

CITY OF SOMERS POINT

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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, 2013



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Somers Point, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Somers Point as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 21 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$165,212.99 and \$162,727.99 for 2013 and 2012 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2014 on our consideration of the City of Somers Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Somers Point's internal control over financial reporting and compliance.

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

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

May 9, 2014

EXHIBIT A - CURRENT FUND

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 3,063,364.59	3,916,225.37
Cash - Collector	218,544.07	242,692.17
Cash - Change and Petty Cash	450.00	450.00
Total Cash	3,282,358.66	4,159,367.54
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	22,711.50	10,119.13
Total Other Receivables	22,711.50	10,119.13
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	874,125.23	823,943.95
Tax Title and Other Liens	98,836.65	88,508.54
Special Assessments	728.37	-
Property Acquired for Taxes - at Assessed Valuation	19,412.00	19,412.00
Revenue Accounts Receivable	13,951.45	17,357.76
Interfund Receivable:		
General Capital Fund	83,933.52	250,000.00
Dog License Fund	5,838.84	-
Trust Fund	6.47	3.04
Other Receivables		
Total Receivables and Other Assets	1,096,832.53	1,199,225.29
Deferred Charges:		
Emergency Appropriation	-	100,000.00
Special Emergency Appropriation- Revaluation	240,000.00	300,000.00
Special Emergency Appropriation - Hurricane	-	1,200,000.00
Total Deferred Charges	240,000.00	1,600,000.00
Total Regular Fund	4,641,902.69	6,968,711.96
Federal and State Grant Fund:		
Federal and State Grants Receivable	165,309.75	80,293.28
Due from Current Fund	78,992.57	103,189.74
Total Federal and State Grant Fund	244,302.32	183,483.02
Total Current Fund	\$ 4,886,205.01	7,152,194.98

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 585,914.75	663,750.56
Reserve for Encumbrances	202,868.44	160,570.43
Accounts Payable	1,548.95	1,548.95
Prepaid Taxes	279,296.15	265,045.08
Overpaid Taxes	64,845.22	78,239.39
Local School Tax Payable	2.00	1.00
Regional School Tax Payable	10.43	9.03
Payroll Taxes Payable	1,279.98	2,735.33
County Added Tax Payable	51,460.95	15,475.92
Due to State:		
Marriage Licenses	475.00	425.00
CCO Fees	1,636.00	-
Interfund Payable:		
Federal and State Grant Fund	78,992.57	103,189.74
Other Trust Funds	120.00	-
Other		
Reserve for Revaluation	161,721.41	297,247.50
Reserve for Hurricane Sandy	19,824.03	1,397,536.94
Reserve for Tax Appeals	100,000.00	100,000.00
Emergency Notes Payable	240,000.00	1,600,000.00
	<u>1,789,995.88</u>	<u>4,685,774.87</u>
Reserve for Receivables and Other Assets	1,096,832.53	1,199,225.29
Fund Balance	<u>1,755,074.28</u>	<u>1,083,711.80</u>
Total Regular Fund	<u>4,641,902.69</u>	<u>6,968,711.96</u>
Federal and State Grant Fund:		
Unappropriated Reserves	17,458.76	1,630.81
Appropriated Reserves	203,613.71	171,794.29
Encumbrances Payable	23,229.85	10,057.92
	<u>244,302.32</u>	<u>183,483.02</u>
Total Federal and State Grant Fund	<u>244,302.32</u>	<u>183,483.02</u>
Total Current Fund	<u>\$ 4,886,205.01</u>	<u>7,152,194.98</u>

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 950,000.00	1,400,000.00
Miscellaneous Revenue Anticipated	2,838,300.44	2,812,499.35
Receipts from Delinquent Taxes	656,411.71	671,347.74
Receipts from Current Taxes	31,076,078.79	28,725,921.63
Non Budget Revenue	515,626.20	350,051.77
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	554,839.86	352,959.54
Interfund Returned	166,066.48	19,316.56
Canceled Checks		19,604.55
Canceled Grants	78,984.55	876.58
Canceled Reserves	57,712.91	
Total Income	<u>36,894,020.94</u>	<u>34,352,577.72</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,206,000.00	4,878,100.00
Other Expenses	4,159,050.00	4,490,250.00
Deferred Charges & Statutory Expenditures	1,171,498.00	1,154,158.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	163,615.00	494,131.00
Other Expenses	186,943.91	1,518,080.30
Capital Improvements	207,000.00	600,000.00
Debt Service	1,446,556.22	1,066,934.00
Deferred Charges	312,350.00	150,000.00
Local District School Tax	8,921,957.00	8,690,767.00
Regional District School Tax	7,329,116.00	7,062,379.69
County Tax	6,017,161.74	4,859,082.48
County Share of Added Tax	51,460.95	15,475.92
Interfund Created	3.43	250,000.00
Refund of Prior Year's Revenue	99,946.21	116,034.10
Total Expenditures	<u>35,272,658.46</u>	<u>35,345,392.49</u>
Excess/(Deficit) in Revenue	<u>1,621,362.48</u>	<u>(992,814.77)</u>

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

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year Emergency Appropriation		1,600,000.00
Total Adjustments	-	1,600,000.00
Statutory Excess to Fund Balance	1,621,362.48	607,185.23
Fund Balance January 1	1,083,711.80	1,876,526.57
	2,705,074.28	2,483,711.80
Decreased by:		
Utilization as Anticipated Revenue	950,000.00	1,400,000.00
Fund Balance December 31	\$ 1,755,074.28	1,083,711.80

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 950,000.00		950,000.00	-
Total Fund Balance Anticipated	<u>950,000.00</u>	<u>-</u>	<u>950,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	20,000.00		24,270.00	4,270.00
Fees and Permits	14,000.00		17,373.00	3,373.00
Fines and Costs:				
Municipal Court	260,000.00		264,337.54	4,337.54
Interest and Costs on Taxes	140,000.00		93,025.60	(46,974.40)
Interest Earned on Investments	20,000.00		34,440.90	14,440.90
Fees and Permits - Chapter 115 Inspections	60,000.00		145,870.00	85,870.00
Cable TV Franchise Fee	45,000.00		48,542.23	3,542.23
Hotel Fee	100,000.00		161,431.31	61,431.31
Total Section A: Local Revenues	<u>659,000.00</u>	<u>-</u>	<u>789,290.58</u>	<u>130,290.58</u>
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	102,476.00		102,476.00	-
Energy Receipts Tax	864,620.00		864,619.78	(0.22)
Total Section B: State Aid Without Offsetting Appropriations	<u>967,096.00</u>	<u>-</u>	<u>967,095.78</u>	<u>(0.22)</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	130,000.00		180,612.92	50,612.92
Total Section C: Uniform Construction Code Fees	<u>130,000.00</u>	<u>-</u>	<u>180,612.92</u>	<u>50,612.92</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Municipal Alliance on Alcoholism and Drug Abuse	14,355.00		14,355.00	-
Safe and Secure Communities Program	23,373.00		23,373.00	-
CDBG 2012	47,274.00		47,274.00	-
Local Arts Program	3,000.00		3,000.00	-
Clean Communities		24,947.25	24,947.25	-
Access Planning		8,100.00	8,100.00	-
New Jersey Department of Transportation Trust		187,000.00	187,000.00	-
Federal Body Armor Partnership		3,605.57	3,605.57	-
DWI		7,572.09	7,572.09	-
Click It or Ticket		4,000.00	4,000.00	-
Drive Sober or Pull Over		8,800.00	8,800.00	-
Sandy Strategic Planning		30,000.00	30,000.00	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	<u>88,002.00</u>	<u>274,024.91</u>	<u>362,026.91</u>	<u>-</u>
Section G: Other Special Items				
Uniform Fire Safety Act	30,000.00		29,274.25	(725.75)
Reserve to Pay Bonds	30,000.00		30,000.00	-
General Capital Surplus	260,000.00		260,000.00	-
Shore Medical Center	100,000.00		100,000.00	-
Reserve for Windstorm	120,000.00		120,000.00	-
Total Section G: Other Special Items	<u>540,000.00</u>	<u>-</u>	<u>539,274.25</u>	<u>(725.75)</u>
Total Miscellaneous Revenues:	<u>2,384,098.00</u>	<u>274,024.91</u>	<u>2,838,300.44</u>	<u>180,177.53</u>
Receipts from Delinquent Taxes	<u>750,000.00</u>		<u>656,411.71</u>	<u>(93,588.29)</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	9,491,456.00		9,752,880.10	261,424.10
Total Amount to be Raised by Taxes for Support of of Municipal Budget	<u>9,491,456.00</u>	<u>-</u>	<u>9,752,880.10</u>	<u>261,424.10</u>
 Budget Totals	 <u>13,575,554.00</u>	 <u>274,024.91</u>	 <u>14,197,592.25</u>	 <u>348,013.34</u>
 Non- Budget Revenues:				
Other Non- Budget Revenues:			515,626.20	515,626.20
	<u>13,575,554.00</u>	<u>274,024.91</u>	<u>14,713,218.45</u>	<u>863,639.54</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections 31,076,078.79

Less: Reserve for Tax Appeals Pending -

Net Revenue from Collections 31,076,078.79

Allocated to:

School, County and Other Taxes 22,319,695.69

Balance for Support of Municipal Budget Appropriations 8,756,383.10

Increased by:

Appropriation "Reserved for Uncollected Taxes" 996,497.00

Amount for Support of Municipal Budget Appropriations 9,752,880.10

Receipts from Delinquent Taxes:

Delinquent Tax Collection 656,411.71

Tax Title Lien Collections -

Total Receipts from Delinquent Taxes 656,411.71

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Bingo and Raffle Licenses 1,080.00

Copies and Maps 4,736.86

Police Reports 3,068.64

Vital Statistics 69,050.95

Mercantile Licenses 19,192.56

Election Fee 300.00

Excess Dog Fees 3,740.45

Planning Board Fees 11,075.00

Zoning Board Fees 12,675.00

COHA 10,187.50

Street Openings 12,450.00

Tax Collector Miscellaneous 71,260.95

Yard Sale 20.00

Miscellaneous 65,388.29

FEMA 126,400.00

Library Rent 35,000.00

Lease of Access to Drag Island 70,000.00

Total Miscellaneous Revenue Not Anticipated: 515,626.20

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 69,000.00	69,000.00	68,500.00		500.00	-
Other Expenses	37,500.00	37,500.00	22,330.70	260.82	14,908.48	-
Veteran Events	1,250.00	1,250.00	1,250.00			-
Department of General Administration						
Salaries and Wages	136,000.00	131,000.00	104,105.73	15,700.00	11,194.27	-
Other Expenses	35,000.00	29,000.00	14,001.66	13,193.99	1,804.35	-
Department of City Clerk						
Salaries and Wages	171,200.00	174,200.00	171,810.10		2,389.90	(0.00)
Other Expenses	37,600.00	37,600.00	31,089.65	1,349.34	5,161.01	-
Data Processing						
Other Expenses	30,000.00	30,000.00	26,035.00		3,965.00	-
Department of Finance						
Salaries and Wages	55,000.00	55,000.00	41,615.79		13,384.21	-
Other Expenses	14,000.00	14,000.00	12,930.66	990.94	78.40	-
Annual Audit						
Other Expenses	34,000.00	34,000.00	32,500.00		1,500.00	-
Department of Tax Assessment						
Salaries and Wages	80,000.00	82,000.00	80,438.00		1,562.00	-
Other Expenses	20,000.00	22,000.00	19,660.64	195.00	2,144.36	-
Department of Tax Collections						
Salaries and Wages	80,000.00	80,000.00	72,367.97		7,632.03	-
Other Expenses	20,000.00	20,000.00	15,784.87	1,349.05	2,866.08	-
Legal Services and Costs						
Other Expenses	244,000.00	224,000.00	176,116.28	1,965.00	45,918.72	-
Municipal Prosecutor						
Other Expenses	18,000.00	18,000.00	11,666.64	5,833.32	500.04	0.00
Engineering Services and Costs						
Other Expenses	4,000.00	4,000.00	525.00		3,475.00	-
Public Buildings and Grounds						
Salaries and Wages	129,000.00	129,000.00	122,888.73		6,111.27	-
Other Expenses	73,000.00	73,000.00	72,820.89		179.11	0.00
Vehicle Maintenance	102,000.00	102,000.00	94,812.41	1,661.11	5,526.48	-
Planning Board						
Salaries and Wages	11,000.00	11,000.00	11,000.00			-
Other Expenses	15,000.00	25,000.00	12,252.51	11,237.83	1,509.66	-
Zoning Board						
Salaries and Wages	9,000.00	9,000.00	9,000.00			-
Other Expenses	10,000.00	10,000.00	7,013.31	1,190.30	1,796.39	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY						
Department of Fire						
Salaries and Wages	41,600.00	41,600.00	38,950.00		2,650.00	-
Other Expenses	65,000.00	73,000.00	69,370.39	145.38	3,484.23	-
Department of the Police						
Salaries and Wages	2,680,000.00	2,680,000.00	2,640,516.02		39,483.98	-
Other Expenses	117,000.00	117,000.00	97,523.70	4,648.90	14,827.40	-
Department of Communications						
Salaries and Wages	318,000.00	318,000.00	291,273.48		26,726.52	-
Other Expenses	18,500.00	18,500.00	6,260.00	599.98	11,640.02	-
Department of Emergency Management						
Salaries and Wages	8,500.00	8,500.00	8,311.64		188.36	0.00
Other Expenses	6,000.00	6,000.00	3,248.83	255.00	2,496.17	-
Bureau of Fire Prevention						
Salaries and Wages	27,700.00	27,700.00	22,380.00		5,320.00	-
Other Expenses	5,000.00	5,000.00	2,038.41		2,961.59	-
Department of Zoning/Code Enforcement						
Salaries and Wages	50,000.00	50,000.00	41,739.65		8,260.35	-
Other Expenses	12,000.00	12,000.00	2,335.18		9,664.82	-
PUBLIC WORKS						
Department of Public Works						
Salaries and Wages	474,000.00	474,000.00	440,891.77		33,108.23	-
Other Expenses	63,000.00	63,000.00	46,267.92	8,229.14	8,502.94	-
Division of Sanitation						
Salaries and Wages	434,000.00	434,000.00	384,460.15		49,539.85	-
Other Expenses	202,400.00	196,400.00	142,835.48	17,373.98	36,190.54	-
Sanitation - Transfer Fees	250,500.00	250,500.00	210,738.28		39,761.72	-
HEALTH AND WELFARE						
Animal Control Services						
Other Expenses	9,000.00	9,000.00	8,250.00	750.00		-
RECREATION AND EDUCATION						
Department of Parks and Recreation Programs						
Salaries and Wages	9,000.00	9,000.00	3,161.25		5,838.75	-
Other Expenses	34,000.00	34,000.00	23,729.08	6,944.13	3,326.79	-
Department of Parks and Recreation Facilities						
Salaries and Wages	140,000.00	140,000.00	131,315.60		8,684.40	-
Other Expenses	30,000.00	30,000.00	20,568.93		9,431.07	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Environmental Commission						
Other Expenses	2,000.00	2,000.00	340.00		1,660.00	-
Economic Development and Advisory Commission						
Other Expenses	12,500.00	12,500.00	8,820.80	3,333.32	345.88	0.00
Historic Preservation Commission						
Other Expenses	3,000.00	3,000.00			3,000.00	-
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	163,000.00	165,000.00	162,627.31		2,372.69	-
Other Expenses	20,000.00	20,000.00	14,614.76		5,385.24	-
Public Defender (P.L. 1997, C.256)						
Other Expenses	11,000.00	11,000.00	10,500.00		500.00	-
INSURANCE						
General Liability	143,000.00	143,000.00	136,870.00		6,130.00	-
Workers Compensation Insurance	341,000.00	338,000.00	333,201.00		4,799.00	-
Employee Group Health	1,363,000.00	1,363,000.00	1,316,395.01	708.57	45,896.42	-
Surety Bond Premiums	1,000.00	1,000.00			1,000.00	-
Health waiver - Employee Opt Out	25,000.00	29,000.00	28,106.22		893.78	(0.00)
Municipal Service Act						
Other Expenses	70,000.00	70,000.00	29,607.32	40,172.40	220.28	(0.00)
Apartment Trash Collection						
Other Expenses	45,800.00	45,800.00	27,765.06	12,542.74	5,492.20	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Salaries and Wages	118,000.00	118,000.00	118,000.00			-
Other Expenses	9,000.00	9,000.00	8,640.99	352.69	6.32	0.00
UNCLASSIFIED						
Utility Expenses and Bulk Purchases						
Gasoline	115,000.00	105,000.00	86,432.86	11,021.07	7,546.07	-
Diesel Fuel	70,000.00	70,000.00	59,801.72	5,062.33	5,135.95	-
Fire Hydrant Water	97,000.00	99,000.00	82,005.94	8,109.60	8,884.46	-
Electric	130,000.00	146,000.00	138,800.81	4,938.34	2,260.85	-
Street Lighting	70,000.00	73,000.00	72,231.48		768.52	0.00
Telephone	42,000.00	42,000.00	39,814.27	1,764.38	421.35	0.00
Natural Gas	35,000.00	36,000.00	35,231.30		768.70	(0.00)
Water	35,000.00	30,000.00	21,228.02	854.94	7,917.04	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Appropriations		Expended			(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
Fuel #2	1,000.00	1,000.00			1,000.00	-
Waste Water	6,000.00	6,000.00	4,500.00		1,500.00	-
Telecommunications Costs	7,000.00	7,000.00	6,345.52	134.85	519.63	-
TOTAL OPERATIONS WITHIN "CAPS"	9,366,050.00	9,364,050.00	8,610,562.69	182,868.44	570,618.87	(0.00)
Contingent	1,000.00	1,000.00			1,000.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	9,367,050.00	9,365,050.00	8,610,562.69	182,868.44	571,618.87	(0.00)
Detail:						
Salaries and Wages	5,204,000.00	5,206,000.00	4,965,353.19	15,700.00	224,946.81	(0.00)
Other Expenses	4,163,050.00	4,159,050.00	3,645,209.50	167,168.44	346,672.06	(0.00)
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						-
Contributions to:						-
Public Employees' Retirement System	291,962.00	291,962.00	291,962.00			-
Social Security System (O.A.S.I.)	360,000.00	362,000.00	353,993.05		8,006.95	0.00
Consolidated Police and Firemen's Pension Fund	-	-				-
Police and Firemen's Retirement System	487,536.00	487,536.00	487,536.00			-
Unemployment	20,000.00	20,000.00	20,000.00			-
Defined Contribution Retirement Program	10,000.00	10,000.00	3,711.07		6,288.93	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,169,498.00	1,171,498.00	1,157,202.12	-	14,295.88	0.00
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	10,536,548.00	10,536,548.00	9,767,764.81	182,868.44	585,914.75	0.00
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
LOSAP	20,000.00	20,000.00		20,000.00		-
Recycling Tax	11,700.00	11,700.00	11,700.00			-
	31,700.00	31,700.00	11,700.00	20,000.00	-	-

(A) Public and Private Programs Off-Set by

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Revenues					
Municipal Alliance on Drug and Alcohol Abuse					
State Share	14,355.00	14,355.00	14,355.00		-
City Share	3,590.00	3,590.00	3,590.00		-
Safe and Secure Communities Program					
State Share	23,373.00	23,373.00	23,373.00		-
City Share	140,242.00	140,242.00	140,242.00		-
CDBG 2012	47,274.00	47,274.00	47,274.00		-
Local Arts Development Program	3,000.00	3,000.00	3,000.00		-
Clean Communities		24,947.25	24,947.25		-
Access Planning		8,100.00	8,100.00		-
Federal Body Armor Partnership		3,605.57	3,605.57		-
DWI		7,572.09	7,572.09		-
Click It or Ticket		4,000.00	4,000.00		-
Drive Sober or Get Pulled Over		8,800.00	8,800.00		-
Post Sandy Planning Assistance		30,000.00	30,000.00		-
Total Public and Private Programs Off-Set by Revenues	<u>231,834.00</u>	<u>318,858.91</u>	<u>318,858.91</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	263,534.00	350,558.91	330,558.91	20,000.00	-
Detail:					
Salaries and Wages	163,615.00	163,615.00	163,615.00	-	-
Other Expenses	99,919.00	186,943.91	166,943.91	20,000.00	-
(C) Capital Improvements					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		-
NJ Department of Transportation		187,000.00	187,000.00		-
Total Capital Improvements	<u>20,000.00</u>	<u>207,000.00</u>	<u>207,000.00</u>	<u>-</u>	<u>-</u>
(D) Debt Service					
Payment of Bond Principal	1,069,300.00	1,069,300.00	1,069,300.00		-
Payment of Bond Anticipation Notes	-	-	-		-
Interest on Bonds	353,415.00	353,415.00	353,412.64		2.36
Interest on Notes	23,910.00	23,910.00	23,843.58		66.42
Total Debt Service	<u>1,446,625.00</u>	<u>1,446,625.00</u>	<u>1,446,556.22</u>	<u>-</u>	<u>68.78</u>
(E) Deferred Charges					
Emergency Authorizations	100,000.00	100,000.00	100,000.00		-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Special Emergency Authorizations - 5 years Deferred Charges to Future Taxation Unfunded Tax Appeal Refunding Ordinance Ordinance 13-12	60,000.00 150,000.00 2,350.00	60,000.00 150,000.00 2,350.00	60,000.00 150,000.00 2,350.00			- - -
Total Deferred Charges	<u>312,350.00</u>	<u>312,350.00</u>	<u>312,350.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>2,042,509.00</u>	<u>2,316,533.91</u>	<u>2,296,465.13</u>	<u>20,000.00</u>	<u>-</u>	<u>68.78</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>12,579,057.00</u>	<u>12,853,081.91</u>	<u>12,064,229.94</u>	<u>202,868.44</u>	<u>585,914.75</u>	<u>68.78</u>
(M) Reserve for Uncollected Taxes	<u>996,497.00</u>	<u>996,497.00</u>	<u>996,497.00</u>			<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 13,575,554.00</u>	<u>13,849,578.91</u>	<u>13,060,726.94</u>	<u>202,868.44</u>	<u>585,914.75</u>	<u>68.78</u>
Budget Appropriations by 40A:4-87 Emergency Appropriations		13,575,554.00 274,024.91 <u>-</u> <u>13,849,578.91</u>			Cancelled Overexpended	68.78 (0.00) <u>68.78</u>
Reserve for Uncollected Taxes Federal and State Grants Deferred Charges			996,497.00 505,858.91 312,350.00			
Disbursements			11,246,021.03 <u>13,060,726.94</u>			

EXHIBIT B - TRUST FUNDS

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

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Dog License Fund:		
Cash	\$ 12,869.44	5,204.53
	<u>12,869.44</u>	<u>5,204.53</u>
Length of Service Award Program (unaudited)		
Investment held for LOSAP	165,212.99	162,727.99
	<u>165,212.99</u>	<u>162,727.99</u>
Other Funds:		
Cash - Treasurer	739,900.25	769,321.25
Due from Current Fund	120.00	-
	<u>740,020.25</u>	<u>769,321.25</u>
	<u>918,102.68</u>	<u>937,253.77</u>
 <u>Liabilities, Reserves, and Fund Balance</u>		
Dog License Fund:		
Due to Current Fund	5,838.84	
Prepaid Dog License Fees		
Due to State of New Jersey		
Reserve for Dog Fund Expenditures	7,030.60	5,204.53
	<u>12,869.44</u>	<u>5,204.53</u>
Length of Service Award Program (unaudited)		
Investment held for LOSAP	165,212.99	162,727.99
	<u>165,212.99</u>	<u>162,727.99</u>
Other Funds:		
Encumbrances	1,310.00	3,164.12
Due to Current Fund	6.47	3.04
Miscellaneous Reserves	738,703.78	766,154.09
	<u>740,020.25</u>	<u>769,321.25</u>
Total	\$ <u>918,102.68</u>	<u>937,253.77</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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EXHIBIT C - GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 1,344,910.69	3,272,166.88
Deferred Charges to Future Taxation -		
Funded	10,418,950.00	11,488,250.00
Unfunded	1,182,000.00	334,350.00
	<u>12,945,860.69</u>	<u>15,094,766.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	178,031.11	322,149.83
Interfunds:		
Due to Current Fund	83,933.52	250,000.00
Bond Anticipation Notes Payable	1,000,000.00	-
Serial Bonds Payable	10,418,950.00	11,488,250.00
Improvement Authorizations:		
Funded	789,868.96	2,334,681.28
Unfunded	111,430.43	66,039.10
Reserve for Payment of Bonds	26,739.47	56,739.47
Reserve for Bequest - JFK Park	23,000.00	23,000.00
Reserve for Acquisition of Vehicle	10,000.00	10,000.00
Capital Improvement Fund	20,350.00	350.00
Fund Balance	283,557.20	543,557.20
	<u>\$ 12,945,860.69</u>	<u>15,094,766.88</u>

There were bonds and notes authorized but not issued at December 31

2012	334,350.00
2013	182,000.00

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 543,557.20	356,521.38
Increased by:		
Premiums from Bond Sale		287,035.82
Decreased by:		
Anticipated Revenue in Current Fund	260,000.00	100,000.00
Ending Balance December 31	\$ <u>283,557.20</u>	<u>543,557.20</u>

EXHIBIT D - SEWER UTILITY

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

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash and Investments	\$ 625,721.79	1,390,370.51
	625,721.79	1,390,370.51
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	161,419.89	115,310.08
Sewer Liens	961.00	-
	162,380.89	115,310.08
Deferred Charges		
Deficit in Operations	56,019.14	-
Overexpenditure of Appropriation	-	24,929.66
	56,019.14	24,929.66
 Total of Operating Fund	 844,121.82	 1,530,610.25
Capital Fund:		
Due from Sewer Operating	507,484.22	965,491.17
Due from State of NJEIT	-	1,329,234.94
Fixed Capital - Completed	9,491,184.92	7,514,256.99
Fixed Capital - Authorized and Uncompleted	609,000.00	4,134,000.00
	10,607,669.14	13,942,983.10
Total of Capital Fund	10,607,669.14	13,942,983.10
Total Assets	\$ 11,451,790.96	15,473,593.35

The accompanying Notes to Financial Statements are an integral part of this statement

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

	2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 44,652.79	8,829.85
Encumbrances Payable	12,593.35	940.00
Accounts Payable	500.00	500.00
Sewer Rent Overpayments	50,434.16	26,544.75
Prepaid Sewer Rents	-	103,673.95
Due to Sewer Capital Fund	507,484.22	965,491.17
Accrued Interest on Bonds and Notes	39,627.46	52,871.50
	655,291.98	1,158,851.22
Reserve for Receivables	162,380.89	115,310.08
Fund Balance	26,448.95	256,448.96
Total of Operating Fund	844,121.82	1,530,610.26
Capital Fund:		
Encumbrances Payable	35,654.62	-
Improvement Authorizations		
Funded	107,294.45	2,290,872.09
Unfunded	-	-
Bond Anticipation Notes Payable	-	-
Serial Bonds Payable	1,826,050.00	2,126,750.00
NJEIT Bonds Payable	1,523,252.50	2,752,894.75
Reserves for Amortization	6,717,933.42	6,450,506.99
Deferred Reserve for Amortization	32,949.00	223,105.25
Fund Balance	364,535.15	98,854.02
Total of Capital Fund	10,607,669.14	13,942,983.10
Total Liabilities, Reserves and Fund Balance	\$ 11,451,790.96	15,473,593.36

There were Bonds and Notes Authorized But Not Issued at December 31,

2013	-
2012	95,000

The accompanying Notes to Financial Statements are an integral part of this statement

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

	2013	2012
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 230,000.00	80,000.00
Rents	2,135,038.02	2,190,460.49
Miscellaneous	14,725.25	35,062.95
Other Credits to Income:		
Rent Overpayments Cancelled	-	-
Unexpended Balance of Appropriation Reserves	6,171.39	126,313.70
Total Income	2,385,934.66	2,431,837.14
<u>Expenditures</u>		
Operations:		
Salaries and Wages	500,000.00	500,000.00
Other Expenses	294,230.00	281,625.00
Atlantic County Utility Authority	1,035,000.00	1,077,000.00
Debt Service	549,794.14	420,066.15
Deferred Charges and Statutory Expenditures	62,929.66	55,943.84
Total Expenditures	2,441,953.80	2,334,634.99
Excess(Deficit) in Revenues	(56,019.14)	97,202.15
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year		24,929.66
Statutory Excess to Fund Balance		122,131.81
Fund Balance January 1	256,448.95	214,317.14
Decreased by:		
Utilization as Anticipated Revenue	230,000.00	80,000.00
Fund Balance December 31	\$ 26,448.95	256,448.95

The accompanying Notes to Financial Statements are an integral part of this statement

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

	<u>2013</u>	<u>2012</u>
Balance January 1,	\$ 98,854.02	39,855.54
Increased By:		
Premium from Bond Issue		54,673.48
Canceled Improvement Authorizations	265,681.13	4,325.00
Balance December 31,	\$ <u>364,535.15</u>	<u>98,854.02</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Antic. Budget	Realized	Excess Or (Deficit)
Operating Surplus Anticipated	\$ 230,000.00	230,000.00	-
Rents - Sewer	2,190,230.00	2,135,038.02	(55,191.98)
Miscellaneous Receipts	35,018.00	14,725.25	(20,292.75)
Additional Sewer Rents			-
	<u>\$ 2,455,248.00</u>	<u>2,379,763.27</u>	<u>(75,484.73)</u>

Analysis of Realized RevenueRents

Consumer Accounts Receivable	\$ <u>2,135,038.02</u>
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Miscellaneous

Interest on Deposits	\$ 10.86
Interest on Delinquent Rents	12,129.07
Miscellaneous	<u>2,585.32</u>
	\$ <u>14,725.25</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended			Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid Or Charged	Encumbered	Reserved		
OPERATING							
Salaries and Wages	\$ 505,000.00	500,000.00	457,213.25		42,786.75		
Other Expenses	289,230.00	294,230.00	285,121.61	8,876.35	232.04		
ACMUA- Treatment Costs	1,035,000.00	1,035,000.00	1,029,649.00	3,717.00	1,634.00		
	<u>1,829,230.00</u>	<u>1,829,230.00</u>	<u>1,771,983.86</u>	<u>12,593.35</u>	<u>44,652.79</u>	<u>-</u>	<u>-</u>
CAPITAL IMPROVEMENTS							
Capital Outlay		-			-		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT SERVICE							
Principal	427,806.00	427,806.00	427,793.38			12.62	
Interest on Bonds	135,282.00	135,282.00	122,000.76			13,281.24	
Interest on Notes		-				-	
	<u>563,088.00</u>	<u>563,088.00</u>	<u>549,794.14</u>	<u>-</u>	<u>-</u>	<u>13,293.86</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
Deferred Charges							
Overexpenditure of Appropriation	24,930.00	24,930.00	24,929.66			0.34	
Contribution to: Social Security System (O.A.S.I.)	38,000.00	38,000.00	38,000.00		-		
	<u>62,930.00</u>	<u>62,930.00</u>	<u>62,929.66</u>	<u>-</u>	<u>-</u>	<u>0.34</u>	<u>-</u>
\$	<u><u>2,455,248.00</u></u>	<u><u>2,455,248.00</u></u>	<u><u>2,384,707.66</u></u>	<u><u>12,593.35</u></u>	<u><u>44,652.79</u></u>	<u><u>13,294.20</u></u>	<u><u>-</u></u>
			Overexpenditure of Appropriation	\$ 24,929.66			
			Accrued interest on Bonds 12/31/13	(39,627.46)			
			Accrued interest on Bonds 12/31/12	52,871.50			
			Disbursed	<u>2,373,022.04</u>			
				<u>\$ 2,384,707.66</u>			

The accompanying Notes to Financial Statements are an integral part of this statement

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Land and Improvements	\$ 8,284,500.00	\$ 8,284,500.00
Buildings and Improvements	3,328,250.00	3,328,250.00
Machinery and Equipment	8,214,761.00	8,050,261.81
Total General Fixed Assets	<u>\$ 19,827,511.00</u>	<u>\$ 19,663,011.81</u>
Investment in General Fixed Assets	<u>\$ 19,827,511.00</u>	<u>\$ 19,663,011.81</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Somers Point include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Somers Point, as required by N.J.S. 40A:5-5.

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 which 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 Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

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.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles 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, which 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, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility 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 unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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 is not included on the various balance sheets.

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 generally accepted accounting principles.

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$3,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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 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.

Interest on Delinquent Taxes – It is the policy of the City of Somers Point to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The City operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on December 1, March 1, June 1 and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the City to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

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 both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory 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. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. 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.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the City's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the City's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the City's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Non-exchange Financial Guarantees". This statement,

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the City's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$996,497.00 and \$989,115.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$950,000.00 and \$1,400,000.00. In addition, the City operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the City. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$230,000.00 and \$80,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Legal Service and Costs		
Other Expenses	(20,000)	
Planning Board		
Other Expenses	(10,000)	
Vehicle Maintenance		10,000
Department of Police		
Salaries & Wages		(50,000)
Department of Public Works		
Salaries & Wages		40,000
Department of Sanitation		
Salaries & Wages		20,000
Gasoline	(10,000)	(15,000)
Diesel Fuel		(12,000)
Electric	16,000	

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
------------------------	-------------	-------------

Mo Material Transfers

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 2013 and 2012, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Drunk Driving Enforcement	\$ 7,572.09	15,971.59
Recycling Tonnage		11,636.07
Drive Sober or Pull Over	8,800.00	4,400.00
Click It Ticket	4,000.00	4,000.00
Body Armor	3,605.57	2,951.64
NJ Transportation Trust Fund	187,000.00	225,000.00
Clean Communities	24,947.25	
Access Planning	8,100.00	
Post Sandy Planning Assistance	30,000.00	

The City 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 approved two special emergencies appropriation in 2012 for \$1,500,000.00. The first emergency for \$300,000.00 was for a revaluation of the City. The second emergency for \$1,200,000.00 was a result of Hurricane Sandy. The unfunded balance as of December 31, 2013 was \$240,000.00. During 2013 the City did not approved any emergency appropriations. Required appropriations are included in the 2014 budget.

Note 3: INVESTMENTS

As o December 31, 2013 and 2012, the municipality had no investments.

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

Concentration of Credit Risk. The municipality places no limit on the amount the City can 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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality’s bank balance of \$6,078,542.85 and \$6,651,205.57 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land and Improvements	\$ 8,284,500			8,284,500
Buildings and Improvements	3,328,250			3,328,250
Machinery and Equipment	7,644,859	405,403		8,050,262
	<u>\$ 19,257,609</u>	<u>405,403</u>	<u>-</u>	<u>19,663,012</u>

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
Land and Improvements	\$ 8,284,500			8,284,500
Buildings and Improvements	3,328,250			3,328,250
Machinery and Equipment	8,050,262	479,496	(314,997)	8,214,761
	<u>\$ 19,663,012</u>	<u>479,496</u>	<u>(314,997)</u>	<u>19,827,511</u>

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/11	Issued	Retired	Balance 12/31/12
Bond Anticipation Notes payable:				
General	\$ 2,750,000.00		2,750,000.00	-
Utility	250,000.00		250,000.00	-
	<u>\$ 3,000,000.00</u>	<u>-</u>	<u>3,000,000.00</u>	<u>-</u>

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation Notes payable:				
General	\$ -	1,000,000.00		1,000,000.00
	<u>\$ -</u>	<u>1,000,000.00</u>	<u>-</u>	<u>1,000,000.00</u>

The City has one bond anticipation note outstanding as of December 31, 2013 with Jefferies, LLC due December 14, 2014 with interest at 1.25% per annum.

Emergency Notes

The City has outstanding at December 31, 2013 an emergency note in the amount of \$240,000.00. The note is payable to Jefferies, LLC on December 12, 2014 with interest at 1.25% per annum.

Note 7: LONG TERM DEBT.

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General	\$ 6,576,782.89	5,691,000.00	779,532.89	11,488,250.00	1,069,300.00
Utility	4,046,500.00	1,109,000.00	275,855.25	4,879,644.75	427,805.25
Total	<u>10,623,282.89</u>	<u>6,800,000.00</u>	<u>1,055,388.14</u>	<u>16,367,894.75</u>	<u>1,497,105.25</u>
Other liabilities:					
Compensated Absences Payable	1,398,631.22	42,047.84	123,416.46	1,317,262.60	-
Total long-term liabilities	<u>\$ 12,021,914.11</u>	<u>6,842,047.84</u>	<u>1,178,804.60</u>	<u>17,685,157.35</u>	<u>1,497,105.25</u>

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 11,488,250.00		1,069,300.00	10,418,950.00	1,196,500.00
Utility	4,879,644.75		1,530,342.25	3,349,302.50	279,201.75
Total	<u>16,367,894.75</u>	-	<u>2,599,642.25</u>	<u>13,768,252.50</u>	<u>1,475,701.75</u>
Other liabilities:					
Compensated					
Absences Payable	<u>1,317,262.60</u>	<u>159,642.49</u>	<u>165,254.07</u>	<u>1,311,651.02</u>	-
Total long-term liabilities	<u>\$ 17,685,157.35</u>	<u>159,642.49</u>	<u>2,764,896.32</u>	<u>15,079,903.52</u>	<u>1,475,701.75</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the City:

\$6,266,000 General Improvement Bond dated 7/1/09 payable in annual installments through 7/1/19. Interest is paid semiannually at rates varying from 3.00% to 4.00% per annum. Bonds maturing on or after 10/1/10 are redeemable at the option of the City in whole or in part on any date on or after 10/1/09. The balance remaining as of December 31, 2013 was \$5,102,950.00.

\$5,691,000 General Obligation Bonds dated 9/15/12 payable in annual installments through 9/15/22. Interest is paid semiannually at rates from 2.00% to 3.00% per annum. The balance remaining at December 31, 2013 was \$5,316,000.00.

Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the City:

\$1,360,000 Sewer Refunding Bonds dated 12/28/2000 payable in annual installments through 12/1/13. Interest is paid semiannually at a rate of 4.75% per annum. \$135,000.00 of principal was paid on 12/1/13. The balance remaining as of December 31, 2013 was \$0.

\$954,000 Sewer Refunding Bonds dated 7/1/09 payable in annual installments through 7/1/19. Interest is paid semiannually at rates varying from 3.00% of 4.00% per annum. \$105,700.00 of principal was paid on 7/1/13. The balance remaining as of December 31, 2013 was \$777,050.00.

\$910,000 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/30. Interest is paid semiannually at a rate of 5.00% per annum. The balance remaining as of December 31, 2013 was \$815,000.00. \$1,410,000.00 of bonds were originally anticipated to be issued however the project was complete and \$500,000.00 of the bonds were canceled.

\$862,463.00 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/30 bearing no interest. The balance remaining as of December 31, 2013 was \$708,252.50. \$1,465,000.00 of bonds were originally anticipated to be issued however the project was complete and \$602,537.00 of the bonds were canceled.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

\$1,109,000 Water-Sewer Utility Bond dated 9/15/12 payable in annual installments through 9/15/22. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2013 was \$1,049,000.00.

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

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 1,196,500.00	330,524.25	330,605.25	98,163.26	1,955,792.76
2015	1,245,500.00	292,763.00	371,605.25	89,274.51	1,999,142.76
2016	1,338,750.00	253,434.25	378,355.25	79,040.76	2,049,580.26
2017	1,401,500.00	207,056.13	390,605.25	67,956.39	2,067,117.77
2018	1,459,250.00	158,437.38	397,855.25	56,350.14	2,071,892.77
2019-2023	3,777,450.00	204,088.00	1,305,276.25	132,762.01	5,419,576.26
2024-2028			175,000.00	13,250.00	188,250.00
	<u>\$ 10,418,950.00</u>	<u>1,446,303.01</u>	<u>3,349,302.50</u>	<u>536,797.07</u>	<u>15,751,352.58</u>

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$353,412.64 and to the utility budget was \$122,000.76.

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 11,418,950.00	11,488,250.00	9,326,782.89
Sewer Utility - Bonds and Notes	3,349,302.50	4,879,644.75	4,296,500.00
Total Issued	<u>14,768,252.50</u>	<u>16,367,894.75</u>	<u>13,623,282.89</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	182,000.00	334,350.00	582,000.00
Sewer Utility - Bonds and Notes		95,000.00	349,325.00
Total Authorized But Not Issued	<u>182,000.00</u>	<u>429,350.00</u>	<u>931,325.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>14,950,252.50</u>	<u>16,797,244.75</u>	<u>14,554,607.89</u>
<u>Deductions:</u>			
Reserve for Payment of Bonds	26,739.47	56,739.47	86,739.47
Self-Liquidating Debt	3,288,807.50	86,740.00	4,645,825.00
Total Deductions	<u>3,315,546.97</u>	<u>143,479.47</u>	<u>4,732,564.47</u>
Net Debt	<u>\$ 11,634,705.53</u>	<u>16,653,765.28</u>	<u>9,822,043.42</u>

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 0.929%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,946,000.00	3,946,000.00	-
Sewer Utility Debt	3,349,302.50	3,288,807.50	60,495.00
General Debt	11,600,950.00	26,739.47	11,574,210.53
	<u>\$ 18,896,252.50</u>	<u>7,261,546.97</u>	<u>11,634,705.53</u>

Net Debt \$11,634,705.53 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,252,225,212.67 = 0.929%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 43,827,882.00
Net Debt	11,634,705.53
Remaining Borrowing Power	<u>\$ 32,193,176.47</u>

The City of Somers Point School District, as a K-12 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 amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Current Fund		950,000.00
Sewer Utility Fund		230,000.00

The 2014 Budget has not been adopted as of the date of this report

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2013	2014 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency - Revaluation	\$ 240,000.00	60,000.00	180,000.00
	<u>240,000.00</u>	<u>60,000.00</u>	<u>180,000.00</u>
Sewer Utility Fund:			
Deficit in Operations	56,019.14	56,019.14	-
	<u>56,019.14</u>	<u>56,019.14</u>	<u>-</u>

The appropriations in the 2014 Budget are not less than that required by statute.

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$8,921,957.00 and \$8,690,767.00 have been raised for the 2013 and 2012 calendar years, respectively and \$8,921,956.00 and \$8,690,767.00 remitted to the school district leaving a \$2.00 balance payable.

Regional High School Tax in the amounts of \$7,329,116.00 and \$7,062,379.69 have been raised for the 2013 and 2012 calendar years, respectively and \$7,329,114.00 and \$7,062,379.67 remitted to the school district leaving a \$10.43 balance payable.

Note 11: 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 12/31/13	Balance 12/31/12
Prepaid Taxes	\$ 279,296.15	265,045.08
Cash Liability for Taxes Collected in Advance	<u>\$ 279,296.15</u>	<u>265,045.08</u>

Note 12: PENSION FUNDS

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

by the New Jersey Division of Pensions 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 systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

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

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to 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 provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 6.9% of covered payroll. The City's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$291,962.00, \$260,275.00 and \$246,391.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$487,536.00, \$498,883.00 and \$563,127.00.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$5,801,720.14, \$5,747,509.00 and \$5,716,730.00. Payroll covered by PFRS was \$2,321,063.00, \$2,048,448.00 and \$2,027,243.00. Payroll covered by PERS was \$2,575,852.00, \$2,600,653.00 and \$2,660,428.00.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

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 to <http://www.state.nj.us/treasury/pensions/shbp.htm>

Plan Coverage The City currently has 4 collective bargaining units as well as several non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are:

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
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 in the Police and Fireman’s Retirement System, after fulfilling the requirements for full retirement, 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 in the Police and Fireman’s Retirement System, after fulfilling the requirements for full retirement, 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

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 vary according to the type of coverage selected by the retiree and range from \$856.73 to \$2,141.84 monthly per retiree.

The City of Somers Point contributions to SHBP for post-retirement benefits for the year ended December 31, 2013 and 2012, were \$113,824.35 and \$89,476.56 respectively, which equaled the required contribution for the year.

Note 14: ACCRUED SICK AND VACATION BENEFITS

In accordance with Civil Service regulations, the City has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$1,311,651.02 in 2013 and \$1,317,262.60 in 2012. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the City's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Although more days may be accrued, the final amount cannot exceed: 180 days for members of Police Mainland Local #77; \$20,000 for members of Teamsters Local #115; and contractual limitations for individuals with personal service contracts. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City does not accrue the liability.

Note 15: ECONOMIC DEPENDENCY

The City of Somers Point is not economically dependent on any one business or industry as a major source of tax revenue for the City.

Note 16: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 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

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

\$100,000 under JIF, which increases to \$5,000,000 under MEL.

New Jersey 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 previous three years:

<u>Calendar Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 20,000.00	8,432.13		34,135.39	27,168.24
2012	20,000.00	8,294.47	-	37,089.42	32,871.50
2011	20,000.00	8,347.95	-	42,329.97	41,666.45

Note 17: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

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

Note 18: 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.

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

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 19: CONTINGENT LIABILITIES

The City is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the City’s management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

	Due From	Due To
Current Fund:		
General Capital Fund	\$ 83,933.52	
Federal and State Grant Fund		78,992.57
Dog License Fund	5,838.84	
Trust Funds - Other	6.47	120.00
Grant Fund:		
Current Fund	78,992.57	
Dog License Fund:		
Current Fund		5,838.84
Trust Fund - Other:		
Current Fund	120.00	6.47
General Capital Fund:		
Current Fund		83,933.52
Sewer Utility Operating Fund:		
Sewer Utility Capital Fund		507,484.22
Sewer Utility Capital Fund:		
Sewer Utility Operating Fund	507,484.22	
	\$ <u>676,375.62</u>	<u>676,375.62</u>

Neither the Grant Fund nor the Sewer Utility Capital Fund have bank accounts. This has caused the interfunds to be created. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

Note 21: SUBSEQUENT EVENTS

The City has evaluated subsequent events through May 9, 2014, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION



Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2014, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Kenneth Moore

Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

May 9, 2014

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/13	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance at 12/31/13	MEMO ONLY Cumulative Expenditures
FEDERAL									
Passed through the State of New Jersey									
Department of Community Affairs									
Small Cities	14.228		11,490	\$ 11,490.00				11,490.00	-
Community Development Block Grant	14.228	1/1/13 - 12/13/13	47,274		47,274.00			47,274.00	-
CDBG - Post Sandy Planning Assistance	14.XXX	1/1/13 - 12/13/13	30,000		30,000.00	13,608.00		16,392.00	13,608.00
								-	
Total Department of Community Affairs				<u>11,490.00</u>	<u>77,274.00</u>	<u>13,608.00</u>	<u>-</u>	<u>75,156.00</u>	
Department of Justice									
Bullet Proof Vest Partnership	16.607	1/1/13 - 12/13/13	3,606	-	3,605.57			3,605.57	
Total Department of Justice				<u>-</u>	<u>3,605.57</u>	<u>-</u>	<u>-</u>	<u>3,605.57</u>	
Total Federal Assistance				<u>11,490.00</u>	<u>80,879.57</u>	<u>13,608.00</u>	<u>-</u>	<u>78,761.57</u>	

**SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Unexpended Balance at 1/1/13	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance at 12/31/13	MEMO ONLY Cumulative Expenditures
STATE									
State of New Jersey									
Department of Environmental Protection									
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/12-12/31/12	11,636	11,636.07		11,636.07		-	11,636.07
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/11-12/31/11	25,752	17,660.32		3,563.93		14,096.39	11,655.93
Recycling Tonnage Grant	4900-752-042-4900-001	1/1/09-12/31/09	29,684	21,754.94				21,754.94	7,929.06
Clean Communities Act	4900-765-178920	1/1/13 - 12/13/13	24,947		24,947.25	24,947.25		-	24,947.25
Public Access Plan Development		1/1/13 - 12/13/13	8,100		8,100.00			8,100.00	
Total Department of Environmental Protection				<u>51,051.33</u>	<u>33,047.25</u>	<u>40,147.25</u>	<u>-</u>	<u>43,951.33</u>	-
Department of Community Affairs									
Sustainable Growth Grant			10,000	-			-	-	2,187.51
Sewerage Infrastructure Grant	N/A		7,871	-			-	-	-
Total Department of Community Affairs				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/12-12/31/12	15,972	7,876.90		7,876.90		-	15,971.59
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/13-12/31/13	7,572		7,572.09	1,147.00		6,425.09	1,146.91
Drive Sober or Pull Over		1/1/13-12/31/13	4,400		4,400.00	4,400.00		-	4,400.00
Click It Ticket		1/1/13-12/31/13	4,000		4,000.00	4,000.00		-	4,000.00
Drive Sober Year End		1/1/13-12/31/13	4,400		4,400.00	4,400.00		-	4,400.00
Total Division of Motor Vehicles				<u>7,876.90</u>	<u>20,372.09</u>	<u>21,823.90</u>	<u>-</u>	<u>6,425.09</u>	
New Jersey Department of Transportation									
Reconstruction of Connecticut	6320-480-601385-61	1/1/13-12/31/13	187,000		187,000.00	136,986.58		50,013.42	136,986.58
Reconstruction of Chapman Blvd.	6320-480-601385-61	1/1/12-12/31/12	225,000					-	225,000.00
Construction of Bike Path	6320-480-601385-61	1/1/09-12/31/10	200,000	89,550.70			(89,550.70)	-	110,449.30
				<u>89,550.70</u>	<u>187,000.00</u>	<u>136,986.58</u>	<u>(89,550.70)</u>	<u>50,013.42</u>	
New Jersey Department of Law and Public Safety									
Body Armor		1/1/12-12/31/12	2,952	2,951.64				2,951.64	-
Body Armor		1/1/11-12/31/11	2,625	2,625.00				2,625.00	-
Body Armor		1/1/10-12/31/10	3,891	1,858.48				1,858.48	2,032.94
Body Armor		Prior	630	629.87				629.87	-
Safe and Secure Communities	100-066-1020-107-090940	1/1/13-12/31/13	163,615	-	163,615.00	156,894.41		6,720.59	156,750.81
				<u>8,064.99</u>	<u>163,615.00</u>	<u>156,894.41</u>	<u>-</u>	<u>14,785.58</u>	
Total State Assistance				<u>156,543.92</u>	<u>404,034.34</u>	<u>355,852.14</u>	<u>(89,550.70)</u>	<u>115,175.42</u>	
Total Financial Assistance				<u>\$ 168,033.92</u>	<u>\$ 484,913.91</u>	<u>\$ 369,460.14</u>	<u>\$ (89,550.70)</u>	<u>\$ 193,936.99</u>	

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2013**

Note 1: General

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

Note 2: Basis of Accounting

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

Note 3: Relationship to General-Purpose Financial Statements

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

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards	\$ 13,608.00	\$ 355,852.00
Add local funding		15,028.65
Expenditure per Audit Schedule A-13	<u>\$ 13,608.00</u>	<u>\$ 370,880.65</u>

Note 4: Relationship to State Financial Reports

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

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2012	\$	3,916,225.37
Increased by Receipts:		
Tax Collector		31,250,000.00
Clerk		
Revenue Accounts Receivable		2,263,178.61
Miscellaneous Revenue		444,365.25
Due from State - Senior Citizens and Veterans		106,372.44
Due from General Capital Fund		250,000.00
Due to Recreation Trust		120.00
Due to State - Marriage Licenses		50.00
Due to State - CCO		1,636.00
Homestead Rebate		500,229.57
Federal and State Unallocated		15,827.95
Federal and State Receivables		266,444.29
		35,098,224.11
		39,014,449.48
Decreased by Disbursements:		
Current Year Appropriation		11,246,021.03
Prior Year Appropriations		269,481.13
County Taxes		6,032,637.66
Local District School Taxes		8,921,956.00
Regional School Taxes		7,329,114.60
Refund of Tax Overpayments		47,289.22
Due to General Capital Fund		236,283.52
Emergency Notes Payable		1,360,000.00
Interfund Created		3.43
Payroll Taxes Payable		1,455.35
Reserve for Revaluation		135,526.09
Federal and State Disbursements		371,316.86
		35,951,084.89
Balance December 31, 2013	\$	3,063,364.59

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

Balance December 31, 2012		\$ 242,692.17
Increased by Receipts:		
Prepaid Taxes	279,296.15	
Taxes Receivable	31,282,429.45	
Less Homestead rebate	(500,229.57)	
Revenue Accounts Receivable	93,094.92	
Miscellaneous Revenue	71,260.95	
Tax Title and Other Liens	-	
	<hr/>	<u>31,225,851.90</u>
		31,468,544.07
Payments to Treasurer		<u>31,250,000.00</u>
Balance December 31, 2013		\$ <u><u>218,544.07</u></u>

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Overpayments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
				2012	2013					
Arrears	\$				83,039.20	(11,238.15)			(104,581.64)	32,780.59
2011	22,180.40				21,404.87	(7,324.12)				8,099.65
2012	801,763.55				717,057.20	150,830.29	(165,089.56)	2,565.61	80,043.92	16,356.09
	823,943.95	-	-	-	821,501.27	132,268.02	(165,089.56)	2,565.61	(24,537.72)	57,236.33
2013		31,753,625.76	282,941.13	265,045.08	30,579,892.99	111,470.90	231,140.72	7,590.58	24,537.72	816,888.90
\$	823,943.95	31,753,625.76	282,941.13	265,045.08	31,401,394.26	243,738.92	66,051.16	10,156.19	-	874,125.23

31,282,429.45	Cash Receipts
118,964.81	Senior Citizens and Veterans
<u>31,401,394.26</u>	

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	31,753,625.76
Added Taxes (54:4-63.1 et. Seq.)	282,941.13
	<u>32,036,566.89</u>
Tax Levy:	
General County Taxes	5,241,325.13
County Library Taxes	432,364.92
County Open Space Taxes	78,839.00
County Health Taxes	264,632.69
County Added and Omitted Taxes	51,460.95
Total County Taxes	<u>6,068,622.69</u>
Local School District Tax	8,921,957.00
Additional Local School District Tax	-
Regional School District Tax	7,329,116.00
Local Tax for Municipal Purposes	9,491,456.00
Add: Additional Tax Levied	225,415.20
	<u>9,716,871.20</u>
	<u>32,036,566.89</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2012		\$ 88,508.54
Increased by:		
Transfers from Taxes Receivable	10,156.19	
Interest and Costs Accrued by Sale of March 21, 2013	171.92	
		10,328.11
		98,836.65
Decreased by:		
Collections		
Other		
		-
Balance December 31, 2013		\$ <u><u>98,836.65</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$	24,270.00		24,270.00	-
Fees and Permits		17,373.00		17,373.00	-
Municipal Court	17,357.76	260,931.23		264,337.54	13,951.45
Interest and Costs on Taxes		93,025.60	93,025.60		-
Interest Earned on Investments		34,440.90	69.32	34,371.58	-
Fees and Permits - Chapter 115 Inspections		145,870.00		145,870.00	-
Cable Television Franchise Fees		48,542.23		48,542.23	-
Hotel Fee		161,431.31		161,431.31	-
Consolidated Municipal Property Tax Relief Act		102,476.00		102,476.00	-
Energy Receipts Tax		864,619.78		864,619.78	-
Uniform Construction Code Fees		180,612.92		180,612.92	-
Uniform Fire Safety Act		29,274.25		29,274.25	-
Reserve to Pay Bonds		30,000.00		30,000.00	-
General Capital Surplus		260,000.00		260,000.00	-
Shore Memorial Hospital		100,000.00		100,000.00	-
Reserve for Wind Storm		120,000.00		120,000.00	-
Miscellaneous Revenue Not Anticipated		515,626.20	71,260.95	444,365.25	-
	<u>\$ 17,357.76</u>	<u>2,988,493.42</u>	<u>164,355.87</u>	<u>2,827,543.86</u>	<u>13,951.45</u>
			Cash	2,707,543.86	
			Received in Prior Year	120,000.00	
				<u>2,827,543.86</u>	

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Salaries and Wages	\$ 500.00	500.00		500.00	-
Other Expenses	4,691.06	5,491.06	5,037.55	453.51	-
Department of General Administration					
Salaries and Wages	22,327.00	22,327.00	7,524.00	14,803.00	-
Other Expenses	24,271.85	24,271.85	15,875.00	8,396.85	-
Department of City Clerk					
Salaries and Wages	8,484.09	8,484.09		8,484.09	-
Other Expenses	2,085.59	2,085.59	440.25	1,645.34	-
Data Processing					
Other Expenses	707.07	707.07		707.07	-
Department of Finance					
Salaries and Wages	20,320.04	15,320.04		15,320.04	-
Other Expenses	473.69	473.69		473.69	-
Department of Tax Assessment					
Salaries and Wages	2,946.07	2,946.07		2,946.07	-
Other Expenses	5,179.30	5,179.30	3,057.11	2,122.19	-
Department of Tax Collection					
Salaries and Wages	912.80	912.80		912.80	-
Other Expenses	4,013.14	4,013.14	132.70	3,880.44	-
Legal Services and Costs					
Other Expenses	12,820.37	19,820.37	18,833.51	986.86	-
Municipal Prosecutor					
Other Expenses	1,916.70	3,116.70	2,916.66	200.04	-
Engineering Services and Costs					
Other Expenses	4,000.00	4,000.00		4,000.00	-
Public Buildings and Grounds					
Salaries and Wages	985.23	985.23		985.23	-
Other Expenses	7,315.91	7,315.91	6,936.50	379.41	-
Vehicle Maintenance	307.17	307.17		307.17	-
Planning Board					
Other Expenses	16,578.77	12,178.77		12,178.77	-
Zoning Board					
Other Expenses	2,542.33	2,542.33	1,200.00	1,342.33	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
PUBLIC SAFETY					
Department of Fire					
Salaries and Wages	1,000.00	1,000.00		1,000.00	-
Other Expenses	21,161.23	21,161.23		21,161.23	-
Department of Police					
Salaries and Wages	130,553.63	130,553.63	95,426.37	35,127.26	-
Other Expenses	27,427.50	27,427.50	255.49	27,172.01	-
Department of Communications					
Salaries and Wages	16,333.37	16,333.37	405.74	15,927.63	-
Other Expenses	17,641.01	17,641.01	1,460.00	16,181.01	-
Department of Emergency Management					
Other Expenses	1,112.11	1,112.11	1,100.00	12.11	-
Bureau of Fire Prevention					
Salaries and Wages	1,620.00	1,620.00		1,620.00	-
Other Expenses	4,935.60	4,935.60		4,935.60	-
Department of Zoning/Code Enforcement					
Salaries and Wages	8,187.84	8,187.84		8,187.84	-
Other Expenses	4,386.03	4,386.03	101.34	4,284.69	-
PUBLIC WORKS					
Department of Public Works					
Salaries and Wages	4,061.32	4,061.32	105.94	3,955.38	-
Other Expenses	1,194.73	1,194.73		1,194.73	-
Division of Sanitation					
Salaries and Wages	5,120.06	5,120.06		5,120.06	-
Other Expenses	13,828.88	14,828.88	14,257.58	571.30	-
Sanitation - Transfer Fee	17,082.81	21,082.81	20,012.51	1,070.30	-
RECREATION AND EDUCATION					
Department of Parks and Recreation Programs					
Salaries and Wages	370.00	370.00		370.00	-
Other Expenses	7,016.79	7,016.79	1,690.47	5,326.32	-
Department of Parks and Recreation Facilities					
Salaries and Wages	6,815.43	6,815.43		6,815.43	-
Other Expenses	136.50	136.50		136.50	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Environmental Commission					
Other Expenses	1,000.00	1,000.00		1,000.00	-
Economic Development and Advisory Commission					
Other Expenses	13,956.97	13,956.97	9,999.96	3,957.01	-
Historic Preservation Commission					
Other Expenses	2,745.00	2,745.00		2,745.00	-
MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	2,025.14	2,025.14		2,025.14	-
Other Expenses	12,977.37	12,977.37	280.00	12,697.37	-
Public Defender (P.L. 1997, C.256)					
Other Expenses	1,750.00	1,750.00		1,750.00	-
INSURANCE					
General Liability	3,539.00	3,539.00		3,539.00	-
Workers Compensation Insurance	3,164.00	3,164.00		3,164.00	-
Employee Group Health	124,131.07	124,131.07	3,333.33	120,797.74	-
Surety Bond Premiums	1,000.00	1,000.00		1,000.00	-
Health Waiver - Employee Opt Out	7,553.99	7,553.99		7,553.99	-
Municipal Services Act					
Other Expenses	33,516.59	33,516.59	26,768.57	6,748.02	-
Apartment Trash Collection					
Other Expenses	59.98	5,259.98	5,200.00	59.98	-
STATE UNIFORM CONSTRUCTION CODE					
Construction Official					
Other Expenses	1.60	201.60		201.60	-
UNCLASSIFIED					
Gasoline	7,298.65	7,298.65	3,331.31	3,967.34	-
Diesel Fuel	572.50	5,572.50	4,597.77	974.73	-
Fire Hydrant Water	84.70	84.70		84.70	-
Electric	12,859.12	2,859.12	900.00	1,959.12	-
Street Lighting	22,995.72	22,995.72	4,962.11	18,033.61	-
Telephone	167.48	167.48		167.48	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Natural Gas	22,462.94	17,462.94	1,022.28	16,440.66	-
Water	10,457.92	10,457.92		10,457.92	-
Fuel #2	1,000.00	1,000.00		1,000.00	-
Waste Water	1,500.00	1,500.00		1,500.00	-
Telecommunications Costs	66.18	66.18		66.18	-
Contingent	1,000.00	1,000.00		1,000.00	-
STATURTORY EXPENDITURES					
Contribution to					
Social Security System (O.A.S.I.)	10,938.02	10,938.02		10,938.02	-
Defined Contribution Retirement Plan	3,971.83	3,971.83		3,971.83	-
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Awards Program	20,000.00	20,000.00	12,317.08	7,682.92	-
Dispatch Services - Interlocal Service Agreement	68,162.20	68,162.20		68,162.20	-
All Other Accounts - No Change		-		-	
	<u>\$ 824,320.99</u>	<u>824,320.99</u>	<u>269,481.13</u>	<u>554,839.86</u>	<u>-</u>
Reserves	663,750.56				
Encumbrances	<u>160,570.43</u>				
	<u>824,320.99</u>				-

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

Balance December 31, 2012		
School Tax Payable	\$	1.00
School Tax Deferred		
		\$ 1.00
Increased by:		
Levy - Calender Year January 1, 2013 to December 31, 2013		8,921,957.00
		8,921,958.00
Decreased by:		
Payments		8,921,956.00
Balance December 31, 2013		
School Tax Payable	2.00	2.00
Current Year Liability for Local School District School Tax:		
Tax Paid		8,921,956.00
Tax Payable Ending		2.00
		8,921,958.00
Less: Tax Payable Beginning		1.00
Amount charged to Current Year Operations		\$ 8,921,957.00

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

Balance December 31, 2012			
School Tax Payable	\$	9.03	
School Tax Deferred			
			\$ 9.03
Increased by:			
Levy - Calender Year January 1, 2013 to December 31, 2013			7,329,116.00
			7,329,125.03
Decreased by:			
Payments			7,329,114.60
Balance December 31, 2013			
School Tax Payable		10.43	10.43
			10.43
Current Year Liability for Local School District School Tax:			
Tax Paid			7,329,114.60
Tax Payable Ending			10.43
			7,329,125.03
Less: Tax Payable Beginning			9.03
Amount charged to Current Year Operations			\$ 7,329,116.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
Community Development Block Grant - 2013	-	47,274.00			47,274.00
CDBG - Post Sandy Planning Assistance		30,000.00			30,000.00
Bullet Proof Vest Partnership		3,605.57			3,605.57
Total Federal	<u>-</u>	<u>80,879.57</u>	<u>-</u>	<u>-</u>	<u>80,879.57</u>
STATE GRANTS:					
Safe and Secure Program	-	23,373.00	23,373.00		-
Clean Communities	423.67				423.67
Clean Communities		24,947.25	24,947.25		-
Department of Transportation					
Connecticut	-	187,000.00	129,900.00		57,100.00
Chapman Blvd	56,250.00		56,250.00		-
DOT Bikeways	10,566.15			10,566.15	-
Municipal Alliance - 2013		14,355.00			14,355.00
Municipal Alliance - 2012	11,133.22		9,051.95		2,081.27
Drive Sober or Get Pulled Over	-	4,400.00	4,400.00		-
Click It Ticket	-	4,000.00	4,000.00		-
Drive Sober Year End		4,400.00	4,400.00		-
Recycling Tonnage Grant	1,370.24				1,370.24
Local Arts Development Program		3,000.00	2,250.00		750.00
Local Arts Development Program	300.00		300.00		-
Local Arts Development Program	250.00				250.00
Drunk Driving Enforcement 2013	-	7,572.09	7,572.09		-
Municipal Access Planning		8,100.00			8,100.00
Total State	<u>80,293.28</u>	<u>281,147.34</u>	<u>266,444.29</u>	<u>10,566.15</u>	<u>84,430.18</u>
	<u>\$ 80,293.28</u>	<u>362,026.91</u>	<u>266,444.29</u>	<u>10,566.15</u>	<u>165,309.75</u>
		Cash	266,444.29		
		Unappropriated Reserves	-		
			<u>266,444.29</u>		

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2012		2013 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
Small Cities	\$ 11,490.00						11,490.00
Community Development Block Grant - 2013	-		47,274.00				47,274.00
CDBG - Post Sandy Planning Assistance			30,000.00	13,608.00			16,392.00
Bullet Proof Vest Partnership			3,605.57				3,605.57
Total Federal	<u>11,490.00</u>	<u>-</u>	<u>80,879.57</u>	<u>13,608.00</u>	<u>-</u>	<u>-</u>	<u>78,761.57</u>
STATE GRANTS:							
Municipal Alliance - 2012	3,760.37						3,760.37
Municipal Alliance - 2013	-		17,945.00	7,315.28	4,713.37		5,916.35
Clean Communities	-		24,947.25	23,712.77	1,234.48		(0.00)
Body Armor - 2012	2,951.64						2,951.64
Body Armor - 2011	2,625.00						2,625.00
Body Armor - 2010	1,858.48						1,858.48
Body Armor - prior	629.87						629.87
Department of Transportation							
Connecticut	-		187,000.00	135,301.58	1,685.00		50,013.42
Chapman Blvd	-	10,057.92		10,057.92			-
DOT Bikeways	89,550.70					89,550.70	-
Drunk Driving Enforcement - 2012	7,876.90			7,876.90			-
Drunk Driving Enforcement - 2013	-		7,572.09	750.00	397.00		6,425.09
Municipal Access Planning Grant	-		8,100.00				8,100.00
Safe and Secure Communities	-		163,615.00	156,894.41			6,720.59
Drive Sober or Get Pulled Over	-		4,400.00	4,400.00			-
Click It Ticket	-		4,000.00	4,000.00			-
Drive Sober Year End	-		4,400.00	4,400.00			-
Recycling Tonnage Grant	51,051.33				15,200.00		35,851.33
Local Arts Development Program	-		3,000.00	3,000.00			-
Total State	<u>160,304.29</u>	<u>10,057.92</u>	<u>424,979.34</u>	<u>357,708.86</u>	<u>23,229.85</u>	<u>89,550.70</u>	<u>124,852.14</u>
\$	<u><u>171,794.29</u></u>	<u><u>10,057.92</u></u>	<u><u>505,858.91</u></u>	<u><u>371,316.86</u></u>	<u><u>23,229.85</u></u>	<u><u>89,550.70</u></u>	<u><u>203,613.71</u></u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred To 2013 Appropriations	Received	Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
None	\$ -				-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:					
Recycling Tonnage Grant	1,370.00		12,017.16		13,387.16
Body Armor - 2011	260.81				260.81
Body Armor - 2013			3,810.79		3,810.79
					-
Total State	<u>1,630.81</u>	<u>-</u>	<u>15,827.95</u>	<u>-</u>	<u>17,458.76</u>
	<u>\$ 1,630.81</u>	<u>-</u>	<u>15,827.95</u>	<u>-</u>	<u>17,458.76</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Dog Licenses		Other
Balance December 31, 2012	\$ 5,204.53		769,321.25
Increased by Receipts:			
Dog License Fees 2013	11,379.61		
Due to State of New Jersey			
Prepaid Dog Licenses			
Miscellaneous Trust Reserves			1,615,384.71
Due from Current	43.82		3.43
	11,423.43		1,615,388.14
	16,627.96		2,384,709.39
Decreased by Disbursements			
Statutory Expenditures	3,714.70		
Due to State of New Jersey			
Prepaid Dog Licenses			
Miscellaneous Trust Reserves			1,642,835.02
Encumbrances			1,854.12
Due to Current Fund	43.82		120.00
	3,758.52		1,644,809.14
Balance December 31, 2013	\$ <u>12,869.44</u>		<u>739,900.25</u>

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

Balance December 31, 2012		\$	5,204.53
Increased by:			
Dog License Fees Collected	\$	11,379.61	
Prepaid Licenses			11,379.61
			16,584.14
Decreased by:			
Statutory Excess		5,838.84	
Expenditures under N.J.S. 4:19-15:11		3,714.70	
			9,553.54
Balance December 31, 2013		\$	7,030.60

License Fees Collected:

Year	Amount
2012	\$ 3,568.60
2011	3,462.00
	\$ 7,030.60

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND

Balance December 31, 2012		\$	-
Increased by:			
Adjustment to Prepaid	\$		
Statutory Excess	<u>5,838.84</u>		<u>5,838.84</u>
			5,838.84
Decreased by:			
Payment			<u>-</u>
Balance December 31, 2013		\$	<u><u>5,838.84</u></u>

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

Balance December 31, 2012		\$	-
Increased by:			
Prepaid License Fees	\$		
2013 State License Fees	<u>1,415.40</u>		<u>1,415.40</u>
			1,415.40
Decreased by:			
Disbursements to the State			<u>1,415.40</u>
Balance December 31, 2013		\$	<u><u>-</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED December 31, 2013

<u>Reserve</u>	Balance 12/31/12	Increased by		Decreased by		Balance 12/31/13
		Receipts	Interest on Deposits	Disbursements	Transfer Interest	
Affordable Housing	\$ 1,954.85	10,624.89	33.59			12,613.33
Escrow	269,281.04	20.00		30,599.01		238,702.03
Law Enforcement Trust	49,853.06	3,869.00	226.19	3,871.80		50,076.45
Police Off Duty	42,308.63	11,478.33	180.63	8,528.00	180.63	45,258.96
Parking Offense Adjudication Act	2,200.00	108.00				2,308.00
Recreation	167,336.98	61,870.48		48,639.02		180,568.44
Bayfest		48,397.00		37,400.87		10,996.13
Unemployment Trust	32,871.50	28,432.13	161.83	34,135.39	161.83	27,168.24
Recycling	1,020.59	4,164.40		4,715.41		469.58
Tax Sale Premiums	191,200.01	270,400.00	1,017.48	300,700.00	1,017.48	160,900.01
Tax Title Lien Redemptions	3,081.80	1,161,742.02	308.74	1,158,278.07	307.51	6,546.98
Street Openings	5,045.63	12,350.00		14,300.00		3,095.63
	<u>\$ 766,154.09</u>	<u>1,613,456.25</u>	<u>1,928.46</u>	<u>1,641,167.57</u>	<u>1,667.45</u>	<u>738,703.78</u>

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

Balance December 31, 2012		\$ 3,272,166.88
Increased by:		
Receipts	1,256,283.52	
	1,256,283.52	4,528,450.40
Decreased by:		
Disbursements	3,183,539.71	
	3,183,539.71	1,344,910.69
Balance December 31, 2013		\$ 1,344,910.69

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 543,557.20				260,000.00			283,557.20
Capital Improvement Fund	350.00	20,000.00						20,350.00
Encumbrances Payable	322,149.83					322,149.83	178,031.11	178,031.11
Due to/from Current Fund	250,000.00	83,933.52			250,000.00			83,933.52
Reserve for Bequest - JFK Park	23,000.00							23,000.00
Reserve to Pay Bonds	56,739.47				30,000.00			26,739.47
Reserve for the Acquisition of Vehicle	10,000.00							10,000.00
<u>Improvement Authorizations:</u>								
8-01 Various Improvements: (E) Parking Lots & Improvements	7,690.50					7,770.50	80.00	-
12-04 Various Improvements	1,869.44							1,869.44
6-05 Improvements & Acquisitions	100,922.32					100,922.32		-
11-08 Various Improvements	17,695.36							17,695.36
20-08 Various Improvements	82,446.84			30,672.01		6,000.10	4,500.00	50,274.73
05-09 Various Improvements and Acquisitions	26,234.97			2,250.69				23,984.28
09-09 Various Improvements and Acquisitions	72,724.00							72,724.00
### Tax Refund Payments	(238,485.90)	150,000.00						(88,485.90)
05-11 Various Improvements	204,065.70			152,814.15				51,251.55
07-11 Various Improvements	1,613.52			488.52				1,125.00
7-12 Various Improvements	276,729.21			442,145.30		87,298.04	317,569.83	64,855.70
13-12 Various Improvements	1,542,689.42	2,350.00		1,062,910.37		84,652.97		397,476.08
4-13 Various Improvements			1,000,000.00	952,258.67				47,741.33
5-13 Purchase Vehicles							108,612.82	108,612.82
21-00 Water Distribution System	(29,825.00)							(29,825.00)
	\$ <u>3,272,166.88</u>	<u>256,283.52</u>	<u>1,000,000.00</u>	<u>2,643,539.71</u>	<u>540,000.00</u>	<u>608,793.76</u>	<u>608,793.76</u>	<u>1,344,910.69</u>

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

	<u>Ref.</u>	
Balance December 31, 2012		\$ 350.00
Increased by:		
2013 Budget Appropriation	20,000.00	
		20,000.00
		20,350.00
Decreased by:		
No Activity		
		-
Balance December 31, 2013		\$ <u>20,350.00</u>

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

Balance December 31, 2012		\$ 11,488,250.00
Increased by:		
None		
	_____	-
		11,488,250.00
Decreased by:		
2013 Budget Appropriations:		
General Serial Bonds	1,069,300.00	
	_____	1,069,300.00
Balance December 31, 2013		\$ 10,418,950.00

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Canceled	Balance Dec. 31, 2013	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2009	Tax Refund Payments	\$ 275,000.00		150,000.00		125,000.00		88,485.90	36,514.10
13-12	Various Improvements	2,350.00		2,350.00		-			
4-13	Various Improvements		1,300,000.00		300,000.00	1,000,000.00	1,000,000.00		
<u>Local Improvements</u>									
21-00	Water Distribution System	57,000.00				57,000.00		29,825.00	27,175.00
		<u>\$ 334,350.00</u>	<u>1,300,000.00</u>	<u>152,350.00</u>	<u>300,000.00</u>	<u>1,182,000.00</u>	<u>1,000,000.00</u>	<u>118,310.90</u>	<u>63,689.10</u>
			1,300,000.00						
						Improvement Authorizations Unfunded			111,430.43
						Less:			
						Unexpended Proceeds of Bond			
						Anticipation Notes Issued:			
						<u>Ord. Number</u>			
						4-13	47,741.33		
									<u>47,741.33</u>
									<u>63,689.10</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Paid or Charged	Amended or Canceled	Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation			Funded	Unfunded
8-01	Various Improvements (E) Parking Lots & Improvements	6/14/2001	872,002	\$ 7,690.50					(7,690.50)	-	
12-04	Various Improvements	4/8/2004	850,000	1,869.44						1,869.44	
6-05	Improvements and Acquisitions	5/25/2005	1,200,000	100,922.32					(100,922.32)	-	
11-08	Various Improvements	4/24/2008	260,000	17,695.36						17,695.36	
20-08	Various Improvements	8/28/2008	752,000	82,446.84				32,172.11		50,274.73	
05-09	Various Improvements & Acquisitions	4/9/2009	276,000	26,234.97				2,250.69		23,984.28	
09-09	Various Improvements & Acquisitions	6/25/2009	877,000	72,724.00						72,724.00	
2009	Tax Refund Payments	11/12/2009	725,000		36,514.10					-	36,514.10
05-11	Various Improvements	5/26/2011	1,000,000	204,065.70				152,814.15		51,251.55	
07-11	Various Improvements	5/26/2011	280,000	1,613.52				488.52		1,125.00	
7-12	Various Improvements	6/28/2012	1,268,000	276,729.21				211,873.51		64,855.70	
13-12	Various Improvements	7/26/2012	1,600,000	1,542,689.42	2,350.00			1,147,563.34		397,476.08	
4-13	Various Improvements	3/14/2013	1,300,000				1,300,000.00	952,258.67	(300,000.00)		47,741.33
5-13	Purchase of Vehicles	2/14/2013	108,613						108,612.82	108,612.82	
<u>Local Improvements</u>											
21-00	Water Distributions System	12/14/2001	60,000		27,175.00						27,175.00
				\$ 2,334,681.28	66,039.10	-	1,300,000.00	2,499,420.99	(300,000.00)	789,868.96	111,430.43
								Accounts Payable	178,031.11		
								Cash	2,321,389.88		
									<u>2,499,420.99</u>		

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013							
			December 31, 2013													
			Date	Amount												
General Improvements	7/1/2009	6,266,000	7/1/2014	746,500.00	3%	\$ 5,797,250.00		694,300.00	5,102,950.00							
			7/1/2015	785,500.00	3%											
			7/1/2016	828,750.00	4%											
			7/1/2017	876,500.00	4%											
			7/1/2018	924,250.00	4%											
			7/1/2019	941,450.00	4%											
General Improvements	9/15/2012	5,691,000	9/15/2014	450,000.00	3%	5,691,000.00		375,000.00	5,316,000.00							
			9/15/2015	460,000.00	3%											
			9/15/2016	510,000.00	3%											
			9/15/2017	525,000.00	3%											
			9/15/2018	535,000.00	3%											
			9/15/2019	625,000.00	3%											
			9/15/2020	710,000.00	3%											
			9/15/2021	750,000.00	2%											
			9/15/2022	751,000.00	2%											
										\$ 11,488,250.00	-	1,069,300.00	10,418,950.00			

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Hurricane Sandy	4-13	3/14/2013	12/13/2013	12/12/2014	1.250%	\$ -	1,000,000.00		1,000,000.00
						\$ -	1,000,000.00	-	1,000,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Cancelled	Debt Issued	Raised in Budget	Balance Dec. 31, 2013
2009	Tax Refund Payments	\$ 275,000.00				150,000.00	125,000.00
13-12	Various Improvements	2,350.00				2,350.00	-
4-13	Various Improvements		1,300,000.00	300,000.00	1,000,000.00		-
<u>Local Improvements</u>							
21-00	Water Distribution System	57,000.00					57,000.00
		<u>\$ 334,350.00</u>	<u>1,300,000.00</u>	<u>300,000.00</u>	<u>1,000,000.00</u>	<u>152,350.00</u>	<u>182,000.00</u>

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

	<u>Ref.</u>	<u>Operating</u>	
Balance as of December 31, 2012		\$ 1,390,370.51	
Increased by Receipts:			
Sewer Rents Receivable	D-7	\$ 2,055,253.48	
Prepaid Sewer Rents			
Sewer Liens	D-8	-	
Due to Sewer Capital			
Miscellaneous Anticipated	D-3	14,725.25	
		<u>2,069,978.73</u>	
		3,460,349.24	
Decreased by Disbursements:			
2013 Appropriations	D-4	2,373,022.04	
2012 Appropriation Reserves	D-9	3,598.46	
Due from Sewer Capital		458,006.95	
Refund of Rent Overpayments	D-7	-	
		<u>2,834,627.45</u>	
Balance as of December 31, 2013	D	<u>\$ 625,721.79</u>	

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2013
		Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 98,854.02						265,681.13	364,535.15
Due from the State of NJEIT	(1,329,234.94)		141,844.00				1,187,390.94	-
Encumbrances Payable	-						35,654.62	35,654.62
Due to Sewer Utility Operating Fund	(965,491.17)		(141,844.00)	(599,850.95)				(507,484.22)
<u>Improvement Authorizations:</u>								
<u>Ordinance</u>								
<u>Number</u>								
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	1,481,102.00		28,030.24		1,453,071.76		-
6-11	Various Sewer Capital Improvements	233,870.74		233,870.43		0.31		(0.00)
8-12	Various Sewer Capital Improvements	184,399.35		172,766.35		2,452.00		9,181.00
14-12	Various Sewer Capital Improvements	296,500.00		165,183.93		33,202.62		98,113.45
	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,488,726.69</u>	<u>1,488,726.69</u>	<u>-</u>

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

Balance as of December 31, 2012		\$ 115,310.08
Increased by:		
Utility Rents Levied	\$ <u>2,200,344.98</u>	<u>2,200,344.98</u>
		2,315,655.06
Decreased by:		
Collections	2,055,253.48	
Overpayments Created	(23,889.41)	
Prepayment	103,673.95	
Canceled	18,297.15	
Transferred to Liens	<u>900.00</u>	
		<u>2,154,235.17</u>
Balance as of December 31, 2013		\$ <u><u>161,419.89</u></u>

**SEWER OPERATING FUND
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2012	Additions By Budget Capital Outlay	By Ordinance	Balance Dec. 31, 2013
Sewer System Improvements	\$ 7,514,256.99		1,976,927.93	9,491,184.92
	<u>\$ 7,514,256.99</u>	<u>-</u>	<u>1,976,927.93</u>	<u>9,491,184.92</u>

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

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2012	2013 Authorizations		Costs to Fixed Capital	Canceled	Balance Dec. 31, 2013
		Date	Amount		Deferred Reserve for Amortization	Deferred Charge to Future Taxation			
14-09	Rehabilitation / Replacement of Sanitary Sewer Mains	06/29/09	\$ 3,025,000	\$ 3,025,000.00			1,476,928.24	1,548,071.76	-
6-11	Various Sewer Capital Improvements	05/26/11	500,000	500,000.00			499,999.69	0.31	(0.00)
8-12	Various Sewer Capital Improvements	05/10/12	309,000	309,000.00					309,000.00
14-12	Various Sewer Capital Improvements	07/26/12	300,000	300,000.00					300,000.00
				<u>\$ 4,134,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,976,927.93</u>	<u>1,548,072.07</u>	<u>609,000.00</u>

**SEWER OPERATING FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES**

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid Or Charged</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Operating:					
Salaries and Wages	\$ 5,557.13	5,557.13	172.41	5,384.72	
Other Expenses	3,465.86	3,465.86	3,426.05	39.81	
Other Accounts No Change	746.86	746.86		746.86	
	<u>\$ 9,769.85</u>	<u>9,769.85</u>	<u>3,598.46</u>	<u>6,171.39</u>	<u>-</u>
		Disbursements \$	3,598.46		

**SEWER OPERATING UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES - ANALYSIS OF BALANCE -
DECEMBER 31, 2013**

Balance as of December 31, 2012		\$	52,871.50
Increased by:			
Accrued interest charged to 2013 budget appropriation - Interest on bonds and notes			122,000.76
			174,872.26
Decreased by:			
Disbursements			135,244.80
Balance as of December 31, 2013		\$	39,627.46

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2013

Description	Principal Outstanding Dec. 31, 2013	Interest Rate	From	To	# of Days	Amount
2009 Issue	777,050	Var	07/01/13	12/31/13	180	14,166.63
2012 Issue	1,049,000	Var	09/15/13	12/31/13	105	8,481.67
NJ EIT Bonds	815,000	5%	08/01/13	12/31/13	150	16,979.17
						\$ 39,627.46

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

Ord Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations		Paid Or Charged	Canceled	Balance Dec. 31, 2013	
				Funded	Unfunded	Down Payment Or Capital Improv. Fund	Deferred Charges To Future Taxation			Funded	Unfunded
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	06/25/09	3,025,000	\$ 1,481,102.00	95,000.00			28,030.24	1,548,071.76	-	
6-11	Various Sewer Capital Improvements	05/26/11	500,000	233,870.74				233,870.43	0.31	0.00	
8-12	Various Sewer Capital Improvements	05/10/12	309,000	184,399.35				175,218.35		9,181.00	
14-12	Various Sewer Capital Improvements	07/26/12	300,000	296,500.00				198,386.55		98,113.45	
				<u>\$ 2,195,872.09</u>	<u>95,000.00</u>	<u>-</u>	<u>-</u>	<u>635,505.57</u>	<u>1,548,072.07</u>	<u>\$ 107,294.45</u>	<u>\$ -</u>
								Encumbered	35,654.62		
								Disbursements	<u>599,850.95</u>		
									<u>635,505.57</u>		

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

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
NO ACTIVITY					\$			-
					\$	-	-	-

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

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2013		Int. Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Sewer Refunding Bonds	12/28/00	1,360,000				\$ 135,000.00		135,000.00	-
Sewer Utility Bonds	06/23/09	954,000	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%	882,750.00		105,700.00	777,050.00
Sewer Utility Bonds	09/15/12	1,109,000	09/15/14	90,000	3.00%				
			09/15/15	120,000	3.00%				
			09/15/16	120,000	3.00%				
			09/15/17	120,000	3.00%				
			09/15/18	120,000	3.00%				
			09/15/19	120,000	3.00%				
			09/15/20	120,000	3.00%				
			09/15/21	120,000	2.00%				
			09/15/22	119,000	2.00%	1,109,000.00		60,000.00	1,049,000.00
						\$ 2,126,750.00	-	300,700.00	1,826,050.00

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

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2013		Int. Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013						
			Date	Amount											
Series B 2010	12/02/10	910,000	08/01/14	\$ 50,000.00	5.00%										
			08/01/15	55,000.00	5.00%										
			08/01/16	55,000.00	5.00%										
			08/01/17	60,000.00	5.00%										
			08/01/18	60,000.00	5.00%										
			08/01/19	65,000.00	5.00%										
			08/01/20	70,000.00	5.00%										
			08/01/21	70,000.00	5.00%										
			08/01/22	75,000.00	5.00%										
			08/01/23	80,000.00	5.00%										
			08/01/24	85,000.00	5.00%										
			08/01/25	90,000.00	5.00%										
												1,365,000.00		550,000.00	815,000.00
			Series B 2010	12/02/10	862,463					02/01/14	25,701.75	0.00%			
08/01/14	51,403.50	0.00%													
02/01/15	25,701.75	0.00%													
08/01/15	51,403.50	0.00%													
02/01/16	25,701.75	0.00%													
08/01/16	51,403.50	0.00%													
02/01/17	25,701.75	0.00%													
08/01/17	51,403.50	0.00%													
02/01/18	25,701.75	0.00%													
08/01/18	51,403.50	0.00%													
02/01/19	25,701.75	0.00%													
08/01/19	51,403.50	0.00%													
02/01/20	25,701.75	0.00%													
08/01/20	51,403.50	0.00%													
02/01/21	25,701.75	0.00%													
08/01/21	51,403.50	0.00%													
02/01/22	25,701.75	0.00%													
08/01/22	51,403.50	0.00%													
02/01/23	14,305.25	0.00%													
								1,387,894.75		679,642.25	708,252.50				
					<u>\$ 2,752,894.75</u>	<u>0.00</u>	<u>1,229,642.25</u>	<u>1,523,252.50</u>							
						Canceled Payments	1,102,537.00 127,105.25	<u>1,229,642.25</u>							

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

Balance as of December 31, 2012		\$ 6,450,506.99
Increased by:		
Capital Outlay:		
Funded by Budget Appropriation		
2013 Appropriations	\$ -	
Transfer from Deferred Reserve for Amort.	223,105.25	
NJ EIT Bonds Payable	94,156.25	
Serial Bonds Paid by Operating Budget	<u>300,700.00</u>	
		<u>617,961.50</u>
		7,068,468.49
Decreased by:		
Authorizations Canceled		350,535.07
		<u>350,535.07</u>
Balance as of December 31, 2013		<u><u>\$ 6,717,933.42</u></u>

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2012	Fixed Capital Authorized	Paid in Operating Budget Bond	Transfer to Reserve for Amortization	Balance Dec. 31, 2013
11-04:7-06	Various Sewer Utility Improvements	04/08/04 04/13/06	\$ 46,000.00			46,000.00	-
14-09	Rehabilitation/Replacement of Sanitary Sewer Mains	06/25/09	177,105.25			177,105.25	-
8-12	Various Sewer Capital Improvements	05/10/12			16,718.00		16,718.00
14-12	Various Sewer Capital Improvements	07/26/12			16,231.00		16,231.00
			<u>\$ 223,105.25</u>	<u>-</u>	<u>32,949.00</u>	<u>223,105.25</u>	<u>32,949.00</u>

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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorization</u>	<u>Bonds Issued</u>	<u>Canceled</u>	<u>Deferred Reserve for Amortization</u>	<u>Balance Dec. 31, 2013</u>
14-09	Rehabilitation/Replace of Sanitary Sewer Mains \$	95,000.00			95,000.00		-
		<u>\$ 95,000.00</u>	<u>-</u>	<u>-</u>	<u>95,000.00</u>	<u>-</u>	<u>-</u>

CITY OF SOMERS POINT

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by contract or agreement."

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

Our examination of expenditures did not reveal any payments in excess of \$36,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

The minutes indicate that bids were requested by public advertising for the following items:

- Refuse Truck
- Road Reconstruction
- Dock Repairs
- Knuckleboom Grapple Truck
- JFK Gabion Improvements
- Tennis Court Improvements
- Dump Truck
- Air Packs
- Lighing at Babe Ruth Field

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."

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 4, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

This Resolution shall take effect January 1, 2013.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on March 21, 2013 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>
2013	14
2012	11
2011	11

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a 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 2014 and 2013 Taxes	5
Payment of 2014 and 2013 Utility Bills	5
Delinquent Taxes	5
Delinquent Utility	2
Municipal Court	5

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

Deposit of Municipal Funds

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

Our examination has revealed that municipal funds were not deposited within the mandated time.

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Currently</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2013	\$ 32,036,567	\$ 31,076,079	97.00%
2012	29,616,625	28,725,922	96.99%
2011	29,824,596	28,958,162	97.09%
2010	28,854,600	27,982,216	96.98%
2009	28,197,717	27,395,171	97.15%

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 4.650	4.294	4.315	4.155	4.010
Apportionment of Tax Rate:					
Municipal	1.390	1.295	1.274	1.251	1.226
County	0.881	0.708	0.741	0.670	0.677
Local School	1.306	1.264	1.247	1.248	1.226
Regional School	1.073	1.027	1.053	0.986	0.881
Assessed Valuation	\$ 683,027,574	687,703,793	689,712,996	693,149,133	700,013,427

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2013	\$ 98,837	874,125	972,962	3.04%
2012	88,489	823,844	912,333	3.08%
2011	85,471	697,286	782,757	2.62%
2010	80,093	782,100	862,193	2.99%
2009	74,932	744,929	819,861	2.91%

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>
2013	\$ 19,412
2012	\$ 19,412
2011	\$ 19,412
2010	\$ 19,412
2009	\$ 19,412

Sewer Utility Service Charges

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

<u>Year</u>	<u>Balance End of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2013	\$ 161,420	961	2,200,345	2,362,726	2,135,038
2012	115,310	-	2,223,349	2,338,659	2,190,461
2011	88,274	-	2,197,836	2,286,110	2,213,335
2010	103,773	-	2,192,406	2,296,179	2,165,873
2009	78,167	-	1,966,742	2,044,909	1,991,362

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>			
2013	\$ 1,756,710	\$ 1,105,000 *	62.90%
2012	1,063,919	950,000	89.29%
2011	1,876,527	1,400,000	74.61%
2010	1,854,550	1,561,089	84.18%
2009	1,447,656	1,223,500	84.52%

Sewer Utility Operating Fund

2012	\$ 26,449	\$ - *	0.00%
2012	256,449	230,000	89.69%
2011	214,317	80,000	37.33%
2010	125,522	53,000	42.22%
2009	88,930	75,000	84.34%

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

Uniform Construction Code

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

Schedule of Findings and Recommendations

NONE

STATUS OF PRIOR RECOMMENDATIONS

NONE

RECOMMENDATIONS

None

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

Very truly yours,

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

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

