

**CITY OF SOMERS POINT**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**



**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, 2016**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Somers Point, as of December 31, 2016 and 2015, 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, 2016, 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, 2016 and 2015, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 17 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 \$187,990.84 and \$187,990.84 for 2016 and 2015 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, 2016 and 2015, 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, 2016 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 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 is the responsibility of management and was 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 30, 2017 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**

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

**May 30, 2017**

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**EXHIBIT A - CURRENT FUND**

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

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 7,403,690.24	5,540,673.72
Cash - Collector	186,121.94	511,710.39
Cash - Change and Petty Cash	450.00	450.00
Total Cash	<u>7,590,262.18</u>	<u>6,052,834.11</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	22,804.23	19,054.23
Total Other Receivables	<u>22,804.23</u>	<u>19,054.23</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	808,605.49	842,483.61
Tax Title and Other Liens	151,324.71	137,196.96
Property Acquired for Taxes - at Assessed Valuation	19,412.00	19,412.00
Revenue Accounts Receivable	17,337.10	21,852.58
Interfund Receivable:		
Dog License Fund	21,641.47	21,248.48
Total Receivables and Other Assets	<u>1,018,320.77</u>	<u>1,042,193.63</u>
Deferred Charges:		
Special Emergency Appropriation- Revaluation	60,000.00	120,000.00
Total Deferred Charges	<u>60,000.00</u>	<u>120,000.00</u>
Total Regular Fund	<u>8,691,387.18</u>	<u>7,234,081.97</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,561,018.89	574,653.67
Due from Current Fund	50,923.04	180,431.94
Total Federal and State Grant Fund	<u>1,611,941.93</u>	<u>755,085.61</u>
Total Current Fund	<u>\$ 10,303,329.11</u>	<u>7,989,167.58</u>

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

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 941,254.98	905,445.56
Reserve for Encumbrances	193,969.55	142,725.93
Prepaid Taxes	280,785.05	254,827.42
Overpaid Taxes	52,259.07	110,287.76
Local School Tax Payable	2.00	251,857.02
Regional School Tax Payable	10.43	10.43
Payroll Taxes Payable	44,954.10	44,954.10
County Added Tax Payable	9,748.92	10,712.48
Accounts Payable	2,269.78	2,269.78
Due to State:		
Marriage Licenses	475.00	475.00
CCO Fees	3,373.00	5,717.00
Interfund Payable:		
Federal and State Grant Fund	50,923.04	180,431.94
General Capital	1,475,208.92	980,078.20
Sewer Operating	453,847.59	294,730.73
Sewer Capital	1,490,832.00	850,000.00
Other Trust Funds		-
Other		
Reserve for Revaluation	90,658.60	90,658.60
Reserve for Hurricane Sandy	302,965.91	302,965.91
Reserve for Tax Appeals	100,000.00	100,000.00
Emergency Notes Payable	60,000.00	120,000.00
	5,553,537.94	4,648,147.86
Reserve for Receivables and Other Assets	1,018,320.77	1,042,193.63
Fund Balance	2,119,528.47	1,543,740.48
Total Regular Fund	8,691,387.18	7,234,081.97
Federal and State Grant Fund:		
Unappropriated Reserves	260.81	31,062.08
Appropriated Reserves	1,140,048.59	648,144.12
Due to Trust Fund	5,789.43	5,789.43
Encumbrances Payable	465,843.10	70,089.98
	1,611,941.93	755,085.61
Total Federal and State Grant Fund	1,611,941.93	755,085.61
Total Current Fund	\$ 10,303,329.11	7,989,167.58

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

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

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ 1,209,000.00	1,050,000.00
Miscellaneous Revenue Anticipated	3,631,299.55	3,943,193.03
Receipts from Delinquent Taxes	658,606.51	580,763.38
Receipts from Current Taxes	32,454,123.55	31,996,256.19
Non Budget Revenue	228,654.76	233,606.06
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	935,748.10	504,815.38
Interfund Returned	-	247,002.36
Canceled Grants	9,711.47	7,865.84
Total Income	39,127,143.94	38,563,502.24
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,708,800.00	5,502,100.00
Other Expenses	4,382,750.00	4,451,180.00
Deferred Charges & Statutory Expenditures	1,425,198.00	1,332,890.06
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	180,873.00	176,639.00
Other Expenses	1,218,010.88	819,888.84
Capital Improvements	260,000.00	50,000.00
Debt Service	1,639,406.47	2,461,835.00
Deferred Charges	60,000.00	76,250.00
Local District School Tax	9,660,263.00	9,752,324.00
Regional District School Tax	6,972,425.00	7,012,939.00
County Tax	5,824,880.68	5,748,887.11
County Share of Added Tax	9,748.92	10,712.48
Total Expenditures	37,342,355.95	37,395,645.49
Excess/(Deficit) in Revenue	1,784,787.99	1,167,856.75

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

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

	2016	2015
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Emergency Appropriation	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	1,784,787.99	1,167,856.75
Fund Balance January 1	1,543,740.48	1,425,883.73
	3,328,528.47	2,593,740.48
Decreased by:		
Utilization as Anticipated Revenue	1,209,000.00	1,050,000.00
Fund Balance December 31	\$ 2,119,528.47	1,543,740.48

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 1,209,000.00		-
Total Fund Balance Anticipated	<u>1,209,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	22,500.00		1,650.00
Fees and Permits	15,000.00		55,277.00
Fines and Costs:			
Municipal Court	230,000.00		19,413.79
Interest and Costs on Taxes	125,000.00		20,177.91
Interest Earned on Investments	20,000.00		(2,717.96)
Fees and Permits - Chapter 115 Inspections	125,000.00		35,185.00
Cable TV Franchise Fee	45,000.00		8,285.64
Hotel Fee	150,000.00		11,205.26
Total Section A: Local Revenues	<u>732,500.00</u>	<u>-</u>	<u>148,476.64</u>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief	82,223.00		-
Energy Receipts Tax	884,873.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>967,096.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	160,000.00		(4,510.00)
Total Section C: Uniform Construction Code Fees	<u>160,000.00</u>	<u>-</u>	<u>(4,510.00)</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		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	23,373.00	15,038.00	-
Safe and Secure Communities Program	45,907.00		-
CDBG	1,500.00		-
Local Arts	3,000.00		-
Local Arts Program		32,500.17	-
Clean Communities		5,000.00	-
Drive Sober Labor Day		5,000.00	-
Drive Sober Get Pulled Over		5,000.00	-
Click It or Ticket		2,905.96	-
Body Armor			-
Recycling Tonnage	23,683.83		-
Atlantic BWC Assistance Program - Office of AG, Body Worn Camera Grant		15,000.00	-
NJ DOT Reconstruction of Dawes Ave		196,000.00	-
NJ Dept of Law & Public Safety-Division of Highway Safety - FY2016 Safe Roads		10,000.00	-
Drunk Driving Enforcement Fund	7,117.44	9,508.48	-
PSPAG - Community Rating System Planning	50,000.00		-
EDA NCR Grant - Gateway Theater	400,000.00		-
NFWF Ecological Solutions Grant	550,000.00		-
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>1,104,581.27</b>	<b>295,952.61</b>	<b>-</b>
Off-Set with Appropriations			
		<b>1,400,533.88</b>	<b>-</b>

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
General Capital Surplus	21,203.03		-
Shore Medical Center	206,000.00		-
Total Section G: Other Special Items	<u>227,203.03</u>	<u>-</u>	<u>-</u>
Total Miscellaneous Revenues:	3,191,380.30	295,952.61	143,966.64
Receipts from Delinquent Taxes	675,000.00		(16,393.49)
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	10,628,278.01		482,321.98
Total Amount to be Raised by Taxes for Support of of Municipal Budget	<u>10,628,278.01</u>	<u>-</u>	<u>482,321.98</u>
Budget Totals	15,703,658.31	295,952.61	609,895.13
Non- Budget Revenues:			
Other Non- Budget Revenues:			
		228,654.76	228,654.76
	<u>15,703,658.31</u>	<u>295,952.61</u>	<u>838,549.89</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	32,454,123.55
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Less: Reserve for Tax Appeals Pending	-
---------------------------------------	---

Net Revenue from Collections	32,454,123.55
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Allocated to:

School, County and Other Taxes	22,467,317.60
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Balance for Support of Municipal Budget Appropriations	9,986,805.95
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,123,794.04
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Amount for Support of Municipal Budget Appropriations	11,110,599.99
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	649,285.10
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Tax Title Lien Collections	9,321.41
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Total Receipts from Delinquent Taxes	658,606.51
--------------------------------------	------------

Analysis of Non-Budget Revenue:

Tax Collector:

Tax Collector Miscellaneous	4,442.23
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Miscellaneous Revenue Not Anticipated:

Bingo and Raffle Licenses	1,440.00
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Copies and Maps	165.11
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Vital Statistics	68,559.00
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Death Certificates	3,190.00
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Mercantile Licenses	23,970.00
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Election Fee	450.00
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Planning & Zoning Board Fees	15,695.00
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Senior/Vet 2% Administrative Fee	2,055.00
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Fishing Pier Lease	3,600.00
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Street Openings	8,700.00
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Insurance Dividends & Refunds	25,089.61
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Library Rent	35,000.00
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Miscellaneous	36,298.81
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Total Treasurer	224,212.53
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Total Miscellaneous Revenue Not Anticipated:	228,654.76
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The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor and Council						
Salaries and Wages	\$ 69,000.00	69,000.00	68,500.00		500.00	
Other Expenses	31,800.00	31,800.00	21,253.61	810.00	9,736.39	
Veteran Events	1,500.00	1,500.00	1,000.00		500.00	
Department of General Administration						
Salaries and Wages	156,000.00	156,000.00	134,272.01	21,600.00	127.99	
Other Expenses	35,600.00	35,600.00	29,290.23		6,309.77	
Department of City Clerk						
Salaries and Wages	190,000.00	190,000.00	165,315.43	10,745.16	13,939.41	
Other Expenses	50,000.00	50,000.00	28,502.90	911.80	20,585.30	
Data Processing						
Other Expenses	30,000.00	33,000.00	29,024.28	3,247.50	728.22	
Department of Finance						
Salaries and Wages	60,000.00	60,000.00	49,042.93		10,957.07	
Other Expenses	18,000.00	18,000.00	17,464.84	237.15	298.01	
Annual Audit						
Other Expenses	36,000.00	36,000.00	36,000.00		-	
Department of Tax Assessment						
Salaries and Wages	85,300.00	85,300.00	83,578.10	-	1,721.90	
Other Expenses	20,000.00	20,000.00	15,588.00	3,336.54	1,075.46	
Department of Tax Collections						
Salaries and Wages	56,800.00	56,800.00	52,048.48	-	4,751.52	
Other Expenses	20,000.00	20,000.00	13,456.88	182.83	6,360.29	
Legal Services and Costs						
Other Expenses	240,000.00	181,300.00	153,840.19	2,843.75	24,616.06	
Municipal Prosecutor						
Other Expenses	18,000.00	19,000.00	18,750.00		250.00	
Engineering Services and Costs						
Other Expenses	15,000.00	15,000.00	-		15,000.00	
Public Buildings and Grounds						
Salaries and Wages	150,000.00	150,000.00	133,879.96		16,120.04	
Other Expenses	86,000.00	91,000.00	87,415.49	3,404.24	180.27	
Vehicle Maintenance	102,200.00	137,260.00	127,861.20	2,279.83	7,118.97	
Planning Board						
Salaries and Wages	11,000.00	11,000.00	11,000.00		-	
Other Expenses	20,200.00	20,200.00	7,000.02		13,199.98	
Zoning Board						
Salaries and Wages	9,000.00	9,000.00	9,000.00		-	
Other Expenses	9,400.00	9,400.00	7,055.92		2,344.08	

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC SAFETY</b>						
Department of Fire						
Salaries and Wages	42,200.00	42,200.00	41,575.00		625.00	
Other Expenses	75,000.00	75,000.00	67,388.00	2,825.95	4,786.05	
Department of the Police						
Salaries and Wages	2,975,000.00	2,975,000.00	2,734,757.72	13,725.90	226,516.38	
Other Expenses	148,000.00	148,000.00	119,189.54	8,386.01	20,424.45	
Department of Communications						
Salaries and Wages	311,000.00	311,000.00	294,880.12		16,119.88	
Other Expenses	18,500.00	18,500.00	5,973.65		12,526.35	
Department of Emergency Management						
Salaries and Wages	8,500.00	8,500.00	8,500.00		-	
Other Expenses	6,000.00	6,000.00	2,677.07		3,322.93	
Bureau of Fire Prevention						
Salaries and Wages	9,000.00	-	-		-	
Other Expenses	2,000.00	4,500.00	4,487.89		12.11	
Department of Zoning/Code Enforcement						
Salaries and Wages	63,000.00	63,000.00	48,084.70		14,915.30	
Other Expenses	12,200.00	12,200.00	-		12,200.00	
Aid to Marine Rescue Squad	500.00	500.00	-		500.00	
<b>PUBLIC WORKS</b>						
Department of Public Works						
Salaries and Wages	536,000.00	543,000.00	539,552.74		3,447.26	
Other Expenses	63,000.00	65,000.00	59,970.30	3,249.54	1,780.16	
Division of Sanitation						
Salaries and Wages	495,000.00	483,000.00	412,269.11	20,000.00	50,730.89	
Other Expenses	206,000.00	206,000.00	205,133.97	805.81	60.22	
Sanitation - Transfer Fees	258,150.00	258,150.00	243,413.15		14,736.85	
<b>HEALTH AND WELFARE</b>						
Animal Control Services						
Other Expenses	9,000.00	9,000.00	9,000.00		-	
<b>RECREATION AND EDUCATION</b>						
Department of Parks and Recreation Programs						
Salaries and Wages	9,000.00	9,000.00	2,625.00		6,375.00	
Other Expenses	34,000.00	34,000.00	20,670.13	5,038.02	8,291.85	
Department of Parks and Recreation Facilities						
Salaries and Wages	156,000.00	156,000.00	150,677.98		5,322.02	
Other Expenses	30,000.00	30,000.00	21,421.52		8,578.48	

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Environmental Commission	2,000.00	2,000.00	-		2,000.00	
Other Expenses						
Economic Development and Advisory Commission	50,000.00	50,000.00	18,997.58	31,002.42	-	
Other Expenses						
Historic Preservation Commission	3,000.00	3,000.00	264.13		2,735.87	
Other Expenses						
Arts Commission	1,200.00	1,200.00	1,195.87		4.13	
Other Expenses						
<b>MUNICIPAL COURT</b>						
Municipal Court	172,000.00	172,000.00	150,055.08		21,944.92	
Salaries and Wages	26,370.00	26,370.00	11,992.04	261.30	14,116.66	
Other Expenses						
Public Defender (P.L. 1997, C.256)	12,000.00	12,000.00	9,850.00	250.00	1,900.00	
Other Expenses						
<b>INSURANCE</b>						
General Liability	151,213.00	151,213.00	143,508.13		7,704.87	
Workers Compensation Insurance	296,857.00	296,857.00	289,821.41		7,035.59	
Employee Group Health	1,480,000.00	1,480,000.00	1,391,946.70		88,053.30	
Surety Bond Premiums	1,000.00	1,000.00	-		1,000.00	
Health waiver - Employee Opt Out	40,000.00	40,000.00	39,630.02		369.98	
<b>Municipal Service Act</b>						
Other Expenses	72,000.00	72,000.00	38,010.28	33,989.72	-	
Apartment Trash Collection	40,000.00	40,000.00	37,795.49		2,204.51	
Other Expenses						
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code	119,000.00	119,000.00	119,000.00		-	
Salaries and Wages	9,200.00	9,200.00	8,486.99		713.01	
Other Expenses						
<b>UNCLASSIFIED</b>						
Utility Expenses and Bulk Purchases	90,000.00	90,000.00	45,172.35	2,192.66	42,634.99	
Gasoline	50,000.00	50,000.00	26,709.66	2,313.74	20,976.60	
Diesel Fuel	100,000.00	110,000.00	100,663.20		9,336.80	
Fire Hydrant Water	158,000.00	148,000.00	99,525.11		48,474.89	
Electric	110,000.00	120,000.00	115,293.02		4,706.98	
Street Lighting	44,000.00	44,000.00	41,417.59	44.99	2,537.42	
Telephone	40,000.00	40,000.00	13,473.21		26,526.79	
Natural Gas						

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Water	35,000.00	35,000.00	24,031.79		10,968.21	
Fuel #2	1,000.00	1,000.00	-		1,000.00	
Waste Water	6,000.00	6,000.00	4,810.00		1,190.00	
Telecommunications Costs	7,000.00	7,000.00	6,874.01	104.90	21.09	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>10,104,690.00</b>	<b>10,090,550.00</b>	<b>9,030,911.72</b>	<b>173,789.76</b>	<b>885,848.52</b>	<b>-</b>
Contingent	1,000.00	1,000.00	-		1,000.00	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>10,105,690.00</b>	<b>10,091,550.00</b>	<b>9,030,911.72</b>	<b>173,789.76</b>	<b>886,848.52</b>	<b>-</b>
Detail:						
Salaries and Wages	5,722,800.00	5,708,800.00	5,248,244.38	66,071.06	394,484.56	-
Other Expenses	4,382,890.00	4,382,750.00	3,782,667.34	107,718.70	492,363.96	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
None	-	-	-		-	
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	331,194.00	331,334.00	331,332.80		1.20	
Social Security System (O.A.S.I.)	412,000.00	412,000.00	361,093.48		50,906.52	
Police and Firemen's Retirement System	651,864.00	651,864.00	651,863.52		0.48	
Unemployment	20,000.00	20,000.00	20,000.00		-	
Defined Contribution Retirement Program	10,000.00	10,000.00	7,561.95	179.79	2,258.26	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>1,425,058.00</b>	<b>1,425,198.00</b>	<b>1,371,851.75</b>	<b>179.79</b>	<b>53,166.46</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>11,530,748.00</b>	<b>11,516,748.00</b>	<b>10,402,763.47</b>	<b>173,969.55</b>	<b>940,014.98</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"	20,000.00	20,000.00		20,000.00		
LOSAP	11,850.00	11,850.00	11,850.00			
Recycling Tax						
	<b>31,850.00</b>	<b>31,850.00</b>	<b>11,850.00</b>	<b>20,000.00</b>	<b>-</b>	<b>-</b>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance on Drug and Alcohol Abuse						
State Share		15,038.00	15,038.00	-	-	
City Share		3,760.00	3,760.00	-	-	
Safe and Secure Communities Program						
State Share	23,373.00	23,373.00	23,373.00	-	-	
City Share	157,500.00	157,500.00	157,500.00	-	-	
Matching Funds	5,000.00	1,240.00	-	-	1,240.00	
CDBG - Stormwater Improvements	45,907.00	45,907.00	45,907.00	-	-	
Clean Communities		32,500.17	32,500.17	-	-	
Recycling Tonnage Grant		23,683.83	23,683.83	-	-	
Atlantic BWC Assistance Program, Office of the AG						
Body Worn Camera Grant		15,000.00	15,000.00	-	-	
Local Arts Development Program	3,000.00	3,000.00	3,000.00	-	-	
Local Arts Development Program - Mural Project	1,500.00	1,500.00	1,500.00	-	-	
Drunk Driving Enforcement Fund	7,117.44	16,625.92	16,625.92	-	-	
PSPAG - Community Rating System Planning	50,000.00	50,000.00	50,000.00	-	-	
EDA NCR Grant - Gateway Theater	400,000.00	400,000.00	400,000.00	-	-	
NFWF Ecological Solutions Grant	550,000.00	550,000.00	550,000.00	-	-	
Body Armor Fund		2,905.96	2,905.96	-	-	
NJ Div of Law & Public Safety - Division of Highway Safety, FY2016 Safe Roads		10,000.00	10,000.00	-	-	
Drive Sober Labor Day		5,000.00	5,000.00	-	-	
Drive Sober Year End		5,000.00	5,000.00	-	-	
Click It or Ticket		5,000.00	5,000.00	-	-	
Total Public and Private Programs Off-Set by Revenues	<u>1,267,081.27</u>	<u>1,367,033.88</u>	<u>1,365,793.88</u>	<u>-</u>	<u>1,240.00</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	1,298,931.27	1,398,883.88	1,377,643.88	20,000.00	1,240.00	-
Detail:						
Salaries and Wages	180,873.00	180,873.00	180,873.00	-	-	-
Other Expenses	1,118,058.27	1,218,010.88	1,196,770.88	20,000.00	1,240.00	-
(C) Capital Improvements						
Capital Improvement Fund	50,000.00	64,000.00	64,000.00	-	-	-
Public and Private Programs Offset by Revenues:						
NJ DOT Trust Fund Authority Act		196,000.00	196,000.00	-	-	-
Reconstruction of Dawes Avenue	-	-	-	-	-	-
Total Capital Improvements	<u>50,000.00</u>	<u>260,000.00</u>	<u>260,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	1,338,750.00	1,338,750.00	1,338,750.00	-	-	0.75
Interest on Bonds	253,435.00	253,435.00	253,434.25			777.78
Interest on Notes	48,000.00	48,000.00	47,222.22			
Total Debt Service	<u>1,640,185.00</u>	<u>1,640,185.00</u>	<u>1,639,406.47</u>	<u>-</u>	<u>-</u>	<u>778.53</u>
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	60,000.00	60,000.00	60,000.00			
Total Deferred Charges	<u>60,000.00</u>	<u>60,000.00</u>	<u>60,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>3,049,116.27</u>	<u>3,359,068.88</u>	<u>3,337,050.35</u>	<u>20,000.00</u>	<u>1,240.00</u>	<u>778.53</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>14,579,864.27</u>	<u>14,875,816.88</u>	<u>13,739,813.82</u>	<u>193,969.55</u>	<u>941,254.98</u>	<u>778.53</u>
(M) Reserve for Uncollected Taxes	<u>1,123,794.04</u>	<u>1,123,794.04</u>	<u>1,123,794.04</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 15,703,658.31</u>	<u>\$ 15,999,610.92</u>	<u>\$ 14,863,607.86</u>	<u>\$ 193,969.55</u>	<u>\$ 941,254.98</u>	<u>\$ 778.53</u>
Budget Appropriations by 40A.4-87 Emergency Appropriations	\$ 15,703,658.31	\$ 15,703,658.31		Cancelled	\$	\$ 778.53
	\$ 295,952.61	\$ 295,952.61				\$
	\$ 15,999,610.92	\$ 15,999,610.92				\$ 778.53
Reserve for Uncollected Taxes Federal and State Grants	\$ 1,123,794.04	\$ 1,123,794.04				
Deferred Charges	1,561,793.88	1,561,793.88				
Capital Improvement Fund Disbursements	60,000.00	60,000.00				
	64,000.00	64,000.00				
	12,054,019.94	12,054,019.94				
	\$ 14,863,607.86	\$ 14,863,607.86				

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

**EXHIBIT B - TRUST FUNDS**

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

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Dog License Fund:		
Cash	\$ 54,526.07	45,690.13
	<u>54,526.07</u>	<u>45,690.13</u>
Length of Service Award Program (unaudited)		
Investment held for LOSAP	187,990.84	187,990.84
	<u>187,990.84</u>	<u>187,990.84</u>
Other Funds:		
Cash - Treasurer	1,141,342.32	1,171,036.00
Due from Grant Fund	5,789.43	5,789.43
Due from General Capital Fund	350.00	-
	<u>1,147,481.75</u>	<u>1,176,825.43</u>
	<u>1,389,998.66</u>	<u>1,410,506.40</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Dog License Fund:		
Due to Current Fund	21,641.47	21,248.48
Due to State of New Jersey	24.00	15.60
Reserve for Dog Fund Expenditures	32,860.60	24,426.05
	<u>54,526.07</u>	<u>45,690.13</u>
Length of Service Award Program (unaudited)		
Investment held for LOSAP	187,990.84	187,990.84
	<u>187,990.84</u>	<u>187,990.84</u>
Other Funds:		
Miscellaneous Reserves	1,147,481.75	1,176,825.43
	<u>1,147,481.75</u>	<u>1,176,825.43</u>
Total	\$ <u>1,389,998.66</u>	<u>1,410,506.40</u>

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

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**EXHIBIT C - GENERAL CAPITAL FUND**

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

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 134,334.91	147,127.07
Deferred Charges to Future Taxation -		
Funded	6,638,200.00	7,976,950.00
Unfunded	3,537,100.00	2,321,100.00
Due from Current Fund	1,475,208.92	980,078.20
	<u>11,784,843.83</u>	<u>11,425,255.27</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	966,958.96	76,375.50
Bond Anticipation Notes Payable	3,245,000.00	2,230,000.00
Serial Bonds Payable	6,638,200.00	7,976,950.00
Improvement Authorizations:		
Funded	188,776.78	295,637.08
Unfunded	657,786.32	774,257.09
Due to Trust Fund	350.00	-
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	5,700.00	5,700.00
Fund Balance	49,071.77	33,335.60
	<u>\$ 11,784,843.83</u>	<u>11,425,255.27</u>

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

2015	91,100.00
2016	292,100.00

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

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

	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 33,335.60	137,909.60
Increased by:		
Premiums from Sale of Notes	36,939.20	27,426.00
Decreased by:		
Anticipated Revenue in Current Fund	21,203.03	132,000.00
Ending Balance December 31	<u>\$ 49,071.77</u>	<u>33,335.60</u>

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

**EXHIBIT D - SEWER UTILITY**

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

	2016	2015
<b><u>ASSETS</u></b>		
Operating Fund:		
Cash and Investments	\$ 242,299.03	548,042.15
Due from Sewer Capital	246,709.43	2,011.91
Due from Current Fund	453,847.59	294,730.73
	942,856.05	844,784.79
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	143,248.57	109,786.39
Sewer Liens	3,853.52	1,919.04
	147,102.09	111,705.43
Deferred Charges:		
Overexpenditure of Appropriations	1,504.39	-
	1,504.39	-
Total of Operating Fund	1,091,462.53	956,490.22
Capital Fund:		
Due from Current Fund	1,490,832.00	850,000.00
Fixed Capital - Completed	9,475,727.42	9,475,727.42
Fixed Capital - Authorized and Uncompleted	2,109,000.00	1,609,000.00
Total of Capital Fund	13,075,559.42	11,934,727.42
Total Assets	\$ 14,167,021.95	12,891,217.64

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,**

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 23,396.19	71,521.60
Encumbrances Payable	37,738.90	49,573.61
Sewer Rent Prepayments	38,494.89	37,638.25
Accrued Interest on Bonds and Notes	29,404.23	33,402.76
	129,034.21	192,136.22
Reserve for Receivables	147,102.09	111,705.43
Fund Balance	815,326.23	652,648.57
Total of Operating Fund	1,091,462.53	956,490.22
Capital Fund:		
Encumbrances Payable	36,246.60	110,435.20
Due to Sewer Operating Fund	246,709.43	2,011.91
Improvement Authorizations		
Funded	22,738.00	22,738.00
Unfunded	804,770.82	475,279.74
Bond Anticipation Notes Payable	1,475,000.00	850,000.00
Serial Bonds Payable	1,136,800.00	1,383,050.00
NJEIT Bonds Payable	1,131,936.75	1,264,042.00
Reserves for Amortization	7,749,076.26	7,370,721.01
Deferred Reserve for Amortization	91,914.41	91,914.41
Fund Balance	380,367.15	364,535.15
Total of Capital Fund	13,075,559.42	11,934,727.42
Total Liabilities, Reserves and Fund Balance	\$ 14,167,021.95	12,891,217.64
There were Bonds and Notes Authorized But Not Issued at December 31,		
2015	125,000.00	
2016	-	

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,**

	2016	2015
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ -	-
Rents	2,546,275.34	2,737,157.82
Miscellaneous	34,208.50	18,752.89
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	77,140.38	36,714.35
Total Income	2,657,624.22	2,792,625.06
<u>Expenditures</u>		
Operations:		
Salaries and Wages	515,000.00	505,000.00
Other Expenses	330,000.00	350,000.00
Atlantic County Utility Authority	1,146,900.00	1,126,800.00
Debt Service	464,550.95	464,999.84
Deferred Charges and Statutory Expenditures	40,000.00	40,000.00
Total Expenditures	2,496,450.95	2,486,799.84
Excess(Deficit) in Revenues	161,173.27	305,825.22
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year	1,504.39	-
Statutory Excess to Fund Balance	162,677.66	305,825.22
Fund Balance January 1	652,648.57	346,823.35
Decreased by:		
Utilization as Anticipated Revenue	-	-
Fund Balance December 31	\$ 815,326.23	652,648.57

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,**

	2016	2015
Balance January 1,	\$ 364,535.15	364,535.15
Increased By:		
Premium on Sale of Notes	15,832.00	-
Balance December 31,	\$ 380,367.15	364,535.15

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, 2016**

	Antic. Budget	Realized	Excess Or (Deficit)
Operating Surplus Anticipated	\$ -	-	-
Rents - Sewer	2,507,300.00	2,546,275.34	38,975.34
Miscellaneous Receipts	-	34,208.50	34,208.50
	<u>\$ 2,507,300.00</u>	<u>2,580,483.84</u>	<u>73,183.84</u>

**Analysis of Realized Revenue**

Rents

Consumer Accounts Receivable \$ 2,546,275.34

Miscellaneous

Interest on Delinquent Rents \$ 16,170.20

Miscellaneous 18,038.30

\$ 34,208.50

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, 2016**

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended)/ Unexpended Balance Cancelled
	Budget	Budget After Modification			Encumbered	Reserved	
<b>OPERATING</b>							
Salaries and Wages	\$ 515,000.00	515,000.00	492,329.70	15,210.00	7,460.30		
Other Expenses	330,000.00	330,000.00	303,591.21	22,528.90	3,879.89		
ACMUA- Treatment Costs	1,146,900.00	1,146,900.00	1,134,844.00	-	12,056.00		
	<u>1,991,900.00</u>	<u>1,991,900.00</u>	<u>1,930,764.91</u>	<u>37,738.90</u>	<u>23,396.19</u>		<u>-</u>
<b>DEBT SERVICE</b>							
Principal	378,400.00	378,400.00	378,355.25				44.75
Interest on Bonds	80,000.00	80,000.00	67,691.31				12,308.69
Interest on Notes	17,000.00	17,000.00	18,504.39				(1,504.39)
	<u>475,400.00</u>	<u>475,400.00</u>	<u>464,550.95</u>	<u>-</u>	<u>-</u>		<u>10,849.05</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>							
Contribution to: Social Security System (O.A.S.I.)	40,000.00	40,000.00	40,000.00				
	<u>40,000.00</u>	<u>40,000.00</u>	<u>40,000.00</u>	<u>-</u>	<u>-</u>		<u>-</u>
	<u>2,507,300.00</u>	<u>2,507,300.00</u>	<u>2,435,315.86</u>	<u>37,738.90</u>	<u>23,396.19</u>		<u>10,849.05</u>
		Accrued Interest \$ 86,195.70			Cancelled		12,353.44
		Disbursed 2,349,120.16			Overexpended		(1,504.39)
		<u>2,435,315.86</u>					<u>10,849.05</u>

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

**EXHIBIT E - GENERAL FIXED ASSETS**

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

	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land and Improvements	\$ 8,449,147.26	8,449,147.26
Buildings and Improvements	3,328,250.00	3,328,250.00
Machinery and Equipment	8,672,664.50	8,580,411.63
Total General Fixed Assets	<u>20,450,061.76</u>	<u>20,357,808.89</u>
Investment in General Fixed Assets	<u>\$ 20,450,061.76</u>	<u>20,357,808.89</u>

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

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## **NOTES TO FINANCIAL STATEMENTS**

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**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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.

**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

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 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.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 semi-annually installments on March 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 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.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**F. Recent Accounting Pronouncements Not Yet Effective**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, and establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement, which is effective for fiscal periods beginning after June 15, 2016, may have an impact on the City's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$1,123,794.04 and \$1,078,521.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$1,209,000.00 and \$1,050,000.00. 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 2016 and 2015 statutory budgets was \$0.00 and \$0.00.

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

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2016 and 2015 calendar years:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
<u>Current Fund:</u>		
Legal Services		
Other Expenses	(58,700)	-
Department of Police		
Salaries & Wages	-	(22,000)
Department of Sanitation		
Salaries & Wages	-	(23,000)
Vehicle Maintenance		
Other Expenses	35,060	
Street Lighting	-	27,000
Unemployment	-	20,000
<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
<u>Utility Fund</u>		
No 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 2016 and 2015, the following budget insertions were approved:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Drunk Driving Enforcement	\$ 9,508.48	-
Drive Sober or Pull Over	5,000.00	5,000.00
Drive Sober Labor Day	5,000.00	5,000.00
Click It Ticket	5,000.00	4,000.00
Body Armor	2,905.96	3,025.82
NJ Transportation Trust Fund	196,000.00	190,000.00
Clean Communities	32,500.17	28,426.61
Comcast Technology Grant	-	65,000.00
Municipal Alliance on Alcoholism and Drug Abuse	15,038.00	15,038.00
Local Arts Mural Project	-	1,000.00
Atlantic BWC Assistance Program	15,000.00	-
NJ Dept of Law & Public Safety-Safe Roads	10,000.00	

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, 2016 was \$60,000. During 2016 the City did not approve any emergency appropriations.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 3: INVESTMENTS**

As of December 31, 2016 and 2015, the municipality had no investments.

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

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

**Concentration of Credit Risk.** The municipality places no limit on the amount the City 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, 2016 and 2015, \$0 of the municipality's bank balance of \$9,348,450.82 and \$7,953,077.70 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, 2016 and 2015:

	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land and Improvements	\$ 8,284,500.00	164,647.26		8,449,147.26
Buildings and Improvements	3,328,250.00			3,328,250.00
Machinery and Equipment	8,347,911.13	367,946.55	(197,115.25)	8,518,742.43
Lease-Purchases (Copiers)		61,669.20		61,669.20
	<u>\$ 19,960,661.13</u>	<u>594,263.01</u>	<u>(197,115.25)</u>	<u>20,357,808.89</u>

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Land and Improvements	\$ 8,449,147.26	-		8,449,147.26
Buildings and Improvements	3,328,250.00			3,328,250.00
Machinery and Equipment	8,518,742.43	126,817.87	(34,565.00)	8,610,995.30
Lease-Purchases (Copiers)	61,669.20	-		61,669.20
	<u>\$ 20,357,808.89</u>	<u>126,817.87</u>	<u>(34,565.00)</u>	<u>20,450,061.76</u>

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation Notes payable:				
General	\$ 2,060,000.00	2,230,000.00	2,060,000.00	2,230,000.00
Utility	475,000.00	850,000.00	475,000.00	850,000.00
	<u>\$ 2,535,000.00</u>	<u>3,080,000.00</u>	<u>2,535,000.00</u>	<u>3,080,000.00</u>
	Balance 12/31/15	Issued	Retired	Balance 12/31/16
Bond Anticipation Notes payable:				
General	\$ 2,230,000.00	3,245,000.00	2,230,000.00	3,245,000.00
Utility	850,000.00	1,475,000.00	850,000.00	1,475,000.00
	<u>\$ 3,080,000.00</u>	<u>4,720,000.00</u>	<u>3,080,000.00</u>	<u>4,720,000.00</u>

The City has one bond anticipation note in the general capital fund outstanding as of December 31, 2016 due December 7, 2017 with interest at 2.50% per annum

The City has one bond anticipation note in the sewer capital fund outstanding as of December 31, 2016 due December 7, 2017 with interest at 2.50% per annum.

**Emergency Notes**

The City has outstanding at December 31, 2016 an emergency note in the amount of \$60,000, due December 7, 2017 with interest at 2.50% per annum.

**Note 7: LONG TERM DEBT.**

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	\$ 9,222,450.00		1,245,500.00	7,976,950.00	1,338,750.00
Utility	3,018,697.25		371,605.25	2,647,092.00	378,355.25
Total	<u>12,241,147.25</u>	-	<u>1,617,105.25</u>	<u>10,624,042.00</u>	<u>1,717,105.25</u>
Other liabilities:					
Compensated Absences Payable	1,285,189.44	86,262.69	53,480.27	1,317,971.86	31,894.00
Total long-term liabilities	<u>\$ 13,526,336.69</u>	<u>86,262.69</u>	<u>1,670,585.52</u>	<u>11,942,013.86</u>	<u>1,748,999.25</u>
	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within One Year
Bonds payable:					
General	\$ 7,976,950.00		1,338,750.00	6,638,200.00	1,401,500.00
Utility	2,647,092.00		378,355.25	2,268,736.75	390,605.25
Total	<u>10,624,042.00</u>	-	<u>1,717,105.25</u>	<u>8,906,936.75</u>	<u>1,792,105.25</u>
Other liabilities:					
Compensated Absences Payable	1,317,971.86	54,901.75	40,414.96	1,332,458.65	-
Total long-term liabilities	<u>\$ 11,942,013.86</u>	<u>54,901.75</u>	<u>1,757,520.21</u>	<u>10,239,395.40</u>	<u>1,792,105.25</u>

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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 3.75% to 4.00% per annum. The balance remaining as of December 31, 2016 was \$2,742,200.

\$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, 2016 was \$3,896,000.

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

\$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 3.75% of 4.00% per annum. The balance remaining as of December 31, 2016 was \$417,800.

\$910,000 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/25. Interest is paid semiannually at a rate of 5.00% per annum. The balance remaining as of December 31, 2016 was \$655,000. \$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 8/1/23 bearing no interest. The balance remaining as of December 31, 2016 was \$476,936.75. \$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.

\$1,109,000 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, 2016 was \$719,000.

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>	
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	1,566,450.00	107,728.00	405,655.25	44,472.01	2,124,305.26
2020	710,000.00	51,320.00	267,105.25	31,880.00	1,060,305.25
2021	750,000.00	30,020.00	267,105.25	24,780.00	1,071,905.25
2022-2026	751,000.00	15,020.00	540,410.50	44,880.00	1,351,310.50
	<u>\$ 6,638,200.00</u>	<u>569,581.51</u>	<u>2,268,736.75</u>	<u>270,318.54</u>	<u>9,746,836.80</u>

As of December 31, 2016 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 \$253,434.25 and to the utility budget was \$67,691.31.

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<u>Summary of Municipal Debt</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 9,883,200.00	10,206,950.00	11,282,450.00
Sewer Utility - Bonds and Notes	3,743,736.75	3,497,092.00	3,493,697.25
Total Issued	<u>13,626,936.75</u>	<u>13,704,042.00</u>	<u>14,776,147.25</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	292,100.00	91,100.00	312,750.00
Sewer Utility - Bonds and Notes	-	125,000.00	-
Total Authorized But Not Issued	<u>292,100.00</u>	<u>216,100.00</u>	<u>312,750.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>13,919,036.75</u>	<u>13,920,142.00</u>	<u>15,088,897.25</u>
<u>Deductions:</u>			
Reserve for Payment of Bonds			
Self-Liquidating Debt	3,743,736.75	3,622,092.00	3,493,697.25
Total Deductions	<u>3,743,736.75</u>	<u>3,622,092.00</u>	<u>3,493,697.25</u>
Net Debt	<u>\$ 10,175,300.00</u>	<u>10,298,050.00</u>	<u>11,595,200.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.887%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 2,956,000.00	2,956,000.00	-
Regional School District Debt	\$ 13,828,338.73	13,828,338.73	-
Sewer Utility Debt	3,743,736.75	3,743,736.75	-
General Debt	10,175,300.00	-	10,175,300.00
	<u>\$ 30,703,375.48</u>	<u>20,528,075.48</u>	<u>10,175,300.00</u>

Net Debt \$10,175,300 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,347,233,707.67 = 0.887%.

The above information is not in agreement with the Annual Debt Statement filed by the City of Somers Point. A revised statement will be filed with the State of New Jersey.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 40,153,179.77
Net Debt	10,175,300.00
Remaining Borrowing Power	<u>\$ 29,977,879.77</u>

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

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**Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2016 and 2015, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	\$ 1,496,000.00	1,209,000.00
Sewer Utility Fund	29,999.39	-

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the City to appropriate in the 2017 budget is \$2,087,012.77 for the current fund and \$852,316.59 for the utility fund.

**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, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2016	2017 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency - Revaluation	60,000.00	60,000.00	-
	<u>\$ 60,000.00</u>	<u>60,000.00</u>	<u>-</u>
Sewer Utility Fund:			
Overexpenditure of Appropriations	1,504.39	1,504.39	-
	<u>1,504.39</u>	<u>1,504.39</u>	<u>-</u>

The appropriations in the 2017 Budget are not less than that required by statute.

**Note 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$9,660,263.00 and \$9,752,324.00 have been raised for the 2016 and 2015 calendar years, respectively and \$9,912,118.02 and \$9,500,469.98 remitted to the school district leaving a \$2.00 balance payable.

Regional High School Tax in the amounts of \$6,972,425.00 and \$7,012,939.00 have been raised for the 2016 and 2015 calendar years, respectively and \$6,972,425.00 and \$7,012,939.00 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:

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	Balance 12/31/16	Balance 12/31/15
Prepaid Taxes	\$ 280,785.05	254,827.42
Cash Liability for Taxes Collected in Advance	\$ 280,785.05	254,827.42

**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 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 7.06% through June 30, 2016 and 7.20% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The City's contributions to PERS for the years ended December 31, 2016, 2015, and 2014 were \$331,332.80, \$310,395.00 and \$284,798.00.

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 10.0% 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, 2016, 2015, and 2014 were \$651,863.52, \$567,708.00 and \$466,079.00.

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The total payroll for the year ended December 31, 2016, 2015 and 2014 was \$6,096,126.07, \$5,802,034.84 and \$5,946,952.81. Payroll covered by PFRS was \$2,514,010.00, \$2,552,492.00 and \$2,505,689.00. Payroll covered by PERS was \$2,626,183.00, \$2,579,672.00 and \$2,655,703.00.

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 ¼ 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 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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 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

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the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> 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: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2016:

**Public Employees' Retirement System**

The Municipality has a liability of \$11,204,817 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.03783221560%, which would be a decrease of 1.79% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$1,070,103. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 208,376	
Changes of assumptions	2,321,040	
Changes in proportion	109,076	(127,475)
Net difference between projected and actual earnings on pension plan investments	427,250	
Total	<u>\$ 3,065,742</u>	<u>(127,475)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

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Year ended June 30,		
2017	\$	664,948
2018		664,948
2019		760,172
2020		636,138
2021		212,061
Total	<u>\$</u>	<u>2,938,267</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term

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expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

*Discount Rate*

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

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	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$ 13,427,895	11,204,817	\$ 9,371,444

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Police and Firemen's Retirement System**

The Municipality has a liability of \$15,397,657 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.08060521030%, which would be an increase of 0.88% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$2,026,283. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience		(100,934)
Changes of assumptions	2,132,702	
Changes in proportion	1,277,895	
Net difference between projected and actual earnings on pension plan investments	1,078,883	
Total	<u>\$ 4,489,480</u>	<u>(100,934)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

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Year ended June 30,		
2016	\$	1,061,206
2017		1,061,206
2018		1,408,534
2019		825,151
2020		32,449
Total	\$	<u>4,388,546</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage

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and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

*Discount Rate*

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**CITY OF SOMERS POINT  
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YEARS ENDED DECEMBER 31, 2016 AND 2015**

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 19,574,375	15,397,657	11,993,163

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.08060521030% for 2016. The net pension liability amount allocated to the Municipality was \$1,293,021. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$165,149 is allocated to the Municipality.

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

**Note 14: 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.

**CITY OF SOMERS POINT  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 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, 2016 vary according to the type of coverage selected by the retiree and range from \$540.45 to \$1,797.13 monthly per retiree.

The City of Somers Point contributions to SHBP for post-retirement benefits for the year ended December 31, 2016 and 2015 were \$105,794.12 and \$90,008.14 respectively, which equaled the required contribution for the year.

**Note 15: 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 \$1,332,458.65 in 2016 and \$1,317,971.86 in 2015. 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 16: 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 17: 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, 2016 and 2015 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

**CITY OF SOMERS POINT  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

any member of the fund. The City has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

**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>
2016	\$ 20,000.00	8,159.69	-	32,933.60	24,981.34
2015	20,000.00	8,106.17	-	35,465.87	29,755.25
2014	20,000.00	8,436.72	-	18,490.01	37,114.95

**Note 18: 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 19: 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.

**Note 20: 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.

**CITY OF SOMERS POINT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 21: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2016, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital Fund	\$	1,475,208.92
Sewer Operating Fund		453,847.59
Sewer Capital Fund		1,490,832.00
Federal and State Grant Fund		50,923.04
Dog License Fund	21,641.47	
Grant Fund:		
Current Fund	50,923.04	
Trust Fund		5,789.43
Dog License Fund:		
Current Fund		21,641.47
Trust Fund - Other:		
Federal and State Grant Fund	5,789.43	
General Capital Fund	350.00	
General Capital Fund:		
Current Fund	1,475,208.92	
Trust Fund		350.00
Sewer Utility Operating Fund:		
Current Fund	453,847.59	
Sewer Utility Capital Fund	246,709.43	
Sewer Utility Capital Fund:		
Current Fund	1,490,832.00	
Sewer Utility Operating Fund		246,709.43
	<u>\$ 3,745,301.88</u>	<u>3,745,301.88</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 22: SUBSEQUENT EVENTS**

The City has evaluated subsequent events through May 30, 2017, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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## **SUPPLEMENTARY INFORMATION**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account groups as of and for the year ended December 31, 2016, 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 30, 2017, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **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**

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

**May 30, 2017**

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2015	\$	5,540,673.72
Increased by Receipts:		
Tax Collector		33,046,753.94
Revenue Accounts Receivable		2,064,384.73
Miscellaneous Revenue		224,212.53
Due from State - Senior Citizens and Veterans		102,750.00
Due from State - Homestead Rebates		415,451.93
Due from General Capital Fund		3,330,988.83
Due from Sewer Operating		159,116.86
Due to Sewer Capital		1,490,832.00
Due from Other Trust - Unemployment		32,933.60
Due to State - CCO		13,747.00
Emergency Note Payable		60,000.00
Payroll Taxes		
Matching Funds Due from Current Fund		
Federal and State Receivables		312,553.95
		41,253,725.37
		46,794,399.09
Decreased by Disbursements:		
Current Year Appropriation		12,054,019.94
Prior Year Appropriations		112,423.39
County Taxes		5,824,880.68
Added & Omitted County Taxes		10,712.48
Local District School Taxes		9,912,118.02
Regional School Taxes		6,972,425.00
Refund of Tax Overpayments		12,838.28
Emergency Note		120,000.00
Trust Other-Unemployment		32,933.60
Due to General Capital		2,878,655.08
Due from Sewer Capital		850,000.00
Due to State - CCO		16,091.00
Federal and State Disbursements		593,611.38
		39,390,708.85
Balance December 31, 2016	\$	7,403,690.24

See Accompanying Auditor's Report



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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Overpayments Created	Collections by Cash		Overpayments Applied	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2016
					2015	2016				
2014	\$ 23,960.87				17,217.55					6,743.32
2015	818,522.74		26,977.39		627,174.50		4,893.05	19,231.86	6,315.91	187,884.81
	842,483.61	-	26,977.39	-	644,392.05		4,893.05	19,231.86	6,315.91	194,628.13
2016		33,096,235.51	55,169.80	29,716.64	254,827.42	32,158,998.77	70,014.00	65,569.83	17,734.57	613,977.36
	\$ 842,483.61	33,096,235.51	82,147.19	29,716.64	254,827.42	32,803,390.82	74,907.05	84,801.69	24,050.48	808,605.49

32,281,438.89 Cash Receipts  
415,451.93 Homestead Rebates  
106,500.00 Senior Citizens and Veterans

32,803,390.82

Analysis of Current Year Tax Levy

Tax Yield:  
General Property Tax 33,096,235.51  
Added Taxes (54:4-63.1 et. Seq.) 55,169.80  
33,151,405.31

Tax Levy:  
General County Taxes 5,195,797.69  
County Library Taxes 372,143.35  
County Open Space Taxes 18,560.18  
County Health Taxes 238,379.46  
County Added and Omitted Taxes 9,748.92  
Total County Taxes 5,834,629.60

Local School District Tax 9,660,263.00  
Regional School District Tax 6,972,425.00

Local Tax for Municipal Purposes 10,628,278.01  
Add: Additional Tax Levied 55,809.70  
10,684,087.71

33,151,405.31

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

Balance December 31, 2015		\$ 137,196.96
Increased by:		
Transfers from Taxes Receivable	24,050.48	
Interest and Costs Accrued by Sale	1,053.72	
	<hr/>	<hr/>
		25,104.20
		162,301.16
Decreased by:		
Collections	9,321.41	
Other	1,655.04	
	<hr/>	<hr/>
		10,976.45
Balance December 31, 2016		\$ <u><u>151,324.71</u></u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2015	Collected by		Balance Dec. 31, 2016
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages		24,150.00		24,150.00	
Fees and Permits		70,277.00		70,277.00	
Municipal Court	21,852.58	244,898.31		249,413.79	17,337.10
Interest and Costs on Taxes		145,177.91	145,177.91		
Interest Earned on Investments		17,282.04		17,282.04	
Fees and Permits - Chapter 115 Inspections		160,185.00		160,185.00	
Cable Television Franchise Fees		53,285.64		53,285.64	
Hotel Fee		161,205.26		161,205.26	
Consolidated Municipal Property Tax Relief Act		82,223.00		82,223.00	
Energy Receipts Tax		884,873.00		884,873.00	
Uniform Construction Code Fees		155,490.00		155,490.00	
General Capital Surplus		21,203.03		21,203.03	
Shore Memorial Hospital		206,000.00		206,000.00	
Miscellaneous Revenue Not Anticipated		228,654.76	4,442.23	224,212.53	
	<u>\$ 21,852.58</u>	<u>2,454,904.95</u>	<u>149,620.14</u>	<u>2,309,800.29</u>	<u>17,337.10</u>
			Cash	2,288,597.26	
			Due from Capital	21,203.03	
				<u>2,309,800.29</u>	

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2015	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	4,555.42	4,555.42	2,700.00	1,855.42	
Department of General Administration					
Salaries and Wages	14,882.23	14,882.23	10,485.35	4,396.88	
Other Expenses	7,412.66	7,412.66	1,979.00	5,433.66	
Department of City Clerk					
Salaries and Wages	3,181.42	3,181.42		3,181.42	
Other Expenses	18,184.33	18,184.33	5,430.13	12,754.20	
Data Processing					
Other Expenses	1,075.72	1,075.72		1,075.72	
Department of Finance					
Salaries and Wages	4,198.72	4,198.72		4,198.72	
Other Expenses	1,806.57	1,806.57	1,587.20	219.37	
Annual Audit					
Other Expenses	250.00	250.00		250.00	
Department of Tax Assessment					
Salaries and Wages	2,018.04	2,018.04		2,018.04	
Other Expenses	3,478.45	3,478.45	490.00	2,988.45	
Department of Tax Collection					
Salaries and Wages	18,336.61	18,336.61		18,336.61	
Other Expenses	5,792.55	5,792.55	413.44	5,379.11	
Legal Services and Costs					
Other Expenses	33,637.28	33,637.28	15,849.22	17,788.06	
Municipal Prosecutor					
Other Expenses	1,400.04	1,400.04		1,400.04	
Engineering Services and Costs					
Other Expenses	4,765.00	4,765.00	1,725.00	3,040.00	
Public Buildings and Grounds					
Salaries and Wages	7,770.43	7,770.43		7,770.43	
Other Expenses	1,403.64	1,403.64	239.83	1,163.81	
Vehicle Maintenance	16,774.85	16,774.85	4,414.71	12,360.14	
Planning Board					
Other Expenses	6,017.66	6,017.66	687.50	5,330.16	
Zoning Board					
Other Expenses	3,435.34	3,435.34		3,435.34	

See Accompanying Auditor's Report



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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Economic Development and Advisory Commission					
Other Expenses	16,175.30	16,175.30	559.55	15,615.75	
Historic Preservation Commission					
Other Expenses	2,674.90	2,674.90		2,674.90	
<b>MUNICIPAL COURT</b>					
Municipal Court					
Salaries and Wages	31,812.84	31,812.84		31,812.84	
Other Expenses	13,492.39	13,492.39	440.71	13,051.68	
Public Defender (P.L. 1997, C.256)					
Other Expenses	2,600.00	2,600.00		2,600.00	
<b>INSURANCE</b>					
General Liability	11,733.00	11,733.00		11,733.00	
Workers Compensation Insurance	13,086.00	13,086.00		13,086.00	
Employee Group Health	131,934.36	131,934.36		131,934.36	
Surety Bond Premiums	1,000.00	1,000.00		1,000.00	
Health Waiver - Employee Opt Out	3,707.34	3,707.34		3,707.34	
Municipal Services Act					
Other Expenses	39,455.71	39,455.71		39,455.71	
Apartment Trash Collection					
Other Expenses	7,088.79	7,088.79		7,088.79	
<b>STATE UNIFORM CONSTRUCTION CODE</b>					
Construction Official					
Other Expenses	2,631.64	2,631.64	301.15	2,330.49	
<b>UNCLASSIFIED</b>					
Gasoline	39,890.73	39,890.73	1,745.96	38,144.77	
Diesel Fuel	26,915.98	26,915.98	1,729.79	25,186.19	
Fire Hydrant Water	2,048.33	2,048.33		2,048.33	
Electric	16,775.58	16,775.58		16,775.58	
Street Lighting	2,008.47	2,008.47	1,218.13	790.34	
Telephone	3,044.88	3,044.88	136.27	2,908.61	
Natural Gas	12,193.61	12,193.61		12,193.61	
Water	5,493.17	5,493.17		5,493.17	

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Fuel #2	1,000.00	1,000.00		1,000.00	
Waste Water	450.00	450.00		450.00	
Telecommunications Costs	594.36	594.36	130.93	463.43	
Contingent	1,000.00	1,000.00		1,000.00	
<b>STATUTORY EXPENDITURES</b>					
Contribution to					
Social Security System (O.A.S.I.)	48,711.55	48,711.55		48,711.55	
Defined Contribution Retirement Plan	2,622.38	2,622.38	85.10	2,537.28	
LOSAP	20,000.00	20,000.00	9,600.00	10,400.00	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
Other Expenses	1,240.00	1,240.00		1,240.00	
	<u>\$ 1,048,171.49</u>	<u>1,048,171.49</u>	<u>112,423.39</u>	<u>935,748.10</u>	<u>-</u>
Reserves	905,445.56				
Encumbrances	142,725.93				
	<u>1,048,171.49</u>				

See Accompanying Auditor's Report

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

Balance December 31, 2015		
School Tax Payable	\$ 251,857.02	
School Tax Deferred		
		\$ 251,857.02
Increased by:		
Levy - Calender Year January 1, 2016 to December 31, 2016		9,660,263.00
		9,912,120.02
Decreased by:		
Payments		9,912,118.02
Balance December 31, 2016		
School Tax Payable	2.00	2.00
Current Year Liability for Local School District School Tax:		
Tax Paid		9,912,118.02
Tax Payable Ending		2.00
		9,912,120.02
Less: Tax Payable Beginning		251,857.02
Amount charged to Current Year Operations		\$ 9,660,263.00

See Accompanying Auditor's Report

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

Balance December 31, 2015			
School Tax Payable	\$	10.43	
School Tax Deferred		<u>-</u>	
			\$ 10.43
Increased by:			
Levy - Calender Year January 1, 2016 to December 31, 2016			<u>6,972,425.00</u>
			6,972,435.43
Decreased by:			
Payments			<u>6,972,425.00</u>
Balance December 31, 2016			
School Tax Payable		<u>10.43</u>	<u>10.43</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			6,972,425.00
Tax Payable Ending			<u>10.43</u>
			6,972,435.43
Less: Tax Payable Beginning			<u>10.43</u>
Amount charged to Current Year Operations			<u>\$ 6,972,425.00</u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred From 2016 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
<b>FEDERAL GRANTS:</b>					
Community Development Block Grant through Atlantic County Improvement Authority	\$ 48,552.00	45,907.00	-	-	48,552.00
2014 - Reconstruction of Wilmont Ave.					45,907.00
2015 - Reconstruction of Wilmont Ave.					
Drive Sober or Get Pulled Over	5,000.00				5,000.00
Year End 2015					
Year End 2016		5,000.00	5,000.00		
Labor Day Crackdown 2016		5,000.00	5,000.00		
NJ Dept of Law & Public Safety-Division of Highway Safety-FY2016 Safe Roads		10,000.00	10,000.00		
Post Sandy Planning Assistance Grant Program					
Zoning Ordinance	29,298.75		13,703.75	15,595.00	
Capital Improvement Plan	3,441.00		3,441.00		
Route 9 West Design	7,117.50		-	7,117.50	
Shared Service Capital Impr. Plan	10,532.75		-	10,532.75	
Community Rating System		50,000.00			50,000.00
NJ Dept of Highway Traffic Safety		5,000.00	5,000.00		
Click It Ticket 2016 Mobilization					
<b>Total Federal</b>	<b>103,942.00</b>	<b>120,907.00</b>	<b>42,144.75</b>	<b>33,245.25</b>	<b>149,459.00</b>
<b>STATE GRANTS:</b>					
Safe and Secure Program		23,373.00	23,373.00		
Clean Communities	423.67		-	423.67	
Clean Communities		32,500.17	32,500.17		
Recycling Tonnage Grant		23,683.83	23,683.83		
Municipal Alliance - 2015	15,038.00		-		15,038.00
Municipal Alliance - 2016		15,038.00	14,560.67		477.33
DEP Coastal Planning	125,000.00		11,743.81		113,256.19
NJ Department of Transportation					
Alternative Program	171,000.00		-		171,000.00
Delaware Avenue	56,200.00		19,055.48	37,144.52	
Dawes Avenue		196,000.00	125,250.00		70,750.00

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred From 2016 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
NJ Historic Trust	102,400.00	-	19,536.63		82,863.37
Body Armor		2,905.96	2,905.96		
Local Arts - Mural	150.00		150.00		
Local Arts Development Program		1,500.00	1,500.00		
Multidiscipline Community Arts Programming	500.00	3,000.00	2,825.00		675.00
Summer Outdoor Free Concert Series		16,625.92	16,625.92		
Drunk Driving Enforcement					
New Jersey Economic Development Authority					
Neighborhood Community Revitalization (NCR)					
Program Streetscape Grant		400,000.00			400,000.00
Refurbishing of Gateway Theatre					
National Fish and Wildlife Foundation-Hurricane					
Sandy Coastal Resiliency Competitive Grant					
Program (NFWF)					
Restore Wetlands in Great Egg Harbor Bay		550,000.00	-		550,000.00
Office of Attorney General					
Atlantic County Body Worn Camera Assistance					
Program-Body Worn Camera Grant		15,000.00	7,500.00		7,500.00
<b>Total State</b>	<u>470,711.67</u>	<u>1,279,626.88</u>	<u>301,210.47</u>	<u>37,568.19</u>	<u>1,411,559.89</u>
<b>LOCAL GRANTS:</b>					
None			-		-
<b>Total Local</b>					
	<u>\$ 574,653.67</u>	<u>1,400,533.88</u>	<u>343,355.22</u>	<u>70,813.44</u>	<u>1,561,018.89</u>
		Cash	312,553.95		
		Unappropriated Reserves	30,801.27		
			<u>\$ 343,355.22</u>		

See Accompanying Auditor's Report

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

	Balance December 31, 2015		2016	Encumbrances	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2016
	Appropriated	Reserve for						
<b>FEDERAL GRANTS:</b>	\$	11,490.00						11,490.00
Small Cities								
Community Development Block Grant through Atlantic County Improvement Authority								
2014 - Reconstruction of Wilmont Ave.		48,552.00	45907	48,552.00				
2015 - Reconstruction of Wilmont Ave.				45,907.00				
CDBG - Post Sandy Planning Assistance		0.01		-			0.01	
Post Sandy Planning Assistance Grant Program								
Zoning Ordinance		15,595.00						
Route 9 West Design		7,117.50					15,595.00	
Shared Service Capital Impr. Plan		10,532.75					7,117.50	
Community Rating System Planning							10,532.75	
NJ Dept of Law & Public Safety-Division of Highway Safety-FY2016 Safe Roads			50,000.00	39,438.03		2,525.00		8,036.97
NJ Dept of Highway Traffic Safety			10,000.00	10,000.00				
Click It Ticket 2015 Mobilization		4,000.00						4,000.00
Click It Ticket 2016 Mobilization			5,000.00	5,000.00				
Drive Sober or Get Pulled Over		5,000.00						5,000.00
Year End 2015								
Year End 2016								
Labor Day Crackdown-2015		275.00						275.00
Labor Day Crackdown-2016			5,000.00	5,000.00				3,500.00
<b>Total Federal</b>		<b>102,562.26</b>	<b>120,907.00</b>	<b>155,397.03</b>		<b>2,525.00</b>	<b>33,245.26</b>	<b>32,301.97</b>

See Accompanying Auditor's Report

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

	Balance December 31, 2015		2016		Encumbrances	Canceled	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed			
<b>STATE GRANTS:</b>							
Municipal Alliance - 2015	17,598.00	-		13,423.81	261.00	-	3,913.19
Municipal Alliance - 2016			18,798.00	1,200.00			17,598.00
Clean Communities			32,500.17	32,500.17			
DEP Coastal Planning	125,000.00			98,080.69	26,919.31		
NJ Department of Transportation							
Alternative Program	171,000.00						171,000.00
Delaware Avenue	11,600.00	52,536.74	196,000.00	26,992.22	-	37,144.52	196,000.00
Dawes Avenue	77,198.47	14,656.25		28,921.75	48,500.00		14,432.97
NJ Historic Trust	3,025.82						3,025.82
Body Armor - 2015			2,905.96				2,905.96
Body Armor - 2016	3,030.54						3,030.54
Body Armor - 2013	2,951.64						2,951.64
Body Armor - 2012	2,625.00			885.68			1,739.32
Body Armor - 2011	1,093.81						1,093.81
Body Armor - 2010							
New Jersey Economic Development Authority							
Neighborhood Community Revitalization (NCR)			400,000.00	14,967.25	385,032.75		
Program Streetscape Grant							
Refurbishing of Gateway Theatre							
National Fish and Wildlife Foundation-Hurricane							
Sandy Coastal Resiliency Competitive Grant							
Program (NFWF)							
Restrore Wetlands in Great Egg Harbor Bay			550,000.00	10,812.81			539,187.19
Drunk Driving Enforcement - 2015			16,625.92				16,625.92
Drunk Driving Enforcement - 2014	9,981.15			5,075.12			4,906.03
Drunk Driving Enforcement - 2013	489.62			489.62			
Safe and Secure Communities	10,135.13		180,873.00	180,834.69		10,135.13	38.31
Recycling Tonnage Grant	44,852.68	2,896.99	23,683.83	19,530.54	2,605.04		49,297.92
Office of Attorney General							
Atlantic County Body Worn Camera Assistance			15,000.00				15,000.00
Program-Body Worn Camera Grant							
Local Arts Development Program			1,500.00	1,500.00			
Multidiscipline Community Arts Programming			3,000.00	3,000.00			
Summer Outdoor Free Concert Series							
Total State	480,581.86	70,089.98	1,440,886.88	438,214.35	463,318.10	47,279.65	1,042,746.62
<b>LOCAL GRANTS:</b>							
Comcast Cable Technology Grant	65,000.00						65,000.00
Total Local	65,000.00						65,000.00
<b>Total</b>	<b>\$ 648,144.12</b>	<b>70,089.98</b>	<b>1,561,793.88</b>	<b>593,611.38</b>	<b>465,843.10</b>	<b>80,524.91</b>	<b>1,140,048.59</b>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
<b>FEDERAL GRANTS:</b>					
None	\$ -	-	-	-	-
<b>Total Federal</b>	-	-	-	-	-
<b>STATE GRANTS:</b>					
Recycling Tonnage Grant	23,683.83	23,683.83			260.81
Body Armor	260.81				
Drunk Driving Enforcement	7,117.44	7,117.44			
<b>Total State</b>	<u>31,062.08</u>	<u>30,801.27</u>	<u>-</u>	<u>-</u>	<u>260.81</u>
	\$ <u>31,062.08</u>	<u>30,801.27</u>	<u>-</u>	<u>-</u>	<u>260.81</u>

See Accompanying Auditor's Report

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	Dog Licenses	Other
Balance December 31, 2015	\$ 45,690.13	1,171,036.00
Increased by Receipts:		
Dog License Fees 2016	8,827.54	
Due to State of New Jersey	952.20	
Miscellaneous Trust Reserves		1,775,383.51
	<u>9,779.74</u>	<u>1,775,383.51</u>
Decreased by Disbursements		
Statutory Expenditures	55,469.87	
Due to State of New Jersey	-	
Miscellaneous Trust Reserves	943.80	1,805,077.19
	<u>943.80</u>	<u>1,805,077.19</u>
Balance December 31, 2016	<u>\$ 54,526.07</u>	<u>1,141,342.32</u>

See Accompanying Auditor's Report

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

Balance December 31, 2015		\$	24,426.05
Increased by:			
Dog & Cat License Fees Collected	\$	8,827.54	
			8,827.54
			33,253.59
Decreased by:			
Expenditures under N.J.S. 4:19-15:11 Statutory Excess Due Current Fund		392.99	
			392.99
Balance December 31, 2016		\$	32,860.60

License Fees Collected:

Year	Amount
2015	\$ 13,052.40
2014	19,808.20
	\$ 32,860.60

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

Balance December 31, 2015		\$ 21,248.48
Increased by:		
Payments made by Current Fund	\$ -	
Statutory Excess	<u>392.99</u>	<u>392.99</u>
		21,641.47
Decreased by:		
Payments		<u>-</u>
Balance December 31, 2016		<u>\$ 21,641.47</u>

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

Balance December 31, 2015		\$ 15.60
Increased by:		
2016 State License Fees	\$ <u>952.20</u>	<u>952.20</u>
		967.80
Decreased by:		
Disbursements to the State		<u>943.80</u>
Balance December 31, 2016		<u>\$ 24.00</u>

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Reserve	Balance 12/31/15	Increased by		Decreased by		Balance 12/31/16
		Receipts	Due from General Capital	Disbursements	Due to Current	
Affordable Housing	\$ 49,127.18	29,757.27		-		78,884.45
Escrow	369,965.28	332,764.99	350.00	534,056.02		169,024.25
Law Enforcement Trust	50,046.62	15,635.59		8,200.00		57,482.21
Police Off Duty	47,201.91	119,040.54		105,882.25		60,360.20
Parking Offense Adjudication Act	2,758.00	140.00				2,898.00
Recreation	125,622.83	62,181.00		52,494.00		135,309.83
Bayfest	58,766.75	49,059.00		48,827.54		58,998.21
Unemployment Trust	29,755.25	48,163.91		32,937.82		44,981.34
Recycling	2,933.58	2,018.30		127.18		4,824.70
Tax Sale Premiums	416,600.00	498,544.14		407,294.14		507,850.00
Tax Title Lien Redemptions	8,524.77	588,528.77		592,791.31		4,262.23
Street Openings	2,165.63	21,600.00		19,212.58		4,553.05
Arts Commission	5,357.63	7,950.00		3,254.35		10,053.28
Historic District Parking	8,000.00	-		-		8,000.00
	\$ 1,176,825.43	1,775,383.51	350.00	1,805,077.19	-	1,147,481.75

See Accompanying Auditor's Report

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

Balance December 31, 2015		\$ 147,127.07
Increased by:		
Receipts	649,120.08	
		649,120.08
		796,247.15
Decreased by:		
Disbursements	661,912.24	
		661,912.24
Balance December 31, 2016		\$ <u><u>134,334.91</u></u>

GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 33,335.60							49,071.77
Capital Improvement Fund	5,700.00					36,939.20		5,700.00
Encumbrances Payable	76,375.50					64,000.00		966,958.96
Due to/from Current Fund	(980,078.20)	648,655.08		-	49,049.63	76,375.50		(1,475,208.92)
Due to/from Trust Fund		465.00			115.00	1,115,939.20		350.00
Reserve for Bequest - JFK Park	23,000.00							23,000.00
Reserve for the Acquisition of Vehicle	10,000.00							10,000.00
<b>Improvement Authorizations:</b>								
8-01 Various Improvements:								
(E) Parking Lots & Improvements	80.00							80.00
11-08 Various Improvements	5,614.72							5,614.72
20-08 Various Improvements	29,118.47			1,771.00		1,713.00		25,634.47
05-09 Various Improvements and Acquisitions	23,984.28							23,984.28
09-09 Various Improvements and Acquisitions	72,724.00							72,724.00
2009 Tax Refund Payments	36,514.10							36,514.10
05-11 Various Improvements	21,470.56			21,470.56				-
07-11 Various Improvements	1,125.00							1,125.00
7-12 Various Improvements	6,348.66			1,741.00		3,726.90		4,607.66
13-12 Various Improvements	80,071.79			49,549.87		12,029.37		18,492.55
4-13 Various Improvements	44,510.00			2,554.68				41,955.32
5-13 Purchase Vehicles	2,335.50			875.50		1,460.00		-
16-14 Various Improvements	161,303.26			68,398.72		13,050.00	4,000.00	83,854.54
25-14 Dredging	325,000.00			65,536.32		5,665.00		253,798.68
13-15 Various Improvements	168,593.83			154,589.17		125,881.50	159,748.60	47,871.76
7-16 Various Improvements				246,260.79		596,291.11	973,900.00	131,348.10
19-16 Various Improvements						207,142.08	14,000.00	(193,142.08)
	\$ 147,127.07	649,120.08	-	612,747.61	49,164.63	2,244,476.69	2,244,476.69	134,334.91

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

	<u>Ref.</u>	
Balance December 31, 2015		\$ 5,700.00
Increased by:		
2016 Budget Appropriation	64,000.00	
	<hr/>	<hr/>
		64,000.00
		69,700.00
Decreased by:		
Improvement Authorization Funding	64,000.00	
	<hr/>	<hr/>
		64,000.00
Balance December 31, 2016		\$ <u><u>5,700.00</u></u>

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

Balance December 31, 2015		\$ 7,976,950.00
Decreased by:		
2016 Budget Appropriations:		
General Serial Bonds	1,338,750.00	
	1,338,750.00	1,338,750.00
Balance December 31, 2016		\$ 6,638,200.00

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

Ord #	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Raised in 2016 Budget	Balance Dec. 31, 2016	Bond Anticipation Notes	Analysis of Balance		Unexpended Improvement Authorizations
							Expenditures		
4-13	Various Improvements	\$ 100,000.00			100,000.00	-			
16-14	Various Improvements	1,064,000.00			1,064,000.00	-			
25-14	Dredging	308,750.00			308,750.00	-			
13-15	Various Improvements	848,350.00			848,350.00	87,100.00			
7-16	Various Improvements		950,000.00		950,000.00	923,900.00	26,100.00		
19-16	Various Improvements		266,000.00		266,000.00		193,142.08		72,857.92
		<u>\$ 2,321,100.00</u>	<u>1,216,000.00</u>	<u>-</u>	<u>3,537,100.00</u>	<u>1,011,000.00</u>	<u>219,242.08</u>		<u>72,857.92</u>
Improvement Authorizations Unfunded Less: Unexpended Proceeds of Bond Anticipation Notes Issued:									
						<b>Ord. Number</b>			
						4-13	41,955.32		
						16-14	83,854.54		
						25-14	253,798.68		
						13-15	47,871.76		
						7-16	157,448.10		584,928.40
									<u>72,857.92</u>

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Authorizations		Paid or Charged	Current Year Encumbrances	Balance December 31, 2016	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation			Funded	Unfunded
8-01	Various Improvements (E) Parking Lots & Improvements	6/14/2001	872,002	\$ 80.00						80.00	
11-08	Various Improvements	4/24/2008	260,000	5,614.72						5,614.72	
20-08	Various Improvements	8/28/2008	752,000	29,118.47					1,771.00	25,634.47	
05-09	Various Improvements & Acquisitions	4/9/2009	276,000	23,984.28						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	21,470.56					21,470.56	-	
07-11	Various Improvements	5/26/2011	280,000	1,125.00						1,125.00	
7-12	Various Improvements	6/28/2012	1,268,000	6,348.66				3,726.90		4,607.66	
13-12	Various Improvements	7/26/2012	1,600,000	80,071.79						18,492.55	
5-13	Purchase of Vehicles	2/14/2013	108,613	2,335.50						1,460.00	
4-13	Various Improvements	3/14/2013	1,300,000	44,510.00						2,554.68	41,955.32
16-14	Various Improvements	7/8/2014	1,120,000	165,303.26						68,398.72	83,854.54
25-14	Dredging	9/11/2014	325,000	16,250.00						65,536.32	253,798.68
13-15	Various Improvements	4/30/2015	893,000	-	255,693.83					154,589.17	47,871.76
7-16	Various Improvements	6/9/2016	1,000,000			50,000.00				246,260.79	157,448.10
19-16	Various Improvements	12/8/2016	280,000			14,000.00				207,142.08	72,857.92
				\$ 295,637.08	774,257.09	64,000.00	1,216,000.00	612,747.61	966,959.96	188,776.78	657,786.32

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
General Improvements	7/1/2009	6,266,000	7/1/2017	876,500.00	3.75%	3,570,950.00	828,750.00	2,742,200.00
			7/1/2018	924,250.00	3.75%			
			7/1/2019	941,450.00	4.00%			
General Improvements	9/15/2012	5,691,000	9/15/2017	525,000.00	3.00%	4,406,000.00	510,000.00	3,896,000.00
			9/15/2018	535,000.00	3.00%			
			9/15/2019	625,000.00	3.00%			
			9/15/2020	710,000.00	3.00%			
			9/15/2021	750,000.00	2.00%			
			9/15/2022	751,000.00	2.00%			
						\$ 7,976,950.00	1,338,750.00	6,638,200.00

**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, 2015	Increased	Decreased	Balance Dec. 31, 2016
Hurricane Sandy	4-13	3/14/2013	12/10/2015	12/9/2016	2.000%	100,000.00	100,000.00	100,000.00	-
Hurricane Sandy	4-13	3/14/2013	12/8/2016	12/7/2017	2.500%		100,000.00		100,000.00
Various Imprvements	16-14	12/29/2014	12/10/2015	12/9/2016	2.000%	1,060,000.00	1,064,000.00	1,060,000.00	-
Various Imprvements	16-14	12/29/2014	12/8/2016	12/7/2017	2.500%		1,064,000.00		1,064,000.00
Dredging	24-14	12/10/2015	12/10/2015	12/9/2016	2.000%	308,750.00	308,750.00	308,750.00	-
Dredging	24-14	12/10/2015	12/8/2016	12/7/2017	2.500%		308,750.00		308,750.00
Various Improvements	13-15	12/10/2015	12/10/2015	12/9/2016	2.000%	761,250.00	761,250.00	761,250.00	-
Various Improvements	13-15	12/10/2015	12/8/2016	12/7/2017	2.500%		761,250.00		761,250.00
Various Improvements	13-15	12/8/2016	12/8/2016	12/7/2017	2.500%		87,100.00		87,100.00
Various Improvements	7-16	12/8/2016	12/8/2016	12/7/2017	2.500%		923,900.00		923,900.00
						\$ 2,230,000.00	3,245,000.00	2,230,000.00	3,245,000.00
							3,245,000.00	2,230,000.00	3,245,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Balance Dec. 31, 2016
16-14	Various Improvements	\$ 4,000.00		4,000.00	-
13-15	Various Improvements	87,100.00		87,100.00	-
7-16	Various Improvements		950,000.00	923,900.00	26,100.00
19-16	Various Improvements		266,000.00		266,000.00
		<u>\$ 91,100.00</u>	<u>1,216,000.00</u>	<u>1,015,000.00</u>	<u>292,100.00</u>

See Accompanying Auditor's Report

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

		Operating
Balance as of December 31, 2015	\$	548,042.15
Increased by Receipts:		
Sewer Rents Receivable	\$	2,547,131.98
Prepaid Sewer Rents		-
Miscellaneous Anticipated		34,208.50
Due to Current Fund		251,112.99
		2,832,453.47
		3,380,495.62
Decreased by Disbursements:		
2016 Appropriations		2,349,120.16
2015 Appropriation Reserves		43,954.83
Accrued Interest		90,194.23
Due from Current Fund		410,229.85
Due from Sewer Capital		244,697.52
		3,138,196.59
Balance as of December 31, 2016	\$	242,299.03



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

Balance as of December 31, 2015		\$	109,786.39
Increased by:			
Utility Rents Levied	\$	2,582,142.00	
Prepayments & Overpayments Created		38,494.89	
			2,620,636.89
			2,730,423.28
Decreased by:			
Collections		2,547,131.98	
Prepayments & Overpayments Applied		37,638.25	
Transferred to Liens		2,404.48	
			2,587,174.71
Balance as of December 31, 2016		\$	143,248.57

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**SEWER OPERATING FUND  
SCHEDULE OF SEWER LIENS**

Balance as of December 31, 2015		\$	1,919.04
Increase by:			
Transferred from Consumer Receivables	\$	2,404.48	
Interest and Cost on Sale		-	
		2,404.48	
			4,323.52
Decreased by:			
Miscellaneous Adjustment		470.00	
Collections		-	
			470.00
Balance as of December 31, 2016		\$	3,853.52

**SEWER OPERATING FUND  
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2015	Additions By Budget Capital Outlay	Balance Dec. 31, 2016
Sewer System Improvements	\$ 9,475,727.42	-	9,475,727.42
	\$ 9,475,727.42	-	9,475,727.42

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2015	Deferred Charge to Future Revenue	Balance Dec. 31, 2016
		Date	Amount			
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
17-14	Various Sewer Capital Improvements	05/08/14	500,000	500,000.00		500,000.00
14-15	Various Sewer Capital Improvements	04/16/15	500,000	500,000.00		500,000.00
8-16	Various Sewer Capital Improvements	06/09/16	500,000	500,000.00	500,000.00	500,000.00
				\$ 1,609,000.00	500,000.00	2,109,000.00

See Accompanying Auditor's Report

**SEWER OPERATING FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES**

	Balance Dec. 31, 2015	Balance After Transfers	Paid Or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 28,379.08	28,379.08	7,661.62	20,717.46	
Other Expenses	92,036.13	92,036.13	36,293.21	55,742.92	
ACMUA - Treatment Costs	680.00	680.00		680.00	
	<u>\$ 121,095.21</u>	<u>121,095.21</u>	<u>43,954.83</u>	<u>77,140.38</u>	<u>-</u>

See Accompanying Auditor's Report

**SEWER OPERATING UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS  
AND NOTES - ANALYSIS OF BALANCE -  
DECEMBER 31, 2016**

Balance as of December 31, 2015	\$	33,402.76
Increased by:		
Accrued interest charged to 2016 budget appropriation - Interest on bonds and notes		86,195.70
		119,598.46
Decreased by:		
Disbursements		90,194.23
Balance as of December 31, 2016	\$	29,404.23

**ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2016**

Description	Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	# of Days	Amount
2009 Issue	417,800	Var	07/01/16	12/31/16	183	8,013.19
2012 Issue	719,000	Var	09/15/16	12/31/16	107	5,594.17
NJ EIT Bonds	655,000	5%	08/03/16	12/31/16	150	13,645.83
Bond Anticipation Note	1,475,000	2.50%	12/10/16	12/31/16	21	2,151.04
						\$ 29,404.23



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

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
17-14 Various Sewer Improvements	12/12/2014	12/12/2014	475,000	2.00%	475,000.00			-
17-14 Various Sewer Improvements	12/12/2014	12/8/2016	475,000	2.50%		475,000.00	475,000.00	475,000.00
14-15 Various Sewer Improvements	12/10/2015	12/10/2016	375,000	2.00%	375,000.00			-
14-15 Various Sewer Improvements	12/10/2015	12/8/2016	375,000	2.50%		375,000.00	375,000.00	375,000.00
14-15 Various Sewer Improvements	12/8/2016	12/8/2016	125,000	2.50%		125,000.00		125,000.00
8-16 Various Sewer Improvements	12/8/2016	12/8/2016	500,000	2.50%		500,000.00		500,000.00
				\$	<u>850,000.00</u>	<u>1,475,000.00</u>	<u>850,000.00</u>	<u>1,475,000.00</u>

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

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2016		Int. Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
Sewer Utility Bonds	06/23/09	954,000	07/01/17	133,500	3.75%	544,050.00	126,250.00	417,800.00
			07/01/18	140,750	3.75%			
			07/01/19	143,550	4.00%			
Sewer Utility Bonds	09/15/12	1,109,000	09/15/17	120,000	3.00%	839,000.00	120,000.00	719,000.00
			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%			
						<u>\$ 1,383,050.00</u>	<u>246,250.00</u>	<u>1,136,800.00</u>

See Accompanying Auditor's Report

**SEWER CAPITAL UTILITY FUND  
SCHEDULE OF NJEI TLOANS PAYABLE**

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2016		Int. Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
Series B 2010	12/02/10	910,000	08/01/17	60,000.00	5.00%	710,000.00	55,000.00	655,000.00
			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%			
Series B 2010	12/02/10	862,463	02/01/17	25,701.75	0.00%	554,042.00	77,105.25	476,936.75
			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%				
						<u>1,264,042.00</u>	<u>132,105.25</u>	<u>1,131,936.75</u>

See Accompanying Auditor's Report

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

Balance as of December 31, 2015		\$ 7,370,721.01
Increased by:		
Capital Outlay:		
NJ EIT Bonds Payable	132,105.25	
Serial Bonds Paid by Operating Budget	246,250.00	
	<u>378,355.25</u>	<u>378,355.25</u>
Balance as of December 31, 2016		\$ <u>7,749,076.26</u>

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2015	Paid in Operating Budget Bond	Balance Dec. 31, 2016
8-12	Various Sewer Capital Improvements	05/10/12	\$ 41,794.65		41,794.65
14-12	Various Sewer Capital Improvements	07/26/12	25,119.76	-	25,119.76
17-14	Various Sewer Capital Improvements	05/08/14	25,000.00		25,000.00
			<u>\$ 91,914.41</u>	<u>-</u>	<u>91,914.41</u>

See Accompanying Auditor's Report

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

Ord. Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorization	BANS Issued	Balance Dec. 31, 2016
14-15	Various Sewer Capital Improvements	\$ 125,000.00		125,000.00	-
8-16	Various Sewer Capital Improvements		500,000.00	500,000.00	-
		\$ 125,000.00	500,000.00	625,000.00	-

See Accompanying Auditor's Report

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**CITY OF SOMERS POINT**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

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## 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 \$40,000 except by contract or agreement."

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$40,000 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 \$40,000 "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:

Pump Station No. 1 Force Main Replacement

Reconstruction of Dawes & Wilmont Avenues

2016 Road Program

Purchase of one Dump Truck

Gateway Theatre Renovations

### Collection of Interest on Delinquent Taxes and Assessments

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

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

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

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

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

4. That a penalty equal to six (6) percent per annum of any delinquency in taxes and other municipal charges on a given parcel of real property shall be and hereby imposed where the delinquency exceeds \$10,000 at the end of each calendar year.

This Resolution shall take effect January 1, 2016.

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 2016 tax sale was held on September 30, 2016 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>
2016	15
2015	12
2014	12

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 2016 and 2017 Taxes	5
Payment of 2016 and 2017 Utility Bills	5
Delinquent Taxes	3
Delinquent Utility	5
Tax Title Liens	1

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.

Year	Current Fund		
	Tax Levy	Cash Collections	Percentage of Collections
2016	\$ 33,151,405	\$ 32,454,124	97.90%
2015	32,975,453	31,996,256	97.03%
2014	32,144,641	31,298,402	97.37%
2013	32,036,567	31,076,079	97.00%
2012	29,616,625	28,725,922	96.99%

### Comparative Schedule of Tax Rate Information

	2016	2015	2014	2013	2012
Tax Rate	\$ 2.823	\$ 2.794	2.700	4.650	4.294
Apportionment of Tax Rate:					
Municipal	0.906	0.881	0.839	1.390	1.295
County	0.499	0.491	0.471	0.881	0.708
Local School	0.824	0.827	0.768	1.306	1.264
Regional School	0.594	0.595	0.622	1.073	1.027
Assessed Valuation	\$ 1,172,378,100	\$ 1,178,038,500	1,188,371,800 Revaluation	683,027,574	687,703,793

### 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.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2016	\$ 151,325	808,605	959,930	2.90%
2015	137,197	842,484	979,681	2.97%
2014	132,630	664,380	797,010	2.48%
2013	98,837	874,125	972,962	3.04%
2012	88,489	823,844	912,333	3.08%

### 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:

Year	Amount
2016	\$ 19,412
2015	\$ 19,412
2014	\$ 19,412
2013	\$ 19,412
2012	\$ 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>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>		
2016	\$ 143,249	3,854	2,582,142	2,546,275
2015	109,786	1,919	2,720,188	2,737,158
2014	127,126	1,549	2,689,308	2,714,088
2013	161,420	961	2,200,345	2,135,038
2012	115,310	-	2,223,349	2,190,461

**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</u>	<u>Percentage of Fund Balance</u>
<b><u>Current Fund</u></b>			
2016	\$ 2,119,528	1,496,000	70.58%
2015	1,543,740	1,209,000	78.32%
2014	1,425,884	1,050,000	73.64%
2013	1,755,074	1,105,000	62.96%
2012	1,063,919	950,000	89.29%
<b><u>Sewer Utility Operating Fund</u></b>			
2016	\$ 815,326	29,999	3.68%
2015	652,649	-	0.00%
2014	343,823	-	0.00%
2013	26,449	-	0.00%
2012	256,449	230,000	89.69%

*Schedule of Findings and Recommendations*

**FINDINGS AND RECOMMENDATIONS**

NONE

**STATUS OF PRIOR 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

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