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CITY OF SOMERS POINT

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

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, 2010



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the City of Somers Point, New Jersey, as of December 31, 2010, the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the City of Somers Point's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements for the year ended December 31, 2009 were audited by other auditors whose report dated July 30, 2010 expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unqualified opinion under the regulatory basis of accounting.

We conducted our 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Somers Point as of December 31, 2010 or the results of its operations for the year then ended.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2011 on our consideration of the City of Somers Point's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Somers Point, New Jersey taken as a whole. The supplemental information, as listed in the table of contents, is presented for additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kenneth Moore

Kenneth Moore, CPA
Registered Municipal Accountant
No. 231

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants
April 1, 2011

EXHIBIT A - CURRENT FUND

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 3,234,105	2,937,531
Change and Petty Cash Fund	A-5	450	450
		<u>3,234,555</u>	<u>2,937,981</u>
Other Receivables:			
Due from the State of New Jersey		8,939	8,682
		<u>8,939</u>	<u>8,682</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	782,100	744,929
Tax Title Liens Receivable	A-7	80,093	74,933
Property Acquired / Assessed Valuation		19,412	19,412
Revenue Accounts Receivable	A-8	23,608	24,822
Due from Federal and State Grant Fund	A	158,620	-
	A	<u>1,063,833</u>	<u>864,096</u>
		<u>4,307,327</u>	<u>3,810,759</u>
Federal and State Grant Fund:			
Due from Current	A-4	-	241,264
Due from General Capital	C	41,227	-
Federal and State Grants Receivable	A-12	605,800	436,970
		<u>647,027</u>	<u>678,234</u>
		<u>\$ 4,954,354</u>	<u>4,488,993</u>

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 415,440	633,090
Encumbrances Payable	A-3	74,362	180,086
Accounts Payable	A-9	52,397	45,202
Prepaid Taxes	A-4	201,167	266,034
Tax Overpayments		516,698	-
Local and Regional School Tax Payable		10	9
Payroll Taxes Payable		18,052	17,995
Due to State of New Jersey:			
State Training Fees		1,501	13,608
Due to Federal and State Grant Fund	A	-	241,264
Due to Other Trust Funds	B	1,900	-
Due to General Capital Fund	C	7,417	300
Reserve for Tax Appeals		100,000	100,000
Reserve for Codification of Ordinances		-	1,419
		<u>1,388,944</u>	<u>1,499,007</u>
Reserves for Receivables	A	1,063,833	864,096
Fund Balance	A-1	<u>1,854,550</u>	<u>1,447,656</u>
		<u>4,307,327</u>	<u>3,810,759</u>
Federal and State Grant Fund:			
Due to Current Fund	A	158,620	-
Due to Other Trust Fund		5,229	-
Reserve for Encumbrances		-	4,250
Reserve for State Grants:			
Unappropriated Reserves	A-14	7,092	81,291
Appropriated Reserves	A-13	<u>476,086</u>	<u>592,693</u>
		<u>647,027</u>	<u>678,234</u>
		<u>\$ 4,954,354</u>	<u>4,488,993</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,**

	Ref.	2010	2009
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,223,500	1,015,000
Miscellaneous Revenues Anticipated	A-2	2,625,752	2,848,641
Receipts from Delinquent Taxes	A-2	722,618	600,785
Receipts from Current Taxes	A-2	27,982,216	27,395,171
Nonbudget Revenues	A-2	585,195	305,338
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-9	475,042	232,791
Canceled Accounts Payable		45,202	
Canceled Reserve for Codification		1,419	
Canceled Checks		6,738	-
Interfunds Returned		9,543	-
Refund of Prior Year's Expense		-	4,312
		<u>33,677,225</u>	<u>32,402,038</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	4,774,400	4,542,400
Other Expenses	A-3	3,810,700	4,139,900
Deferred Charges and			
Statutory Expenditures	A-3	996,535	945,070
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	460,461	155,887
Other Expenses	A-3	311,841	416,022
Capital Improvements	A-3	200,000	207,650
Debt Service	A-3	1,063,798	1,315,470
Deferred Charges	A-3	251,800	-
County Taxes Payable		4,641,392	4,734,445
County Share of Added and Omitted Taxes		8,805	21,441
Local District School Tax	A-10	8,648,206	8,583,758
Regional High School Tax	A-11	6,836,485	6,165,009
Interfunds Created		26,640	-
Prior Year Revenue Returned		15,768	-
		<u>32,046,831</u>	<u>31,227,052</u>

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Excess in Revenues		1,630,394	1,174,986
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		-	
Statutory Excess to Fund Balance		1,630,394	1,174,986
Fund Balance January 1	A	<u>1,447,656</u>	<u>1,287,670</u>
Total		3,078,050	2,462,656
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>1,223,500</u>	<u>1,015,000</u>
Fund Balance December 31	A	<u>\$ 1,854,550</u>	<u>1,447,656</u>

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,223,500	-	1,223,500	-
		1,223,500	-	1,223,500	-
<u>Miscellaneous Revenues:</u>					
Licenses-Alcoholic Beverages	A-8	20,000		22,580	2,580
Fees and Permits	A-8	14,000		14,359	359
Municipal Court	A-8	262,727		312,307	49,580
Interest and Costs on Taxes	A-8	78,000		165,322	87,322
Interest on Investments	A-8	14,000		7,103	(6,897)
Fees and Permits - Chapter 115 Inspections	A-8	30,000		46,450	16,450
Cable Television Franchise Fees	A-8	49,500		49,734	234
Hotel Fee		90,000		102,347	12,347
Consolidated Municipal Property Tax Relief Act		175,361		174,886	(475)
Energy Receipts Tax		791,735		791,735	-
Garden State Preservation Trust		4		(4)	
Uniform Construction Code fees	A-8	119,000		111,262	(7,738)
Interlocal Dispatching Services	A-8	284,000		284,000	-
Uniform Fire Safety Act		23,209		53,014	29,805
Reserve to Pay Bonds		30,000		30,000	-
Additional Revenues Offset With Appropriations:					
Safe and Secure Program	A-11	23,370		23,370	-
Clean Communities	A-11	22,548		22,548	-
New Jersey Transportation Trust Fund Authority Ac	A-11	150,000		150,000	-
Municipal Alliance	A-11	14,355		14,355	-
Body Armor - 2010	A-11	1,184	2,708	3,892	-
Pedestrian Safety	A-11		4,000	4,000	-
Click It Ticket	A-11		4,000	4,000	-
Over the Limit Under Arrear	A-11		5,000	5,000	-
Drunk Driving Enforcement 2010	A-11		10,857	10,857	-
Small Cities - 2010	A-11	66,544		66,544	-
Small Cities - 2010	A-11	127,440		127,440	-
Historic Preservation	A-11	20,000		20,000	-
Voter Accessibility	A-11	8,647		8,647	-

**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	2,415,624	26,565	2,625,752	183,563
Receipts from Delinquent Taxes	A-2	400,000		722,618	322,618
Subtotal General Revenues		4,039,124	26,565	4,571,870	506,181
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	A-2	8,673,416		8,716,531	43,115
Budget Totals	A-1:A-2	12,712,540	26,565	13,288,401	549,296
Nonbudget Revenues		\$ 12,712,540	26,565	13,873,596	585,195
	Ref.	A-3	A-3		1,134,491

**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	\$	27,982,216
Allocated to:			
School and County Taxes			20,134,888
Balance for Support of Municipal Budget Revenues			7,847,328
Add:			
Appropriation: "Reserve for Uncollected Taxes"	A-3		869,203
Amount for Support of Municipal Budget Appropriations	A-2		8,716,531
<u>Receipts from Delinquent Taxes:</u>			
Delinquent Tax Collections	A-6		722,618
Tax Title Lien Collections	A-7		-
	A-2	\$	722,618

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

<u>Analysis of Realized Revenue: (Continued)</u>	<u>Ref.</u>		
 <u>Miscellaneous Revenue Not Anticipated:</u>			
Vital Statistic		\$	78,629
Shore Memorial Hospital			100,000
Street Openings			10,450
Municipal Searches			1,080
Bingo and Raffle Licenses			830
Police Reports			6,027
Mercantile License Fee			22,481
Elections			1,810
Police Detail			64,935
Copies			2,648
Planning and Zoning			31,910
Cobra			398
FEMA			68,339
Insurance			6,518
Leases			29,050
Motor Vehicles			5,121
Reimbursement			15,581
Sale of Vehicles			123,598
Insurance Refunds			1,519
Senior and Veterans Fee			2,800
Miscellaneous			11,471
			585,195
	A-2:A-8	\$	585,195

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 69,000	69,000	68,500	500		
Other Expenses	35,000	35,000	32,425	2,575		
Department of General Administration						
Salaries and Wages	111,000	111,000	108,704	2,296		
Other Expenses	15,000	15,000	11,257	3,743		
Department of City Clerk						
Salaries and Wages	153,000	147,000	143,027	3,973		
Other Expenses	26,000	35,000	34,349	651		
Data Processing						
Other Expenses	3,000	3,000	3,000			
Department of Finance						
Salaries and Wages	65,000	30,000	24,037	5,963		
Other Expenses	12,000	18,000	16,188	1,812		
Annual Audit						
Other Expenses	30,000	30,000	30,000			
Department of Tax Assessment						
Salaries and Wages	90,000	90,000	84,287	5,713		
Other Expenses	54,000	59,000	57,590	1,410		
Department of Tax Collection						
Salaries and Wages	66,000	61,000	52,264	8,736		
Other Expenses	20,000	20,000	14,622	5,378		
Legal Services and Cost						
Other Expenses	220,000	220,000	190,958	29,042		
Municipal Prosecutor						
Salaries and Wages	17,000	14,400	14,237	163		
Other Expenses	1,000	3,600	2,636	964		

**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"						
GENERAL GOVERNMENT:						
Engineering Services and Costs						
Other Expenses	4,000	4,000	3,000	1,000		
Public Buildings and Grounds						
Salaries and Wages	115,000	116,000	114,683	1,317		
Other Expenses	75,000	75,000	64,382	10,618		
Vehicle Maintenance	100,000	100,000	99,424	576		
Planning Board						
Salaries and Wages	11,000	11,000	11,000			
Other Expenses	55,000	57,000	56,736	264		
Zoning Board						
Salaries and Wages	9,000	9,000	9,000			
Other Expenses	10,000	10,000	6,897	3,103		
PUBLIC SAFETY:						
Department of Fire						
Salaries and Wages	40,600	40,600	40,600			
Other Expenses	85,000	85,000	76,358	8,642		
Aid to Emergency Units						
Aid to Volunteer Ambulance and Rescue Squads	500	500	-	500		
Department of Police						
Salaries and Wages	2,600,000	2,606,000	2,587,389	18,611		
Other Expenses	100,000	100,000	90,246	9,754		
Department of Communications						
Salaries and Wages	159,000	159,000	158,408	592		
Other Expenses	18,500	18,500	975	17,525		
Department of Emergency Management						
Salaries and Wages	6,000	6,000	5,900	100		
Other Expenses	6,000	6,000	5,470	530		

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"						
PUBLIC SAFETY:						
Bureau of Fire Prevention						
Salaries and Wages	25,200	25,200	25,200			
Other Expenses	8,000	8,000	3,005	4,995		
Department of Zoning/Code Enforcement						
Salaries and Wages	62,000	66,000	64,447	1,553		
Other Expenses	9,000	9,000	1,000	8,000		
PUBLIC WORKS:						
Department of Public Works						
Salaries and Wages	415,000	415,000	412,579	2,421		
Other Expenses	65,000	69,000	68,929	71		
Division of Sanitation						
Salaries and Wages	377,500	377,500	368,692	8,808		
Other Expenses	190,000	180,000	161,519	18,481		
Sanitation - Transfer Fee	282,600	259,600	219,997	39,603		
HEALTH AND WELFARE:						
Animal Control Services						
Other Expenses	9,000	9,000	9,000			
RECREATION AND EDUCATION:						
Department of Parks and Recreation Programs						
Salaries and Wages	10,000	10,000	8,765	1,235		
Other Expenses	30,000	30,000	29,856	144		
Department of Parks and Recreation Facilities						
Salaries and Wages	128,000	128,000	119,217	8,783		
Other Expenses	30,000	30,000	24,778	5,222		
Environmental Commission						
Other Expenses	2,500	2,500	-	2,500		

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
Economic Development and Advisory Commission						
Other Expenses	2,000	2,000	-	2,000		
Historic Preservation Commission						
Other Expenses	5,000	5,000	483	4,517		
MUNICIPAL COURT:						
Municipal Court						
Salaries and Wages	164,700	164,700	158,424	6,276		
Other Expenses	28,000	28,000	18,742	9,258		
Public Defender (P.L. 1997, C.256)						
Other Expenses	8,000	8,000	7,750	250		
INSURANCE:						
General Liability	153,000	153,000	139,189	13,811		
Workers Compensation Insurance	309,000	309,000	295,392	13,608		
Employee Group Health	1,112,000	1,112,000	1,086,298	25,702		
Surety Bond Premiums	1,000	1,000	-	1,000		
Municipal Services Act						
Other Expenses	62,000	62,000	62,000			
Apartment Trash Collection						
Other Expenses	70,000	70,000	70,000			
STATE UNIFORM CONSTRUCTION CODE:						
Construction Official						
Salaries and Wages	118,000	118,000	118,000			
Other Expenses	9,000	9,000	8,197	803		
UNCLASSIFIED:						
Gasoline	74,000	82,000	81,023	977		
Diesel Fuel	38,000	38,000	32,978	5,022		
Fire Hydrant Water	96,000	96,000	76,688	19,312		

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
UNCLASSIFIED:							
Electric	128,000	128,000	112,692	15,308			
Street Lighting	90,000	90,000	74,148	15,852			
Telephone	34,000	40,000	38,377	1,623			
Natural Gas	38,000	38,000	35,075	2,925			
Water	26,000	34,000	33,983	17			
Fuel #2	1,000	1,000	-	1,000			
Waste Water	7,000	7,000	4,500	2,500			
Telecommunications Costs	5,000	5,000	4,706	294			
Total Operations Within "CAPS"	8,604,100	8,584,100	8,194,178	389,922			
Contingent	1,000	1,000	-	1,000			
Total Operations Incl. Contingent Within "CAPS"	8,605,100	8,585,100	8,194,178	390,922			
Detail:							
Salaries and Wages	4,812,000	4,774,400	4,697,360	77,040			
Other Expenses	3,793,100	3,810,700	3,496,818	313,882			
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>							
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	183,555	183,555	183,555				
Social Security System (O.A.S.I.)	310,000	330,000	325,482	4,518			
Police and Firemen's Retirement System of NJ	462,980	462,980	462,980				
Unemployment Compensation Insurance (N.J.S	20,000	20,000	20,000				
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	976,535	996,535	992,017	4,518			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	9,581,635	9,581,635	9,186,195	395,440			

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	
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Contribution to:					
Public Employees' Retirement System	6,931	6,931	6,931		
Police and Firemen's Retirement System	4,185	4,185	4,185		
Length of Service Awards Program	20,000	20,000	-	20,000	
Recycling Tax (PL 2008, C. 311)	12,400	12,400	12,400		
Dispatch Services - Interlocal Service Agreement	284,000	284,000	284,000		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance on Drug and Alcohol Abuse					
State Share	14,355	14,355	14,355		
City Share	3,590	3,590	3,590		
Safe and Secure Communities Program					
State Share	23,370	23,370	23,370		
City Share	130,543	130,543	130,543		
Clean Communities	22,548	22,548	22,548		
Body Armor Grant	1,184	3,892	3,892		
Small Cities Grant	66,544	66,544	66,544		
Small Cities Grant	127,440	127,440	127,440		
Historic Preservation Grant	20,000	20,000	20,000		
Click It or Ticket		4,000	4,000		
Over the Limit Under Arrest		5,000	5,000		
Drunk Driving Enforcement Fund		10,857	10,857		
Predestrian Safety Mobilization		4,000	4,000		
Voter Accessibility Grant	8,647	8,647	8,647		

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		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	745,737	772,302	752,302	20,000	-	-
Detail:						
Salaries and Wages	460,461	460,461	460,461	-	-	-
Other Expenses	285,276	311,841	291,841	20,000	-	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":						
Capital Improvement Fund	50,000	50,000	50,000			
New Jersey Transportation Fund	150,000	150,000	150,000			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	200,000	200,000	200,000	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":						
Payment of Bond Principal	756,250	756,250	756,250			
Interest on Bonds	283,915	283,915	283,915			
Green Trust Loan Program: Loan Repayments for Principal and Interest	24,000	24,000	23,633			367
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,064,165	1,064,165	1,063,798	-	-	367
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,009,902	2,036,467	2,016,100	20,000	-	367

**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</u>						
<u>FROM "CAPS"</u>						
Deferred Charges to Future Taxation Unfunded:						
Tax Appeal Refunding Ordinance	150,000	150,000	150,000			-
Ordinances 92-9, 93-6, 96-2, 12-01, 9-06, 12-04	16,800	16,800	16,800			-
Ordinance 05-09	40,000	40,000	40,000			-
Ordinance 09-09	45,000	45,000	45,000			-
TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED	251,800	251,800	251,800	-	-	-
<u>FROM "CAPS"</u>						
	11,843,337	11,869,902	11,454,095	415,440	-	367
	869,203	869,203	869,203			
SUBTOTAL GENERAL APPROPRIATIONS	12,712,540	12,739,105	12,323,298	415,440	-	367
TOTAL GENERAL APPROPRIATIONS	\$ 12,712,540	\$ 12,739,105	\$ 12,323,298	\$ 415,440	\$ -	\$ 367

	Ref.	PAID OR CHARGED
Budget		
N.J.S.A. 40A:4-87	12,712,540	(13,000)
Emergency Appropriation	26,565	74,362
	<u>12,739,105</u>	<u>594,786</u>

	Ref.	PAID OR CHARGED
Reimbursement from Federal and State Grant Fund		
Encumbrances Payable		
Federal and State Grants	A-12	594,786
Reserve for Uncollected Taxes	A-3	869,203
Disbursed	A-4	10,797,947
		<u>\$ 12,323,298</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>2010</u>	<u>2009</u>
Dog License Fund:			
Cash	B-1	\$ 203	2,741
		<u>203</u>	<u>2,741</u>
Length of Service award Program (unaudited)			
Investments held for LOSAP		159,803	-
		<u>159,803</u>	<u>-</u>
Other Funds:			
Cash	B-1	888,382	849,505
Due from Current Fund		1,900	-
Due from General Capital		15,035	-
Due from the Federal and State Grant Fund		5,229	-
		<u>910,546</u>	<u>849,505</u>
		<u>1,070,552</u>	<u>852,246</u>
 <u>Liabilities, Reserves, and Fund Balance</u>			
Dog License Fund:			
Due to State of New Jersey	B-3	1	8
Reserve for Dog Fund	B-2	202	2,733
		<u>203</u>	<u>2,741</u>
Length of Service award Program (unaudited)			
Reserve for LOSAP		159,803	-
		<u>159,803</u>	<u>-</u>
Other Funds:			
Reserve for Unemployment	B-4	55,648	56,302
Reserve for Escrow	B-5	228,033	265,410
Reserve for Recreation	B-6	115,922	117,832
Reserve for Street Opening Deposits	B-7	-	5,650
Reserve for Law Enforcement	B-8	33,845	39,066
Reserve for P.O.A.A.	B-9	1,860	1,614
Reserve for Tax Title Lien Redemption	B-10	3,250	2,494
Reserve for Premiums	B-11	102,650	-
Reserve for Affordable Housing Trust	B-12	369,338	356,933
Encumbrances Payable		-	4,204
		<u>910,546</u>	<u>849,505</u>
Total		<u>\$ 1,070,552</u>	<u>852,246</u>

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EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Cash and Investments	C-2	\$ 1,458,169	1,599,061
Due from:			
Current Fund	C-4	7,417	300
Sewer Utility Capital Fund	D-1	-	46,187
Deferred Charges to Future Taxation:			
Funded	C-5	7,355,857	8,134,481
Unfunded	C-6	2,592,350	1,894,150
		<u>11,413,793</u>	<u>11,674,179</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-8	-	108,451
Accounts Payable		-	638,746
Due to:			
Trust Other - Escrow	B	15,035	
Federal and State Grant Fund	C-7	41,227	
Sewer Utility Capital Fund	D	21,735	
Improvement Authorizations:			
Funded	C-8	997,603	1,490,559
Unfunded	C-8	817,750	1,016,135
Bond Anticipation Notes Payable	C-9	1,900,000	-
General Serial Bonds Payable	C-10	7,309,750	8,066,000
Green Trust Loan Payable	C-11	46,107	68,481
Reserve for Payment of Bonds		116,739	146,739
Reserve for Bequest - JFK Park		23,000	23,000
Reserve for Acquisition of Vehicle		10,000	10,000
Fund Balance	C-1	<u>114,847</u>	<u>106,069</u>
		<u>\$ 11,413,793</u>	<u>11,674,180</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2010 and 2009 of \$692,350 and \$3,553,000 respectively (C-13)

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance as of December 31, 2009	C	\$	106,069
Increase by:			
Premium on BAN's	C-4		8,778
			<hr/>
Balance as of December 31, 2010	C	\$	<u><u>114,847</u></u>

EXHIBIT D - SEWER UTILITY

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

	Ref.	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 591,967	593,531
Due from Sewer Utility Capital Fund		760	-
		<u>592,727</u>	<u>593,531</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	103,773	78,167
		<u>103,773</u>	<u>78,167</u>
Deferred Charges			
Overexpenditure of Appropriation		1,378	-
		<u>1,378</u>	<u>-</u>
Total of Operating Fund		<u>697,878</u>	<u>671,698</u>
Capital Fund:			
Due from Sewer Utility Operating Fund		-	116,368
Due from General Capital Fund		21,735	-
Due from State of NJEIT		2,930,000	-
Fixed Capital - Completed	D-8	6,968,068	6,968,068
Fixed Capital - Authorized and Uncompleted	D-9	3,614,407	3,614,407
Total of Capital Fund		<u>13,534,210</u>	<u>10,698,843</u>
Total Assets	D	<u>\$ 14,232,088</u>	<u>11,370,541</u>

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

	Ref.	<u>2010</u>	<u>2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$ 55,314	25,223
Encumbrances Payable	D-4	71,620	5,983
Accounts Payable		500	-
Sewer Rent Overpayments		40,534	77,470
Prepaid Sewer Rents		282,608	227,899
Due to Sewer Utility Capital Fund		-	116,368
Reserve for Unemployment		-	509
Reserve for Lateral Deposits		-	20,849
Reserve for Engineering Deposits		-	13,745
Accrued Interest on Bonds and Notes	D-11	18,007	16,554
		<u>468,583</u>	<u>504,600</u>
Reserve for Receivables	Res.	103,773	78,167
Fund Balance	D-1	125,522	88,930
Total of Operating Fund		<u>697,878</u>	<u>671,697</u>
Capital Fund:			
Improvement Authorizations			
Funded	D-12	2,950,012	88,501
Unfunded	D-12	99,325	3,006,155
Serial Bonds Payable	D-13	1,320,250	1,459,000
NJEIT Bonds Payable	D-14	2,875,000	-
Encumbrances Payable	D-12	-	3,889
Due to General Capital Fund	C	-	46,187
Due to Sewer Operating Fund		760	-
Reserves for Amortization	D-15	6,186,901	6,094,150
Deferred Reserve for Amortization	D-16	101,000	-
Fund Balance	D-2	962	962
Total of Capital Fund		<u>13,534,210</u>	<u>10,698,844</u>
Total Liabilities, Reserves and Fund Balance	D	<u>\$ 14,232,088</u>	<u>11,370,541</u>

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Fund Balance Anticipated	D-3	\$ 75,000	55,000
Rents	D-3:D-7	2,165,873	1,991,362
Miscellaneous	D-3	22,661	15,121
Miscellaneous Not Anticipated	D-3	5,879	15,517
Other Credits to Income:			
Canceled Reserves		35,103	-
Rent Overpayments Cancelled		6,476	-
Unexpended Balance of Appropriation Reserves	D-9	13,450	22,340
Total Income		<u>2,324,442</u>	<u>2,099,340</u>
 <u>Expenditures</u>			
Operations:			
Salaries and Wages	D-4	490,000	469,000
Other Expenses	D-4	364,000	316,000
Atlantic County Utility Authority	D-4	1,124,000	1,078,000
Debt Service	D-4	198,228	194,793
Deferred Charges and Statutory Expenditures	D-4	38,000	37,000
Total Expenditures		<u>2,214,228</u>	<u>2,094,793</u>
Excess(Deficit) in Revenues		110,214	4,547
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred charges to budget of succeeding year	D	<u>1,378</u>	<u>-</u>
Statutory Excess to Fund Balance Deficit in Revenue		111,592	4,547
Fund Balance January 1	D	88,930	139,383
Decreased by:			
Utilization as Anticipated Revenue		75,000	55,000
Fund Balance December 31	D	<u>\$ 125,522</u>	<u>88,930</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>2010</u>	<u>2009</u>
Balance January 1,	D	\$ 962	962
No Activity in 2010 or 2009			
Balance December 31,	D	<u>\$ 962</u>	<u>962</u>

**SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Ref.</u>	<u>Antic. Budget</u>	<u>Realized</u>	<u>Excess Or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 75,000	75,000	-
Rents - Sewer	D-1:D-7	1,903,359	1,956,332	52,973
Miscellaneous Receipts	D-5	25,000	22,661	(2,339)
Additional Sewer Rents	D-1:D-7	209,541	209,541	0
		<u>\$ 2,212,900</u>	<u>2,263,534</u>	<u>50,634</u>

Analysis of Realized Revenue

Rents

Consumer Accounts Receivable	D-7	<u>\$ 1,956,332</u>
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Miscellaneous

Interest on Deposits	\$ 549	
Interest on Delinquent Rents	13,336	
Interlocal	7,676	
Miscellaneous	<u>1,100</u>	
	D-5	<u>\$ 22,661</u>

**SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Appropriations		Expended				Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid Or Charged	Encumbered	Reserved			
OPERATING								
Salaries and Wages	\$ 490,000	490,000	479,288		10,712			
Other Expenses	364,000	364,000	248,477	71,620	43,903			
ACMUA- Treatment Costs	1,124,000	1,124,000	1,123,301		699			
	<u>1,978,000</u>	<u>1,978,000</u>	<u>1,851,066</u>	<u>71,620</u>	<u>55,314</u>			
CAPITAL IMPROVEMENTS								
Capital Outlay	-	-	-	-	-			
DEBT SERVICE								
Principal	138,800	138,800	138,750			50		1,378
Interest on Bonds	58,100	58,100	59,478					
Interest on BAN's								
	<u>196,900</u>	<u>196,900</u>	<u>198,228</u>			<u>50</u>		<u>1,378</u>

DEFERRED CHARGES AND STATUTORY EXPENDITURES

Deferred Charges								
Contribution to: Social Security System (O.A.S.I.) Unemployment Compensation	38,000	38,000	38,000					
Deficit in Operations in Prior Years Surplus (General Fund)	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>					
	<u>\$ 2,212,900</u>	<u>2,212,900</u>	<u>2,087,294</u>	<u>71,620</u>	<u>55,314</u>	<u>50</u>		<u>1,378</u>

Ref.

D-3 D-3 D-3 D:D-1 D:D-1 D

Accrued interest on Bonds 12/31/10 \$ 18,007 D-10
 (16,554) D-10
 Accrued interest on Bonds 12/31/09 Disbursed
 2,085,841 D-5
\$ 2,087,294

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Land and Improvements	\$ 8,284,500	8,284,500
Buildings and Improvements	3,322,600	3,322,600
Machinery and Equipment	7,355,851	6,712,981
Total General Fixed Assets	<u>18,962,951</u>	<u>18,320,081</u>
Investment in General Fixed Assets	\$ <u>18,962,951</u>	<u>18,320,081</u>

See Accompanying Notes to Financial Statements

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 AND 2009**

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.

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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, 2010.

	Balance as of 12/31/09	Additions	Disposals	Balance as of 12/31/10
Land and Improvements	\$ 8,284,500			8,284,500
Buildings and Improvements	3,322,600			3,322,600
Machinery and Equipment	6,712,981	1,259,923	617,053	7,355,851
	<u>\$ 18,320,081</u>	<u>1,259,923</u>	<u>617,053</u>	<u>18,962,951</u>

Utility Fixed Assets – Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

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

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

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

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

D. Comparative Data

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

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2010 and 2009 statutory budgets included a reserve for uncollected taxes in the amount of \$869,203 and \$794,239. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2010 and 2009 statutory budgets was \$1,223,500 and \$1,015,000.

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 2010 calendar year:

CITY OF SOMERS POINT
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<u>Budget Category</u>	
Department of Finance	
Salaries & Wages	\$ (30,000)
Sanitation - Transfer Fee	(23,000)
Social Security	20,000

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2010, there were the following budget insertions;

Click It or Ticket	\$ 4,000
Pedestrian Safety Mobilization	4,000
Body Armor Fund	2,708
Over the Limit Under Arrest	5,000
Drunk Driving Enforcement Fund	10,857
	<u>\$ 26,565</u>

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City had no emergency appropriations during 2010.

Note 3: INVESTMENTS

As of December 31, 2010 and 2009, 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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 and 2009, \$0 and \$0 of the municipality’s bank balance of \$6,211,185 and \$5,748,982, respectively were exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2010 consisted of the following:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Ending</u>	<u>Due in One Year</u>
General	\$ 8,134,481		778,624	7,355,857	779,074
Utility	1,459,000	2,875,000	138,750	4,195,250	148,750
Comp Absences	1,456,034	169,515	44,009	1,581,540	-
Total	<u>\$ 11,049,515</u>	<u>3,044,515</u>	<u>961,383</u>	<u>13,132,647</u>	<u>927,824</u>

Paid by Current Fund:

\$4,625,000 General Improvement Bond dated 8/15/03 payable in annual installments through 8/15/12. \$600,000 of principal was paid on 8/15/10. Interest is paid semiannually at a rate of 3.375% to 3.5 % per annum. The balance remaining as of December 31, 2010 was \$1,200,000.

\$6,266,000 General Improvement Bond dated 7/1/09 payable in annual installments through 7/1/19. \$156,250 of principal was paid on 7/1/10. Interest is paid semiannually at rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2009 was \$6,109,750.

\$380,050 Green Trust Loans Payable dated 3/5/93 payable in semiannual installments of \$11,816 through 12/5/12. The payment includes principal and interest. \$22,374 of principal was paid during

**CITY OF SOMERS POINT
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2010. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2010 was \$46,107.

Paid by Sewer Utility Fund:

\$1,360,000 Sewer Refunding Bonds dated 12/28/2000 payable in annual installments through 12/1/2013. \$115,000 of principal was paid on 10/1/10. Interest is paid semiannually at a rate of 4.75% per annum. The balance remaining as of December 31, 2010 was \$390,000.

\$954,000 Sewer Refunding Bonds dated 7/1/09 payable in annual installments through 7/01/19. \$23,750 of principal was paid on 7/01/10. Interest is paid semiannually at rates from 3.00% to 4% per annum. The balance remaining as of December 31, 2010 was \$930,250.

\$1,410,000 N.J. Environmental Fund Loan Bond dated 12/2/10 payable in annual installments through 8/1/30. The first payment is due 2/1/12. Interest is paid semiannually at a rate of 5% per annum. The balance remaining as of December 31, 2010 was \$1,410,000.

\$1,465,000 N.J. Environmental Fund Loan Bond dated 12/2/10 payable in semiannual installments through 8/1/30 bearing no interest. The first payment is due 2/1/12. The balance remaining as of December 31, 2010 was \$1,465,000.

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

Year	General		Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2011	756,250	260,025	148,750	51,837	1,216,862
2012	756,250	234,697	275,855	115,628	1,382,430
2013	694,300	208,619	367,805	106,431	1,377,155
2014	746,500	186,054	240,605	94,083	1,267,242
2015	785,500	161,793	251,605	87,895	1,286,793
2016-2020	3,570,950	351,426	1,239,576	326,799	5,488,751
2021-2025			785,527	187,500	973,027
2026-2030			885,527	77,500	963,027
	<u>\$ 7,309,750</u>	<u>1,402,614</u>	<u>4,195,250</u>	<u>1,047,673</u>	<u>13,955,287</u>

As of December 31, 2010, 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, 2010 AND 2009**

<u>Summary of Municipal Debt</u>	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Issued:</u>			
General:			
Bonds Issued	\$ 7,355,857	8,134,481	8,415,415
Bond Anticipation Note	1,900,000		
Sewer Utility:			
Bonds & Notes Issued	4,195,250	1,459,000	1,597,000
Bond Anticipation Note			-
Net Debt Issued	<u>13,451,107</u>	<u>9,593,481</u>	<u>10,012,415</u>
<u>Authorized but not issued:</u>			
General:			
Bonds & Notes	692,350	1,894,150	865,800
Sewer Utility:			
Bonds & Notes	99,325	3,029,325	4,325
Bonds & Notes Authorized But Not Issued	<u>791,675</u>	<u>4,923,475</u>	<u>870,125</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>14,242,782</u>	<u>14,516,956</u>	<u>10,882,540</u>
Deductions:			
Reserve for Payment of Bonds	116,739	146,739	176,739
Self-liquidating Debt	4,294,575	4,488,325	1,601,325
Total Deductions	<u>4,411,314</u>	<u>4,635,064</u>	<u>1,778,064</u>
Net Debt	<u>\$ 9,831,468</u>	<u>\$ 9,881,892</u>	<u>9,104,476</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.66%.

**CITY OF SOMERS POINT
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	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 23,610,980	23,610,980	-
Self-Liquidating Purpose	4,294,575	4,294,575	-
General Debt	9,948,207	116,739	9,831,468
	<u>\$ 37,853,762</u>	<u>28,022,294</u>	<u>9,831,468</u>

Net Debt \$9,831,468 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$9,831,468 = 0.66%.

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)	\$	52,169,714
Net Debt		9,831,468
Remaining Borrowing Power	<u>\$</u>	<u>42,338,246</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		\$ 2,269,413
Deductions:		
Operating and Maintenance Costs	\$ 2,016,000	
Debt Service per Water and Sewer Fund	198,228	
Total Deductions		<u>2,214,228</u>
Excess in Revenues		<u>\$ 55,185</u>

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
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Note 6: NOTES

Bond Anticipation Note

The City has outstanding at December 31, 2010 and 2009, a bond anticipation note in the amount of \$1,900,000 and \$0, respectively. At December 31, 2010 \$1,900,000 is payable to Beneficial Bank. The current interest rate on this note is 1.75% and will mature on October 5, 2011

	<u>General Capital</u>	<u>Utility Capital</u>	<u>Total</u>
Balance 12/31/09	\$ -	-	-
Increase	1,900,000	-	1,900,000
Balance 12/31/10	<u>\$ 1,900,000</u>	<u>-</u>	<u>1,900,000</u>

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011 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, 2010, there were no deferred charges.

	Balance 12/31/10	2011 Budget Appropriation	Balance to Succeeding Budgets
Sewer Utility Operating Fund: Overexpenditure of Appropriation	\$ 1,378	1,378	-
	<u>\$ 1,378</u>	<u>1,378</u>	<u>-</u>

The appropriations in the 2011 budget are not less than that required by statute.

Note 9: SCHOOL TAXES

Local District School Tax in the amount of \$8,648,206 and \$8,573,758 has been raised for the 2010 and 2009 calendar year, respectively and \$8,648,205 and \$8,573,758 were remitted to the school district leaving a \$1 balance payable.

**CITY OF SOMERS POINT
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Regional High School Tax in the amount of \$6,836,485 and \$6,165,009 has been raised for the 2010 and 2009 calendar year, respectively and \$6,836,485 and \$6,165,000 were remitted to the school district leaving a \$9 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 12/31/10	Balance 12/31/09
Prepaid Taxes	\$ 201,167	266,034
Cash Liability for Taxes Collected in Advance	\$ 201,167	266,034

Note 11: PENSION FUNDS

Description of Plans

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

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
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members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5.5% 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, 2010, 2009 and 2008 were \$183,555, \$177,347 and \$141,050 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2010, 2009 and 2008 were \$462,980, \$447,323 and \$416,920 respectively, equal to the required contributions for each year.

NOTE 13: POST-RETIREMENT BENEFITS

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

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

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

Policemen Benevolent Association Mainland Local 77 – Superior Officers – Individuals who retired following years of service in the Police and Fireman's Retirement System receive

**CITY OF SOMERS POINT
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hospitalization, major medical, dental, prescription and optical for the employee and spouse in effect at the time of retirement as follows:

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

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

1 year of coverage

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

1 year of coverage

Teamsters #115 – No Benefits

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

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

Police Chief – with the following:

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

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

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

Tax Assessor – 1 year of coverage

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

**CITY OF SOMERS POINT
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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, 2010 vary according to the type of coverage selected by the retiree and range from \$420 to \$1,890 monthly per retiree.

The City of Somers Point contributions to SHBP for post-retirement benefits for the year ended December 31, 2010 and 2009, were \$33,253 and \$35,013 respectively, which equaled the required contribution for the year.

Note 14: DEFERRED COMPENSATION

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

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

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

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

Note 15: LABOR CONTRACTS

As of December 31, 2010, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

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

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, 2010 and 2009, the City estimates this liability to approximate \$1,581,540 and \$1,456,034, 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

Capital Leases

The City is leasing the following vehicles.

**CITY OF SOMERS POINT
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<u>Description</u>	<u>Vendor</u>
3 - 2010 Ford Crown Victorias	Winner Ford of Cherry Hill
2 - 2010 Ford Crown Victorias	Winner Ford of Cherry Hill

The economic substance of the leases is that the City is financing the acquisition of the assets through the lease, and, accordingly, they are recorded in the City's General Fixed Asset Account Group. The following is a schedule by years of future minimum payments required under the leases together with their present value as of December 31, 2010:

Years Ending December 31,	
2011	38,077
2012	38,077
Total minimum lease payments	<u>76,154</u>
Less amount representing interest	<u>7,386</u>
Present value of minimum lease payments	<u><u>68,768</u></u>

At December 31, 2010, 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>
2011	\$ 5,408
2012	5,408
2013	5,408
2014	5,408
2015	4,507

Rental payments under operating leases for the year 2010 were \$10,640.

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 19: RISK MANAGEMENT - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2010 and 2009 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

<u>Calender Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 20,000	8,012	28,666	55,648
2009				56,302

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, 2010 AND 2009**

Note 22: INTERFUND BALANCES

As of December 31, 2010, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital	\$	7,417
Federal and State Grant Fund	158,620	
Trust Funds - Other		1,900
Grant Fund:		
Current Fund		158,620
General Capital	41,227	
Trust Other		5,229
Trust Fund - Other:		
Current	1,900	
General Capital	15,035	
Federal and State Grant Fund	5,229	
General Capital:		
Current Fund	7,417	
Trust Other - Escrow		15,035
Federal and State Grant Fund		41,227
Sewer Utility Capital Fund		21,735
Sewer Utility Operating Fund:		
Sewer Utility Capital Fund	760	
Sewer Utility Capital Fund:		
General Capital	21,735	
Sewer Utility Operating Fund		760
	<u>\$ 251,923</u>	<u>251,923</u>

Most Funds maintain separate bank accounts. Some accounts were incorrectly posted and were reclassified.

SUPPLEMENTARY INFORMATION



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

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

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

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and

corrected on a timely basis. We consider the deficiencies in the accompanying schedule of findings and responses to be material weaknesses: 10-1, 10-2, 10-3, and 10-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Somers Point, New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our audit disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services and which are described in the accompanying schedule of findings and responses as items 10-4 and 10-7.

We noted certain matters that we reported to management of the City of Somers Point, New Jersey in a separate letter dated April 1, 2011.

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

This report is intended solely for the information and use of management, the Finance Committee, City Council and the State of New Jersey, Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth Moore

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

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants

April 1, 2011

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/10	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance at 12/31/10	Cumulative Expenditures
FEDERAL									
Passed through the State of New Jersey Department of Community Affairs									
Historic Preservation		1/1/10-12/31/10	20,000		20,000	20,000		-	20,000
Voter Accessibility		1/1/10-12/31/10	8,647		8,647	8,647		-	8,647
Small Cities	14,228	1/1/10-12/31/10	66,544	11,490	66,544	66,544		11,490	66,544
Small Cities	14,228	1/1/10-12/31/10	127,440		127,440	127,440		-	127,440
Total Department of Community Affairs				<u>11,490</u>	<u>193,984</u>	<u>193,984</u>	<u>-</u>	<u>11,490</u>	
U.S. Department of Justice									
COPS Universal		1/1/01-12/31/01		34,930			(34,930)	-	-
COPS Universal		1/1/99-12/31/99		12,295			(12,295)	-	-
COPS Universal		1/1/98-12/31/98		9,684			(9,684)	-	-
COPS Universal		1/1/97-12/31/97		20,095			(20,095)	-	-
Justice Assistance Grant - ARRA	16,710	1/1/10-12/31/10	26,931	26,931		26,931		-	26,931
Total U.S. Department of Justice				<u>103,935</u>	<u>-</u>	<u>26,931</u>	<u>(77,004)</u>	<u>-</u>	
Federal Emergency Management Assistance									
Homeland Security	83,554	1/1/09-12/31/09		7,489				7,489	
Total Federal Emergency Management Assistance				<u>7,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,489</u>	
Total Federal Assistance				<u>122,914</u>	<u>193,984</u>	<u>220,915</u>	<u>(77,004)</u>	<u>18,979</u>	

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/10	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance at 12/31/10	Cumulative Expenditures
STATE									
State of New Jersey									
Department of Environmental Protection									
Stormwater Grant	N/A	1/1/06-12/31/06	7,318	7,318				7,318	-
Operation Planning Program	N/A	1/1/09-12/31/09	932	932				932	-
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/09-12/31/09	29,684	29,684	5,229			24,455	5,229
Clean Communities Act	4900-765-178920	1/1/09-12/31/09	14,711	14,711				14,711	-
Clean Communities Act	4900-765-178920	1/1/10-12/31/10	22,549	22,549	22,549			-	22,549
Total Department of Environmental Protection				52,645	22,549	27,778		47,416	
Department of Community Affairs									
Sustainable Growth Grant	N/A		10,000	10,000	2,187			7,813	2,187
Sewerage Infrastructure Grant	N/A		7,870	7,870	2,187			7,870	-
Total Department of Community Affairs				17,870	-	2,187		15,683	
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/10-12/31/10			10,857			10,857	-
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/09-12/31/09		11,459	5,695			5,764	5,695
Drunk Driving Enforcement Fund	1110-101-030000-129040	Prior		6,024	6,107		83	-	-
Click It or Ticket	N/A	1/1/10-12/31/10	4,000	4,000	4,000			-	4,000
Over the Limit Under Arrest	N/A	1/1/10-12/31/10	5,000	5,000	5,000			-	5,000
Pedestrian Safety	N/A	1/1/10-12/31/10	4,000	4,000	4,000			-	4,000
Think Safe Speed Management	N/A	1/1/10-12/31/10	1,332	1,332				1,332	-
Total Division of Motor Vehicles				18,815	23,857	24,802	83	17,953	
New Jersey Department of Transportation									
Reconstruction of Bay Avenue	6320-480-601385-61		150,000	41,482				41,482	108,518
Reconstruction of Ambler Road	6320-480-601385-61		150,000	6,419				6,419	143,581
Reconstruction of Roads 2010	6320-480-601385-61	1/1/10-12/31/10	150,000		150,000			-	150,000
Construction of Bike Path	6320-480-601385-61	1/1/09-12/31/10	200,000	179,118		20,882		200,000	-
Total New Jersey Department of Transportation				227,019	150,000	150,000	20,882	247,901	
New Jersey Department of Law and Public Safety									
Body Armor		1/1/10-12/31/10	3,891		3,891			3,891	-
Body Armor		1/1/09-12/31/09	2,625	2,625				2,625	-
Body Armor		1/1/08-12/31/08	1,842	1,842				1,842	-
Body Armor		1/1/05-12/31/05	2,290	2,290				2,290	-
Body Armor		Prior	630	630				630	-
Safe and Secure Communities	100-066-1020-107-090940	1/1/10-12/31/10	153,913	153,913	111,387			42,526	111,387
Safe and Secure Communities	100-066-1020-107-090940	1/1/09-12/31/09	155,877	15,576	15,576			-	155,877
Total New Jersey Department of Law and Public Safety				22,963	157,804	126,963	-	53,804	
Total State Assistance				339,312	354,210	331,730	20,965	382,757	
Total Financial Assistance				\$ 462,226	\$ 548,194	\$ 552,645	\$ (56,039)	\$ 401,736	

Notes to Schedule of Expenditures of Federal and State Awards December 31, 2010

Note 1: BASIS OF PRESENTATION

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

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards	\$ 249,562	339,075
Add local funding	-	78,228
Expenditure per Audit Schedule A-13	\$ 249,562	417,303

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Schedule of Financial Statement Findings

10-1. Criteria

In order for City officials to be aware of the financial status, it is essential that general ledgers be accurately maintained for all funds.

Condition

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

Context

Beginning balances were not adjusted to agree with the prior audit balances, and all activity was not posted to the Current Fund general ledger.

Cause

When the general ledger was established in the current financial accounting system, the accounts were not set up to properly post to the appropriate accounts, making it difficult to maintain a balance general ledger.

Effect

City Council did not always have up to date, complete, and accurate financial information during the year.

Recommendation

The City should consider upgrading the financial accounting software to the most recent version, and during the installation, proper accounts should be established to enable the City to maintain an accurate, balanced general ledger for all funds.

Management Response

The City has negotiated with the software company to upgrade the financial accounting software. It will be installed during the current year and training provided to personnel using the system.

10-2. Criteria

The City is required to maintain an encumbrance accounting system.

Condition

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

Cause

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

Effect

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

Recommendation

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

Management Response

Encumbrances will be maintained in the accounting system as required.

10-3. Criteria

Written procedures are required to be maintained for all transactions within the City.

Condition

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

Cause

Written procedures have not been updated and maintained by City personnel for procedures to be followed for all transactions.

Effect

The City does not have an adequate control and monitoring policy in place.

Recommendation

Procedures should be documented and maintained for all transactions performed by City personnel, including payroll, cash receipts and disbursements.

Management Response

Procedures will be documented and maintained on a go-forward basis.

10-4. Criteria

All supporting documentation for expenditures must be maintained and available for examination. Expenditures must be charged to the appropriate line item and budget year.

Condition

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

Context

49 out of 60 purchase orders tested were dated after the invoice date. 8 out of 60 purchase orders tested did not have all of the required signatures. Expenditures totaling \$165,169 were noted that were not posted to the proper budget lines or year. 3 out of 24 expenditures tested did not have quotes attached to the voucher package.

Cause

There are no updated written purchasing procedures for employees to follow to ensure that all New Jersey purchasing laws are being followed.

Effect

City Council does not have an accurate accounting of expenditures for the year.

Recommendation

Purchasing procedures need to be updated and personnel trained to ensure that all required supporting documentation is received and maintained with the voucher package. Expenditures should be carefully reviewed to ensure that they are charged to the appropriate budget line and year.

Management Response

All supporting documentation for all payments will be obtained and maintained with the voucher package.

10-5. Criteria

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

Condition

No minutes were available for examination subsequent to October 14, 2010.

Context

Records of public meetings were not available for one quarter of the year under audit. In addition, no minutes were available for the 2011 year.

Cause

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

Effect

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

Recommendation

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

Management Response

Minutes will be prepared and approved in a timely manner.

10-6. Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Management Response

Procedures over receipts will be approved and implemented.

10-7. Criteria

Personnel records must be properly maintained and accrued sick and vacation time must be properly accounted for.

Condition

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

Context

3 out of 18 employees required to have I-9 Forms did not have the completed form in their personnel files. 3 out of 9 terminated employees tested did not have termination documents in their personnel files.

Cause

There is no central human resource department or individual to ensure that all required documents are completed and maintained in the personnel files.

Effect

Required documentation to prove that personnel are eligible to be employed is not available. In addition, it is difficult to determine if employees are properly compensated for accrued sick and vacation time or are properly removed from payroll as of the date of termination.

Recommendation

The City should consider designating personnel to a human resource function to cover all areas of the personnel and payroll functions.

Management Response

The City will consider the benefits of a dedicated human resource individual.

10-8. Criteria

Escrow funds must be properly accounted for and maintained.

Condition

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

Cause

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

Effect

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

Recommendation

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

Management Response

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

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Treasurer
Balance as of December 31, 2009	A	\$ 2,937,531
Increased by Receipts:		
Taxes Receivable	A-6	28,199,343
Tax Title Liens (No Activity)	A-7	-
2011 Prepaid Taxes	A	201,167
Due from State - Sr. Citizens and Veterans		139,992
Miscellaneous Revenue Anticipated	A-2:A-8	2,165,099
Miscellaneous Revenue Not Anticipated	A-2:A-8	585,195
Federal and State Grants Receivable	A-12	271,229
Federal and State Grants Unappropriated	A-14	1,370
Capital Fund - Tax Appeal		638,746
Due to General Capital		8,778
Due to Trust		2,962
Voided Check		<u>6,738</u>
		<u>32,220,619</u>
		<u>35,158,150</u>
Decreased by Disbursements:		
2010 Appropriations	A-3	10,797,947
2009 Appropriation Reserves	A-9	285,736
County Taxes Payable	A-6	4,641,392
Due County for Added and Omitted Taxes	A-6	8,805
Local District School Tax	A-10	8,648,205
Regional High School Tax	A=11	6,836,485
Federal and State Grant Expenditures	A-13	666,865
Prior Year Revenue		15,768
Refund of Tax Overpayments		22,842
		<u>31,924,045</u>
Balance as of December 31, 2010	A	\$ <u>3,234,105</u>

See Accompanying Auditor's Report

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

<u>Office</u>		Balance Dec. 31, 2009	Received From Treasurer	Returned to Treasurer	Balance Dec. 31, 2010
Municipal Court	\$	50			50
Collector		300			300
Clerk		100			100
	\$	<u>450</u>	<u>-</u>	<u>-</u>	<u>450</u>
Ref.		A	A-4		A

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

Year	Balance Dec. 31, 2009	2010 Levy	Added Taxes	Collections 2009	2010	Over- Payments Created/(Applied)	(Transfers)/ Canceled	Transferred To Tax Title Liens	Balance Dec. 31, 2010
2008 \$	5				5				9
2009	744,924				752,129	29,516	22,302		9
	744,929	-	54,243	-	752,134	29,516	22,302	-	9
2010		28,800,357	54,243	266,034	27,587,459	(128,723)	85,132	5,161	782,091
\$	744,929	28,800,357	54,243	266,034	28,339,593	(99,207)	107,434	5,161	782,100
Ref.	A							A-7	A
Taxes Receivable									
Senior Citizens and Veterans									
				Ref. A-4	28,199,343				
					140,250				
					<u>28,339,593</u>				
Analysis of 2010 Property Tax Levy									
Tax Yield:									
General Property Tax									
						28,800,357			
						54,243			
						<u>28,854,600</u>			
Tax Levy:									
Local School District Tax (Abstract)									
				A-6		8,648,206			
Regional High School Tax (Abstract)									
				A-10 A-11		6,836,485			
County Taxes:									
					3,879,102				
					428,365				
					259,742				
					74,183				
					<u>8,805</u>				
Due County for Added Taxes (54:4-63.1 et. seq.)									
						4,650,197			
Total County Taxes									
						<u>15,556,197</u>			
Local Tax for Municipal Purposes									
				A-2	8,673,416				
					46,296				
					<u>8,719,712</u>				
						<u>28,854,600</u>			

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance as of December 31, 2009	A	\$	74,932
Increased by:			
Transfers from Taxes			
Receivable	A-6	\$	5,161
Interest and Costs Accrued by:			
Sale of July 15, 2010	Res.		<u> -</u>
			<u> 5,161</u>
			80,093
Decreased by:			
Collected	A-4		<u> -</u>
			<u> -</u>
Balance as of December 31, 2010	A	\$	<u><u>80,093</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Miscellaneous Revenue Anticipated:	Ref.	Balance Dec. 31, 2009	Accrued In 2010	Collected	Balance Dec. 31, 2010
Licenses-Alcoholic Beverages	A-2	\$ -	22,580	22,580	-
Fees and Permits	A-2		14,359	14,359	-
Municipal Court	A-2	24,822	311,093	312,307	23,608
Interest and Costs on Taxes	A-2		165,322	165,322	-
Interest on Investments	A-2		7,103	7,103	-
Fees and Permits - Chapter 115 Inspections	A-2		46,450	46,450	-
Cable Television Franchise Fees	A-2		49,734	49,734	-
Hotel Fee	A-2		102,347	102,347	-
Consolidated Municipal Property Tax Relief Act	A-2		174,886	174,886	-
Energy Receipts Tax	A-2		791,735	791,735	-
Uniform Construction Code fees	A-2		111,262	111,262	-
Interlocal Dispatching Services	A-2		284,000	284,000	-
Uniform Fire Safety Act	A-2		53,014	53,014	-
Reserve to Pay Bonds	A-2		30,000	30,000	-
Miscellaneous Revenue Not Anticipated:	A-2		585,195	585,195	-
		<u>\$ 24,822</u>	<u>2,749,080</u>	<u>2,750,294</u>	<u>23,608</u>
	<u>Ref.</u>	A			
	Treasurer			2,750,294	A-4
				<u>2,750,294</u>	

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009**

	<u>Balance Dec. 31, 2009</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Overexpended</u>	<u>Balance Lapsed</u>
OPERATIONS WITHIN "CAPS"					-
Administrative and Executive					
Other Expenses	3,384	3,384	1,224		2,160
Mayor and Council					
Other Expenses	22,945	10,945	1,711		9,234
Department of City Clerk					
Other Expenses	786	786	784		2
Department of Finance					
Salaries and Wages	8,754	3,754			3,754
Other Expenses	5,035	5,035	4,401		634
Department of Tax Assessment					
Other Expenses	5,999	5,999	4,761		1,238
Department of Tax Collection					
Salaries and Wages	4,637	4,637	1,186		3,451
Other Expenses	2,091	2,091	598		1,493
Legal Services and Cost					
Other Expenses	72,161	59,161	6,269		52,892
Municipal Prosecutor					
Other Expenses	2,500	2,500	175		2,325
Public Buildings and Grounds					
Salaries and Wages					
Other Expenses	6,481	6,481	3,753		2,728
Vehicle Maintenance	5,854	5,854	615		5,239
Planning Board					
Other Expenses	8,668	8,668	50		8,618
PUBLIC SAFETY:					
Department of Fire					
Other Expenses	38,157	38,157	31,654		6,503
Department of Police					
Salaries and Wages	67,598	67,598	46,997		20,601
Other Expenses	16,276	16,276	6,526		9,750
Department of Communications					
Other Expenses	54,466	54,466	49,747		4,719
Bureau of Fire Prevention					
Other Expenses	5,128	5,128	250		4,878
Department of Zoning/Code Enforcement					
Salaries and Wages	11,475	6,475			6,475
PUBLIC WORKS:					
Department of Public Works					
Salaries and Wages	5,401	5,401	4,356		1,045
Other Expenses	1,759	1,759	67		1,692
Division of Sanitation					
Salaries and Wages	21,813	21,813	14,352		7,461
Other Expenses	27,963	27,963	13,785		14,178
Sanitation - Transfer Fee	55,111	55,111	20,862		34,249
RECREATION AND EDUCATION:					
Department of Parks and Recreation Facilities					
Salaries and Wages	10,391	5,391			5,391
Other Expenses	10,904	10,904	3,000		7,904

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 0**

	<u>Balance Dec. 31, 0</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Overexpended</u>	<u>Balance Lapsed</u>
MUNICIPAL COURT:					
Municipal Court					
Salaries and Wages	1,057	1,057	271		786
Other Expenses	12,520	12,520	617		11,903
Public Defender (P.L. 1997, C.256)					
Other Expenses	2,750	2,750	1,750		1,000
Municipal Services Act					
Other Expenses	25,489	37,489	32,392		5,097
Apartment Trash Collection					
Other Expenses	10,000	35,000	35,000		-
UNCLASSIFIED:					
Gasoline	36,593	31,593	3,169		28,424
Diesel Fuel	27,337	27,337	2,831		24,506
Fire Hydrant Water	3,999	7,999	7,669		330
Electric	7,912	11,912	10,946		966
Street Lighting	13,824	13,824	7,942		5,882
Telephone	4,224	4,224	2,895		1,329
Water	13,731	13,731	1,287		12,444
Telecommunications Costs	848	848	193		655
Length of Service Awards Program	25,000	25,000	14,048		10,952
Accounts with no Activity	152,154	152,154	-		152,154
Totals	\$ <u>813,175</u>	<u>813,175</u>	<u>338,133</u>	<u>-</u>	<u>475,042</u>
Ref.	A	A		A	A-1
		\$ 633,090	52,397	Accounts Payable	
		<u>180,085</u>	<u>285,736</u>	Expended A-4	
		<u>\$ 813,175</u>	<u>338,133</u>		

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

Balance as of December 31, 2009		
School Tax Payable	A	\$ -
Increased by:		
Levy-Calendar Year January 1, 2010 to December 31, 2010	A-6	<u>8,648,206</u>
		8,648,206
Decreased by:		
Payments	A-4	<u>8,648,205</u>
Balance as of December 31, 2010		
School Tax Payable	A	<u><u>1</u></u>
<u>2010 Liability for Local District School Tax</u>		
Tax Paid	A-4:A-10	8,648,205
Tax Payable December 31, 2010	A-11	<u>1</u>
		8,648,206
Less:		
Tax Payable December 31, 2009	A:A-10	<u>-</u>
Amount Charged to 2010 Operations	A-1	<u><u>\$ 8,648,206</u></u>

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

Balance as of December 31, 2009			
School Tax Payable	A	\$	9.00
Increased by:			
Levy-Calendar Year January 1, 2010 to December 31, 2010	A-6		<u>6,836,485</u>
			6,836,485
Decreased by:			
Payments	A-4		<u>6,836,485</u>
Balance as of December 31, 2010			
School Tax Payable	A		<u><u>-</u></u>
<u>2010 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10		6,836,485
Tax Payable December 31, 2010	A-11		<u>9</u>
			6,836,494
Less:			
Tax Payable December 31, 2009	A:A-10		<u>9</u>
Amount Charged to 2010 Operations	A-1	\$	<u><u>6,836,485</u></u>

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

Grant	Balance Dec. 31, 2009	Anticipated Revenue	Received	Adjustment	Balance Dec. 31, 2010
Safe and Secure Program	\$ 23,373	23,370	23,373		23,370
Clean Communities		22,548	22,548		-
Department of Transportation: Amblor Road Bay Avenue 2010	7,897 12,129				7,897 12,129 37,500
New Jersey Transportation Trust Fund Authority Act	56,004	150,000	112,500		-
DOT Bikeways	200,000		56,004		200,000
Municipal Stormwater Regulation	5,103		5,103		-
Municipal Alliance	40,063	14,355	10,940		43,478
Environmental Services Grant	268				268
Special Legislative Grant - Kern Field	40,000				40,000
Atlantic County Open Space	24,885				24,885
Think Safety/Speed Management Grant	1,782				1,782
Sustainable Growth Grant	5,000		5,000		-
Local Arts Development Program	225				225
Local Arts Development Program	1,100				1,100
Body Armor - 2010		3,892	3,892		-
Pedestrian Safety		4,000	4,000		-
Click It Ticket		4,000	4,000		-
Over the Limit Under Arrear		5,000	4,325		675
Drunk Driving Enforcement 2010		10,857			10,857
Federal Grants					
COPS Universal	550				550
U.S. Department of Homeland Security - Firefighters	7,100				7,100
Small Cities	11,490		11,490		-
Small Cities - 2010		66,544			66,544
Small Cities - 2010		127,440			127,440
Historic Preservation		20,000	20,000		-
Voter Accessibility		8,647	8,647		-
	\$ 436,969	460,653	291,822		605,800
	A	A-2	A-1		A
Unappropriated Reserves			20,593		
Federal and State Grant Fund			271,229		
			291,822		

Ref.

See Accompanying Auditor's Report

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

Grant	Balance Dec. 31, 2009	2010 Budget Appropriation	Expended	Adjustment	Balance Dec. 31, 2010
Local River Management Plan	\$ 3,000				3,000
Municipal Alliance - 2010		17,945	13,472		4,473
Municipal Alliance - 2009	17,945		3,976	4,166	18,135
Municipal Alliance - Prior	13,986				13,986
Clean Communities - Prior	14,711	22,549	22,549		14,711
Sustainable Growth Grant	10,000		2,187		7,813
Body Armor - 2010		3,891			3,891
Body Armor - 2009	2,625				2,625
Body Armor - 2008	1,842				1,842
Body Armor - 2005	2,290				2,290
Body Armor - Prior	630				630
State and Local All Hazards Emergency Operation Planning Program	932				932
Department of Transportation Bay Avenue Ambler Road 2010	41,482 6,419	150,000	150,000		41,482 6,419
DOT Bikeways	179,118		20,345	41,227	200,000
Sewage Infrastructure Act	7,870				7,870
Drunk Driving Enforcement 2010		10,857			10,857
Drunk Driving Enforcement	11,459		5,695		5,764
Drunk Driving Enforcement - Prior	6,024		6,107	83	-
Think Safety/Speed Management Grant	1,332				1,332
Safe and Secure Communities	15,576	153,913	126,963		42,526
Municipal Stormwater Regulation	7,318				7,318
Atlantic County Open Space	34,006				34,006
Atlantic County Open Space - 2009	60,780		60,780		-
Recycling Tonnage Grant	29,684		5,229		24,455

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

Grant	Balance Dec. 31, 2009	2010 Budget Appropriation	Expended	Adjustment	Balance Dec. 31, 2010
Pedestrian Safety		4,000		(4,000)	-
Click It Ticket		4,000		(4,000)	-
Over the Limit Under Arrear		5,000		(5,000)	-
Federal Grants					
Voter Accessibility		8,647	8,647		-
COPS Universal Hiring Program:					
2001	34,930			(34,930)	-
1999	12,295			(12,295)	-
1998	9,684			(9,684)	-
1997	20,095			(20,095)	-
Small Cities	11,490				11,490
Small Cities 2010		66,544	66,544		-
Small Cities 2010		127,440	127,440		-
Historic Preservation		20,000	20,000		-
U.S. Department of Homeland Security - Firefighters	7,489				7,489
Justice Assistance (JAG) - ARRA	26,931		26,931		-
Sam's Club Safe Neighborhood Hero Grant	750				750
	<u>\$ 592,693</u>	<u>594,786</u>	<u>666,865</u>	<u>(44,528)</u>	<u>476,086</u>
Ref.	A	A-3	A-4	A-1	A
			Canceled	(77,004)	
			Due from General Capital	41,227	
			Due to Current Fund	(13,000)	
			Other	4,249	
				<u>(44,528)</u>	

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>Received</u>	<u>Transferred to 2010 Budget Appropriations</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2010</u>
Municipal Alliance	\$ 2,542				2,542
Municipal Stormwater Regulation	5,103		5,103		-
Pedestrian Safety Grant	4,000		4,000		-
Clean Communities	1,880				1,880
Small Cities	11,490		11,490		-
Drunk Driving Enforcement Fund	1,300				1,300
Recycling Tonnage		1,370			1,370
CDBG - 2007	54,976			54,976	-
	<u>\$ 81,291</u>	<u>1,370</u>	<u>20,593</u>	<u>54,976</u>	<u>7,092</u>
	A	A-4			A

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Dog Licenses</u>	<u>Other</u>
Balance as of December 31, 2009	B	\$ 2,741	849,505
Increased by Receipts:			
Dog License Fees 2010	B-2	\$ 1,528	
Due to State of New Jersey	B-3	671	
Kennel Fee	B-2	25	
Cat License Fees 2010	B	505	
Interest Earned			586
Employee Withholdings	B-4		8,012
Employer Contribution	B-4		20,000
Deposits from Developer's	B-5		87,319
Recreation Program	B-6		107,674
Street Opening	B-7		10,600
Law Enforcement	B-8		8,013
Parking Offenses Adjudication Act	B-9		246
Tax Title Lien Redemption	B-10		411,354
Tax Premiums	B-11		108,550
Affordable Housing	B-12		11,844
		<u>2,729</u>	<u>774,198</u>
		5,470	1,623,703
Decreased by Disbursements			
Statutory Expenditures	B-2	4,589	
Due to State of New Jersey	B-3	678	
Unemployment Claims	B-4		28,666
Developers Escrow	B-5		124,696
Recreation Program	B-6		109,584
Street Opening	B-7		16,250
Law Enforcement	B-8		13,234
Parking Offenses Adjudication Act	B-9		-
Tax Title Lien Redemption	B-10		410,621
Tax Premiums	B-11		5,900
Affordable Housing	B-12		-
Encumbrances Payable			4,206
Due to Current			1,900
Due to Grants			5,229
Due to General Capital			15,035
		<u>5,267</u>	<u>735,321</u>
Balance as of December 31, 2010	B	<u>\$ 203</u>	<u>888,382</u>

See Accompanying Auditor's Report

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

	Ref.		
Balance as of December 31, 2009	B	\$	2,733
Increased by:			
Dog License Fees Collected		\$	1,528
Cat License Fees Collected			505
Kennel Fee			25
	B-1		<u>2,058</u>
			4,791
Decreased by:			
Statutory Excess			
Expenditures under N.J.S. 4:19-15:11	B-1		<u>4,589</u>
			<u>4,589</u>
Balance as of December 31, 2010	B	\$	<u><u>202</u></u>

License Fees Collected:

Year	Amount
2008	\$ 2,891
2009	<u>1,900</u>
	<u>\$ 4,791</u>

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

	<u>Ref.</u>		
Balance as of December 31, 2009	B	\$	8
Increased by:			
2010 State License Fees		\$	671
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
			671
Decreased by:			
Disbursements to the State	B-1		<hr style="width: 100%;"/>
			678
Balance as of December 31, 2010	B	\$	<hr style="width: 100%;"/> <hr style="width: 100%;"/>
			1

**TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT**

	<u>Ref.</u>		
Balance as of December 31, 2009	B		\$ 56,302
Increased by:			
Employee Withholdings	B-1	8,012	
Employer Contribution	B-1	20,000	
			28,012
Decreased by:			
Payment of Claims	B-1	28,666	
			28,666
Balance as of December 31, 2010	B		\$ <u><u>55,648</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW**

Balance as of December 31, 2009	B		\$	265,410
Increased by:				
Deposits from Developers	B-1	\$		87,319
				87,319
Decreased by:				
Disbursements	B-1			352,729
				124,696
Balance as of December 31, 2010	B		\$	228,033

**TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION**

Balance as of December 31, 2009	B		\$ 117,832
Increased by:			
Boat Ramp Fee	B-1	\$ 16,209	
Senior Center		3,265	
Concerts		27,299	
Rentals		4,095	
Recreation Miscellaneous		1,590	
Bench		799	
Other		3,151	
Bayfest		51,266	
		<hr/>	<hr/>
			107,674
			225,506
Decreased by:			
Bayfest		51,266	
Other Recreation		58,318	
		<hr/>	<hr/>
	B-1		109,584
Balance as of December 31, 2010	B		\$ <u><u>115,922</u></u>

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

Balance as of December 31, 2009	B		\$	5,650
Increased by:				
Receipts	B-1	\$	10,600	
			<u> </u>	<u>10,600</u>
				16,250
Decreased by:				
Disbursements	B-1		<u>16,250</u>	<u>16,250</u>
Balance as of December 31, 2010	B		\$	<u><u> </u></u> -

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

Balance as of December 31, 2009	B		\$	39,066
Increased by:				
Receipts	B-1	\$	7,760	
Interest	B-1		<u>253</u>	
				<u>8,013</u>
				47,079
Decreased by:				
Disbursements	B-1		<u>13,234</u>	
				<u>13,234</u>
Balance as of December 31, 2010	B		\$	<u><u>33,845</u></u>

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

Balance as of December 31, 2009	B		\$	1,614
Increased by:				
Receipts	B-1	\$		246
				246
Decreased by:				
Disbursements	B-1			-
				-
Balance as of December 31, 2010	B		\$	1,860

TRUST FUND
SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTION

Balance as of December 31, 2009	B	\$	2,494
Increased by:			
Deposits for Redemption	B-1	\$	411,354
Interest	B-1		<u>23</u>
			<u>411,377</u>
			413,871
Decreased by:			
Disbursements	B-1		<u>410,621</u>
			<u>410,621</u>
Balance as of December 31, 2010	B	\$	<u><u>3,250</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR PREMIUMS

Balance as of December 31, 2009	B	\$	-
Increased by:			
Deposits for Premiums	B-1	\$	108,550
			<u>108,550</u>
			108,550
Decreased by:			
Disbursements	B-1		<u>5,900</u>
			<u>5,900</u>
Balance as of December 31, 2010	B	\$	<u><u>102,650</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST

Balance as of December 31, 2009	B		\$	356,933
Increased by:				
Receipts	B-1	\$		11,844
Interest				561
				12,405
369,338				
Decreased by:				
Disbursements	B-1			-
				-
Balance as of December 31, 2010	B		\$	369,338

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

	<u>Ref.</u>		
Balance as of December 31, 2009	C		\$ 1,599,061
Increased by:			
Receipts	A	<u>2,341,197</u>	2,341,197
Decreased by:			
Disbursements	C-3	<u>2,482,089</u>	<u>2,482,089</u>
Balance as of December 31, 2010	C		<u><u>\$ 1,458,169</u></u>

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2009	Receipts -----			Disbursements -----			Balance Dec. 31, 2010
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 106,069						114,847	
Capital Improvement Fund		50,000			50,000	8,778	-	
Due to/from Current Fund	(300)		1,661		8,778		(7,417)	
Due to/from Utility Capital Fund	(46,187)		67,921				21,734	
Due to Federal and State Grants Fund						41,227	41,227	
Encumbered	108,451				108,451		-	
Accounts Payable	638,746				638,746		-	
Reserve for Bequest - JFK Park	23,000						23,000	
Reserve to Pay Bonds	146,739				30,000		116,739	
Reserve for the Acquisition of Vehicle	10,000						10,000	
<u>Improvement Authorizations:</u>								
<u>Ordinance</u>								
<u>Number</u>								
9-92	(1,770)	1,770					-	-
6-93	(7,650)	7,650					-	-
2-96							-	-
& 6-96							-	-
	(2,330)	2,330					-	-
	(2,500)	2,500					-	-
	500						500	
	86,607						86,607	
	(1,250)	1,250					-	-
	170						170	
	2,679						2,679	
	24,653	500					25,153	
	46,942						44,726	
	13,602			2,216			9,913	
	540,102			7,516		3,827	540,102	
	12,521						12,521	
	17,679	800		240			18,239	
	4,177						4,177	

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2010
	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
25-06	9						9
11-07 Various Improvements		60,780	1,791				58,989
12-07 Various Improvements			26,902			5,955	37,880
11-08 Various Improvements			18,641				17,696
19-08 Various Improvements			15,939				-
20-08 Various Improvements			525,355			68,560	153,278
05-09 Various Improvements and Acquisitor	40,000	222,000	57,872			30,109	40,292
09-09 Various Improvements and Acquisitor	45,000	787,035	510,821		41,227		299,729
2009 Tax Refund Payments	150,000		8,742				(497,488)
2010 Various Improvements and Acquisitions		900,000	637,308			50,000	312,692
<u>Local Improvements</u>							(29,825)
21-00 Water Distribution System							
	\$	301,800	1,813,343	668,746	208,456	208,456	1,458,169
		C	C-4	C-8			C

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

	<u>Ref.</u>			
Balance as of December 31, 2009	C		\$	300
Increased by:				
Premium on BAN's	C-1	\$	8,778	
			<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
				8,778
				9,078
Decreased by:				
Interest on Investments			1,661	
Contracts Payable	C-7		-	
			<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
				1,661
Balance as of December 31, 2010	C		\$	<u><u>7,417</u></u>

See Accompanying Auditor's Report

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

	<u>Ref.</u>		
Balance as of December 31, 2009	C		\$ 8,134,481
Increased by:			
Serial Bonds Issued			-
Decreased by:			
2010 Budget Appropriations:			
General Serial Bonds	C-9	\$ 756,250	
Green Trust Loan	C-10	22,374	
			778,624
Balance as of December 31, 2010	C		\$ 7,355,857

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Analysis of Balance Dec. 31, 2010				Unexpended Improvement Authorization
		Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010	
9-92	(C) Purchase of Property	\$ 1,770		1,770	-	
6-93	(B) Purchase of Ambulance	7,650		7,650	-	
2-96	Various Improvements: (A) Purchase of Fire Truck & Related Equipment (D) Construct Street - Hockey Court	2,330 2,500		2,330 2,500	-	
12-01	Trash Loader	1,250		1,250	-	
12-04	Various Improvements	500		500	-	
9-06	Various Improvements and Acquisitions	800		800	-	
05-09	Various Improvements and Acquisitions	262,200		40,000	222,200	200
09-09	Various Improvements and Acquisitions	833,150		45,000	788,150	
2009	Tax Refund Payments	725,000		150,000	575,000	497,488
07-10	Various Improvements and Acquisitions		950,000		950,000	900,000
<u>Local Improvements</u>	<u>Water Distribution System</u>	<u>57,000</u>			<u>57,000</u>	<u>29,825</u>
		<u>\$ 1,894,150</u>	<u>950,000</u>	<u>251,800</u>	<u>2,592,350</u>	<u>527,513</u>
		C		C		C-2 C-8
					Improvement Authorizations Unfunded \$	817,750
					Less:	
					Unexpended Proceeds of Bond	
					Anticipation Notes Issued:	
					5-09 \$ 40,492	
					9-09 299,729	
					7-10 312,692	
						<u>652,913</u>
					\$	<u><u>164,837</u></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, 2009	C	\$	-
Increased by:			
Improvement Authorizations:			
09-09		\$	41,227
	C-8	41,227	41,227
Decreased by:			
Payments	C-4	-	-
Balance as of December 31, 2010	C	\$	41,227

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2009		2010 Authorizations		Prior Year Encumbrances	Balance Dec. 31, 2010	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charge to Future Taxation		Expended	Funded
13-99	Various Improvements: (A) Purchase of Police Equip	07/15/99	63,500 \$	500					500	
8-01	Various Improvements: (E) Parking Lots & Improvements	06/14/01	872,002	86,607					86,607	
08-02/ 11-03	Various Improvements & Acquisition of Land (L) Bike Path	04/11/02	1,005,500	170					170	
06-03/13-03	Various Improvements	12/11/04	1,000,000	2,679					2,679	
12-04	Various Improvements	04/08/04	850,000	24,653	500				25,153	
15-04	Various Improvements - City Hall	08/26/05	500,000	46,942			2,216		44,726	
5-05	Various Improvements & Acquisitions	05/12/05	600,000	13,602			7,516	3,827	9,913	
6-05	Improvements and Acquisitions	05/25/05	1,200,000	540,102					540,102	
8-06	Various Improvements & Acquisitions	04/13/06	950,000	12,521					12,521	
9-06	Various Improvements & Acquisitions	04/13/06	228,000	17,679	800		240		18,239	
10-06	Various Improvements	04/13/06	50,000	4,177					4,177	
25-06	Various Improvements	12/14/06	100,000	9					9	
10-07	Various Improvements						1,791	60,780	58,989	
12-07	Various Improvements	08/28/07	625,000	58,827			41,938	5,955	22,844	
11-08	Various Improvements	04/24/08	260,000	36,337			18,641		17,696	
19-08	Various Improvements	08/28/08	82,500	15,939			15,939		-	
20-08	Various Improvements	08/28/08	752,000	610,073			525,355	68,560	153,278	
05-09	Various Improvements & Acquisitions	04/09/09	276,000	68,255			57,872	30,109	40,492	

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2009		2010 Authorizations		Deferred Charge to Future Taxation	Expended	Prior Year Authorizations or Encumbrances	Balance Dec. 31, 2010	
				Funded	Unfunded	Capital Improvement Fund	Fund				Funded	Unfunded
09-09	Various Improvements & Acquisitions	06/25/09	877,000	19,742	833,150				552,048	9,035		309,879
2009	Tax Refund Payments	11/12/09	725,000		86,254				8,742			77,512
07-10	Various Improvements & Acquisitions	07/14/10	1,000,000			50,000	950,000		637,308			362,692
LOCAL IMPROVEMENTS												
21-00	Water Distributions System	12/14/01	60,000		27,175							27,175
				<u>\$ 1,490,559</u>	<u>1,016,134</u>	<u>50,000</u>	<u>950,000</u>		<u>1,869,606</u>	<u>178,266</u>	<u>997,603</u>	<u>817,750</u>
				C	C		C-6				C	C:C-6
							Due from Trust Other - Escrow		15,035			
							Due from Federal and States Grants Fund		41,227			
							Cash		1,813,344			

**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, 2009	Increased	Decreased	Balance Dec. 31, 2010
05-09, 09-09 & 07-10 Var Imp	10/5/2010	10/5/2010	1,900,000	1.75% \$		1,900,000		1,900,000
				\$	-	1,900,000	-	1,900,000
					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 Bonds Outstanding December 31, 2010		Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Amount					
General Improvements	8/15/2003	4,625,000	08/15/11	600,000	3.375%	1,800,000		600,000	1,200,000
			08/15/12	600,000	3.500%				
General Improvements	7/1/2009	6,266,000	07/01/11	156,250	3.000%				
			07/01/12	156,250	3.250%				
			07/01/13	694,300	3.250%				
			07/01/14	746,500	3.200%				
			07/01/15	785,500	3.250%				
			07/01/16	828,750	3.750%				
			07/01/17	876,500	3.750%				
			07/01/18	924,250	3.750%				
07/01/19	941,450	4.000%							
						\$ 8,066,000	-	756,250	7,309,750

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2010		Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Amount					
Bayfront Area	3/5/1993	\$ 380,050	06/09/11	11,355	2.000%	68,481		22,374	46,107
			12/09/11	11,469					
			06/09/12	11,584					
			12/09/12	11,698					
					\$	<u>68,481</u>	<u>-</u>	<u>22,374</u>	<u>46,107</u>
						C	C-5	C	

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

	<u>Ref.</u>	
Balance as of December 31, 2009	C	\$
Increased by:		
2010 Budget Appropriation	C-3	50,000
		50,000
Decreased by:		
Appropriated to Finance Improvement Authorizations		50,000
		50,000
Balance as of December 31, 2010	C	\$ <u><u>-</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorization	Decreased	Balance Dec. 31, 2010
9-92	Various Improvements: (C) Purchase of Property	\$ 1,770		1,770	-
6-93	Various Improvements: (B) Purchase of Ambulance	7,650		7,650	-
2-96	Various Improvements: (B) Purchase of Fire Truck & Related Equipment (D) Construction of Hockey Court	2,330 2,500		2,330 2,500	- -
12-01	Trash Loader	1,250		1,250	-
12-04	Various Improvements	500		500	-
9-06	Various Improvements & Acquisitions	800		800	-
05-09	Various Improvements & Acquisitions	262,200		262,000	200
09-09	Various Improvements & Acquisitions	833,150		823,000	10,150
2009	Tax Refund Payments	725,000		150,000	575,000
07-10	Various Improvements & Acquisitions		950,000	900,000	50,000
LOCAL IMPROVEMENTS					
21-00	Water Distribution System	57,000			57,000
		<u>\$ 1,894,150</u>	<u>950,000</u>	<u>2,151,800</u>	<u>692,350</u>
		C	BAN's	\$ 1,900,000	C
		Deferred Charges Raised in Budget		251,800	
				<u>\$ 2,151,800</u>	

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

	<u>Ref.</u>	<u>Operating</u>
Balance as of December 31, 2009		\$ 593,531
Increased by Receipts:		
Sewer Rents Receivable	D-7	1,909,843
Prepaid Sewer Rents		282,608
Sewer Liens	D-8	-
Miscellaneous Anticipated	D-3	22,661
Miscellaneous	D	5,880
		<hr/> 2,220,992
		2,814,523
Decreased by Disbursements:		
2010 Appropriations	D-4	2,085,841
2009 Appropriation Reserves	D-9	17,258
Due from Sewer Utility Capital Fund		117,128
Refund of Rent Overpayments	D-7	2,329
		<hr/> 2,222,556
Balance as of December 31, 2010	D	<u><u>\$ 591,967</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Budget		Receipts		Disbursements		Transfers		Balance Dec. 31, 2010
	Dec. 31, 2009		Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To			
Fund Balance	\$	962									962
Due from the State of NJEIT											(2,930,000)
Due from General Capital Fund		46,187			(49,207)		2,930,000				(21,734)
Due to Sewer Utility Operating Fund		(116,369)					117,128		117,128		759
Encumbrances		3,889					3,889				-
Improvement Authorizations:											
<u>Ordinance</u>											
<u>Number</u>											
9-01/	Various Sewer Utility Improvements										
15-02	(A) Acquisition of Backhoe	12,581									12,581
	(B) Acquisition of Rotor Stay Pump	(4,325)									(4,325)
	(D) Improvements to:										
	Pump Station, Mains and Other System										
	Components	82									82
6-02	Purchase of Vactor Machine	18									18
11-04	Various Sewer Capital Improvements	75,820			12,011				3,889		67,698
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	(18,845)			37,196						-
										2,930,000	2,873,959
							3,051,017		3,051,017		-

A-3

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

	<u>Ref.</u>		
Balance as of December 31, 2009	D		\$ 78,167
Increased by:			
Utility Rents Levied	Res.	<u>2,192,436</u>	<u>2,192,436</u>
			2,270,603
Decreased by:			
Collections	D-5	1,909,843	
Overpayments Applied	D-8	28,131	
Overpayments Created		-	
Prepayment		227,899	
Transferred to liens	D-8	-	
Canceled	Res.	957	
		<u>2,166,830</u>	<u>2,166,830</u>
Balance as of December 31, 2010	D		<u>\$ 103,773</u>

**SEWER OPERATING FUND
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2009	Additions By Budget Capital Outlay	By Ordinance	Balance Dec. 31, 2010
Sewer System Improvements	6,968,068			6,968,068
	<u>\$6,968,068</u>	-	-	<u>6,968,068</u>

Ref.	D			D
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2,004	6,553,151	
2,005	6,968,068	414,918
2,006	6,968,068	
2,007	6,968,068	
2,008	6,968,068	
2,009	6,969,068	
2,010	6,968,068	

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

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2009	2010 Authorizations			Costs to Fixed Capital	Balance Dec. 31, 2010
					Deferred Reserve for Amortization	Deferred Charge to Future Taxation	Canceled		
9-01:15-02	Various Sewer Utility Improvements	06/14/01 09/12/02	270,000	16,436				16,436	
6-02	Purchase of Vactor Machine	04/11/02	210,000	18				18	
11-04:7-06	Various Sewer Utility Improvements	04/08/04 04/13/06	1,000,000	572,953				572,953	
14-09	Rehabilitation / Replacement of Sanitary Sewer Mains	06/29/09		3,025,000				3,025,000	
				<u>\$ 3,614,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,614,407</u>	

E E-19 E-21 E-12 E

**SEWER OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES**

	Balance Dec. 31, 2009	Balance After Transfers	Paid Or Charged	Balance Lapsed	Over- Expended
Operating:					
Other Expenses	31,208	31,208	17,758	13,450	
Capital Improvements					
Capital Outlay				0	
Other Accounts No Change				0	
	<u>\$ 31,208</u>	<u>31,208</u>	<u>17,758</u>	<u>13,450</u>	<u>-</u>

Ref.	D	D	D	D	D
		Disbursements D-5	17,258	D-1	

**SEWER OPERATING UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES - ANALYSIS OF BALANCE -
DECEMBER 31, 2010**

Balance as of December 31, 2009	<u>Ref.</u> D	\$ 16,554
Increased by:		
Accrued interest charged to 2010 budget appropriation - Interest on bonds and notes	D-4	<u>59,478</u>
		76,032
Decreased by:		
Disbursements	D-4	<u>58,025</u>
Balance as of December 31, 2010	D	<u><u>\$ 18,007</u></u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2010

<u>Description</u>	<u>Principal Outstanding Dec. 31, 2010</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u># of Days</u>	<u>Amount</u>
2000 Issue	390,000	4.75%	12/01/10	12/31/10	31	\$ 1,544
2009 Issue	930,250	Var	07/01/10	12/31/10	180	16,463
						<u><u>18,007</u></u>

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

Ord Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2009		2010 Authorizations Down Payment Or Capital	Deferred Charges To Future Taxation	Paid Or Charged	Prior Year Encumbered	Balance Dec. 31, 2010	
				Funded	Unfunded					Funded	Unfunded
9-01/ 15-02	Various Utility Improvements (A) Acquisition of Backhoe (D) Improvements to: Pump Station, Mains and Other System Components	06/14/01 09/12/02	70,000 122,000	\$ 12,580 82						8,255	4,325
6-02	Purchase of Vactor Machine	04/11/02	21,000	18							82
11-04/7-06	Various Sewer Capital Improvements	4/8/2004 & 04/13/06	1,000,000	75,820				12,011	3,889	67,698	
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	06/25/09	3,025,000	3,006,155				37,196		2,873,959	95,000
								49,207	3,889	2,950,012	99,325
			88,500	3,006,155				D-6	D	D	D

increase

2,005	0
2,006	0
2,007	0
2,008	0
2,009	
2,010	

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

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding		Int. Rate	Balance Dec. 31, 2009	Balance Dec. 31, 2010
			Date	Amount			
Sewer Refunding Bonds	12/28/00	1,360,000	12/01/11	\$ 125,000	4.75%		
			12/01/12	130,000			
			12/01/13	135,000		505,000	390,000
Sewer Utility Bonds	06/23/09	954,000	07/01/11	23,750	3.25%		
			07/01/12	23,750	3.25%		
			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%	954,000	930,250
						<u>\$ 1,459,000</u>	<u>\$ 1,320,250</u>

Ref.	D	D-4	D
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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, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Amount					
Series B 2010	12/02/10	1,410,000	08/01/12	\$ 45,000	5.00%				
			08/01/13	50,000					
			08/01/14	50,000					
			08/01/15	55,000					
			08/01/16	55,000					
			08/01/17	60,000					
			08/01/18	60,000					
			08/01/19	65,000					
			08/01/20	70,000					
			08/01/21	70,000					
			08/01/22	75,000					
			08/01/23	80,000					
			08/01/24	85,000					
			08/01/25	90,000					
			08/01/26	90,000					
			08/01/27	95,000					
			08/01/28	100,000					
			08/01/29	105,000					
			08/01/30	110,000			1,410,000		1,410,000
Series B 2010	12/02/10	1,465,000	02/01/12	25,702					
			08/01/12	51,403					
			02/01/13	25,702					
			08/01/13	51,403					
			02/01/14	25,702					
			08/01/14	51,403					
			02/01/15	25,702					
			08/01/15	51,403					
			02/01/16	25,702					
			08/01/16	51,403					
			02/01/17	25,702					
			08/01/17	51,403					
			02/01/18	25,702					
			08/01/18	51,403					
			02/01/19	25,702					
			08/01/19	51,403					
			02/01/20	25,702					
			08/01/20	51,403					
			02/01/21	25,702					
			08/01/21	51,403					
			02/01/22	25,702					
			08/01/22	51,403					
			02/01/23	25,702					
			08/01/23	51,403					
			02/01/24	25,702					
			08/01/24	51,403					
			02/01/25	25,702					
			08/01/25	51,403					
02/01/26	25,702								
08/01/26	51,403								
02/01/27	25,702								
08/01/27	51,403								
02/01/28	25,702								
08/01/28	51,403								
02/01/29	25,702								
08/01/29	51,403								
02/01/30	25,702								
08/01/30	51,403								
							1,465,000		1,465,000
						\$ -	\$ 2,875,000	\$ -	\$ 2,875,000
Ref.						D		D-4	D

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

	Ref.		
Balance as of December 31, 2009	D		\$ 6,094,151
Increased by:			
Capital Outlay:			
Funded by Budget Appropriation			
2010 Appropriations	D-12	\$ -	
2009 Appropriations	D-12	\$ -	
Serial Bonds Paid by Operating Budget	D-4	<u>138,750</u>	
			<u>138,750</u>
			6,232,901
Decreased by: Transfer to Deferred Reserve for Amortization			
			46,000
			<u>46,000</u>
Balance as of December 31, 2010	D		<u><u>\$ 6,186,901</u></u>

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2009	Fixed Capital Authorized	To Reserve for Amortization	Canceled	Balance Dec. 31, 2010
11-04:7-06	Various Sewer Utility Improvements	04/08/04 04/13/06			(46,000)		46,000
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	06/25/09		55,000			55,000
			\$ -	55,000	(46,000)	-	101,000
			D	D-14	D-14	D	D

CITY OF SOMERS POINT

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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

Ord. Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorization	NJEIT Issued	Deferred Reserve for Amortization	Balance Dec. 31, 2010
9-01/ 15-02 (B)	Various Sewer Utility Improvements Sewer Pipe Video System	4,325				4,325
14-09	Rehabilitation/Replace of Sanitary Sewer Mains	3,025,000		2,875,000	55,000	95,000
		<u>3,029,325</u>	<u>-</u>	<u>2,875,000</u>	<u>55,000</u>	<u>99,325</u>
		D		D-14	D-16	D

SEE ACCOMPANYING AUDITOR'S REPORT

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 effective July 1, 2010 from \$29,000 to \$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 effective July 1, 2010 from \$29,000 to \$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 \$29,000 and effective July 1, 2010 \$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:

- Fire Truck
- Dump Truck
- Reconstruction of Groveland
- 2009 Road Program
- CDBG Road Reconstruction
- Sewer Vacuum
- Street Sweeper

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 February 11, 2010, 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 or 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, 2010.

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 July 15, 2010 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>
2010	10
2009	10
2008	10
2007	10
2006	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 2010 and 2009 Taxes	10
Payment of 2010 and 2009 Utility Bills	10
Delinquent Taxes	4
Delinquent Utility	1
Municipal Court	10

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>
2010	28,854,600	27,982,216	96.98%
2009	28,197,717	27,395,171	97.15%
2008	27,476,377	26,841,684	97.69%
2007	26,632,653	25,955,530	97.46%
2006	25,503,191	25,020,965	98.11%

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	4.155	4.010	3.906	3.841	3.686
Apportionment of Tax Rate:					
Municipal	1.251	1.226	1.169	1.084	0.958
County	0.670	0.677	0.649	0.651	0.692
Local School	1.248	1.226	1.226	1.254	1.233
Regional School	0.986	0.881	0.862	0.852	0.803
Assessed Valuation	693,149,133	700,013,427	698,239,910	687,720,915	680,639,201

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	80,093	782,100	862,193	1.99%
2009	74,932	744,929	819,861	2.91%
2008	69,952	609,052	679,004	2.47%
2007	65,011	415,866	480,877	1.81%
2006	59,999	399,991	459,990	1.80%

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>
2010	19,412
2009	19,412
2008	19,412
2007	19,412
2006	19,412

Sewer Utility Service Charges

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2010	\$ 103,773	-	2,192,406	2,296,179	2,165,873
2009	78,167	-	1,966,742	2,044,909	1,991,362
2008	102,788	-	2,105,304	2,208,092	2,065,215
2007	59,394	-	1,596,402	1,655,796	1,593,098
2006	155,706	-	1,624,079	1,779,785	1,720,391

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>			
2010	\$ 1,854,550	1,561,089 *	84.18%
2009	1,447,656	1,223,500	84.52%
2008	1,287,670	1,015,000	78.82%
2007	1,781,986	1,610,000	90.35%
2006	1,649,954	1,610,000	97.58%
<u>Sewer Utility Operating Fund</u>			
2010	\$ 125,522	53,000 *	42.22%
2009	88,930	75,000	84.34%
2008	139,383	55,000	39.46%
2007	109,150	55,000	50.39%
2006	379,150	270,000	71.21%

* 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.

10-9. Criteria

All interfund accounts should be liquidated by year end.

Condition

Current year transfers and prior balances were not all liquidated.

Cause

The City does not maintain a complete general ledger to determine interfunds.

Effect

Interfunds have an impact on the Fund Balance of the Current Fund.

Recommendation

That all interfunds be liquidated at year end.

Management Response

Every attempt will be made to clear interfunds prior to year end.

10-10. Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Management Response

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

10-11. Criteria

Balance sheet accounts should be examined on a regular basis to ensure that all balances are reasonable and have proper supporting documentation.

Condition

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

Cause

The City has not analyzed the balance sheet accounts to determine if the balances appear reasonable based upon the current conditions within the City.

Effect

The City may have additional funds available for projects, however Council and management are unaware of this.

Recommendation

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

Management Response

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

10-12. Criteria

All receipts must be deposited within 48 hours.

Condition

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

Cause

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

Effect

The City was not in compliance with State Statutes.

Recommendation

All deposits should be made within 48 hours of receipt.

Management Response

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

STATUS OF PRIOR RECOMMENDATIONS

N/A – no prior year findings were noted.

RECOMMENDATIONS

1. The City should consider upgrading the financial accounting software to the most recent version, and during the installation, proper accounts should be established to enable the City to maintain an accurate, balanced general ledger for all funds.
2. That all encumbrances are recorded in the accounting system prior to orders for goods or services are processed.
3. Procedures should be documented and maintained for all transactions performed by City personnel, including payroll, cash receipts and disbursements.
4. Purchasing procedures need to be updated and personnel trained to ensure that all required supporting documentation is received and maintained with the voucher package. Expenditures should be carefully reviewed to ensure that they are charged to the appropriate budget line and year.
5. Minutes should be prepared in the prescribed format in a timely manner and approved by City Council at the subsequent month's Council meeting.
6. Controls over receipts should be approved and implemented throughout all departments within the City.
7. The City should consider designating personnel to a human resource function to cover all areas of the personnel and payroll functions.
8. The City should analyze the balance in the escrow account and reconcile the bank account to the detail records on a regular basis. In addition, separate accounts should be opened, interest should be allocated and quarterly statements should be sent as required by State Statutes.
9. That all interfunds be liquidated at year end.
10. All bank accounts should be reconciled on a monthly basis and the balances available should be in agreement with the general ledger.
11. The balance sheet accounts should be analyzed on a regular basis to ensure that all available funds are utilized to the best advantage of the City.
12. All deposits should be made within 48 hours of receipt.

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

Very truly yours,

Kenneth W. Moore

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

Swartz & Company, LLC

Swartz & Co., LLC

