

CITY OF SOMERS POINT

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

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, 2012



F O R D - S C O T T

& A S S O C I A T E S , L . L . C .

C E R T I F I E D P U B L I C A C C O U N T A N T S

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 21 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$162,727.99 and \$146,858.79 for 2012 and 2011 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Somers Point's internal control over financial reporting and compliance.

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

Kenneth Moore
Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

April 17, 2013

EXHIBIT A - CURRENT FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 4,158,917.54	\$ 3,425,403.96
Change and Petty Cash Fund	A-5	450.00	450.00
		<u>4,159,367.54</u>	<u>3,425,853.96</u>
Other Receivables:			
Due from the State of New Jersey		10,119.13	9,439.00
		<u>10,119.13</u>	<u>9,439.00</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	823,943.95	697,286.20
Tax Title Liens Receivable	A-7	88,508.54	85,471.39
Property Acquired / Assessed Valuation		19,412.00	19,412.00
Revenue Accounts Receivable	A-8	17,357.76	5,498.50
Due to General Capital Fund	C	250,000.00	-
Due from Utility Operating Fund	D	-	19,316.56
Due from Trust Fund	A	3.04	-
	A	<u>1,199,225.29</u>	<u>826,984.65</u>
Deferred Charges			
Special Emergency - Revaluation		300,000.00	-
Special Emergency - Hurricane		1,200,000.00	-
Emergency Appropriation - Hurricane		100,000.00	-
		<u>1,600,000.00</u>	<u>-</u>
		<u>6,968,711.96</u>	<u>4,262,277.61</u>
Federal and State Grant Fund:			
Due from Current	A-4	103,189.74	204,201.05
Federal and State Grants Receivable	A-11	80,293.28	28,722.99
		<u>183,483.02</u>	<u>232,924.04</u>
		<u>\$ 7,152,194.98</u>	<u>\$ 4,495,201.65</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 663,750.56	\$ 435,061.94
Encumbrances Payable	A-3	160,570.43	240,789.38
Accounts Payable	A-9	1,548.95	8,886.04
Prepaid Taxes	A-4	265,045.08	239,189.63
Tax Overpayments		78,239.39	278,353.04
Local and Regional School Tax Payable	A-10:A-11	10.03	10.01
Payroll Taxes Payable		2,735.33	18,493.24
Due to State of New Jersey:			
Marriage License and Domestic Partner Fees		425.00	425.00
Due to County - Added and Omitted Taxes		15,475.92	
Due to Federal and State Grant Fund	A	103,189.74	204,201.05
Due to Other Trust Funds	B	-	33,357.06
Reserve for Revaluation		297,247.50	-
Reserve for Hurricane Sandy		1,397,536.94	-
Reserve for Tax Appeals		100,000.00	100,000.00
Emergency Notes Payable		<u>1,600,000.00</u>	<u>-</u>
		<u>4,685,774.87</u>	<u>1,558,766.39</u>
Reserves for Receivables	A	1,199,225.29	826,984.65
Fund Balance	A-1	<u>1,083,711.80</u>	<u>1,876,526.57</u>
		<u>6,968,711.96</u>	<u>4,262,277.61</u>
Federal and State Grant Fund:			
Reserve for Encumbrances		10,057.92	142.00
Reserve for State Grants:			
Unappropriated Reserves	A-13	1,630.81	72,618.81
Appropriated Reserves	A-12	<u>171,794.29</u>	<u>160,163.23</u>
		<u>183,483.02</u>	<u>232,924.04</u>
		<u>\$ 7,152,194.98</u>	<u>\$ 4,495,201.65</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>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,400,000.00	\$ 1,561,089.00
Miscellaneous Revenues Anticipated	A-2	2,812,499.35	2,293,828.32
Receipts from Delinquent Taxes	A-2	671,347.74	714,018.13
Receipts from Current Taxes	A-2	28,725,921.63	28,958,161.57
Nonbudget Revenues	A-2	350,051.77	490,748.37
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-9	352,959.54	260,075.65
Canceled Accounts Payable			17,350.00
Canceled Checks		19,604.55	12,982.95
Interfunds Returned		19,316.56	158,620.97
Canceled Grants	A-10:A-11	876.58	63,847.53
		<u>34,352,577.72</u>	<u>34,530,722.49</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	4,878,100.00	4,823,045.00
Other Expenses	A-3	4,490,250.00	4,054,640.00
Deferred Charges and			
Statutory Expenditures	A-3	1,154,158.00	1,176,518.00
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	494,131.00	479,526.03
Other Expenses	A-3	1,518,080.30	79,822.32
Capital Improvements	A-3	600,000.00	50,000.00
Debt Service	A-3	1,066,934.00	1,072,505.35
Deferred Charges	A-3	150,000.00	210,350.00
County Taxes Payable		4,859,082.48	5,091,937.05
County Share of Added and Omitted Taxes		15,475.92	10,863.70
Local District School Tax	A-10	8,690,767.00	8,606,708.50
Regional High School Tax		7,062,379.69	7,268,807.34
Interfunds Created		250,000.00	19,316.56
Prior Year Revenue Returned or Credited		116,034.10	3,617.24
		<u>\$ 35,345,392.49</u>	<u>\$ 32,947,657.09</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>2012</u>	<u>2011</u>
Excess/(Deficit) in Revenues		\$ (992,814.77)	\$ 1,583,065.40
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		<u>1,600,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance		607,185.23	1,583,065.40
Fund Balance January 1	A	<u>1,876,526.57</u>	<u>1,854,550.17</u>
Total		2,483,711.80	3,437,615.57
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>1,400,000.00</u>	<u>1,561,089.00</u>
Fund Balance December 31	A	<u>\$ 1,083,711.80</u>	<u>\$ 1,876,526.57</u>

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS**

Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
A-1	\$ 1,400,000.00	\$ -	\$ 1,400,000.00	\$ -
	1,400,000.00	-	1,400,000.00	-
<u>Miscellaneous Revenues:</u>				
A-8	20,000.00		24,150.00	4,150.00
A-8	14,000.00		18,154.00	4,154.00
A-8	300,000.00		270,259.00	(29,741.00)
A-8	140,000.00		150,613.12	10,613.12
A-8	5,000.00		31,153.99	26,153.99
A-8	25,000.00		67,550.00	42,550.00
A-8	45,000.00		47,719.92	2,719.92
A-8	100,000.00		108,749.39	8,749.39
A-8	122,392.00		122,392.00	-
A-8	844,704.00		844,704.00	-
A-8	110,000.00		151,614.00	41,614.00
A-8	320,000.00		133,333.33	(186,666.67)
A-8	23,209.00		34,171.30	10,962.30
A-8	30,000.00		30,000.00	-
A-8	100,000.00		100,000.00	-
A-11	23,373.00		23,373.00	-
A-11	21,672.00		21,672.00	-
A-11	225,000.00	225,000.00	450,000.00	-
A-11	14,355.00		14,355.00	-
A-11		2,951.64	2,951.64	-
A-11		4,400.00	4,400.00	-
A-11		4,000.00	4,000.00	-
A-11		15,971.59	15,971.59	-
A-11	57,388.00		57,388.00	-
A-11	70,988.00		70,988.00	-
A-11		11,636.07	11,636.07	-
A-11	1,200.00		1,200.00	-

See Accompanying Notes to Financial Statements

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

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Total Miscellaneous	A-2	\$ 2,613,281.00	\$ 263,959.30	\$ 2,812,499.35	\$ (64,740.95)
Receipts from Delinquent Taxes	A-2	560,000.00		671,347.74	111,347.74
Subtotal General Revenues		4,573,281.00	263,959.30	4,883,847.09	46,606.79
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	A-2	8,904,294.00		9,087,331.54	183,037.54
Budget Totals		13,477,575.00	263,959.30	13,971,178.63	229,644.33
Nonbudget Revenues	A-1:A-2			350,051.77	350,051.77
	Ref.	\$ 13,477,575.00	\$ 263,959.30	\$ 14,321,230.40	\$ 579,696.10
		A-3	A-3		

**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	\$ 28,725,921.63
Allocated to:		
School and County Taxes		<u>20,627,705.09</u>
Balance for Support of Municipal Budget Revenues		8,098,216.54
Add:		
Appropriation: "Reserve for Uncollected Taxes"	A-3	<u>989,115.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 9,087,331.54</u></u>
 <u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-6	\$ 671,347.74
Tax Title Lien Collections	A-7	<u>-</u>
	A-2	<u><u>\$ 671,347.74</u></u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	
<u>Analysis of Realized Revenue: (Continued)</u>		
 <u>Miscellaneous Revenue Not Anticipated:</u>		
Vital Statistic	\$	79,310.00
Street Openings		11,490.00
COAH		23,313.17
Bingo and Raffle Licenses		1,140.00
Police Reports		4,309.13
Mercantile License Fee		14,180.00
Elections		600.00
Marriage Licenses		8,320.00
Copies		6,912.34
Planning and Zoning		15,400.00
FEMA		12,687.75
Police Detail		4,241.25
Leases		35,000.00
Motor Vehicles		4,636.75
Shore Memorial		100,000.00
Insurance Refunds		7,643.57
Senior and Veterans Fee		2,541.40
Miscellaneous - Tax Collector		7,145.56
Miscellaneous		11,180.85
		350,051.77
A-2:A-8		\$ <u><u>350,051.77</u></u>

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council	\$ 69,000.00	\$ 69,000.00	\$ 68,500.00	\$ 500.00	\$
Salaries and Wages	37,500.00	33,500.00	28,808.94	4,691.06	
Other Expenses	1,250.00	1,250.00	1,250.00		
Veteran Events					
Department of General Administration	120,000.00	120,000.00	112,673.00	7,327.00	
Salaries and Wages	52,000.00	41,000.00	36,728.15	4,271.85	
Other Expenses					
Department of City Clerk	150,000.00	153,000.00	152,515.91	484.09	
Salaries and Wages	35,600.00	36,600.00	34,662.93	1,937.07	
Other Expenses					
Data Processing	3,000.00	3,000.00	2,292.93	707.07	
Other Expenses					
Department of Finance	65,000.00	65,000.00	44,679.96	20,320.04	
Salaries and Wages	14,000.00	14,000.00	13,526.31	473.69	
Other Expenses					
Annual Audit	32,000.00	32,000.00	32,000.00		
Other Expenses					
Department of Tax Assessment	77,000.00	79,000.00	78,553.93	446.07	
Salaries and Wages	20,000.00	320,000.00	317,877.81	2,122.19	
Other Expenses					
Department of Tax Collection	75,000.00	82,000.00	81,087.20	912.80	
Salaries and Wages	20,000.00	20,000.00	15,986.86	4,013.14	
Other Expenses					
Legal Services and Cost	244,000.00	244,000.00	231,179.63	12,820.37	
Other Expenses					
Municipal Prosecutor	18,000.00	18,000.00	17,541.63	458.37	
Other Expenses					

See Accompanying Notes to Financial Statements

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

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>			<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>OVER EXPENDED</u>	
	\$	4,000.00	\$	4,000.00	\$	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Engineering Services and Costs						
Other Expenses		125,000.00	124,014.77	985.23		
Public Buildings and Grounds						
Salaries and Wages		73,000.00	69,759.09	1,240.91		
Other Expenses		102,000.00	111,692.83	307.17		
Vehicle Maintenance						
Planning Board						
Salaries and Wages		11,000.00	11,000.00			
Other Expenses		25,000.00	8,421.23	16,578.77		
Zoning Board						
Salaries and Wages		9,000.00	9,000.00			
Other Expenses		10,000.00	7,457.67	2,542.33		
PUBLIC SAFETY:						
Department of Fire						
Salaries and Wages		41,600.00	40,600.00	1,000.00		
Other Expenses		85,000.00	63,838.77	21,161.23		
Department of Police						
Salaries and Wages		2,595,000.00	2,502,723.78	42,276.22		
Other Expenses		122,000.00	94,627.02	27,372.98		
Department of Communications						
Salaries and Wages		144,000.00	127,666.63	16,333.37		
Other Expenses		18,500.00	2,318.99	16,181.01		
Department of Emergency Management						
Salaries and Wages		8,500.00	8,500.00			
Other Expenses		6,000.00	5,987.89	12.11		

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES		OVER	UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	EXPENDED	BALANCE CANCELED
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>PUBLIC SAFETY:</u>						
Bureau of Fire Prevention	\$ 24,000.00	\$ 24,000.00	\$ 22,380.00	\$ 1,620.00	\$	
Salaries and Wages	8,000.00	8,000.00	3,064.40	4,935.60		
Other Expenses						
Department of Zoning/Code Enforcement	48,000.00	48,000.00	40,812.16	7,187.84		
Salaries and Wages	9,000.00	9,000.00	4,613.97	4,386.03		
Other Expenses						
<u>PUBLIC WORKS:</u>						
Department of Public Works	440,000.00	480,000.00	475,938.68	4,061.32		
Salaries and Wages	63,000.00	65,000.00	63,805.27	1,194.73		
Other Expenses						
Division of Sanitation	412,000.00	432,000.00	426,879.94	5,120.06		
Salaries and Wages	199,000.00	199,000.00	185,171.12	13,828.88		
Other Expenses	253,400.00	253,400.00	236,317.19	17,082.81		
Sanitation - Transfer Fee						
<u>HEALTH AND WELFARE:</u>						
Animal Control Services	9,000.00	9,000.00	9,000.00			
Other Expenses						
<u>RECREATION AND EDUCATION:</u>						
Department of Parks and Recreation Programs	10,000.00	3,000.00	2,630.00	370.00		
Salaries and Wages	34,000.00	34,000.00	27,619.68	6,380.32		
Other Expenses						
Department of Parks and Recreation Facilities	140,000.00	137,000.00	130,184.57	6,815.43		
Salaries and Wages	30,000.00	30,000.00	29,863.50	136.50		
Other Expenses						
Environmental Commission	1,000.00	1,000.00		1,000.00		
Other Expenses						

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>		
OPERATIONS WITHIN "CAPS":						
Economic Development and Advisory Commission	\$ 25,000.00	\$ 25,000.00	\$ 22,709.73	\$ 2,290.27	\$	
Other Expenses						
Historic Preservation Commission	3,000.00	3,000.00	255.00	2,745.00		
Other Expenses						
MUNICIPAL COURT:						
Municipal Court	173,000.00	180,000.00	177,974.86	2,025.14		
Salaries and Wages						
Other Expenses	28,000.00	25,000.00	12,022.63	12,977.37		
Public Defender (P.L. 1997, C.256)	11,000.00	11,000.00	9,250.00	1,750.00		
Other Expenses						
INSURANCE:						
General Liability	126,000.00	121,000.00	117,461.00	3,539.00		
Workers Compensation Insurance	325,000.00	325,000.00	321,836.00	3,164.00		
Employee Group Health	1,330,000.00	1,330,000.00	1,205,868.93	124,131.07		
Surety Bond Premiums	1,000.00	1,000.00		1,000.00		
Health Waiver - Employee Opt Out	32,000.00	32,000.00	24,446.01	7,553.99		
Municipal Services Act						
Other Expenses	70,000.00	70,000.00	36,483.41	33,516.59		
Apartment Trash Collection						
Other Expenses	80,000.00	80,000.00	79,940.02	59.98		
STATE UNIFORM CONSTRUCTION CODE:						
Construction Official	122,000.00	122,000.00	122,000.00			
Salaries and Wages						
Other Expenses	9,000.00	9,000.00	8,998.40	1.60		
UNCLASSIFIED:						
Gasoline	122,000.00	107,000.00	99,701.35	7,298.65		
Diesel Fuel	58,000.00	70,000.00	69,427.50	572.50		
Fire Hydrant Water	97,000.00	97,000.00	96,915.30	84.70		

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		
OPERATIONS WITHIN "CAPS"						
UNCLASSIFIED:						
Electric	\$ 140,000.00	\$ 140,000.00	\$ 127,140.88	\$ 12,859.12	\$ -	\$ -
Street Lighting	104,000.00	79,000.00	56,004.28	22,995.72	-	-
Telephone	42,000.00	42,000.00	41,968.89	31.11	-	-
Natural Gas	45,000.00	45,000.00	22,537.06	22,462.94	-	-
Water	40,000.00	40,000.00	29,542.08	10,457.92	-	-
Fuel #2	1,000.00	1,000.00	-	1,000.00	-	-
Waste Water	6,000.00	6,000.00	4,500.00	1,500.00	-	-
Telecommunications Costs	5,000.00	5,000.00	4,933.82	66.18	-	-
Total Operations Within "CAPS"	9,087,350.00	9,367,350.00	8,807,671.49	559,678.51	-	-
Contingent	1,000.00	1,000.00	-	1,000.00	-	-
Total Operations Incl. Contingent Within "CAPS"	9,088,350.00	9,368,350.00	8,807,671.49	560,678.51	-	-
Detail:						
Salaries and Wages	4,858,100.00	4,878,100.00	4,760,315.39	117,784.61	-	-
Other Expenses	4,230,250.00	4,490,250.00	4,047,356.10	442,893.90	-	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	260,275.00	260,275.00	260,275.00	-	-	-
Social Security System (O.A.S.I.)	345,000.00	365,000.00	354,061.98	10,938.02	-	-
Police and Firemen's Retirement System of NJ	498,883.00	498,883.00	498,883.00	-	-	-
Unemployment Compensation Insurance (N.J.)	20,000.00	20,000.00	20,000.00	-	-	-
Defined Contribution Retirement Plan	10,000.00	10,000.00	6,028.17	3,971.83	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	1,134,158.00	1,154,158.00	1,139,248.15	14,909.85	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	10,222,508.00	10,522,508.00	9,946,919.64	575,588.36	-	-

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	OVER EXPENDED	
OPERATIONS EXCLUDED FROM "CAPS":						
Length of Service Awards Program	\$ 20,000.00	\$ 20,000.00	\$	20,000.00	\$	
Recycling Tax (PL 2008, C. 311)	11,600.00	11,600.00	11,600.00			
Dispatch Services - Interlocal Service Agreement	320,000.00	320,000.00	251,837.80	68,162.20		
Hurricane Sandy						
Special Emergency - Capital		1,200,000.00	1,200,000.00			
Emergency - Debris Removal		100,000.00	100,000.00			
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
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	23,373.00	23,373.00	23,373.00			
City Share	129,086.00	129,086.00	129,086.00			
Clean Communities	21,672.00	21,672.00	21,672.00			
Drive Sober or Pull Over		4,400.00	4,400.00			
Click It Ticket		4,000.00	4,000.00			
Body Armor Grant		2,951.64	2,951.64			
Drunk Driving Enforcement Fund		15,971.59	15,971.59			
Local Arts Development Program	1,200.00	1,200.00	1,200.00			
Recycling Tonnage		11,636.07	11,636.07			
Community Development Block Grant - 2010	70,988.00	70,988.00	70,988.00			
Community Development Block Grant - 2011	57,388.00	57,388.00	57,388.00			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	673,252.00	2,012,211.30	1,924,049.10	88,162.20	-	-
Detail:						
Salaries and Wages	472,459.00	494,131.00	425,968.80	68,162.20	-	-
Other Expenses	200,793.00	1,518,080.30	1,498,080.30	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		
\$	150,000.00	150,000.00	150,000.00		\$	\$
	225,000.00	450,000.00	450,000.00			
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":						
Capital Improvement Fund						
New Jersey Transportation Trust Fund						
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	375,000.00	600,000.00	600,000.00			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":						
Payment of Bond Principal	756,250.00	756,250.00	756,250.00			2.88
Interest on Bonds	234,700.00	234,700.00	234,697.12			395.84
Interest on Notes	52,750.00	52,750.00	52,354.16			
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"	1,067,700.00	1,067,700.00	1,066,934.00			766.00
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,115,952.00	3,679,911.30	3,590,983.10	88,162.20		766.00

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>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	\$ -	\$ -	\$ -
TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"	150,000.00	150,000.00	150,000.00	-	-	-
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	12,488,460.00	14,352,419.30	13,687,902.74	663,750.56	-	766.00
TOTAL GENERAL APPROPRIATIONS	\$ 13,477,575.00	\$ 15,341,534.30	\$ 14,677,017.74	\$ 663,750.56	\$ -	\$ 766.00

A-2

A

A

Ref.		
A-2	\$ 13,477,575.00	
	300,000.00	
	1,300,000.00	
A-2	263,959.30	
	<u>\$ 15,341,534.30</u>	

	Ref.	PAID OR CHARGED
Encumbrances Payable		\$ 1,715,530.84
Federal and State Grants	A-12	810,611.30
Reserve for Uncollected Taxes	A-3	989,115.00
Disbursed	A-4	11,161,760.60
		<u>\$ 14,677,017.74</u>

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>2012</u>	<u>2011</u>
Dog License Fund:			
Cash	B-1	\$ 5,204.53	\$ 3,114.53
		<u>5,204.53</u>	<u>3,114.53</u>
Length of Service award Program (unaudited)			
Investment held for LOSAP		162,727.99	146,858.79
		<u>162,727.99</u>	<u>146,858.79</u>
Other Funds:			
Cash	B-1	769,321.25	953,000.36
Due from Current Fund	A	-	33,357.06
		<u>769,321.25</u>	<u>986,357.42</u>
		\$ <u>937,253.77</u>	\$ <u>1,136,330.74</u>
 <u>Liabilities, Reserves, and Fund Balance</u>			
Dog License Fund:			
Due to State of New Jersey	B-3	\$ -	\$ 6.60
Reserve for Dog Fund	B-2	5,204.53	3,107.93
		<u>5,204.53</u>	<u>3,114.53</u>
Length of Service award Program (unaudited)			
Investment held for LOSAP		162,727.99	146,858.79
		<u>162,727.99</u>	<u>146,858.79</u>
Other Funds:			
Reserve for Unemployment	B-4	32,871.50	41,666.45
Reserve for Escrow	B-5	269,281.04	189,705.68
Reserve for Recreation	B-6	167,336.98	147,873.56
Reserve for Street Opening Deposits	B-7	5,045.63	5,278.13
Reserve for Law Enforcement	B-8	49,853.06	43,228.12
Reserve for P.O.A.A.	B-9	2,200.00	2,102.00
Reserve for Tax Title Lien Redemption	B-10	3,081.80	8,654.95
Reserve for Premiums	B-11	191,200.01	148,850.01
Reserve for Affordable Housing Trust	B-12	1,954.85	385,302.44
Reserve for Police Off Duty	B-13	42,308.63	9,488.88
Reserve for Recycling	B-14	1,020.59	4,207.20
Due to Current Fund	A	3.04	-
Encumbrances		3,164.12	-
		<u>769,321.25</u>	<u>986,357.42</u>
Total		\$ <u>937,253.77</u>	\$ <u>1,136,330.74</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash and Investments	C-2	\$ 3,272,166.88	\$ 1,474,056.13
Due from:			
Current Fund	C-4	-	-
Deferred Charges to Future Taxation:			
Funded	C-5	11,488,250.00	6,576,782.89
Unfunded	C-6	334,350.00	3,332,000.00
		<u>\$ 15,094,766.88</u>	<u>\$ 11,382,839.02</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-8	\$ 322,149.83	\$ 188,800.61
Due to:			
Current Fund	A	250,000.00	-
Sewer Utility Capital Fund	D	-	250,000.00
Improvement Authorizations:			
Funded	C-8	2,334,681.28	430,045.27
Unfunded	C-8	66,039.10	710,949.40
Bond Anticipation Notes Payable	C-9	-	2,750,000.00
General Serial Bonds Payable	C-10	11,488,250.00	6,553,500.00
Green Trust Loan Payable	C-11	-	23,282.89
Reserve for Payment of Bonds		56,739.47	86,739.47
Reserve for Bequest - JFK Park		23,000.00	23,000.00
Reserve for Acquisition of Vehicle		10,000.00	10,000.00
Capital Improvement Fund		350.00	-
Fund Balance	C-1	<u>543,557.20</u>	<u>356,521.38</u>
		<u>\$ 15,094,766.88</u>	<u>\$ 11,382,839.02</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 of \$334,350 and \$582,000 respectively (C-13)

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

	<u>Ref.</u>	
Balance as of December 31, 2011	C	\$ 356,521.38
Increase by:		
Premiums from Bond Sale	C-2	<u>287,035.82</u>
		643,557.20
Decrease by:		
Anticipated Revenue in Current Fund	C-2	<u>100,000.00</u>
Balance as of December 31, 2012	C	<u>\$ 543,557.20</u>

See Accompanying Notes to Financial Statements

EXHIBIT D - SEWER UTILITY

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

	Ref.	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 1,390,370.51	\$ 296,016.42
Due from Sewer Utility Capital Fund		-	346,833.27
		<u>1,390,370.51</u>	<u>642,849.69</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	115,310.08	88,273.94
		<u>115,310.08</u>	<u>88,273.94</u>
Deferred Charges			
Overexpenditure of Appropriation		<u>24,929.66</u>	<u>11,618.84</u>
Total of Operating Fund		<u>1,530,610.25</u>	<u>742,742.47</u>
Capital Fund:			
Due from General Capital Fund		-	250,000.00
Due from Sewer Operating		965,491.17	
Due from State of NJEIT		1,329,234.94	1,865,768.94
Fixed Capital - Completed	D-8	7,514,256.99	6,968,068.19
Fixed Capital - Authorized and Uncompleted	D-9	4,134,000.00	4,075,513.80
Total of Capital Fund		<u>13,942,983.10</u>	<u>13,159,350.93</u>
Total Assets	D	<u>\$ 15,473,593.35</u>	<u>\$ 13,902,093.40</u>

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

	Ref.	<u>2012</u>		<u>2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Operating Fund:				
Liabilities:				
Appropriation Reserves	D-4	\$ 8,829.85	\$	128,266.63
Encumbrances Payable	D-4	940.00		458.03
Accounts Payable		500.00		500.00
Sewer Rent Overpayments		26,544.75		40,656.14
Prepaid Sewer Rents		103,673.95		226,666.12
Due to Sewer Capital Fund		965,491.17		-
Due to Current Fund		-		19,316.56
Accrued Interest on Bonds and Notes	D-11	<u>52,871.50</u>		<u>24,287.90</u>
		<u>1,158,851.22</u>		<u>440,151.38</u>
 Reserve for Receivables	 Res.	 115,310.08		 88,273.94
Fund Balance	D-1	<u>256,448.96</u>		<u>214,317.15</u>
Total of Operating Fund		<u>1,530,610.26</u>		<u>742,742.47</u>
 Capital Fund:				
Improvement Authorizations				
Funded	D-12	2,290,872.09		1,703,917.72
Unfunded	D-12	-		374,487.41
Bond Anticipation Notes Payable	D-13	-		250,000.00
Serial Bonds Payable	D-14	2,126,750.00		1,171,500.00
NJEIT Bonds Payable	D-15	2,752,894.75		2,875,000.00
Due to Sewer Operating Fund		-		346,833.27
Reserves for Amortization	D-16	6,450,506.99		6,296,756.99
Deferred Reserve for Amortization	D-17	223,105.25		101,000.00
Fund Balance	D-2	98,854.02		39,855.54
 Total of Capital Fund		<u>13,942,983.10</u>		<u>13,159,350.93</u>
 Total Liabilities, Reserves and Fund Balance	 D	 <u>\$ 15,473,593.36</u>	 \$	 <u>13,902,093.40</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 of \$95,000 and \$349,325 respectively (D-18)

**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>2012</u>	<u>2011</u>
Fund Balance Anticipated	D-3	\$ 80,000.00	\$ 53,000.00
Rents	D-3:D-7	2,190,460.49	2,213,334.55
Miscellaneous	D-3	35,062.95	30,521.76
Miscellaneous Not Anticipated	D-3	-	-
Other Credits to Income:			
Rent Overpayments Cancelled		-	6,158.24
Unexpended Balance of Appropriation Reserves	D-9	126,313.70	46,744.98
Total Income		<u>2,431,837.14</u>	<u>2,349,759.53</u>
 <u>Expenditures</u>			
Operations:			
Salaries and Wages	D-4	500,000.00	490,000.00
Other Expenses	D-4	281,625.00	376,000.00
Atlantic County Utility Authority	D-4	1,077,000.00	1,100,000.00
Debt Service	D-4	420,066.15	213,205.34
Deferred Charges and Statutory Expenditures	D-4	55,943.84	39,000.00
Total Expenditures		<u>2,334,634.99</u>	<u>2,218,205.34</u>
Excess in Revenues		97,202.15	131,554.19
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred charges to budget of succeeding year	D	<u>24,929.66</u>	<u>10,240.84</u>
Statutory Excess to Fund Balance		\$ 122,131.81	\$ 141,795.03
Fund Balance January 1	D	\$ 214,317.15	\$ 125,522.12
Decreased by:			
Utilization as Anticipated Revenue		80,000.00	53,000.00
Fund Balance December 31	D	<u>\$ 256,448.96</u>	<u>\$ 214,317.15</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>2012</u>	<u>2011</u>
Balance January 1,	D	\$ 39,855.54	\$ 961.50
Increased By:			
Premium from Bond Issue		54,673.48	-
Canceled Improvement Authorizations		4,325.00	38,894.04
Balance December 31,	D	\$ <u>98,854.02</u>	\$ <u>39,855.54</u>

**SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	Antic. Budget	Realized	Excess Or (Deficit)
Operating Surplus Anticipated	D-1	\$ 80,000.00	\$ 80,000.00	\$ -
Rents - Sewer	D-1:D-7	2,200,944.00	2,190,460.49	(10,483.51)
Miscellaneous Receipts	D-5	30,000.00	35,062.95	5,062.95
Additional Sewer Rents	D-1:D-7			-
		<u>\$ 2,310,944.00</u>	<u>\$ 2,305,523.44</u>	<u>\$ (5,420.56)</u>

Analysis of Realized Revenue

Rents

Consumer Accounts Receivable

D-7	\$ <u>2,190,460.49</u>
-----	------------------------

Miscellaneous

\$ 938.52	
16,629.29	
<u>17,495.14</u>	
D-5	\$ <u>35,062.95</u>

**SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Appropriations		Expended			Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid Or Charged	Encumbered	Reserved		
OPERATING							
Salaries and Wages	\$ 500,000.00	\$ 500,000.00	\$ 494,442.87	\$ 940.00	\$ 5,557.13	\$ -	
Other Expenses	281,625.00	281,625.00	278,159.14		2,525.86		
ACMUA- Treatment Costs	1,077,000.00	1,077,000.00	1,076,253.14		746.86		
	<u>1,858,625.00</u>	<u>1,858,625.00</u>	<u>1,848,855.15</u>	<u>940.00</u>	<u>8,829.85</u>	<u>-</u>	
CAPITAL IMPROVEMENTS							
Capital Outlay	-	-	-	-	-	-	
DEBT SERVICE							
Principal	276,000.00	276,000.00	275,855.25			144.75	
Interest on Bonds	116,000.00	116,000.00	140,929.65			0.01	24,929.66
Interest on Notes	4,375.00	4,375.00	3,281.25			1,093.75	
	<u>396,375.00</u>	<u>396,375.00</u>	<u>420,066.15</u>	<u>-</u>	<u>-</u>	<u>1,238.51</u>	<u>24,929.66</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
Deferred Charges	11,619.00	11,619.00	11,618.84			0.16	
Overexpenditure of Appropriation	4,325.00	4,325.00	4,325.00				
Ordinance							
Contribution to:							
Social Security System (O.A.S.I.)	40,000.00	40,000.00	40,000.00				
	<u>55,944.00</u>	<u>55,944.00</u>	<u>55,943.84</u>	<u>-</u>	<u>-</u>	<u>0.16</u>	<u>-</u>
	<u>\$ 2,310,944.00</u>	<u>\$ 2,310,944.00</u>	<u>\$ 2,324,865.14</u>	<u>\$ 940.00</u>	<u>\$ 8,829.85</u>	<u>\$ 1,238.67</u>	<u>\$ 24,929.66</u>

Ref.

D

D:D-1

D-3

D-3

Overexpenditure of Appropriation \$ 11,618.84
 Accrued interest on Bonds 12/31/12 (52,871.49) D-10
 Accrued interest on Bonds 12/31/11 24,287.90 D-10
 Disbursed 2,284,662.71 D-5
\$ 2,324,865.14

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land and Improvements	\$ 8,284,500.00	\$ 8,284,500.00
Buildings and Improvements	3,328,250.00	3,328,250.00
Machinery and Equipment	8,050,261.81	7,644,858.81
Total General Fixed Assets	<u>\$ 19,663,011.81</u>	<u>\$ 19,257,608.81</u>
Investment in General Fixed Assets	<u>\$ 19,663,011.81</u>	<u>\$ 19,257,608.81</u>

See Accompanying Notes to Financial Statements

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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, 2012 AND 2011**

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, 2012 AND 2011

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, 2012 and 2011.

	Balance as of 12/31/11	Additions	Disposals	Balance as of 12/31/12
Land and Improvements	\$ 8,284,500.00			\$ 8,284,500.00
Buildings and Improvements	3,328,250.00			3,328,250.00
Machinery and Equipment	7,644,858.81	405,403.00		8,050,261.81
	<u>\$ 19,257,608.81</u>	<u>\$405,403.00</u>	<u>\$ -</u>	<u>\$ 19,663,011.81</u>

	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>

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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.

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.

E. Recent Accounting Pronouncements

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position". The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District's financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District's financial reporting.

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 2012 and 2011 statutory budgets included a reserve for uncollected taxes in the amount of \$989,115.00 and \$968,060.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$1,400,000.00 and \$1,561,089.00.

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 2012 calendar year:

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

<u>Budget Category</u>	
Vehicle Maintenance	\$ 10,000.00
Department of Police	
Salaries & Wages	\$ (50,000.00)
Department of Public Works	
Salaries & Wages	\$ 40,000.00
Department of Sanitation	
Salaries & Wages	\$ 20,000.00
Gasoline	\$ (15,000.00)
Diesel Fuel	\$ (12,000.00)

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 2012, there were the following budget insertions;

Drunk Driving Enforcement	\$ 15,971.59
Recycling Tonnage	11,636.07
Drive Sober or Pull Over	4,400.00
Click It Ticket	4,000.00
Body Armor	2,951.64
NJ Transportation Trust Fund	<u>225,000.00</u>
	<u>\$ 263,959.30</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 three emergency appropriations during 2012.

The City approved two special emergencies (N.J.S.A. 40A:4-53). The first emergency was for a complete revaluation of the City in the amount of \$300,000.00. The second emergency was a result of Hurricane Sandy in the amount of \$1,200,000.00. Each of the Special Emergencies will have 1/5th of these amounts included in the next five budgets, unless a portion is paid through an ordinance.

The City approved an Emergency Authorization as a result of Hurricane Sandy for \$100,000.00. This amount will be included in full in the 2013 budget.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

Note 3: INVESTMENTS

As of December 31, 2012 and 2011, 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.

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, 2012 and 2011, \$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, 2012 consisted of the following:

	Balance Beginning	Additions	Reductions	Balance Ending	Due in One Year
General	\$ 6,576,782.89	\$ 5,691,000.00	\$ 779,532.89	\$ 11,488,250.00	\$ 1,069,300.00
Utility	4,046,500.00	1,109,000.00	153,750.00	5,001,750.00	427,805.25
Comp Absences	1,398,631.22	42,047.84	123,416.46	1,317,262.60	
Total	<u>\$ 12,021,914.11</u>	<u>\$ 6,842,047.84</u>	<u>\$1,056,699.35</u>	<u>\$ 17,807,262.60</u>	<u>\$ 1,497,105.25</u>

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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 8/15/12. Interest is paid semiannually at a rate of 3.375% to 3.5 % per annum. The balance remaining as of December 31, 2012 was \$0.

\$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 7/1/12. Interest is paid semiannually at rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2012 was \$5,797,250.00.

\$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. \$23,282.89 of principal was paid during 2012. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2012 was \$0.

\$5,691,000.00 General Obligation Bonds dated 9/15/12 payable in annual installment through 9/15/22. The first payment is due 9/15/13 in the amount of \$375,000.00. Interest is paid semiannually at rates from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2012 was \$5,691,000.00.

Paid by Sewer Utility Fund:

\$1,360,000.00 Sewer Refunding Bonds dated 12/28/2000 payable in annual installments through 12/1/2013. \$130,000.00 of principal was paid on 12/1/12. Interest is paid semiannually at a rate of 4.75% per annum. The balance remaining as of December 31, 2012 was \$135,000.00.

\$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, 2012 was \$882,750.00.

\$1,410,000.00 N.J. Environmental Fund Loan Bond dated 12/2/10 payable in annual installments through 8/1/30. \$45,000.00 of principal was paid on 2/1/12. Interest is paid semiannually at a rate of 5% per annum. The balance remaining as of December 31, 2012 was \$1,365,000.00.

\$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. \$77,105.25 of principal was paid on 2/1/12. The balance remaining as of December 31, 2012 was \$1,387,894.75.

\$1,109,000.00 Water-Sewer Utility Bonds dated 9/15/12 payable in annual installment through 9/15/22. The first payment is due 9/15/13 in the amount of \$60,000.00. Interest is paid semiannually at rates from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2012 was \$1,109,000.00.

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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

Year	General		Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2013	\$ 1,069,300.00	\$ 353,412.64	\$ 427,805.25	\$ 135,281.12	\$ 1,985,799.01
2014	1,196,500.00	330,524.25	330,605.25	123,163.26	1,980,792.76
2015	1,245,500.00	292,763.00	371,605.25	114,274.51	2,024,142.76
2016	1,338,750.00	253,434.25	378,355.25	104,040.76	2,074,580.26
2017	1,401,500.00	207,056.13	390,605.25	92,956.39	2,092,117.77
2018-2022	5,236,700.00	362,525.38	1,608,826.25	301,362.15	7,509,413.78
2023-2027			825,526.25	146,500.00	972,026.25
2028-2030			546,316.00	32,000.00	578,316.00
	<u>\$ 11,488,250.00</u>	<u>\$ 1,799,715.65</u>	<u>\$ 4,879,644.75</u>	<u>\$ 1,049,578.19</u>	<u>\$ 19,217,188.59</u>

As of December 31, 2012, the carrying value of the above bonds approximates the fair value of the bonds.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

<u>Summary of Municipal Debt</u>	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued:</u>			
General:			
Bonds Issued	\$ 11,488,250.00	\$ 6,576,782.89	\$ 7,355,857.00
Bond Anticipation Note	-	2,750,000.00	1,900,000.00
Sewer Utility:			
Bonds & Notes Issued	4,879,644.75	4,046,500.00	4,195,250.00
Bond Anticipation Note	-	250,000.00	
Net Debt Issued	<u>16,367,894.75</u>	<u>13,623,282.89</u>	<u>13,451,107.00</u>
<u>Authorized but not issued:</u>			
General:			
Bonds & Notes	334,350.00	582,000.00	692,350.00
Sewer Utility:			
Bonds & Notes	95,000.00	349,325.00	99,325.00
Bonds & Notes Authorized But Not Issued	<u>429,350.00</u>	<u>931,325.00</u>	<u>791,675.00</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>16,797,244.75</u>	<u>14,554,607.89</u>	<u>14,242,782.00</u>
Deductions:			
Reserve for Payment of Bonds	56,739.47	86,739.47	116,739.00
Self-liquidating Debt	86,740.00	4,645,825.00	4,294,575.00
Total Deductions	<u>143,479.47</u>	<u>4,732,564.47</u>	<u>4,411,314.00</u>
Net Debt	<u>\$ 16,653,765.28</u>	<u>\$ 9,822,043.42</u>	<u>\$ 9,831,468.00</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 1.247%.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 21,561,362.01	\$ 21,561,362.01	\$ -
Self-Liquidating Purpose	4,974,644.75	86,740.00	4,887,904.75
General Debt	11,822,600.00	56,739.47	11,765,860.53
	<u>\$ 38,358,606.76</u>	<u>\$ 21,704,841.48</u>	<u>\$ 16,653,765.28</u>

Net Debt \$16,653,765.28 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$1,335,246,319 = 1.247%.

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)	\$ 46,733,621.17
Net Debt	16,653,765.28
Remaining Borrowing Power	<u>\$ 30,079,855.89</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	\$ 2,305,523.44
Deductions:	
Operting and Maintenance Costs	\$ 1,914,568.84
Debt Service per Water and Sewer Fund	<u>420,066.15</u>
Total Deductions	<u>2,334,634.99</u>
(Deficit) in Revenues	<u>\$ (29,111.55)</u>

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

Note 6: NOTES

Bond Anticipation Note

General Capital

The City has outstanding at December 31, 2012 and 2011, a bond anticipation note in the amount of \$.00 and \$2,750,000.00, respectively.

Utility Capital

The City has outstanding at December 31, 2012 and 2011, a bond anticipation note in the amount of \$.00 and \$250,000.00, respectively.

	<u>General Capital</u>	<u>Utility Capital</u>	<u>Total</u>
Balance 12/31/11	\$ 2,750,000.00	\$ 250,000.00	\$ 3,000,000.00
Decrease	2,750,000.00	250,000.00	3,000,000.00
Balance 12/31/12	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Emergency Notes

The City has outstanding at December 31, 2012 emergency notes in the amount of \$1,300,000.00 and \$300,000.00. The \$1,300,000.00 note is payable to Oppenheimer & Co., Inc. on December 13, 2013 with interest at 1.50% per annum. The \$300,000.00 note is payable to PNC Bank on December 13, 2013 with interest at 1.47%.

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 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, 2012, there were the following deferred charges.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Balance 12/31/12	2013 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency - Revaluation	\$ 300,000.00	\$ 60,000.00	\$ 240,000.00
Special Emergency - Hurricane	1,200,000.00		
Emergency Authorization - Hurricane	100,000.00	100,000.00	-
	<u>\$ 1,600,000.00</u>	<u>\$ 160,000.00</u>	<u>\$ 240,000.00</u>

The appropriations in the 2013 budget are not less than that required by statute.
The special emergency related to the Hurricane will be paid with an Improvement Authorization

Note 9: SCHOOL TAXES

Local District School Tax in the amount of \$8,690,767.00 and \$8,606,708.50 has been raised for the 2012 and 2011 calendar year, respectively and \$8,690,767.00 and \$8,606,708.50 were remitted to the school district leaving a \$1.00 balance payable.

Regional High School Tax in the amount of \$7,062,379.69 and \$7,268,807.34 has been raised for the 2011 and 2010 calendar year, respectively and \$7,062,379.67 and \$7,268,807.33 were remitted to the school district leaving a \$9.03 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 12/31/12	Balance 12/31/11
Prepaid Taxes	\$ 265,045.08	\$ 239,189.63
Cash Liability for Taxes Collected in Advance	\$ 265,045.08	\$ 239,189.63

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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.shtml.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The 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.

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 6.5% 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, 2012, 2011 and 2010 were \$260,275.00, \$246,391.00 and \$183,555.00 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2012, 2011 and 2010 were \$498,883.00, \$563,127.00 and \$462,980.00 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.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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>

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.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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 \$840.86 to \$2,114.79 monthly per retiree.

The City of Somers Point contributions to SHBP for post-retirement benefits for the year ended December 31, 2012 and 2011, were \$89,476.56 and \$73,574.08 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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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.

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	12/31/16	All employees except part time, police and employees with individual contracts.
PBA #77	Police	12/31/16	All patrol officers, detectives and dispatchers.
PBA #77	Superior Officers	12/31/16	Captains and Lieutenants.
PBA #77	Supervisors	12/31/16	Sergeants
Individuals	Administrator	12/31/11	W. Swain
	City Clerk	12/31/11	C. DeGrassi
	Tax Collector	12/31/16	L. MacEwan
	Tax Assessor	12/31/11	D. Hesley
	Public Works	12/31/16	G. Martin
	Various	12/31/16	G. Hutchinson
	Court Administrator	12/31/16	M. Wismer

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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, 2012 and 2011, the City estimates this liability to approximate \$1,317,262.60 and \$1,398,631.22, 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.

Note 18: LEASE OBLIGATIONS

At December 31, 2012, 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:

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

Rental payments under operating leases for the year 2012
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, 2012 and 2011 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

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

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>
2012	\$ 20,000.00	\$ 8,294.47	\$ 37,089.42	\$ 32,871.50
2011	20,000.00	8,347.95	42,329.97	41,666.45
2010	20,000.00	9,023.00	28,665.53	55,648.47

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.

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

Note 22: INTERFUND BALANCES

As of December 31, 2012, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

	Due From	Due To
	<u> </u>	<u> </u>
Current Fund:		
General Capital Fund	\$ 250,000.00	\$
Federal and State Grant Fund		103,189.74
Trust Funds - Other	3.04	
Grant Fund:		
Current Fund	103,189.74	
Trust Fund - Other:		
Current		3.04
General Capital:		
Current Fund		250,000.00
Sewer Utility Operating Fund:		
Sewer Utility Capital Fund		965,491.17
Sewer Utility Capital Fund:		
Sewer Utility Operating Fund	965,491.17	
	<u>\$ 1,318,683.95</u>	<u>\$ 1,318,683.95</u>

Neither the Grant Fund nor the Sewer Utility Capital Fund have bank accounts. This has caused the interfunds to be created. It anticipated that these amounts will be liquidated in the subsequent year.

Note 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and through April 17, 2013, the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the City that would require disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 17, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Kenneth Moore

**Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231**

April 17, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Somers Point's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Somers Point's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Somers Point's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Somers Point complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City of Somers Point is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Somers Point's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Somers Point's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing

based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the balance sheet – regulatory basis of the various funds and account group the City of Somers Point as of and for the year ended December 31, 2012, and have issued our report thereon dated April 17, 2013, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Kenneth Moore
Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

April 17, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/12	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance at 12/31/12	Cumulative Expenditures
FEDERAL									
Passed through the State of New Jersey									
Department of Community Affairs									
Small Cities - CDBG	14,228	1/1/11-12/31/11	57,388	\$	57,388.00	\$	\$	\$	57,388.00
Small Cities - CDBG	14,228	1/1/10-12/31/10	70,988		70,988.00			11,490.00	70,988.00
Small Cities	14,228			11,490.00				11,490.00	
Total Department of Community Affairs				11,490.00	128,376.00	128,376.00	-	11,490.00	
Federal Emergency Management Assistance									
Homeland Security	83,554	1/1/09-12/31/09							
Total Federal Emergency Management Assistance									
Total Federal Assistance				11,490.00	128,376.00	128,376.00	-	11,490.00	
STATE									
State of New Jersey									
Department of Environmental Protection									
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/12-12/31/12	11,636		11,636.07			11,636.07	
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/11-12/31/11	25,752	17,680.32				17,680.32	8,092.00
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/09-12/31/09	29,684	24,454.94	2,700.00			21,754.94	7,929.06
Clean Communities Act	4900-765-178920	1/1/12-12/31/12	21,672		21,672.00				21,672.00
Total Department of Environmental Protection				42,115.28	33,308.07	24,372.00	-	51,051.33	
Department of Community Affairs									
Sustainable Growth Grant			10,000						
Sewerage Infrastructure Grant	N/A		7,871						
Total Department of Community Affairs									2,187.51
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/09-12/31/09	11,459	734.56	734.56				734.56
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/11-12/31/11	1,300	85.25	85.25				1,300.00
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/12-12/31/12	15,972		8,094.69			7,876.90	8,094.69
Drive Sober or Pull Over					4,000.00				4,000.00
Click It Ticket					4,000.00				4,000.00
Think Safe Speed Management			1,332	1,331.60					
Total Division of Motor Vehicles				2,151.41	24,371.59	17,314.50	(1,331.60)	7,876.90	
New Jersey Department of Transportation									
Reconstruction of Laurel Drive	6320-480-601385-61	1/1/11-12/31/11	225,000		225,000.00				225,000.00
Reconstruction of Chapman Blvd.	6320-480-601385-61	1/1/12-12/31/12	225,000		225,000.00				225,000.00
Construction of Bike Path	6320-480-601385-61	1/1/09-12/31/10	200,000	89,550.70				89,550.70	110,449.30
Total New Jersey Department of Transportation				89,550.70	450,000.00	450,000.00	-	89,550.70	
New Jersey Department of Law and Public Safety									
Body Armor		1/1/12-12/31/12	2,952		2,951.64			2,951.64	
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				1,868.48	2,032.94
Body Armor		1/1/09-12/31/09	2,625	2,625.00	2,032.94				2,625.00
Body Armor		1/1/08-12/31/08	1,842	1,842.06	1,842.06				1,842.06
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	143.60	152,459.00		(143.60)		151,894.40
Safe and Secure Communities	100-066-1020-107-090940	1/1/12-12/31/12	152,459						109,932.81
Total New Jersey Department of Law and Public Safety				11,766.95	155,410.64	158,959.00	(143.60)	8,084.99	
Total State Assistance				145,574.32	663,090.30	650,645.50	(1,475.20)	156,543.92	
Total Financial Assistance				\$ 157,064.32	\$ 791,466.30	\$ 779,021.50	\$ (1,475.20)	\$ 168,033.92	

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2012**

Note 1: General

The accompanying schedule of financial assistance present the activity of all state financial assistance programs of the City of Somers Point. The City is defined in Note 1 to the City's financial statements.

Note 2: Basis of Accounting

The accompanying schedule of financial assistance is presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to General-Purpose Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. The financial statements present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards	\$ 128,376.00	\$ 650,645.50
Add local funding		15,384.63
Expenditure per Audit Schedule A-13	\$ 128,376.00	\$ 666,030.13

Note 4: Relationship to State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

**CITY OF SOMERS POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

Part I – Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued: Adverse under GAAP/Unqualified under Regulatory

B) Internal control over financial reporting:

1) Material weakness(es) identified? _____yes X no

2) Significant Deficiencies identified that are not considered to be material weaknesses? _____yes X no

C) Noncompliance material to general-purpose financial statements noted? _____yes X no

Federal Awards Section

N/A

D) Dollar threshold used to determine type A programs: _____

E) Auditee qualified as low-risk auditee? _____yes _____no

F) Type of auditor's report on compliance for major programs _____

G) Internal control over major programs:

1) Material weakness(es) identified? _____yes _____no

2) Significant Deficiencies identified that are not considered to be material weaknesses? _____yes _____no

H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? _____yes _____no

I) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

**CITY OF SOMERS POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

Part I – Summary of Auditor’s Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: _____ \$300,000 _____
- K) Auditee qualified as low-risk auditee? _____yes _____X_____no
- L) Type of auditor’s report issued on compliance for major programs: _____Unqualified_____
- M) Internal Control over major programs:
- 1) Material weakness(es) identified? _____yes _____X_____no
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? _____yes _____X_____no
- N) Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? _____yes _____X_____no
- O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>480-078-6310</u>	<u>DOT Transportation Trust Fund Authority</u>

Part 2 -- Schedule of Financial Statement Findings

NONE

Part 3 -- Schedule of Federal Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Treasurer
Balance as of December 31, 2011	A	\$ 3,425,403.96
Increased by Receipts:		
Taxes Receivable	A-6	\$ 29,008,821.75
Tax Title Liens	A-7	-
2013 Prepaid Taxes	A	265,045.08
Due from State - Sr. Citizens and Veterans		127,069.87
Miscellaneous Revenue Anticipated	A-2:A-8	2,134,564.05
Miscellaneous Revenue Not Anticipated	A-2:A-8	350,051.77
Federal and State Grants Receivable	A-11	551,677.28
Federal and State Grants Unappropriated	A-13	2.20
Interfunds Returned		19,316.56
Canceled Checks		19,604.55
Reserve for Storm Damage		139,824.03
Emergency Notes		1,600,000.00
		<u>34,215,977.14</u>
		<u>37,641,381.10</u>
Decreased by Disbursements:		
2012 Appropriations	A-3	\$ 11,161,760.60
2011 Appropriation Reserves	A-9	322,891.78
County Taxes Payable	A-6	4,859,082.48
Due County for Added and Omitted Taxes	A-6	-
Local District School Tax	A-10	8,690,767.00
Regional High School Tax	A-6	7,062,379.67
Change in Payroll Taxes		15,757.91
Accounts Payable		7,337.09
Federal and State Grant Expenditures	A-12	784,490.21
State of NJ Training Fees		
Due to Trust Other		33,357.06
Interfunds Created		250,000.00
Refund of Tax Overpayments		294,639.76
		<u>33,482,463.56</u>
Balance as of December 31, 2012	A	\$ <u>4,158,917.54</u>

See Accompanying Auditor's Report

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

<u>Office</u>	Balance Dec. 31, 2011	Received From Treasurer	Returned to Treasurer	Balance Dec. 31, 2012
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

See Accompanying Auditor's Report

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

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011	2012	Over- Payments Created(Applied)	(Transfers)/ Canceled	Transferred To Tax Title Liens	Balance Dec. 31, 2012
prior	\$ 22,429.19	\$ -	\$ -	\$ 18,671.13	\$ 652,676.61	\$ -	\$ 3,758.06	\$ -	\$ 0.00
2011	674,857.01	-	-	-	-	-	-	-	22,180.40
2012	697,286.20	29,467,418.52	149,206.77	239,189.63	671,347.74	(21,507.99)	85,922.11	3,018.00	801,763.55
	<u>\$ 697,286.20</u>	<u>\$ 29,467,418.52</u>	<u>\$ 149,206.77</u>	<u>\$ 239,189.63</u>	<u>\$ 29,136,571.75</u>	<u>\$ (21,507.99)</u>	<u>\$ 89,680.17</u>	<u>\$ 3,018.00</u>	<u>\$ 823,943.95</u>
Ref.	A							A-7	A
Taxes Receivable									
Senior Citizens and Veterans				Ref. A-4	\$ 29,008,821.75				
					<u>127,750.00</u>				
					<u>\$ 29,136,571.75</u>				
Analysis of 2012 Property Tax Levy									
Tax Yield:				Ref.	\$ -				
General Property Tax					29,467,418.52				
Added Taxes (54:4-63.1 et. seq.)					<u>149,206.77</u>				<u>\$ 29,616,625.29</u>
				A-6					
Tax Levy:									
Local School District Tax (Abstract)				A-10	\$ 8,690,767.00				
Regional High School Tax (Abstract)				A-11	7,062,379.69				
County Taxes:									
County Tax (Abstract)			\$		4,117,740.93				
County Library Tax (Abstract)					416,870.34				
County Health Tax (Abstract)					257,603.77				
County Open Space (Abstract)					66,867.44				
Due County for Added Taxes									
(54:4-63.1 et. seq.)					<u>15,475.92</u>				
Total County Taxes					4,874,558.40				
Local Tax for Municipal Purposes				A-2	8,904,294.00				
Add: Additional Tax Levied					<u>84,626.20</u>				
				A-6	16,051,299.89				<u>\$ 29,616,625.29</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance as of December 31, 2011	A	\$	85,471.39
Increased by:			
Transfers from Taxes			
Receivable	A-6	\$	3,018.00
Interest and Costs Accrued by:			
Sale of June 28, 2012	Res.		<u>19.15</u>
			<u>3,037.15</u>
			88,508.54
Decreased by:			
Collected	A-4		<u>-</u>
			-
Balance as of December 31, 2012	A	\$	<u><u>88,508.54</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
Miscellaneous Revenue Anticipated:					
Licenses-Alcoholic Beverages	A-2	\$ -	24,150.00	24,150.00	-
Fees and Permits	A-2		18,154.00	18,154.00	-
Municipal Court	A-2	5,498.50	282,118.26	270,259.00	17,357.76
Interest and Costs on Taxes	A-2		150,613.12	150,613.12	-
Interest on Investments	A-2		31,153.99	31,153.99	-
Fees and Permits - Chapter 115 Inspections	A-2		67,550.00	67,550.00	-
Cable Television Franchise Fees	A-2		47,719.92	47,719.92	-
Hotel Fee	A-2		108,749.39	108,749.39	-
Consolidated Municipal Property Tax Relief Act	A-2		122,392.00	122,392.00	-
Energy Receipts Tax	A-2		844,704.00	844,704.00	-
Uniform Construction Code fees	A-2		151,614.00	151,614.00	-
Interlocal Dispatching Services	A-2		133,333.33	133,333.33	-
Uniform Fire Safety Act	A-2		34,171.30	34,171.30	-
Reserve to Pay Bonds			30,000.00	30,000.00	-
General Capital Surplus			100,000.00	100,000.00	-
Miscellaneous Revenue Not Anticipated:			350,051.77	350,051.77	-
		<u>\$ 5,498.50</u>	<u>\$ 2,496,475.08</u>	<u>\$ 2,484,615.82</u>	<u>\$ 17,357.76</u>
	Ref.	A		A-4	

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011**

	Balance Dec. 31, 2011	Balance After Transfers	Paid	Overexpended	Balance Lapsed
OPERATIONS WITHIN "CAPS"					-
Administrative and Executive					
Salaries and Wages	\$ 12,056.00	\$ 12,056.00	\$ 10,032.00	\$	\$ 2,024.00
Other Expenses	19,912.10	17,912.10	6,150.00		11,762.10
Mayor and Council					
Other Expenses	993.84	3,993.84	3,139.65		854.19
Department of City Clerk					
Salaries and Wages	18,157.48	12,157.48	11,155.79		1,001.69
Other Expenses	3,044.34	4,044.34	3,783.48		260.86
Department of Finance					
Other Expenses	1,302.75	1,302.75	1,206.56		96.19
Department of Tax Assessment					
Other Expenses	6,679.86	6,679.86	2,098.83		4,581.03
Department of Tax Collection					
Salaries and Wages		-			-
Other Expenses	2,478.57	2,478.57	310.40		2,168.17
Legal Services and Cost					
Other Expenses	29,664.48	26,664.48	20,020.73		6,643.75
Engineering Services and Costs					
Other Expenses	7,350.25	2,350.25			2,350.25
Public Buildings and Grounds					
Other Expenses	2,108.61	2,108.61	109.08		1,999.53
Vehicle Maintenance	734.10	15,734.10	4,559.26		11,174.84
Planning Board					
Other Expenses	1,894.51	1,894.51	724.54		1,169.97
Zoning Board					
Other Expenses		-			-
PUBLIC SAFETY:					
Department of Fire					
Other Expenses	15,077.84	10,077.84	6,839.43		3,238.41
Department of Police					
Salaries and Wages	93,851.92	172,351.92	102,279.75		70,072.17
Other Expenses	56,408.12	46,408.12	23,204.06		23,204.06
Department of Emergency Management					
Other Expenses	1,754.21	1,754.21	72.18		1,682.03
Bureau of Fire Prevention					
Other Expenses	5,254.21	3,254.21	715.91		2,538.30
Department of Zoning/Code Enforcement					
Other Expenses	1,326.41	1,326.41	546.57		779.84
PUBLIC WORKS:					
Department of Public Works					
Salaries and Wages		-			-
Other Expenses	9,206.52	5,206.52	457.50		4,749.02
Division of Sanitation					
Other Expenses	11,926.81	3,926.81	146.70		3,780.11
Sanitation - Transfer Fee	21,714.29	21,714.29	17,434.29		4,280.00
RECREATION AND EDUCATION:					
Department of Parks and Recreation Programs					
Other Expenses	7,303.97	7,303.97	4,102.75		3,201.22
Department of Parks and Recreation Facilities					
Other Expenses		-			-
Economic Development and Advisory Commission					
Other Expenses	17,875.00	17,875.00	10,125.00		7,750.00
MUNICIPAL COURT:					
Municipal Court					
Other Expenses	7,641.84	7,641.84	20.00		7,621.84
Public Defender (P.L. 1997, C.256)					
Other Expenses	500.00	500.00	250.00		250.00
INSURANCE:					
Employee Group Insurance	60,522.87	60,522.87	2,676.60		57,846.27
Municipal Services Act					
Other Expenses	31,203.96	31,203.96	22,503.96		8,700.00
Apartment Trash Collection					
Other Expenses	34,758.66	34,758.66	34,758.57		0.09
STATE UNIFORM CONSTRUCTION CODE:					
Construction Official					
Other Expenses		-			-
UNCLASSIFIED:					
Gasoline	5,977.83	5,977.83	4,346.53		1,631.30
Diesel Fuel	3,531.76	5,531.76	3,112.17		2,419.59
Fire Hydrant Water	4,698.18	2,698.18	965.13		1,733.05
Electric	29,450.68	15,450.68	3,388.63		12,062.05
Street Lighting	9,485.32	7,485.32	5,036.94		2,448.38
Telephone	4,923.06	4,923.06	89.98		4,833.08
Water	7,834.37	2,834.37	172.09		2,662.28
Natural Gas		-			-
Length of Service Awards Program	20,000.00	20,000.00	15,869.20		4,130.80
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Social Security		-			-
Dispatch Services - Interlocal Service Agreement	5,970.90	5,970.90	487.52		5,483.38
Accounts with no Activity	101,275.70	69,775.70			69,775.70
Totals	\$ 675,851.32	\$ 675,851.32	\$ 322,891.78	\$ -	\$ 352,959.54

Ref.	A	A	A	A-1
	Reserved	\$ 435,061.94	\$	Accounts Payable
	Encumbered	240,789.38	322,891.78	Expended A-4
	\$ 675,851.32	\$	322,891.78	

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

Balance as of December 31, 2011			
School Tax Payable	A	\$	1.00
Increased by:			
Levy-Calendar Year January 1, 2012 to December 31, 2012	A-6		<u>8,690,767.00</u>
			8,690,768.00
Decreased by:			
Payments	A-4		<u>8,690,767.00</u>
Balance as of December 31, 2012			
School Tax Payable	A		<u><u>1.00</u></u>
 <u>2012 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10		8,690,767.00
Tax Payable December 31, 2012	A-11		<u>1.00</u>
			8,690,768.00
Less:			
Tax Payable December 31, 2011	A:A-10		<u>1.00</u>
Amount Charged to 2012 Operations	A-1	\$	<u><u>8,690,767.00</u></u>

See Accompanying Auditor's Report

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

Balance as of December 31, 2011			
School Tax Payable	A	\$	9.01
Increased by:			
Levy-Calendar Year January 1, 2012			
to December 31, 2012	A-6		<u>7,062,379.69</u>
			7,062,388.70
Decreased by:			
Payments	A-4		<u>7,062,379.67</u>
Balance as of December 31, 2012			
School Tax Payable	A	\$	<u><u>9.03</u></u>
<u>2012 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10	\$	7,062,379.67
Tax Payable December 31, 2012	A-11		<u>9.03</u>
			7,062,388.70
Less:			
Tax Payable December 31, 2011	A:A-10		<u>9.01</u>
Amount Charged to 2012 Operations	A-1	\$	<u><u>7,062,379.69</u></u>

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
Safe and Secure Program	-	23,373.00	23,373.00	-	-
Clean Communities	-	21,672.00	21,248.33	-	423.67
Department of Transportation: West Loral Ave Chapman Blvd	-	225,000.00 225,000.00	225,000.00 168,750.00	-	56,250.00
DOT Bikeways	10,566.15	-	-	-	10,566.15
Municipal Alliance	14,355.00	14,355.00	16,058.65	(1,518.13)	11,133.22
Drive Sober or Pull Over	-	4,400.00	4,400.00	-	-
Click It Ticket	-	4,000.00	4,000.00	-	-
Think Safety/Speed Management Grant	1,781.60	-	-	(1,781.60)	-
Recycling Tonnage Grant	1,370.24	11,636.07	11,636.07	-	1,370.24
Local Arts Development Program	-	1,200.00	900.00	-	300.00
Local Arts Development Program	250.00	-	-	-	250.00
Body Armor - 20112	-	2,951.64	2,951.64	-	-
Over the Limit Under Arrear	400.00	-	-	(400.00)	-
Drunk Driving Enforcement 2012	-	15,971.59	15,971.59	-	-
Federal Grants					
Community Development Block Grant - 2011		57,388.00	57,388.00	-	-
Community Development Block Grant - 2010		70,988.00	70,988.00	-	-
	<u>\$ 28,722.99</u>	<u>\$ 677,935.30</u>	<u>\$ 622,665.28</u>	<u>\$ (3,699.73)</u>	<u>\$ 80,293.28</u>
Ref.	A	A-2	A-1	A-1	A
		Unappropriated Reserves A-14 \$ 70,988.00			
		Federal and State Grant Fund A-4 551,677.28			
		<u>\$ 622,665.28</u>			

See Accompanying Auditor's Report

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

Grant	Balance Dec. 31, 2011	2012 Budget Appropriation	Expended	Canceled	Balance Dec. 31, 2012
Municipal Alliance - 2012	\$ -	\$ 17,945.00	\$ 14,184.63	\$ -	\$ 3,760.37
Municipal Alliance - 2011	3,098.91	-	-	(3,098.91)	-
Clean Communities	-	21,672.00	21,672.00	-	-
Body Armor - 2012	2,625.00	2,951.64	2,032.94	-	2,951.64
Body Armor - 2011	3,891.42	-	2,625.00	-	2,625.00
Body Armor - 2010	2,625.00	-	1,842.06	-	1,858.48
Body Armor - 2009	1,842.06	-	-	-	-
Body Armor - 2008	629.87	-	-	-	629.87
Body Armor - Prior	-	-	-	-	-
Department of Transportation	-	225,000.00	225,000.00	-	-
Laural Drive	-	225,000.00	225,000.00	-	-
Chapman Blvd	89,550.70	-	-	-	89,550.70
DOT Bikeways	-	-	-	-	-
Drunk Driving Enforcement 2012	734.56	15,971.59	8,094.69	-	7,876.90
Drunk Driving Enforcement	85.25	-	734.56	-	(0.00)
Drunk Driving Enforcement - 2011	1,331.60	-	85.25	(1,331.60)	-
Think Safety/Speed Management Grant	143.60	152,459.00	152,459.00	(143.60)	0.00
Safe and Secure Communities	-	4,400.00	4,400.00	-	-
Drive Sober or Pull Over	-	4,000.00	4,000.00	-	-
Click It Ticket	-	11,636.07	2,700.00	-	51,051.33
Recycling Tonnage Grant	42,115.26	-	-	-	42,115.26
Small Cities	11,490.00	-	-	-	11,490.00
Community Development Block Grant - 2011	-	57,388.00	57,388.00	-	-
Community Development Block Grant - 2010	-	70,988.00	70,988.00	-	-
Local Arts Development Program	-	1,200.00	1,200.00	-	-
Ref. A	\$ 160,163.23	\$ 810,611.30	\$ 794,406.13	\$ (4,574.11)	\$ 171,794.29
		A-3		A-1	A
		Cash Disbursements A-4	\$ 784,348.21		
		Encumbrance A	10,057.92		
			<u>\$ 794,406.13</u>		

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

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Received</u>	<u>Transferred to 2012 Budget Appropriations</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
Body Armor	\$ 260.81	\$ 2.20	\$ -	\$ (2.20)	\$ 260.81
Community Development Block Grant	70,988.00		70,988.00		-
Recycling Tonnage	1,370.00				1,370.00
	<u>\$ 72,618.81</u>	<u>\$ 2.20</u>	<u>\$ 70,988.00</u>	<u>\$ (2.20)</u>	<u>\$ 1,630.81</u>
	A	A-4			A

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Dog Licenses</u>	<u>Other</u>
Balance as of December 31, 2011	B	\$ 3,114.53	953,000.36
Increased by Receipts:			
Dog License Fees 2012	B-2	\$ 3,113.60	
Due to State of New Jersey	B-3	434.40	
Kennel Fee	B-2	25.00	
Cat License Fees 2012	B	430.00	
Interest Earned			833.78
Employee Withholdings	B-4		8,294.47
Employer Contribution	B-4		20,000.00
Deposits from Developer's Recreation Program	B-5		191,689.11
Street Opening	B-6		100,070.18
Law Enforcement	B-7		10,567.50
Parking Offenses Adjudication Act	B-8		9,332.17
Tax Title Lien Redemption	B-9		98.00
Tax Premiums	B-10		825,053.05
Affordable Housing	B-11		193,750.00
Police Off Duty	B-12		1,917.80
Recycling	B-13		130,716.00
Due from Current Developers	B-14		1,792.40
			33,357.06
			3.04
		<u>4,003.00</u>	<u>1,527,474.56</u>
		7,117.53	2,480,474.92
Decreased by Disbursements			
Statutory Expenditures	B-2	1,472.00	
Due to State of New Jersey	B-3	441.00	
Unemployment Claims	B-4		37,089.42
Developers Escrow	B-5		110,119.63
Recreation Program	B-6		80,606.76
Street Opening	B-7		10,800.00
Law Enforcement	B-8		2,707.23
Parking Offenses Adjudication Act	B-9		-
Tax Title Lien Redemption	B-10		830,626.20
Tax Premiums	B-11		151,400.00
Affordable Housing	B-12		386,099.17
Police Off Duty	B-13		97,896.25
Recycling	B-14		3,809.01
Due from Current Fund			
		<u>1,913.00</u>	<u>1,711,153.67</u>
Balance as of December 31, 2012	B	\$ <u><u>5,204.53</u></u>	<u><u>769,321.25</u></u>

See Accompanying Auditor's Report

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

	Ref.		
Balance as of December 31, 2011	B		\$ 3,107.93
Increased by:			
Dog License Fees Collected		\$ 3,113.60	
Cat License Fees Collected		430.00	
Kennel Fee		<u>25.00</u>	
	B-1		<u>3,568.60</u>
			6,676.53
Decreased by:			
Statutory Excess			
Expenditures under N.J.S. 4:19-15:11	B-1	<u>1,472.00</u>	
			<u>1,472.00</u>
Balance as of December 31, 2012	B		<u>\$ 5,204.53</u>

License Fees Collected:

Year	Amount
2010	\$ 2,033.00
2011	<u>3,462.00</u>
	<u>\$ 5,495.00</u>

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

	<u>Ref.</u>			
Balance as of December 31, 2011	B		\$	6.60
Increased by:				
2012 State License Fees	B-1	\$	434.40	
			434.40	434.40
Decreased by:				
Disbursements to the State	B-1			441.00
Balance as of December 31, 2012	B		\$	-

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT**

	<u>Ref.</u>		
Balance as of December 31, 2011	B		\$ 41,666.45
Increased by:			
Employee Withholdings	B-1	8,294.47	
Employer Contribution	B-1	20,000.00	
Interest Earned	B-1	<u> </u>	
			28,294.47
Decreased by:			
Payment of Claims	B-1	<u>37,089.42</u>	
			<u>37,089.42</u>
Balance as of December 31, 2012	B		\$ <u><u>32,871.50</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW**

Balance as of December 31, 2011	B		\$ 189,705.68
Increased by:			
Deposits from Developer's	B-1	\$ 191,689.11	
Interest	B-1	<u> -</u>	
			<u>191,689.11</u>
			381,394.79
Decreased by:			
Disbursements	B-1	<u>112,113.75</u>	
			<u>112,113.75</u>
Balance as of December 31, 2012	B		\$ <u><u>269,281.04</u></u>

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION**

Balance as of December 31, 2011	B		\$ 147,873.56
Increased by:			
Boat Ramp Fee	B-1	\$ 15,890.00	
Senior Center		12,191.72	
Concerts		25,626.46	
Bayfest		46,362.00	
	B-1	<hr/>	<hr/> 100,070.18
			247,943.74
Decreased by:			
Bayfest		33,210.97	
Other Recreation		47,395.79	
	B-1	<hr/>	<hr/> 80,606.76
Balance as of December 31, 2012	B		\$ <u><u>167,336.98</u></u>

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF RESERVE FOR STREET OPENING DEPOSITS

Balance as of December 31, 2011	B		\$	5,278.13
Increased by:				
Receipts	B-1	\$	10,567.50	
Interest	B-1		<u> -</u>	
				<u>10,567.50</u>
				15,845.63
Decreased by:				
Disbursements	B-1		<u>10,800.00</u>	
				<u>10,800.00</u>
Balance as of December 31, 2012	B		\$	<u><u>5,045.63</u></u>

See Accompanying Auditor's Report

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

Balance as of December 31, 2011	B			\$ 43,228.12
Increased by:				
Receipts	B-1	\$	9,126.00	
Interest	B-1		<u>206.17</u>	
				<u>9,332.17</u>
				52,560.29
Decreased by:				
Disbursements	B-1		<u>2,707.23</u>	
				<u>2,707.23</u>
Balance as of December 31, 2012	B			\$ <u><u>49,853.06</u></u>

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

Balance as of December 31, 2011	B		\$	2,102.00
Increased by:				
Receipts	B-1	\$		98.00
Interest	B-1			-
				98.00
Decreased by:				
Disbursements	B-1			-
				-
Balance as of December 31, 2012	B		\$	2,200.00

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTION

Balance as of December 31, 2011	B	\$	8,654.95
Increased by:			
Deposits for Redemption	B-1	\$	825,053.05
Interest	B-1		<u> -</u>
			<u>825,053.05</u>
			833,708.00
Decreased by:			
Disbursements	B-1		<u>830,626.20</u>
			<u>830,626.20</u>
Balance as of December 31, 2012	B	\$	<u><u>3,081.80</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR PREMIUMS

Balance as of December 31, 2011	B	\$	148,850.01
Increased by:			
Deposits for Premiums	B-1	\$	193,750.00
Interest	B-1		<u> -</u>
			<u>193,750.00</u>
			342,600.01
Decreased by:			
Disbursements	B-1		<u>151,400.00</u>
			<u>151,400.00</u>
Balance as of December 31, 2012	B	\$	<u><u>191,200.01</u></u>

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

Balance as of December 31, 2011	B		\$	385,302.44
Increased by:				
Receipts	B-1	\$		1,917.80
Interest				833.78
				2,751.58
Decreased by:				
Disbursements	B-1			388,054.02
				386,099.17
Balance as of December 31, 2012	B		\$	1,954.85

See Accompanying Auditor's Report

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

Balance as of December 31, 2011	B		\$	9,488.88
Increased by:				
Receipts	B-1	\$		130,716.00
Interest				
				130,716.00
Decreased by:				
Disbursements	B-1			140,204.88
				97,896.25
Balance as of December 31, 2012	B		\$	42,308.63

**TRUST FUND
SCHEDULE OF RESERVE FOR RECYCLING**

Balance as of December 31, 2011	B		\$	4,207.20
Increased by:				
Receipts	B-1	\$	1,792.40	
Interest			<u>-</u>	
				<u>1,792.40</u>
				5,999.60
Decreased by:				
Disbursements	B-1		<u>4,979.01</u>	
				<u>4,979.01</u>
Balance as of December 31, 2012	B		\$	<u><u>1,020.59</u></u>

See Accompanying Auditor's Report

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

	<u>Ref.</u>		
Balance as of December 31, 2011	C		\$ 1,474,056.13
Increased by:			
Receipts	A	<u>\$ 3,778,035.82</u>	3,778,035.82
Decreased by:			
Disbursements	C-3	<u>1,979,925.07</u>	<u>1,979,925.07</u>
Balance as of December 31, 2012	C		<u><u>\$ 3,272,166.88</u></u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
	Bond Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 356,521.38	\$ 287,035.82	\$	\$ 100,000.00	\$ 149,650.00	\$	\$ 543,557.20
Capital Improvement Fund	-	150,000.00					350.00
Due to/from Current Fund	-	250,000.00					250,000.00
Due to/from Utility Capital Fund	250,000.00			250,000.00		317,569.83	-
Encumbered	188,800.61			184,220.61			322,149.83
Reserve for Bequest - JFK Park	23,000.00						23,000.00
Reserve to Pay Bonds	86,739.47			30,000.00			56,739.47
Reserve for the Acquisition of Vehicle	10,000.00						10,000.00
<u>Improvement Authorizations:</u>							
<u>Ordinance</u>							
<u>Number</u>							
8-01							
Various Improvements:							
(E) Parking Lots & Improvements	7,690.50						7,690.50
Various Improvements	2,633.50		764.06				1,869.44
6-05	100,922.32						100,922.32
Various Improvements and Acquisitions	28,136.32		28,136.32				0.00
11-07	17,695.36						17,695.36
Various Improvements	118,709.99						82,446.84
20-08	40,492.40		36,263.15				26,234.97
Various Improvements and Acquisitions	102,567.63		14,257.43				72,724.00
09-09	347,488.56		29,843.63				(238,485.90)
Various Improvements and Acquisitions	(347,488.56)	150,000.00	40,997.34				0.00
2009	337,667.86		25,535.07				204,065.70
Various Improvements and Acquisitions	154,257.28	100,000.00	233,602.16				1,613.52
05-11			152,643.76				276,729.21
Various Improvements		1,204,600.00	673,700.96		317,569.83	63,400.00	
07-11			125,000.00			6,250.00	
Various Improvements		118,750.00					
7-12							
Various Improvements		1,517,650.00	54,960.58			80,000.00	1,542,689.42
12-12							
Purchase Vehicles							
13-12							
Various Improvements							
21-00	(29,825.00)						(29,825.00)
Water Distribution System							
	\$ 1,474,056.13	\$ 2,941,000.00	\$ 837,035.82	\$ 1,415,704.46	\$ 467,219.83	\$ 467,219.83	\$ 3,272,166.88

C

C-8

C-4

C

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

	<u>Ref.</u>			
Balance as of December 31, 2011	C		\$	-
Increased by:				
Premium on BAN's	C-1	\$	_____	_____
				-
Decreased by:				
Payment	C-7	-	_____	_____
				-
Balance as of December 31, 2012	C		\$	_____

See Accompanying Auditor's Report

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

	<u>Ref.</u>		
Balance as of December 31, 2011	C		\$ 6,576,782.89
Increased by:			
Serial Bonds Issued			5,691,000.00
Decreased by:			
2012 Budget Appropriations:			
General Serial Bonds	C-9	\$ 756,250.00	
Green Trust Loan	C-10	<u>23,282.89</u>	
			<u>779,532.89</u>
Balance as of December 31, 2012	C		<u>\$ 11,488,250.00</u>

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012	Financed by Notes	Analysis of Balance Dec. 31, 2012		Unexpended Improvement Authorization
							Expended		
05-09	Various Improvements and Acquisitions	\$ 222,000.00	\$	\$ 222,000.00	\$ -	\$		\$	
09-09	Various Improvements and Acquisitions	778,000.00		778,000.00	-				
2009	Tax Refund Payments	425,000.00		150,000.00	275,000.00		238,485.90		36,514.10
07-10	Various Improvements and Acquisitions	900,000.00		900,000.00	-				
05-11	Various Improvements	950,000.00		950,000.00	-				
7-12	Various Improvements		1,204,600.00	1,204,600.00	-				
12-12	Purchase Vehicles		118,750.00	118,750.00	-				
13-12	Various Improvements		1,520,000.00	1,517,650.00	2,350.00				2,350.00
Local Improvements									
21-00	Water Distribution System	57,000.00			57,000.00		29,825.00		27,175.00
		<u>\$ 3,332,000.00</u>	<u>\$ 2,843,350.00</u>	<u>\$ 5,841,000.00</u>	<u>\$ 334,350.00</u>	<u>\$ -</u>	<u>\$ 268,310.90</u>	<u>\$</u>	<u>\$ 66,039.10</u>
		C			C		C-2		C-8
							Improvement Authorizations Unfunded \$		66,039.10
							Less:		
							Unexpended Proceeds of Bond		
							Anticipation Notes Issued:	\$	
									0.00
									<u>\$ 66,039.10</u>

See Accompanying Auditor's Report

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

	<u>Ref.</u>		
Balance as of December 31, 2011	C	\$	-
Increased by:			
Improvement Authorizations:			
09-09		\$	
	C-8	_____	- _____
			-
Decreased by:			
Payments	C-4	_____	- _____
Balance as of December 31, 2012	C	\$	- =====

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2011		2012 Authorizations Capital Improvement Fund	Deferred Charge to Future Taxation	Canceled	Balance Dec. 31, 2012		
				Funded	Unfunded				Funded	Unfunded	
8-01	Various Improvements: (E) Parking Lots & Improvements	06/14/01	\$ 872,002.00	\$ 7,690.50	\$	\$	\$	\$	\$ 7,690.50	\$	
12-04	Various Improvements	04/08/04	850,000.00	2,633.50		764.06			1,869.44		
6-05	Improvements and Acquisitions	05/25/05	1,200,000.00	100,922.32					100,922.32		
10-07	Various Improvements			28,138.32		28,136.32			0.00		
11-08	Various Improvements	04/24/08	260,000.00	17,695.36					17,695.36		
20-08	Various Improvements	08/28/08	752,000.00	118,709.99		36,263.15			82,446.84		
05-09	Various Improvements & Acquisitions	04/09/09	276,000.00	40,492.40		14,257.43			26,234.97		
09-09	Various Improvements & Acquisitions	06/25/09	877,000.00	102,567.63		29,843.63			72,724.00		
2009	Tax Refund Payments	11/12/09	725,000.00	77,511.44		40,997.34				36,514.10	
07-10	Various Improvements & Acquisitions			25,535.07		25,535.07			0.00		
05-11	Various Improvements	05/26/11	1,000,000.00	437,667.86		233,602.16			204,065.70		
07-11	Various Improvements	05/26/11	280,000.00	154,257.28		152,843.76			1,613.52		
7-12	Various Improvements	06/28/12	1,268,000.00		63,400.00	991,270.79	1,204,600.00		276,729.21		
12-12	Purchase Vehicles	06/28/12	125,000.00		6,250.00	125,000.00	118,750.00		0.00		
13-12	Various Improvements	07/26/12	1,600,000.00		80,000.00	54,960.58	1,520,000.00		1,542,689.42	2,350.00	
LOCAL IMPROVEMENTS											
21-00	Water Distributions System	12/14/01	60,000.00	27,175.00						27,175.00	
				<u>\$ 430,045.27</u>	<u>\$ 710,949.40</u>	<u>\$ 149,650.00</u>	<u>\$ 2,843,350.00</u>	<u>\$ 1,733,274.29</u>	<u>\$ 0.00</u>	<u>\$ 2,334,681.28</u>	<u>\$ 66,039.10</u>

	C	C	C-6	C	C-C-6
Accounts Payable					
Cash					
317,569.83					
1,415,704.46					
<u>1,733,274.29</u>					

**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, 2011	Increased	Decreased	Balance Dec. 31, 2012
05-09, 09-09 & 07-10 Var Imp	10/5/2010	10/4/2011	1,900,000	1.75%	\$ 1,900,000		\$ 1,900,000	-
05-11 Various Improvements	10/4/2011	10/4/2011	850,000	1.75%	850,000		850,000	-
					<u>\$ 2,750,000</u>	<u>-</u>	<u>\$ 2,750,000</u>	<u>-</u>

C C-5:C-13 C

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Loans Outstanding December 31, 2012					
General Improvements	8/15/2003	4,625,000	08/15/12	600,000	3.500%	\$ 600,000.00	\$	600,000.00	\$ -
General Improvements	7/1/2009	6,266,000	07/01/12	156,250	3.250%	5,953,500.00			5,797,250.00
			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%							
General Improvements	7/1/2009	6,266,000	09/15/13	375,000	2.000%				
			09/15/14	450,000	3.000%				
			09/15/15	460,000	3.000%				
			09/15/16	510,000	3.000%				
			09/15/17	525,000	3.000%				
			09/15/18	535,000	3.000%				
			09/15/19	625,000	3.000%				
			09/15/20	710,000	3.000%				
			09/15/21	750,000	2.000%				
			09/15/22	751,000	2.000%				
						\$ 6,553,500.00	\$ 5,691,000.00	\$ 756,250.00	\$ 11,488,250.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012	Maturities of Loans Outstanding December 31, 2012		
				Interest Rate	Balance Dec. 31, 2011	Balance Dec. 31, 2012
			Date	Increased	Decreased	
Bayfront Area	3/5/1993	\$ 380,050				
				\$ 23,282.89	\$ 23,282.89	\$ -
				<u>\$ 23,282.89</u>	<u>\$ 23,282.89</u>	<u>\$ -</u>
				C	C-5	C

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

Balance as of December 31, 2011	<u>Ref.</u> C	\$ -
Increased by:		
2012 Budget Appropriation	C-3	150,000.00
		<u>150,000.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		149,650.00
		<u>149,650.00</u>
Balance as of December 31, 2012	C	\$ <u><u>350.00</u></u>

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorization	Decreased	Balance Dec. 31, 2012
2009	Tax Refund Payments	\$ 425,000.00	\$	\$ 150,000.00	\$ 275,000.00
05-11	Various Improvements	100,000.00		100,000.00	-
7-12	Various Improvements		1,204,600.00	1,204,600.00	-
12-12	Purchase Vehicles		118,750.00	118,750.00	-
13-12	Various Improvements		1,520,000.00	1,517,650.00	2,350.00
 LOCAL IMPROVEMENTS					
21-00	Water Distribution System	57,000.00			57,000.00
		<u>\$ 582,000.00</u>	<u>\$ 2,843,350.00</u>	<u>\$ 3,091,000.00</u>	<u>\$ 334,350.00</u>
		C	Bonds	\$ 2,941,000.00	C
			Deferred Charges Raised in Budget	150,000.00	
				<u>\$ 3,091,000.00</u>	

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

	<u>Ref.</u>	<u>Operating</u>
Balance as of December 31, 2011		\$ 296,016.42
Increased by Receipts:		
Sewer Rents Receivable	D-7	\$ 1,949,682.98
Prepaid Sewer Rents		103,673.95
Sewer Liens	D-8	-
Due to Sewer Capital		1,312,324.44
Miscellaneous Anticipated	D-3	35,062.95
		<hr/>
		3,400,744.32
		<hr/>
		3,696,760.74
Decreased by Disbursements:		
2012 Appropriations	D-4	2,284,662.71
2011 Appropriation Reserves	D-9	2,410.96
Due from Current		19,316.56
Refund of Rent Overpayments	D-7	-
		<hr/>
		2,306,390.23
		<hr/>
Balance as of December 31, 2012	D	\$ <u><u>1,390,370.51</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance		Receipts		Disbursements		Transfers		Balance
	Dec. 31, 2011		Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 39,855.54	\$							\$ 98,854.02
Due from the State of NJEIT	(1,865,768.94)	\$		54,673.48					(1,329,234.94)
Due from General Capital Fund	(250,000.00)			536,534.00					-
Due to Sewer Utility Operating Fund	346,833.27	(859,000.00)		(845,532.48)	(392,208.04)				(965,491.17)
<u>Improvement Authorizations:</u>									
<u>Ordinance Number</u>									
9-01/ 15-02	Various Sewer Utility Improvements (A) Acquisition of Backhoe Pump Station, Mains and Other System Components			4,325.00				4,325.00	-
11-04	Various Sewer Capital Improvements	14,002.97							0.00
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	1,594,914.75			113,812.75				1,481,102.00
6-11	Various Sewer Capital Improvements	120,162.41	250,000.00		136,291.67				233,870.74
8-12	Various Sewer Capital Improvements		309,000.00		124,600.65				184,399.35
14-12	Various Sewer Capital Improvements		300,000.00		3,500.00				296,500.00
		\$ (0.00)	\$ -	\$ -	\$ -	\$ -	\$ 4,325.00	\$ 4,325.00	\$ -

A-3

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

	<u>Ref.</u>		
Balance as of December 31, 2011	D	\$	88,273.94
Increased by:			
Utility Rents Levied	Res.	\$	<u>2,223,349.04</u>
			<u>2,223,349.04</u>
			2,311,622.98
Decreased by:			
Collections	D-5		1,949,682.98
Overpayments Applied			14,111.39
Prepayment			226,666.12
Canceled			5,852.41
			<u>2,196,312.90</u>
Balance as of December 31, 2012	D	\$	<u><u>115,310.08</u></u>

**SEWER OPERATING FUND
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2011	Additions By Budget Capital Outlay	By Ordinance	Balance Dec. 31, 2012
Sewer System Improvements	\$ 6,968,068.19	\$	\$ 546,188.80	\$ 7,514,256.99
	<u>\$ 6,968,068.19</u>	<u>\$ -</u>	<u>\$ 546,188.80</u>	<u>\$ 7,514,256.99</u>
Ref.	D			D

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

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011	2012 Authorizations		Costs to Fixed Capital	Balance Dec. 31, 2012	
					Deferred Reserve for Amortization	Deferred Charge to Future Taxation			
9-01:15-02	Various Sewer Utility Improvements	06/14/01 09/12/02	\$ 270,000	\$ 8,098.10	\$	\$	\$ 3,773.10	\$ 4,325.00	\$ 0.00
11-04:7-06	Various Sewer Utility Improvements	04/08/04 04/13/06	1,000,000	542,415.70			542,415.70		0.00
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	05/26/11	500,000	500,000.00					500,000.00
8-12	Various Sewer Capital Improvements	05/10/12	309,000			309,000.00			309,000.00
14-12	Various Sewer Capital Improvements	07/26/12	300,000			300,000.00			300,000.00
				<u>\$ 4,075,513.80</u>	<u>\$ 0.00</u>	<u>\$ 609,000.00</u>	<u>\$ 546,188.80</u>	<u>\$ 4,325.00</u>	<u>\$ 4,134,000.00</u>

E E-19 E-21 E-12 E

**SEWER OPERATING FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES**

	Balance Dec. 31, 2011	Balance After Transfers	Paid Or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 6,264.41	\$ 6,264.41	\$ 74.99	\$ 6,189.42	
Other Expenses	111,666.25	111,666.25	2,335.97	109,330.28	
Capital Improvements					
Capital Outlay				-	
Other Accounts No Change	10,794.00	10,794.00		10,794.00	
	<u>\$ 128,724.66</u>	<u>\$ 128,724.66</u>	<u>\$ 2,410.96</u>	<u>\$ 126,313.70</u>	<u>\$ -</u>

Ref.	D	D	Disbursements D-5	\$ 2,410.96	D-1	D
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SEE ACCOMPANYING AUDITOR'S REPORT

**SEWER OPERATING UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES - ANALYSIS OF BALANCE -
DECEMBER 31, 2012**

Balance as of December 31, 2011	<u>Ref.</u> D	\$ 24,287.90
Increased by:		
Accrued interest charged to 2012 budget appropriation - Interest on bonds and notes	D-4	<u>144,210.91</u>
		168,498.81
Decreased by:		
Disbursements	D-4	<u>115,627.31</u>
Balance as of December 31, 2012	D	<u>\$ 52,871.50</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2012

<u>Description</u>	<u>Principal Outstanding Dec. 31, 2012</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u># of Days</u>	<u>Amount</u>
2000 Issue	135,000	4.75%	12/01/12	12/31/12	31	\$ 552.19
2009 Issue	882,750	Var	07/01/12	12/31/12	180	15,884.26
2012 Issue	1,109,000	Var	09/15/12	12/31/12	105	7,997.55
NJ EIT Bonds	1,365,000	5%	08/01/12	12/31/12	150	28,437.50
						<u>\$ 52,871.50</u>

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

Ord Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2011		Down Payment Or Capital Improv. Fund	2012 Authorizations		Paid Or Charged	Canceled	Balance Dec. 31, 2012	
				Funded	Unfunded		Deferred Charges To Future Taxation	Unfunded			Funded	Unfunded
9-01/ 15-02	Various Utility Improvements (A) Acquisition of Backhoe	06/14/01	\$ 70,000	\$ -	\$ 4,325.00	\$ -	\$ -	\$ -	\$ 4,325.00	\$ -	\$ -	\$ -
11-04/7-06	Various Sewer Capital Improvements	4/8/2004 & 04/13/06	1,000,000	14,002.97			14,002.97					0.00
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	06/25/09	3,025,000	1,689,914.75			113,812.75				1,576,102.00	
6-11	Various Sewer Capital Improvements	05/26/11	500,000		370,162.41		136,281.67				233,870.74	
8-12	Various Sewer Capital Improvements	05/10/12	309,000				309,000.00				184,399.35	
14-12	Various Sewer Capital Improvements	07/26/12	300,000				300,000.00				296,500.00	
			\$ -	\$ 1,703,917.72	\$ 374,487.41	\$ -	\$ 809,000.00	\$ 392,208.04	\$ 4,325.00	\$ 2,280,872.09	\$ -	
			Ref.	D	D	D	D-9	D-6	D	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, 2011	Increased	Decreased	Balance Dec. 31, 2012
6-11 Various Sewer Capital Improvements	10/4/2011	10/4/2011	\$ 250,000	1.75%	\$ 250,000.00	\$ -	\$ 250,000.00	\$ -
					<u>\$ 250,000.00</u>	<u>\$ -</u>	<u>\$ 250,000.00</u>	<u>\$ -</u>
					D	D-16	D	D

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

Purpose	Date Of Issue	Original Issue	Maturities of Bonds			Int. Rate	Balance Dec. 31, 2011	Balance Dec. 31, 2012		
			Date	Outstanding December 31, 2012	Amount				Increased	Decreased
Sewer Refunding Bonds	12/28/00	1,360,000	12/01/13	135,000		4.75%	\$ 265,000.00	\$ 130,000.00	\$ 135,000.00	
Sewer Utility Bonds	06/23/09	954,000	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%	906,500.00	23,750.00	882,750.00	
Sewer Utility Bonds	09/15/12	1,109,000	09/15/13	60,000		2.00%				
			09/15/14	90,000		3.00%				
			09/15/15	120,000		3.00%				
			09/15/16	120,000		3.00%				
			09/15/17	120,000		3.00%				
			09/15/18	120,000		3.00%				
			09/15/19	120,000		3.00%				
			09/15/20	120,000		3.00%				
			09/15/21	120,000		2.00%				
			09/15/22	119,000		2.00%				1,109,000.00
							<u>\$ 1,171,500.00</u>	<u>\$ 1,109,000.00</u>	<u>\$ 153,750.00</u>	<u>\$ 2,126,750.00</u>

Ref.

D

D-4

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**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, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
Series B 2010	12/02/10	1,410,000	08/01/13	\$ 50,000	5.00%	\$	\$	\$	\$
			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		45,000.00	1,365,000.00
Series B 2010	12/02/10	1,465,000	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					
			02/01/17	25,702					
			08/01/17	51,403					
			02/01/18	25,702					
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			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		77,105.25	1,387,894.75
						<u>\$ 2,875,000.00</u>	<u>\$ 0.00</u>	<u>\$ 122,105.25</u>	<u>\$ 2,752,894.75</u>
Ref.						D		D-4	D

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

	Ref.		
Balance as of December 31, 2011	D	\$	6,296,756.99
Increased by:			
Capital Outlay:			
Funded by Budget Appropriation			
2012 Appropriations	D-12	\$	4,325.00
Serial Bonds Paid by Operating Budget	D-4		<u>153,750.00</u>
			<u>158,075.00</u>
			6,454,831.99
Decreased by:			
Authorizations Canceled			
			4,325.00
			<u> </u>
Balance as of December 31, 2012	D	\$	<u><u>6,450,506.99</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2011	Fixed Capital Authorized	Paid in Operating Budget Bond	Canceled	Balance Dec. 31, 2012
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		122,105.25		177,105.25
			\$ 101,000.00	\$ -	\$ 122,105.25	\$ -	\$ 223,105.25
			E	E-14			E

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorization	Bonds Issued	Raised in Budget	Deferred Reserve for Amortization	Balance Dec. 31, 2012
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	250,000.00		250,000.00			-
8-12	Various Sewer Capital Improvements		309,000.00	309,000.00			-
14-12	Various Sewer Capital Improvements		300,000.00	300,000.00			-
		<u>\$ 349,325.00</u>	<u>\$ 609,000.00</u>	<u>\$ 859,000.00</u>	<u>\$ 4,325.00</u>	<u>\$ -</u>	<u>\$ 95,000.00</u>

D

D-14

D-16

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CITY OF SOMERS POINT

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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:

- Refuse Truck
- Road Reconstruction
- Air Paks
- 7 Police SUV's
- Repeater
- Bar Code evidence software
- Influent Grinder-station

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 6, 2012, 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, 2012.

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 June 28, 2012 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>
2012	11
2011	11
2010	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 2013 and 2012 Taxes	5
Payment of 2013 and 2012 Utility Bills	5
Delinquent Taxes	5
Delinquent Utility	2
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>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2012	\$ 29,616,625	\$ 28,725,922	96.99%
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%

Comparative Schedule of Tax Rate Information

	2012	2011	2010	2009	2008
Tax Rate	\$ 4.294	\$ 4.315	\$ 4.155	\$ 4.010	\$ 3.906
Apportionment of Tax Rate:					
Municipal	1.295	1.274	1.251	1.226	1.169
County	0.708	0.741	0.670	0.677	0.649
Local School	1.264	1.247	1.248	1.226	1.226
Regional School	1.027	1.053	0.986	0.881	0.862
Assessed Valuation	\$ 687,703,793	\$ 689,712,996	\$ 693,149,133	\$ 700,013,427	\$ 698,239,910

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>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2012	\$ 88,489	\$ 823,844	\$ 912,333	3.08%
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%

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>
2012	\$ 19,412
2011	\$ 19,412
2010	\$ 19,412
2009	\$ 19,412
2008	\$ 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 End of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2012	115,310	-	2,223,349	2,338,659	2,190,461
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

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>
<u>Current Fund</u>			
2012	\$ 1,063,919	\$ 950,000 *	89.29%
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%

Sewer Utility Operating Fund

2012	\$ 256,449	\$ 230,000 *	89.69%
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%

* 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

NONE

STATUS OF PRIOR RECOMMENDATIONS

Finding 11-1

Condition

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

Current Status

This recommendation was cleared during 2012.

Finding 11-2

Condition

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

Current Status

This recommendation was cleared during 2012.

Finding 11-3

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 cleared in 2012.

Finding 11-4

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 cleared in 2012.

Finding 11-5

Condition

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

Current Status

This recommendation was cleared in 2012.

Finding 11-6

Condition

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

Current Status

This recommendation was partially cleared in 2012.

RECOMMENDATIONS

None

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,

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

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