Vactor Machine	04/11/02	210,000	18.00				18.00	0.00
11-04:7-06	Various Sewer Utility Improvements	04/08/04 04/13/06	1,000,000	572,953.48				30,537.78	542,415.70
14-09	Rehabilitation / Replacement of Sanitary Sewer Mains	06/29/09	3,025,000	3,025,000.00					3,025,000.00
6-11	Various Sewer Capital Improvements		500,000			500,000.00			500,000.00
				<u>\$ 3,614,407.49</u>	<u>\$ -</u>	<u>\$ 500,000.00</u>	<u>\$ -</u>	<u>\$ 38,893.69</u>	<u>\$ 4,075,513.80</u>
				D	D-17	D-12	D-8		D



**SEWER OPERATING FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES**

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid Or Charged</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Operating:					
Salaries and Wages	\$ 10,711.74	\$ 10,711.74	\$ 927.95	\$ 9,783.79	\$
Other Expenses	115,523.26	115,523.26	79,261.07	36,262.19	
Other Accounts No Change	699.00	699.00		699.00	
	<u>\$ 126,934.00</u>	<u>\$ 126,934.00</u>	<u>\$ 80,189.02</u>	<u>\$ 46,744.98</u>	<u>\$ -</u>
Ref.	D	D		D-1	D
		Disbursements D-5	\$ 80,189.02		
		Accounts Payable	0.00		
			<u>\$ 80,189.02</u>		

**SEWER OPERATING UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS  
AND NOTES - ANALYSIS OF BALANCE -  
DECEMBER 31, 2011**

Balance as of December 31, 2010	<u>Ref.</u> D	\$ 18,007.00
Increased by:		
Accrued interest charged to 2011 budget appropriation - Interest on bonds and notes	D-4	<u>64,455.34</u>
		82,462.34
Decreased by:		
Disbursements	D-4	<u>58,174.44</u>
Balance as of December 31, 2011	D	<u>\$ 24,287.90</u>

**ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2011**

<u>Description</u>	<u>Principal Outstanding Dec. 31, 2011</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u># of Days</u>	<u>Amount</u>
2000 Issue	265,000	4.75%	12/01/11	12/31/11	31	\$ 1,048.96
2009 Issue	906,500	Var	07/01/11	12/31/11	180	16,270.19
NJ EIT Bonds	2,875,000	5%	10/04/11	12/31/11	87	5,875.00
Bond Anticipation Note	250,000	1.75%	08/01/11	12/31/11	150	1,093.75
						<u>\$ 24,287.90</u>

**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2010		2011 Authorizations		Paid Or Charged	Canceled	Balance Dec. 31, 2011	
				Funded	Unfunded	Down Payment Or Capital Improv. Fund	Deferred Charges To Future Revenue			Funded	Unfunded
9-01/ 15-02	Various Utility Improvements (A) Acquisition of Backhoe (D) Improvements to: Pump Station, Mains and Other System Components	06/14/01  09/12/02	\$ 70,000	\$ 8,254.91	\$ 4,325.00	\$	\$	\$	\$ (8,254.91)	\$ -	\$ 4,325.00
6-02	Purchase of Vactor Machine	04/11/02	21,000	18.00					(18.00)	-	
11-04/7-06	Various Sewer Capital Improvements	4/8/2004 & 04/13/06	1,000,000	67,697.75				23,157.00	(30,537.78)	14,002.97	
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	06/25/09	3,025,000	2,873,959.54	95,000.00			1,279,044.79		1,689,914.75	
6-11	Various Sewer Capital Improvements	05/26/11	500,000				500,000.00	129,837.59			370,162.41
				<u>\$ 2,950,013.20</u>	<u>\$ 99,325.00</u>	<u>\$ -</u>	<u>\$ 500,000.00</u>	<u>\$ 1,432,039.38</u>	<u>\$ (38,893.69)</u>	<u>\$ 1,703,917.72</u>	<u>\$ 374,487.41</u>
	Ref.			D	D		D-9	D-6	D	D	D

**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
6-11 Various Sewer Capital Improvements	10/4/2011	10/4/2011	\$ 250,000	1.75%	\$	\$ 250,000.00	\$	\$ 250,000.00
					\$ -	\$ 250,000.00	\$ -	\$ 250,000.00
					D	D-3		D

**SEWER CAPITAL UTILITY FUND  
STATEMENT OF SEWER SERIAL BONDS PAYABLE**

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding		Int. Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Sewer Refunding Bonds	12/28/00	1,360,000	12/01/12	\$ 130,000	4.75%	\$ 390,000.00	\$	\$ 125,000.00	\$ 265,000.00
			12/01/13	135,000					
Sewer Utility Bonds	06/23/09	954,000	07/01/12	23,750	3.25%	930,250.00		23,750.00	906,500.00
			07/01/13	105,700	3.25%				
			07/01/14	113,500	3.25%				
			07/01/15	119,500	3.25%				
			07/01/16	126,250	3.75%				
			07/01/17	133,500	3.75%				
			07/01/18	140,750	3.75%				
			07/01/19	143,550	4.00%				
						<u>\$ 1,320,250.00</u>	<u>\$ -</u>	<u>\$ 148,750.00</u>	<u>\$ 1,171,500.00</u>
Ref.						D	D-16	D	

**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF SEWER NJEIT BONDS PAYABLE**

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding		Int. Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Series B 2010	12/02/10	1,410,000	08/01/12	\$ 45,000	5.00%	\$	\$	\$	\$
			08/01/13	50,000					
			08/01/14	50,000					
			08/01/15	55,000					
			08/01/16	55,000					
			08/01/17	60,000					
			08/01/18	60,000					
			08/01/19	65,000					
			08/01/20	70,000					
			08/01/21	70,000					
			08/01/22	75,000					
			08/01/23	80,000					
			08/01/24	85,000					
			08/01/25	90,000					
			08/01/26	90,000					
			08/01/27	95,000					
			08/01/28	100,000					
08/01/29	105,000								
08/01/30	110,000								
						1,410,000.00			1,410,000.00
Series B 2010	12/02/10	1,465,000	02/01/12	25,702					
			08/01/12	51,403					
			02/01/13	25,702					
			08/01/13	51,403					
			02/01/14	25,702					
			08/01/14	51,403					
			02/01/15	25,702					
			08/01/15	51,403					
			02/01/16	25,702					
			08/01/16	51,403					
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08/01/25	51,403								
02/01/26	25,702								
08/01/26	51,403								
02/01/27	25,702								
08/01/27	51,403								
02/01/28	25,702								
08/01/28	51,403								
02/01/29	25,702								
08/01/29	51,403								
02/01/30	25,702								
08/01/30	51,403								
						1,465,000.00			1,465,000.00
						\$ 2,875,000.00	\$ 0.00	\$ 0.00	\$ 2,875,000.00
Ref.						D		D-4	D

**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION**

	Ref.		
Balance as of December 31, 2010	D	\$	6,186,900.68
Increased by:			
Capital Outlay:			
Funded by Budget Appropriation			
2011 Appropriations	D-12	\$	-
Serial Bonds Paid by Operating Budget	D-14		<u>148,750.00</u>
			<u>148,750.00</u>
			<u>6,335,650.68</u>
Decreased by:			
Authorizations Canceled	D-12		<u>38,893.69</u>
Balance as of December 31, 2011	D	\$	<u><u>6,296,756.99</u></u>

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2010</u>	<u>Fixed Capital Authorized</u>	<u>To Reserve for Amortization</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2011</u>
11-04:7-06	Various Sewer Utility Improvements	04/08/04 04/13/06	\$ 46,000.00	\$	\$	\$	\$ 46,000.00
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	06/25/09	55,000.00				55,000.00
			<u>\$ 101,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,000.00</u>
			D	D-8	D-16		D



**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorization	Bond Anticipation Notes	Canceled	Deferred Reserve for Amortization	Balance Dec. 31, 2011
9-01/ 15-02	Various Sewer Utility Improvements (B) Sewer Pipe Video System	\$ 4,325.00	\$	\$	\$	\$	\$ 4,325.00
14-09	Rehabilitation/Replace of Sanitary Sewer Mains	95,000.00					95,000.00
6-11	Various Sewer Capital Improvements		500,000.00	250,000.00			250,000.00
		<u>\$ 99,325.00</u>	<u>\$ 500,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,325.00</u>
		D			D-14	D-17	D

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**CITY OF SOMERS POINT**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2011**



## **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 therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by contract or agreement."

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Committee's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of \$36,000 "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:

- Bike Path
- Road Reconstruction
- Kern Field Pond Repairs
- JFK Park Repairs
- Sewer Line Inspection Camera
- Refuse Truck

### **Contracts and Agreements Requiring Solicitation of Quotations**

N.J.S. 40A:11-6.1 states, "Prior to the award of any other purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practical, on any such purchase, contract or agreement the estimated cost or price of which is \$5,400 or more."

Our examination of expenditures did reveal purchases made in excess of \$5,400 without obtaining quotes as required by statute.

## **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, on January 13, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

**WHEREAS**, N.J.S.A. 54:4-67 permits the governing body of a municipality to fix the rate of interest to be charged for the nonpayment of taxes of assessments;

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Somers Point, County of Atlantic, State of New Jersey, that:

1. In the event that payments of taxes or assessments are not paid on the due date, but are paid within a period of ten (10) days in the case of taxes, or thirty (30) days in the case of assessments, the Tax Collector is hereby authorized to charge no interest on all such delinquent payments.
2. In the event that payment of taxes or assessments are not paid within ten (10) days in the case of taxes, or thirty (30) in the case of assessments, the Tax Collector is hereby authorized to charge interest at the rate of eight percent per annum on the first \$1,500 of the delinquency and 18 percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax or assessment was payable until the date of actual payment.
3. N.J.S.A. 54:6-67 specifically provides that a governing body may fix a penalty to be charged to a taxpayer where there is a tax and/or other municipal charge delinquency in excess of \$10,000 at the end of any calendar year on a given parcel of real estate; and
4. That a penalty equal to six (6) percent per annum of any delinquency in taxes and other municipal charges on a given parcel of real property shall be and hereby imposed where the delinquency exceeds \$10,000 at the end of each calendar year.

This Resolution shall take effect January 1, 2011.

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

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on March 24, 2011 and was complete.

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

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 of Liens</u>
2011	11
2010	10
2009	10

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

### **Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charts 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>
Payment of 2012 and 2011 Taxes	10
Payment of 2012 and 2011 Utility Bills	10
Delinquent Taxes	9
Delinquent Utility	4
Municipal Court	5

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes, utilities or municipal court.

### **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 not deposited within the mandated time.

**Comparison of Tax Levies and Collections Currently**

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

<u>Year</u>	<u>Currently</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 29,824,596	\$ 28,958,162	97.09%
2010	28,854,600	27,982,216	96.98%
2009	28,197,717	27,395,171	97.15%
2008	27,476,377	26,841,684	97.69%
2007	26,632,653	25,955,530	97.46%

**Comparative Schedule of Tax Rate Information**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	\$ 4.315	\$ 4.155	\$ 4.010	\$ 3.906	\$ 3.841
Apportionment of Tax Rate:					
Municipal	1.274	1.251	1.226	1.169	1.084
County	0.741	0.670	0.677	0.649	0.651
Local School	1.247	1.248	1.226	1.226	1.254
Regional School	1.053	0.986	0.881	0.862	0.852
Assessed Valuation	\$ 689,712,996	\$ 693,149,133	\$ 700,013,427	\$ 698,239,910	\$ 687,720,915

**Delinquent Taxes and Tax Title Liens**

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 85,471	\$ 697,286	\$ 782,757	2.62%
2010	80,093	782,100	862,193	2.99%
2009	74,932	744,929	819,861	2.91%
2008	69,952	609,052	679,004	2.47%
2007	65,011	415,866	480,877	1.81%



### 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, for the current and previous years was as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 19,412
2010	19,412
2009	19,412
2008	19,412
2007	19,412

### Sewer Utility Service Charges

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years.

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2011	\$ 88,274	\$ -	\$ 2,197,836	\$ 2,286,110	\$ 2,213,335
2010	103,773	-	2,192,406	2,296,179	2,165,873
2009	78,167	-	1,966,742	2,044,909	1,991,362
2008	102,788	-	2,105,304	2,208,092	2,065,215
2007	59,394	-	1,596,402	1,655,796	1,593,098

### Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in budget of Succeeding Year</u>	<u>Percentage of Fund Balance Utilized</u>
<b><u>Current Fund</u></b>			
2011	\$ 1,876,527	\$ 1,400,000 *	74.61%
2010	1,854,550	1,561,089	84.18%
2009	1,447,656	1,223,500	84.52%
2008	1,287,670	1,015,000	78.82%
2007	1,781,986	1,610,000	90.35%

**Sewer Utility Operating Fund**

2011	\$ 214,317	\$ 80,000 *	37.33%
2010	125,522	53,000	42.22%
2009	88,930	75,000	84.34%
2008	139,383	55,000	39.46%
2007	109,150	55,000	50.39%

\* Budgets have not been adopted as of filing of this report

**Uniform Construction Code**

The City of Somers Point construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b)2 and NJAC 5:23.4.17(b)3.

*Schedule of Findings and Recommendations*

**11-5. Criteria**

All bank accounts are required to be reconciled on a monthly basis.

**Condition**

Bank reconciliations were not prepared for all accounts for the year.

**Cause**

The staffing within the Clerk's office did not provide for timely reconciliations of the bank statements.

**Effect**

The City was unable to determine if all of the deposits were made to the appropriate accounts in a timely manner.

**Recommendation**

All bank accounts should be reconciled on a monthly basis and the balances available should be in agreement with the general ledger.

**Management Response**

Bank reconciliations will be prepared on a monthly basis for all accounts.

**Recommendation**

The balance sheet accounts should be analyzed on a regular basis to ensure that all available funds are utilized to the best advantage of the City.

**Management Response**

Every effort will be made analyze all accounts on a regular basis.

**11-6. Criteria**

All receipts must be deposited within 48 hours.

**Condition**

Deposits within several departments were not made within 48 hours of receipt.

**Cause**

No procedures are in place to ensure that all deposits are made in a timely manner.

**Effect**

The City was not in compliance with State Statutes.

**Recommendation**

All deposits should be made within 48 hours of receipt.

**Management Response**

All departments will make every effort to deposit funds within 48 hours.

## STATUS OF PRIOR RECOMMENDATIONS

### Finding 10-1

#### Condition

The general ledger was not maintained on a current basis reflecting all activity for all funds.

#### Current Status

This recommendation was cleared during 2011.

### Finding 10-2

#### Condition

Encumbrances are not being properly recorded although the accounting system has the ability to track encumbrances.

#### Current Status

This recommendation was not cleared during 2011.

#### Corrective Action to be Taken

Updated software was installed to allow all departments the ability to enter requisitions and purchase orders. All requisitions will be reviewed prior to issuing a purchase order. These changes have been incorporated into a revised purchasing policies manual.

### Finding 10-3

#### Condition

No updated written procedures are maintained by the City for cash receipts or disbursements, including payroll procedures.

#### Current Status

This recommendation was cleared in 2011.

### Finding 10-4

#### Condition

Expenditures were not charged to the appropriate line items and budget years. Purchase orders were dated subsequent to invoice dates. Several vouchers were missing required signatures. Payments were made based upon account statements from vendors rather than invoices. It was also noted that quotes were not obtained for all purchases when required.

#### Current Status

This recommendation was cleared in 2011.

### Finding 10-5

#### Condition

Minutes of all Council meetings are to be approved on a regular basis.

#### Current Status

This recommendation was not cleared in 2011.

#### Corrective Action to be Taken

New personnel were added to the Clerk's office. The addition of the personnel will elevate this finding in the future.

## **Finding 10-6**

### Condition

There are no established control procedures for receipts throughout the City. Several offices within City Hall receive cash payments, and there is no way to determine if all payments are being timely deposited or recorded as the proper type of revenues.

### Current Status

This recommendation was partially cleared in 2011.

### Corrective Action to be Taken

Written procedures were developed and implemented in the fall of 2011. A number of procedures have already been put in place to satisfy the requirements.

## **Finding 10-7**

### Condition

Employee personnel files were missing required documents, including I-9 forms and termination documents. Each department is responsible for tracking their accrued sick and vacation time, however, no one oversees the calculations to ensure they are correct.

### Current Status

This recommendation was cleared in 2011.

## **Finding 10-8**

### Condition

No reconciliation of the escrow funds is being done to ensure the proper amount is being held by the City. In addition, quarterly reports are not being sent, interest is not being allocated and separate accounts are not maintained as required by statute.

### Current Status

This recommendation was not cleared in 2011.

### Corrective Action to be Taken

A new bank account was opened that will track individual escrow accounts and provide the City with the ability to provide quarterly statements.

## **Finding 10-9**

### Condition

Current year transfers and prior balances were not all liquidated

### Current Status

This recommendation was cleared in 2011.

### **Finding 10-10**

#### Condition

Bank reconciliations were not prepared for all accounts for the year.

#### Current Status

This recommendation was not cleared in 2011.

#### Corrective Action to be Taken

Additional staffing in the Clerk's office has eliminated this condition.

### **Finding 10-11**

#### Condition

Several Utility Fund reserves, general capital improvement authorizations, grant appropriations, and sewer improvement authorizations remained on the City's balance sheets although the projects were completed and the grant terms expired.

#### Current Status

This recommendation was cleared in 2011.

### **Finding 10-12**

#### Condition

Deposits within several departments were not made within 48 hours of receipt.

#### Current Status

This recommendation was partly cleared during 2011.

#### Corrective Action to be Taken

A written memorandum was distributed to all employees reminding them of the statutory obligation. Compliance with this obligation will be diligently pursued in 2012.

## RECOMMENDATIONS

1. That all encumbrances are recorded in the accounting system prior to orders for goods or services are processed.
2. Minutes should be prepared in the prescribed format in a timely manner and approved by City Council at the subsequent month's Council meeting.
3. Controls over receipts should be approved and implemented throughout all departments within the City.
4. The City should analyze the balance in the escrow account and reconcile the bank account to the detail records on a regular basis. In addition, separate accounts should be opened, interest should be allocated and quarterly statements should be sent as required by State Statutes.
5. All bank accounts should be reconciled on a monthly basis and the balances available should be in agreement with the general ledger.
6. All deposits should be made within 48 hours of receipt.

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.

Very truly yours,

*Kenneth W. Moore*

Kenneth W. Moore, CPA  
Registered Municipal Accountant  
No. 231

*Ford-Scott & Associates, LLC*

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