

# **EGG HARBOR CITY**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

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



# EGG HARBOR CITY

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**EGG HARBOR CITY**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2012**

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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 Common Council  
Egg Harbor City, New Jersey

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Egg Harbor City 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 Egg Harbor City as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the

Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## ***Other Matters***

### ***Other Information***

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

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

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

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 on our consideration of Egg Harbor City'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 Egg Harbor City's internal control over financial reporting and compliance.

*Robert E. Swartz*

Robert E. Swartz, CPA, RMA #319

*Ford Scott & Associates, LLC*

Ford Scott & Associates, LLC

June 24, 2013

**EXHIBIT A - CURRENT FUND**

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

	Ref.	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
Regular Fund:			
Cash - Treasurer	A-4	\$185,349	85,042
- Change Funds		150	150
Investment in Bond Anticipation Notes		<u>899,265</u>	<u>905,932</u>
		<u>1,084,764</u>	<u>991,124</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	15,206	8,671
Tax Title Liens Receivable	A-7	555,883	489,262
Property Acquired for Taxes - Assessed Valuation		440,589	440,589
Revenue Accounts Receivable	A-8	6,467	7,887
Prepaid Local School Tax		0	11,794
Due from Utility Operating Fund	D	0	35,281
Due from Grant Fund	A	0	76,017
		<u>1,018,145</u>	<u>1,069,501</u>
Deferred Charges:			
Emergency Authorization	A-3	37,500	2,400
Special Emergency NJSA 40A:4-55		88,000	120,000
		<u>125,500</u>	<u>122,400</u>
Total Assets - Current Fund		<u>2,228,409</u>	<u>2,183,025</u>

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

	Ref.	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
Federal and State Grant Funds:			
State Aid Receivable	A-12	1,338,736	1,775,040
Due from Current Fund	A	<u>61,806</u>	<u>0</u>
Total Assets - Grant Fund		<u>1,400,542</u>	<u>1,775,040</u>
Total Assets		<u><u>\$3,628,951</u></u>	<u><u>3,958,065</u></u>



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

	Ref.	2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-9	\$87,068	131,044
Reserve for Encumbrances/Accts Payable	A-3	79,985	41,406
Special Emergency Note		88,000	120,000
Tax Overpayments		24,187	26,985
Taxes Collected in Advance		100,753	91,248
Payroll Taxes Payable		24,468	25,017
Amounts due to:			
Grant Fund	A	61,806	0
Street Opening Trust	B	0	1,132
Program Loan Trust		0	27,971
Fire Department		0	4,617
State of New Jersey-			
Veterans and Senior Citizens		22,921	19,931
Marriage License Fees		200	225
Burial Permit Fees		20	20
DCA Fees		519	345
Dog License Fees		6	0
Regional High School District - Taxes	A-11	82,456	121,875
County of Atlantic-Added Taxes		1,204	1,460
Reserve for:			
Land Sales		394,391	356,611
Curbs and Sidewalks		7,652	7,652
Reassessment		7,805	31,805
Revaluation		6,715	11,215
Master Plan		0	13
Total Liabilities		990,156	1,020,572

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

	Ref.	<u>2012</u>	<u>2011</u>
Reserves for Receivables and Other Assets	A	1,018,145	1,069,501
Fund Balance	A-1	<u>220,108</u>	<u>92,952</u>
Total Liabilities, Reserves and Fund Balance - Current Fund		<u>2,228,409</u>	<u>2,183,025</u>
Federal and State Grant Fund:			
Res. for State Grants-Appropriated	A-13	925,461	843,950
Res. for State Grants-Unappropriated	A-14	6,898	11,657
Reserve for Encumbrances/Accts Payable	A-13	400,046	775,279
Due to Current Fund	A	0	76,017
Due to Trust Fund	B	<u>68,137</u>	<u>68,137</u>
Total Liabilities - Grant Fund		<u>1,400,542</u>	<u>1,775,040</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$3,628,951</u></u>	<u><u>3,958,065</u></u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31,**

	Ref.	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$90,552	195,000
Miscellaneous Revenue Anticipated	A-2	2,372,281	2,515,563
Receipts from Delinquent Taxes	A-2	102,280	34,899
Receipts from Current Taxes	A-2	8,761,796	8,776,894
Non Budget Revenue	A-2	53,527	22,890
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves	A-9	99,683	149,141
Cancellation of Prior Year Liability		746	37,637
Interfunds Returned		0	11,498
 Total Income		<u>11,480,865</u>	<u>11,743,522</u>
 Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	2,098,593	2,243,035
Other Expenses	A-3	2,680,865	2,892,551
Deferred Charges and Statutory			
Expenditures	A-3	651,204	614,549
Capital Improvements	A-3	463,000	492,500
Debt Service	A-3	309,790	303,502
Transferred to Board of Education for Use by			
Local and Regional High School Districts	A-3	36,917	0
Local District School Tax	A-10	2,710,900	2,654,406
County Tax		963,285	1,086,636
County Share of Added Taxes		1,204	1,460
Regional High School Tax	A-11	1,379,444	1,345,800
Cancellation of prior year revenue		5,455	813
Interfunds Created		0	123,092
 Total Expenditures		<u>11,300,657</u>	<u>11,758,344</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31,**

	Ref.	<u>2012</u>	<u>2011</u>
Excess in Revenue		180,208	
Deficit in Revenue			14,822
Adjustments to Income before Fund Balance:			
Expenditures included above which are by			
Statute deferred Charges to Budget of			
Succeeding Year	A-3	37,500	62,400
Statutory Excess to Fund Balance		<u>217,708</u>	<u>47,578</u>
Fund Balance January 1	A	92,952	240,374
		<u>310,660</u>	<u>287,952</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	90,552	195,000
Balance December 31	A	<u><u>\$220,108</u></u>	<u><u>92,952</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87 REALIZED	
Surplus Anticipated	\$0	0	
Surplus Anticipated with Prior Written Consent of Director of Local Government Services	90,552	90,552	
	90,552	0 90,552	0
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	17,500	18,911	1,411
Other	44,900	41,273	(3,627)
Fines:			
Municipal Court	87,500	97,173	9,673
Interest and Costs on Taxes	61,000	46,545	(14,455)
Interest on Investments	1,900	3,002	1,102
Rental of Municipal Property	17,500	16,550	(950)
Lake Parking Fees	51,900	52,774	874
Mayor Marriage Fees	1,000	1,500	500
Campground Royalty	2,500	3,627	1,127
Total Section A	285,700	0 281,355	(4,345)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87 REALIZED	
Section B: State Aid without Offsetting Appropriations			
Energy Receipts Tax	412,547	412,547	
Consolidated Municipal Property Tax Relief Act	60,914	60,914	
Total Section B	473,461	0 473,461	0
Section C: Dedicated Uniform Construction Code Fees Offset with Appropriations			
Construction Code Official	32,000	25,230	(6,770)
Total Section C	32,000	0 25,230	(6,770)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87	
Section F: Special Items of General Revenue			
Anticipated with Prior Written Consent of Director			
of Local Government Services-Public and			
Private Revenues Offset with Appropriations			
NJ Transportation Trust Fund Authority Act			
Reconstruction of New Orleans Avenue		180,000	180,000
NJ Department of Transportation Discretionary Aid			
Diesterweg Walkway		250,000	250,000
Drunk Driving Enforcement Fund	9,169		9,169
Clean Communities Program		10,342	10,342
Municipal Alliance on Alcoholism and Drug Abuse	12,380		12,380
Body Armor Fund	1,693		1,693
Bulletproof Vest	795		795
Small Cities-CDBG Senior Affordable Housing	382,982		382,982
Atlantic County Police Grant - Hang Up & Drive		2,000	2,000
Total Section F	407,019	442,342	849,361
			0

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87 REALIZED	
Section G: Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Governments-Other Special Items				
Uniform Fire Safety Act	A-8	11,850	11,502	(348)
JIF Safety Dividend	A-4	27,080	27,080	
Rental Registrations	A-8	31,900	32,075	175
Prepaid School Taxes		11,794	11,794	
Payment in Lieu of Taxes	A-8	12,000	12,069	69
Cemetery Contributions	A-4	15,000	15,000	
Reserve for Land Sales		356,611	356,611	
EHC North Payment		156,109	156,109	
EMS Rental Income	A-4	9,336	9,336	
Interfund Returned - Due from Utility Fund		35,281	35,281	
Interfund Returned - Due from Grant Fund		47,000	76,017	29,017
FEMA Prior Year Snow Emergency Reimbursement		22,500		(22,500)
Total Section G		736,461	0	742,874
Total Miscellaneous Revenue		1,934,641	442,342	2,372,281
Receipts from Delinquent Taxes	A-1:A-2	43,400	102,280	58,880
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purpose	A-7:A-2	3,833,059	3,847,923	14,864

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87 REALIZED	
	3,833,059	3,847,923	14,864
	5,901,652	442,342 6,413,036	69,042
A-2		53,527	53,527
	<u>\$5,901,652</u>	<u>442,342 6,466,563</u>	<u>122,569</u>
Ref.	A-3	A-3	

Total Amount to be Raised by Taxes  
for Support of Municipal Budget

Budget Totals

Non-Budget Totals

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

Ref.

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

Revenue from Collections	A-1:A-6	\$8,761,796
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Allocated to:

School and County Taxes		<u>5,054,833</u>
-------------------------	--	------------------

Balance for Support of Municipal

Budget Appropriations		3,706,963
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Add:

Appropriation "Reserve for Uncollected Taxes"	A-3	<u>140,960</u>
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Amount for Support of Municipal

Budget Appropriations	A-2	<u><u>\$3,847,923</u></u>
-----------------------	-----	---------------------------

Receipts from Delinquent Taxes:

Delinquent Tax Collections	A-6	\$8,327
----------------------------	-----	---------

Tax Title Lien Collections	A-7	93,953
----------------------------	-----	--------

	A-2	<u><u>\$102,280</u></u>
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**CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Ref.

ANALYSIS OF NON BUDGET REVENUE

Miscellaneous Revenue not Anticipated:

Treasurer:

Police Reports		\$890
Cable Franchise Fee		12,721
Motor Vehicle Commission Fees		225
Sale of Property		16,470
JIF Dividend		16,033
Tax Import Fees		500
Other Miscellaneous	A-4	6,688

Total Miscellaneous Revenue  
not Anticipated

A-1:A-2

\$53,527

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

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED		
GENERAL GOVERNMENT:							
Administrative and Executive							
Salaries and Wages							
Governing Body	\$29,200	29,200	29,200				
Municipal Clerk (Other)	89,200	90,700	90,150		550		
Other Expenses							
City Clerk	16,200	17,200	15,940	1,149	111		
Governing Body	5,220	5,220	4,889	331			
Financial Administration							
Salaries and Wages	69,360	61,860	61,533		327		
Other Expenses	26,100	27,850	25,101	2,701	48		
Audit Services	26,500	25,500	25,500				
Assessment of Taxes							
Salaries and Wages	18,773	18,773	18,773				
Other Expenses:							
Miscellaneous Other Expenses	8,550	8,850	8,123	570	157		
Tax Collector							
Salaries and Wages	32,000	32,250	31,981		269		
Other Expenses:							
Tax Sale Costs	500	500			500		
Miscellaneous Other Expenses	5,500	5,500	4,498	349	653		
Liquidation of Tax Title Liens and Foreclosed Property							
Other Expenses	100	100			100		
Legal Services and Costs							
Other Expenses	81,000	116,000	105,658	4,533	5,809		
Municipal Prosecutor							
Salaries and Wages	11,500	10,550	10,542		8		
Engineering Services and Costs							
Other Expenses	2,200	1,450	952		498		
Public Buildings and Grounds							
Other Expenses	22,770	39,770	26,348	5,401	8,021		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED		
Municipal Land Use Law (N.J.S.A. 40:55D-1) Planning Board Other Expenses	8,550	8,550	7,963	553	34		
Zoning/Code Board of Adjustment Salaries and Wages	68,475	68,375	68,290		85		
Other Expenses	3,150	3,650	3,556		94		
Economic Development Other Expenses	100	100	0		100		
PUBLIC SAFETY:							
Fire							
Salaries and Wages	2,650	2,650	2,650				
Other Expenses:							
Aid to Volunteer Companies	21,000	21,000	21,000				
Fire Prevention							
Salaries and Wages	12,175	12,175	12,175		46		
Other Expenses	2,340	2,490	2,141	303			
Right to Know Act/Safety Coordinator							
Salaries and Wages	1,560	1,560	1,560		20		
Other Expenses	270	20					
Police							
Salaries and Wages	1,277,000	1,319,800	1,314,246		5,554		
Other Expenses:							
Purchase of Police Car	14,500	14,500	14,500				
Miscellaneous Other Expenses	33,525	33,525	28,813	3,044	1,668		
Police Radio and Communications							
Salaries and Wages	3,875	3,875	3,875				
Other Expenses	176,100	176,100	176,100				
Municipal Court							
Salaries and Wages	89,000	80,500	79,068		1,432		
Other Expenses	9,450	10,300	10,273	19	8		
Public Defender							
Salaries and Wages	4,500	4,500	4,125		375		
First Aid Organization - Contribution	10,800	10,800	10,800				

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED		
Emergency Management Services							
Salaries and Wages	1,050	1,050	1,050				
Other Expenses	900	900	464	257		179	
<b>PUBLIC WORKS</b>							
Solid Waste Collection (Public Works)							
Salaries and Wages	305,000	291,250	290,783			467	
Other Expenses:							
Hauling Fee (Tipping and Hauling Fee)	257,000	255,000	249,617	4,351	1,032		
Miscellaneous Other Expenses	37,195	39,195	26,714	5,548	6,933		
Solid Waste Disposal Cost	126,000	131,000	113,969	11,949	5,082		
<b>City Garage</b>							
Salaries and Wages	100	100			100		
Other Expenses	90	90			90		
<b>HEALTH AND WELFARE</b>							
Animal Control							
Other Expenses	9,600	9,600	9,600				
<b>RECREATION AND EDUCATION:</b>							
Parks and Playgrounds							
Salaries and Wages	34,600	33,225	33,219		6		
Other Expenses							
Lining of Kern Field	25	25			25		
Miscellaneous Other Expenses	11,200	12,575	6,643	900	5,032		
<b>Anniversary or Holiday:</b>							
Other Expenses	4,433	4,433	3,433	500			
<b>Youth Program:</b>							
Other Expenses:							
Key Rec Youth Program	5,000	5,000	5,000				
Crusaders Youth Program	14,000	14,000	1,905	12,095			

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED		
Insurance						
Group Insurance Plans for Employees	608,400	589,750	586,708	689	2,353	
Firemen's Group Insurance Premiums	30,000	28,000	26,339		1,661	
Surety Bond Premiums	1,000	250			250	
Liability Insurance	117,984	117,984	117,984			
Workers Compensation	96,532	96,532	96,532			
State Uniform Construction Code						
Construction Official						
Salaries and Wages	35,600	36,200	35,990		210	
Other Expenses	900	900	753	58	89	
UNCLASSIFIED:						
Street Lighting	86,900	97,900	87,725	8,530	1,645	
Gasoline	75,000	82,000	66,503	5,084	10,413	
Electric	122,200	92,200	81,506	6,022	4,672	
Natural Gas	43,000	36,000	22,072	3,717	10,211	
Telephone	41,000	33,500	25,548	705	7,247	
Fire Hydrant Service	15,000	15,000	15,000			
Accumulated Absences	25,000	25,000	25,000			
Total Operations within "CAPS"	4,288,402	4,314,402	4,150,380	79,358	84,664	0
Contingent		0				0
Total Operations Including Contingent-within "CAPS"	4,288,402	4,314,402	4,150,380	79,358	84,664	0
Detail:						
Salaries and Wages	2,085,618	2,098,593	2,089,210	0	9,383	0
Other Expenses	2,202,784	2,215,809	2,061,170	79,358	75,281	0

**DEFERRED CHARGES AND STATUTORY EXPENDITURES -  
MUNICIPAL WITHIN "CAPS"**

**STATUTORY EXPENDITURES:**

Contribution to:	
Public Employees' Retirement System	156,340
Social Security System (O.A.S.I.)	162,685
Police and Firemen's Retirement System of N.J.	251,464
Unemployment Comp. Ins.	25,000
	1,315

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	587,804	596,804	595,489	0	1,315	0
Total General Appropriations for Municipal Purposes within "Caps"	4,876,206	4,911,206	4,745,869	79,358	85,979	0
<u>MANDATED EXPENDITURES PER N.J.S.A. 40A:4-45.3g EXCLUDED FROM "CAPS"</u>						
Recycling Tax Appropriation	6,000	6,000	5,001		999	
Group Insurance Plans For Employees	36,600	36,600	36,600			
Total Other Operations - Excluded from "CAPS"	42,600	42,600	41,601	0	999	0
<u>Public and Private Programs Offset by Revenues</u>						
Clean Communities	0	10,342	10,342			
Recycling Other Expenses	9,169	9,169	9,169			
Small Cities CDBG - Senior Affordable Housing	382,982	382,982	382,982			
Atlantic County-Hang Up Just Drive		2,000	2,000			
Drug Abuse Resistance Education	12,380	12,380	12,380			
Drug Abuse Resistance Education-Local Match	3,095	3,095	3,095			
Bulletproof Vest	795	795	795			
Body Armor Fund	1,693	1,693	1,693			
Total Public and Private Programs Offset by Revenues	410,114	422,456	422,456	0	0	0
Total Operations - Excluded from "CAPS"	452,714	465,056	464,057	0	999	0
Detail:						
Salaries & Wages						
Other Expenses	452,714	465,056	464,057	0	999	0

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



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

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED		
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>							
Capital Improvement Fund	25,000	25,000	25,000				
Lake - Roof on Boathouse	4,500	4,500	4,410		90		
Pembroke Preliminary Work	3,500	3,500	2,873	627			
New Jersey Department of Transportation Reconstruction of New Orleans Avenue Diesterweg Walkway		180,000 250,000	180,000 250,000				
Total Capital Improvements Excluded from "CAPS"	33,000	463,000	462,283	627	90	0	0
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>							
Payment of Bond Principal	165,000	165,000	165,000				
Payment of Bond Anticipation Notes	50,000	50,000	50,000				
Interest on Bonds	66,455	66,455	66,454			1	
Interest on Notes	26,000	28,500	28,336			164	
Total Municipal Debt Service-Excluded from "CAPS"	307,455	309,955	309,790	0	0	165	0
<b>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</b>							
Emergency Authorizations	2,400	2,400	2,400				
Special Emergency Authorizations - 5 Years	32,000	32,000	32,000				
Improvement to Philadelphia Avenue	20,000	20,000	20,000				
Total Deferred Charges - Municipal - Excluded from "CAPS"	54,400	54,400	54,400	0	0	0	0

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED		
Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 & 17.3)	36,917	36,917	36,917			0	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	884,486	1,329,328	1,327,447	627	1,089	165	0
Subtotal General Appropriations	5,760,692	6,240,534	6,073,316	79,985	87,068	165	0
Reserve for Uncollected Taxes	140,960	140,960	140,960				
Total General Appropriations	<u>\$5,901,652</u>	<u>6,381,494</u>	<u>6,214,276</u>	<u>79,985</u>	<u>87,068</u>	<u>165</u>	<u>0</u>
Budget	A-2	5,901,652					
Emergency Authorization	A:A-1	37,500					
NJSA 40A:4-87	A-2	442,342					
		<u>\$6,381,494</u>					
Reserve for Uncollected Taxes			140,960				
Grants			852,456				
Deferred Charges			54,400				
Disbursed			5,311,116				
			<u>6,358,932</u>				
Appropriation Refunds			144,656				
			<u>\$ 6,214,276</u>				

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**EXHIBIT B - TRUST FUND**

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

B  
Sheet 1 of 2

	Ref.	2012	2011
<b><u>ASSETS</u></b>			
<b><u>Animal Control Fund</u></b>			
Cash - Treasurer	B-1	\$2,325	3,005
		<u>2,325</u>	<u>3,005</u>
<b><u>Other Funds</u></b>			
Cash - Treasurer	B-1	312,168	139,610
Cash - Tax Collector	B-2	40,934	64,972
Due from Current Fund	A		
Street Opening		0	1,132
Program Loans		0	27,971
Due from Grant Fund	A	68,137	68,137
		<u>421,239</u>	<u>301,822</u>
		<u>423,564</u>	<u>304,827</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
<b><u>Animal Control Fund</u></b>			
Reserve for Dog Expenditures	B-3	2,325	3,005
		<u>2,325</u>	<u>3,005</u>

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

B  
Sheet 2 of 2

	Ref.	<u>2012</u>	<u>2011</u>
<u>Other Funds</u>			
Reserve for Escrow	B-8	41,784	42,640
Reserve for Landfill Closure	B-7	8,318	8,314
Unemployment Trust Fund	B-5	3,203	7,376
Reserve for Tax Title Lien Redemptions	B-9	23,034	13,572
Reserve for Tax Sale Premiums	B-9	17,900	51,400
Reserve for Law Enforcement Trust	B-10	16,658	19,686
Reserve for Recreation Trust	B-11	2,532	3,063
Reserve for Recreation Fees - Developers		14,000	10,000
Reserve for POAA	B-12	79	75
Reserve for Accumulated Absences	B-14	46,212	25,583
Reserve for Maintenance Bonds		160,082	22,540
Reserve for Program Loan Repayment		84,110	96,107
Reserve for Community Events		620	334
Reserves for Street Opening Escrow	B-13	2,707	1,132
		<u>421,239</u>	<u>301,822</u>
		<u>\$423,564</u>	<u>304,827</u>

## **EXHIBIT C - CAPITAL FUND**

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

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
Cash	C-2:C-3	\$46,386	143
Deferred Charges to Future Taxation - Funded	C-4	1,562,000	1,727,000
Deferred Charges to Future Taxation - Unfunded	C-5	1,792,629	1,411,379
		<u>3,401,015</u>	<u>3,138,522</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Bond Anticipation Notes Payable	C-9	1,287,050	1,218,300
General Serial Bonds	C-8	1,562,000	1,727,000
Encumbrances Payable/Contracts Awarded	C-7	315,944	89,389
Reserves for:			
Demolition of Property		4,353	4,353
Development of City Airport		1,920	0
Design Expenses for Diesterweg Walkway/Bikepath Phase II		2,260	0
Improvement Authorizations -			
Funded	C-7	21,259	27,590
Unfunded	C-7	200,864	45,040
Capital Improvement Fund	C-6	5,000	18,750
Fund Balance	C-1	365	8,100
		<u>\$3,401,015</u>	<u>3,138,522</u>

There were Bonds and Notes authorized but not issued at December 31, 2012 and 2011 of \$505,579 and \$193,079, respectively (C-10).

**GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
AS OF DECEMBER 31**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Balance December 31,	C	\$8,100	8,100
Increased by:			
Premium on Sale of Notes	C-2:C-3	<u>3,765</u>	<u>0</u>
		11,865	8,100
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-7	<u>11,500</u>	<u>0</u>
Balance December 31,	C	<u><u>\$365</u></u>	<u><u>8,100</u></u>

**EXHIBIT D - WATER AND SEWER UTILITY FUND**

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

	Ref.	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash - Treasurer	D-5	\$445,869	368,384
Change Fund		125	125
		<u>445,994</u>	<u>368,509</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	11,975	14,814
Water and Sewer Utility Liens	D-8	5,017	15,674
		<u>16,992</u>	<u>30,488</u>
Deferred Charges:			
Deficit in Operations	D-9	0	14,159
		<u>0</u>	<u>14,159</u>
Total of Operating Fund		<u>\$462,986</u>	<u>413,156</u>

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

	Ref.	2012	2011
Capital Fund:			
Cash		\$553,336	791,664
Grants Receivable		3,124,100	0
Fixed Capital - Sewer	D-10	12,774,065	9,825,635
Fixed Capital - Water	D-11	10,643,413	7,694,983
Fixed Capital - Authorized & Uncomp.	D-12	7,073,241	12,970,100
Total of Capital Fund		34,168,155	31,282,382
		34,631,141	31,695,538
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-13	69,449	83,446
Reserve for Encumbrances	D-4	14,675	8,536
Due to Current Fund	A	0	35,281
Accrued Interest on Bonds	D-14	128,465	130,743
Utility Rent Overpayments	D-15	2,189	2,150
Utility Rents Paid in Advance		140,581	122,512
		355,359	382,668
Reserve for Receivables	Res.	16,992	30,488
Fund Balance	D-1	90,635	0
Total of Operating Fund		\$462,986	413,156

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

	Ref.	<u>2012</u>	<u>2011</u>
Capital Fund:			
Bond Anticipation Notes	D-21	1,626,665	1,633,332
Serial Bonds-Water and Sewer	D-20	12,396,182	12,644,808
Encumbrances Payable/Contracts Awarded	D-16	7,411,354	284,834
Accrued Interest on Notes	D-14	10,173	15,431
Improvement Authorizations			
Unfunded	D-16	2,009,098	6,235,696
Reserves for:			
Amortization - Water	D-17	4,990,341	4,940,938
Amortization - Sewer	D-18	3,161,000	2,955,110
Amortization - Deferred	D-19	2,338,517	2,338,517
Reserve for Land Sales		55,055	52,268
Reserve to Pay Debt		130,931	130,930
Fund Balance	D-2	38,839	50,518
Total of Capital Fund		<u>34,168,155</u>	<u>31,282,382</u>
Total Liabilities, Reserves and Fund Balance		<u>\$34,631,141</u>	<u>31,695,538</u>

There were Bonds and Notes authorized but not issued at December 31, 2012 and 2011 of \$5,978,013 and \$5,978,013, respectively (D-22).

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

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized</u>			
Rents	D-3	\$1,195,939	1,198,812
Miscellaneous Revenue Anticipated	D-3	31,539	34,388
Fire Hydrant Service	D-3	15,000	15,000
Increase in Rental Fees	D-3	37,950	0
Reserve for Land Sales	D-3	52,268	182,922
Grant - USDA Water Treatment Plant	D-3	3,124,100	0
EHC North Land Sale	D-3	305,500	0
Utility Capital Surplus	D-2:D-3	14,159	0
FEMA Reimbursement	D-3	0	61,008
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	70,196	35,281
<b>Total Income</b>		<u>4,846,651</u>	<u>1,527,411</u>
<u>Expenditures</u>			
Operating	D-4	911,484	979,955
Capital Improvements	D-4	3,124,100	0
Debt Service	D-4	681,273	501,182
Deferred Charges and Statutory			
Expenditures	D-4	39,159	25,000
Refund of Prior Year Revenue		0	35,433
<b>Total Expenditures</b>		<u>4,756,016</u>	<u>1,541,570</u>
Excess in Revenue		90,635	
Deficit in Revenue			14,159
Adjustments to Income before Fund Balance:			
Expenditures included above which are by			
Statute deferred charges to budget of			
succeeding year		<u>0</u>	<u>0</u>
Operating Deficit to be Raised in Budget of			
Succeeding Year			<u><u>14,159</u></u>
Statutory Excess to Fund Balance		90,635	0
Fund Balance January 1	D	0	0
Decreased by:			
Utilization as Anticipated Revenue	D-1:D-3	<u>0</u>	<u>0</u>
Fund Balance December 31	D	<u><u>\$90,635</u></u>	<u><u>0</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



**WATER AND SEWER CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Balance Beginning of Year	D	\$50,518	49,317
Increased by:			
Premium on Sale of Notes	D-5	<u>2,480</u>	<u>1,201</u>
		52,998	50,518
Decreased by:			
Anticipated in 2012 Operating Budget	D-3	<u>14,159</u>	<u>0</u>
Balance End of Year	D	<u><u>\$38,839</u></u>	<u><u>50,518</u></u>

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

	<u>Ref.</u>	<u>ANTIC. BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Surplus Anticipated	D-1	\$0		
Water and Sewer Rents	D-1:D-3	1,198,812	1,195,939	(2,873)
Miscellaneous	D-1:D-3	32,000	31,539	(461)
Fire Hydrant Services	D-1	15,000	15,000	0
Increase in Rental Fees	D-1:D-3	37,950	37,950	0
Grant - USDA Water				0
Treatment Plant	D-1:D-4	3,124,100	3,124,100	0
EHC North Land Sale	D-1	281,727	305,500	23,773
Utility Capital Surplus	D-1:D-2	14,159	14,159	0
Reserve for Land Sales	D-1	52,268	52,268	0
		<u>\$4,756,016</u>	<u>4,776,455</u>	<u>20,439</u>

**Analysis of Realized Revenue**

Rents

Consumer Accounts Receivable	D-6:D-7	\$1,216,632
Utility Liens	D-8	17,296
Overpayments Created	D-7:D-14	<u>(39)</u>

Total Collections 1,233,889

Less: Increase in Rental Fees 37,950

Current Year Revenue Realized \$1,195,939

Miscellaneous

Interest and Penalties	\$7,528
Water Tap Fee	2,200
Sewer Tap Fee	3,200
Fire	15,228
Miscellaneous Other	<u>3,383</u>

Total Revenue Realized D-5 \$31,539

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

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED	OVER - EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATING</b>							
Salaries and Wages	\$256,000	236,000	228,434		7,566		
Other Expenses	352,844	372,844	312,585	14,675	45,584		
Engineering Fees	5,000	5,000	260		4,740		
Legal Fees	9,500	9,500	4,079		5,421		
Atlantic County Sewerage Authority - Contractual	288,140	288,140	288,140				
	911,484	911,484	833,498	14,675	63,311	0	0
<b>CAPITAL IMPROVEMENTS</b>							
Grant - USDA Water Treatment Plant	0	3,124,100	3,124,100		0		
	0	3,124,100	3,124,100	0	0	0	0
<b>DEBT SERVICE</b>							
Payment of Bond Principal	248,626	248,626	248,626				
Payment of Bond Anticipation Notes and Capital Notes	6,667	6,667	6,667				
Interest on Bonds	425,980	425,980	425,980				
	681,273	681,273	681,273	0	0	0	0
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>							
Deferred Charges:							
None							
Statutory Expenditures							
Contribution to:							
Social Security System (O.A.S.I.)	24,000	24,000	17,862		6,138		
Unemployment Compensation Insurance	1,000	1,000	1,000				
Deficits in Operations in Prior Years	14,159	14,159	14,159				
	39,159	39,159	33,021	0	6,138	0	0
	\$1,631,916	4,756,016	4,671,892	14,675	69,449	0	0
Ref.	D-3:D-4	D-3:D-4	D-1	D:D-1	D:D-1		D
Adopted Budget		1,631,916					
NJSA 40A:4-87		3,124,100					
		<u>\$4,756,016</u>					

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	
Interest on Bonds and Notes	D-14	\$425,980
Deferred Charges and Statutory Expenditures	D-9	14,159
Capital Improvements	D-16	3,124,100
Disbursed	D-5	1,112,541
		<hr/> 4,676,780
Appropriation Refunds	D-5	<hr/> (4,888)
	D-5	<hr/> <hr/> \$4,671,892

**EXHIBIT G - GENERAL FIXED ASSET GROUP OF ACCOUNTS**

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

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$859,675	859,675
Buildings	1,548,321	1,548,321
Improvements	561,682	561,682
Equipment	717,813	839,828
Vehicles	1,844,303	1,826,318
Furniture	12,332	65,687
	<u>5,544,126</u>	<u>5,701,511</u>
Investment in General Fixed Assets	<u>\$5,544,126</u>	<u>5,701,511</u>

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## **NOTES TO FINANCIAL STATEMENTS**

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## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

##### **A. Reporting Entity**

Egg Harbor City was incorporated in 1858 and is located in the northern section of Atlantic County. The population estimate by the US Department of Census as of July 2010 is 4,398. The City provides to its citizens the following services: public safety, recreation, public improvements, planning and zoning, garbage and trash collection, water and sewer services, and general administrative services.

Egg Harbor City is governed by a Mayor and a nine-member City Council. The Mayor is the chief executive officer and Council is the legislative body of the City. The Mayor is elected to a four-year term and the nine City Council members are elected to three-year terms. The Council monitors the daily administrative functions.

Except as noted below, the financial statements of Egg Harbor City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by Egg Harbor City, 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. Egg Harbor City operates a Cemetery which is managed by a seven member board. Although the Cemetery is a component unit of the City, under State of New Jersey reporting requirements it is not included in these financial statements. Complete financial statements of the Egg Harbor City Cemetery may be obtained from the City Clerk, Egg Harbor City, 500 London Avenue, Egg Harbor City, NJ 08215.

##### **B. Description of Funds**

The accounting policies of Egg Harbor City 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, Egg Harbor City 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.

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

Water and Sewer Operating and Capital Funds -- account for the operations and acquisition of capital facilities other than those acquired in the Current Fund.

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; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts 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.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the City to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of the foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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.

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2012 AND 2011

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

General Fixed Assets -- Egg Harbor City has developed a fixed assets accounting and reporting system in accordance with the requirements of the State of New Jersey, Division of Local Government Services. This reporting system 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. The City's fixed asset capitalization threshold is \$5,000 for both general and utility capital assets.

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 have not been accounted for separately.

Property and equipment purchased by the Water and 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 balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

The following schedule is a summarization of the changes in general fixed assets for the calendar years ended December 31, 2012 and 2011.

	Balance as of <u>12-31-11</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	Balance as of <u>12-31-12</u>
Land	\$859,675			859,675
Buildings	1,548,321			1,548,321
Improvements	561,682			561,682
Equipment	839,828		(122,015)	717,813
Furniture	65,687		(53,355)	12,332
Vehicles	1,826,318	91,167	(73,182)	1,844,303
	<u>5,701,511</u>	<u>91,167</u>	<u>(248,552)</u>	<u>5,544,126</u>

	Balance as of <u>12-31-10</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	Balance as of <u>12-31-11</u>
Land	859,675			859,675
Buildings	1,548,321			1,548,321
Improvements	371,982	189,700		561,682
Equipment	839,828			839,828
Furniture	65,687			65,687
Vehicles	1,826,318			1,826,318
	<u>\$5,511,811</u>	<u>189,700</u>	<u>0</u>	<u>5,701,511</u>

The following schedule is a summarization of the changes in utility capital fixed assets for the calendar years ended December 31, 2012 and 2011. Under New Jersey Statutory Accounting no depreciation is taken on these assets.

	Balance as of <u>12-31-11</u>	<u>Additions</u>	<u>Disposals</u>	Balance as of <u>12-31-12</u>
Sewer Assets	\$9,825,635	2,948,430		12,774,065
Water Assets	7,694,983	2,948,430		10,643,413
Authorized Assets	12,970,100		(5,896,859)	7,073,241
	<u>30,490,718</u>	<u>5,896,859</u>	<u>(5,896,859)</u>	<u>30,490,718</u>

	Balance as of <u>12-31-10</u>	<u>Additions</u>	<u>Disposals</u>	Balance as of <u>12-31-11</u>
Sewer Assets	9,712,569	113,066		9,825,635
Water Assets	7,694,983			7,694,983
Authorized Assets	15,872,000		(2,901,000)	12,870,100
	<u>\$33,279,552</u>	<u>113,066</u>	<u>(2,901,000)</u>	<u>30,490,718</u>

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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

Utility Levy – The City operates both a sewer and water utility. Rates are determined by ordinance and changed when needed. Sewer charges are based on flat fees based on the type of entity. Water charges are based on a flat “meter” charge, based on the size of the meter, plus a usage charge as determined by meter readings. The water and sewer charges are billed on January 1, April 1, July 1, and October 1. The City establishes a 100% reserve for all outstanding water and sewer receivables. Revenue is recognized when the payment is made.

Interest on Delinquencies – On an annual basis, City Council determines the rate of interest to charge for delinquent tax and utility charges. For the years 2012 and 2011 the City charged 8% of the first \$1,500 of delinquency and 18% for any cumulative amount in excess of \$1,500. In addition, there is an annual charge of 6% for any delinquencies in excess of \$10,000 on December 31. The City allows a ten (10) day grace period from the quarterly due date; but, the interest is calculated from the due date for any payments beyond the grace period.

Capitalization of Interest -- It is the policy of Egg Harbor City to treat interest on general capital projects as a current expense and the interest is included in the current operating budget. For utility capital projects, the City elects on a project by project basis the decision to capitalize interest.

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 reports amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basic Financial Statements – GASB prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. GAAP prescribes that the financial statements must be presented on an entity wide basis including all funds exclusive of fiduciary funds and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all of the non fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary and fiduciary funds. The New Jersey Regulatory basis requires reporting on the appropriate separate fund financial statements and the fixed asset account group.

#### **D. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2012 AND 2011**

been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

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

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

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City's financial reporting.

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City's financial reporting.

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

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the financial position of the City.

#### **Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2012 and 2011 statutory budgets included a reserve for uncollected taxes in the amount of \$140,960 and \$74,466. To balance the budget, the municipality is required to show a



# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2012 AND 2011**

budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$90,552 and \$195,000.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2012 and 2011 calendar years:

Budget Category	2012	2011
<u>Current Fund</u>		
Legal Services and Expenses		
Other Expenses	35,000	19,000
Public Buildings and Grounds		
Other Expenses	(18,000)	
Surety Bonds		
Group Insurance for Employees	(18,650)	(15,000)
Police		
Salaries and Wages	42,800	
Police Radio and Communications		
Salaries and Wages		(38,560)
Other Expenses		45,906
Solid Waste Disposal		(16,250)
Municipal Court		
Salaries and Wages	(8,500)	
Department of Public Works		
Salaries and Wages	(13,750)	
Street Lighting	11,000	
Electric	(30,000)	20,000
Contribution to:		
Social Security System	9,000	(21,096)
Unemployment Insurance		10,000

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2012 and 2011 calendar years, City Council approved the following significant budget insertions

	2012	2011
New Jersey Department of Transportation		
Reconstruction of New Orleans Avenue	\$ 180,000	190,000
Discretionary Aid – Diesterweg Walkway	250,000	
Clean Communities	10,342	
US Rural Development –		
Construction of Water Treatment Plant	3,124,100	

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2012 AND 2011

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 Common Council did not approve any special emergency appropriations during 2012. During 2011, a special emergency in the amount of \$60,000 to fund the costs of a property reassessment was approved. During the 2012 and 2011 calendar years, the following emergency appropriations were approved by the Common Council:

	<u>2012</u>	<u>2011</u>
Public Buildings and Grounds		
Other Expenses	\$35,000	
Interest on Notes	2,500	2,400

#### Note 3: INVESTMENTS

As of December 31, 2012 and 2011, the municipality has investments totaling \$899,265 and \$905,932.

During the period ended December 31, 2012 and 2011 the City held investments in Bond Anticipation Notes of the City in the amounts of \$899,265 and \$905,932. These investments represent 100% of the City's investments. Interest is charged at 0.00% per annum. The fair value measurement of these investments fall within the Level 3 hierarchy level, indicating there is no measurable input for the asset or liability. There has been no change in valuation technique or related inputs.

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

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

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

#### Note 4: CASH

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. 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

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2012 AND 2011

are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2012 and 2011, \$0 of the municipality's bank balance of \$1,564,409 and \$1,892,216 was exposed to custodial credit risk.

#### Note 5: LONG TERM DEBT

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

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
General	\$1,727,000	0	165,000	1,562,000	175,000
Water & Sewer					
Utility	12,644,808	0	248,626	12,396,182	258,282
Comp. Absences	313,645	246,918	216,191	344,372	630
Total	<u>\$14,685,453</u>	<u>246,918</u>	<u>629,817</u>	<u>14,302,554</u>	<u>433,912</u>

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

\$2,317,000 General Improvement Bond dated 12/1/05 payable in annual installments commencing 12/1/08 and continuing through 12/1/20. Interest is paid semiannually at varying rates ranging from 3.25% to 4.00%. The balance remaining as of December 31, 2012 was \$1,562,000.

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

\$220,000 Sewer Utility bond dated 9/26/02 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$5,956 through 3/26/43. Interest is calculated at 4.50% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance on this issue as of December 31, 2012 was \$194,937.

\$839,000 Sewer Utility bond dated 4/22/04 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$22,712 through 10/22/2044. Interest is calculated at 4.50% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance on this issue as of December 31, 2012 was \$766,122.

\$160,800 Sewer Utility bond dated 10/1/05 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$4,199 through 6/1/45. Interest is calculated at 4.25% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance on this issue as of December 31, 2012 was \$147,152.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

\$715,000 Water and Sewer Utility Bond dated 12/1/05 payable in annual installments commencing 12/1/08 and continuing through 12/1/20. Interest is paid semiannually at varying rates ranging from 3.50% to 4.00%. The balance remaining as of December 31, 2012 was \$515,000.

\$4,400,000 Water and Sewer Utility Bond dated 2/15/08 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$116,996 through 2/15/48. Interest is calculated at 4.375% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance on this issue as of December 31, 2012 was \$4,196,086.

\$1,690,000 Water and Sewer Refunding Bond dated April 26, 2011 payable in annual installments commencing 8/1/11 and continuing through 8/1/25. Interest is paid semiannually at varying rates ranging from 2.00% to 4.00%. The total savings to the City was \$58,271, or 3.695% as a result of refunding the 1990 bond issues. Refunding bonds maturing on or after 8/1/22 are subject to redemption prior to maturity at the option of the City on any date on or after 8/1/21. The balance remaining as of December 31, 2012 was \$1,600,000.

\$5,056,000 Water and Sewer Utility Bond dated 10/14/11 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$96,216 through 10/14/51. Interest is calculated at 2.25% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance on this issue as of December 31, 2012 was \$4,976,885.

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2013	\$ 175,000	60,680	258,283	420,200
2014	185,000	54,456	268,109	411,799
2015	190,000	48,480	278,109	403,049
2016	200,000	40,080	353,292	394,166
2017	210,000	32,480	358,662	383,383
2018-2022	602,000	47,040	1,836,013	1,723,952
2023-2027			1,583,242	1,401,948
2028-2032			1,299,126	1,161,664
2033-2037			1,541,020	919,770
2038-2042			1,832,535	627,823
2043-2047			1,952,253	290,219
2048-2052			835,538	39,520
	<u>\$ 1,562,000</u>	<u>283,216</u>	<u>12,396,182</u>	<u>8,177,493</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

Summary of Municipal Debt

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General - Bonds and Notes	\$ 2,849,050	2,945,300	3,082,700
Water & Sewer Utility - Bonds & Notes	14,022,847	14,278,140	13,980,318
Total Issued	<u>16,871,897</u>	<u>17,223,440</u>	<u>17,063,018</u>
<u>Authorized But Not Issued</u>			
General - Bonds & Notes	505,579	193,079	166,929
Water & Sewer Utility - Bonds & Notes	5,498,900	5,498,900	8,904,300
Total Authorized But Not Issued	<u>6,004,479</u>	<u>5,691,979</u>	<u>9,071,229</u>
Net Bonds & Notes Issued and Authorized But Not Issued	\$ <u><u>22,876,376</u></u>	<u><u>22,915,419</u></u>	<u><u>26,134,247</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.382%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$8,778,576	8,307,266	471,310
Regional High School District Debt	1,811,400	1,811,400	0
Water & Sewer Utility Debt	19,521,747	19,521,747	0
General Debt	3,354,629		3,354,629
	<u>\$33,466,352</u>	<u>29,640,413</u>	<u>3,825,939</u>

As a Kindergarten through Grade 8 District, the allowable deduction to gross debt is limited to 3% of the average equalized valuation. As indicated above, the Local School District gross debt exceeded 3%, and therefore a portion is included as Net Debt to the City.

Net Debt \$3,825,939 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$276,908,850 = 1.382 %.

The above information is in agreement with the Annual Debt Statement filed by Egg Harbor City.

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

3 ½ % of Equalized Valuation Basis (Municipal)	\$9,691,810
Net Debt	<u>3,825,939</u>
Remaining Borrowing Power	<u><u>\$5,865,871</u></u>

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 6: SHORT TERM OBLIGATIONS**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes	\$1,218,300	118,750	50,000	1,287,050
Utility Capital Notes	1,633,332	800,000	806,667	1,626,665
Special Emergency Notes	120,000	88,000	120,000	88,000
Tax Anticipation Note	0	2,000,000	2,000,000	0
	<u>\$2,971,632</u>	<u>3,006,750</u>	<u>2,976,667</u>	<u>3,001,715</u>

The City borrowed \$2,000,000 in Tax Anticipation Notes on July 16, 2012 in anticipation of the receipt of taxes and other revenues for the calendar year. This note matured September 14, 2012 and was paid in full. Interest was paid at a rate of 0.75% per annum.

The City has outstanding at December 31, 2012 the following special emergency and bond anticipation notes:

<u>Bank</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest</u>
Current Fund				
Select Bank	<u>\$88,000</u>	3/21/12	3/20/13	1.25%
General Capital				
Egg Harbor City	72,600	2/7/12	2/5/13	0.00%
Cede & Co.	<u>1,214,450</u>	2/7/12	2/5/13	1.40%
	<u>1,287,050</u>			
Water & Sewer Capital				
Cede & Co.	800,000	2/7/12	2/5/13	1.40%
Egg Harbor City	26,665	4/29/12	4/29/13	0.00%
Egg Harbor City	<u>800,000</u>	2/7/12	2/5/13	0.00%
Total Utility Capital	<u>1,626,665</u>			
Total Special Emergency and Bond Anticipation Notes	<u>\$3,001,715</u>			

The City renewed the special emergency note upon maturity, after a pay down of \$32,000, for an additional one year period. The interest rate on this note is 1.25% per annum. Upon maturity of the remaining notes, the City paid down \$79,167 of the existing debt and issued \$5,258,179 in new debt. Of this balance, \$1,700,129 will mature on 2/3/14, at an interest rate of 0.75% per annum, and \$5,500,000 will mature on 2/3/14 at an interest rate of 1.75% per annum. Although the \$826,665 utility note and \$72,600 general improvement note are non interest bearing, the discount is not reflected as it is between funds of the City and not significant.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 7: LEASE OBLIGATIONS**

During the year ended December 31, 2012, the City had lease agreements in effect for the following:

Operating Lease:

Effective 1/1/12, the City has entered into an agreement for the lease of a copy machine. The term of the lease is 48 months and the City has the option to purchase the equipment at fair market value upon expiration. Payments of \$276 are due monthly. Future minimum payments under this lease are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$3,312
2014	3,312
2015	3,312
Total	<u>\$9,936</u>

Capital Leases:

The City is leasing three (3) police vehicles totaling \$85,500 under a capital lease. Annual payments are made to MMD Financial, LLC and include interest of 6.5% per annum. The following is a schedule of the future minimum lease payments under this capital lease.

<u>Year</u>	<u>Amount</u>
2013	\$16,689
2014	16,689
2015	16,689
2016	16,689
2017	16,689
Total minimum lease payments	<u>100,134</u>
Less: Amount representing interest	<u>14,634</u>
Present Value of net minimum lease payments	<u>\$85,500</u>

Rental expenses charged to operations in 2012 and 2011 were \$20,001 and \$17,811 respectively.

**Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2012 and 2011 which are anticipated to be appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Current Fund	\$182,000	90,522
Water & Sewer Utility Fund	90,000	0

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	Balance <u>12/31/12</u>	2013 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Emergency Appropriation	\$37,500	37,500	0
Special Emergency NJSA 40A:4-55	88,000	32,000	56,000
	<u>\$125,500</u>	<u>69,500</u>	<u>56,000</u>

The appropriations in the 2013 Budget are not less than that required by statute.

**Note 10: SCHOOL TAXES**

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance	Balance	Balance	Balance
	12/31/12	12/31/11	12/31/12	12/31/11
Balance of Tax	\$ 0	0	567,564	606,983
Deferred	0	0	485,108	485,108
Tax Payable	<u>\$ 0</u>	<u>0</u>	<u>82,456</u>	<u>121,875</u>

**Note 11: TAXES COLLECTED IN ADVANCE**

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

	Balance <u>12/31/12</u>	Balance <u>12/31/11</u>
Prepaid Taxes	\$100,753	91,248
Cash Liability for Taxes Collected in Advance	<u>\$100,753</u>	<u>91,248</u>

**Note 12: PENSION FUNDS**

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) 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



## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2012 AND 2011

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 Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

#### Police and Fireman's Retirement System

The contribution policy for the 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 8.5% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

#### Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

#### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.5% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.4% of covered payroll. The City's contributions to PERS for the years ended December 31, 2012, 2011, and 2010 were \$156,340, \$130,300 and \$53,408.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2012, 2011, and 2010 were \$251,464, \$225,245, and \$106,580.

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2012 AND 2011

#### Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2012 AND 2011

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

Effective May 1, 2009, employee health insurance coverage was transferred to the State Health Benefits Plan (SHBP).

The New Jersey Health Benefits Commission administers cost-sharing multiple-employer health care plans under the State Health Benefits Program and the School Employees' Health Care plan. The New Jersey State Health Benefits Plan (SHBP) provides access to health care coverage to eligible retirees who qualify based on state law and local requirements. Coverage under the current program includes medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State of New Jersey pays a portion of the cost for retirees, spouses and dependents. It is the policy of the City to pay for the health care coverage for any retired police officers hired prior to 1993 or firefighter, subject to certain requirements. All other retirees are offered benefits through COBRA.

Service Retirement	Eligible at age 60
Early Retirement	Eligible after 25 years of service
	Attainment of 25 years of service
	provided the employer has chosen to
	provide post-retirement medical
Service or Early Retirement Eligibility	coverage to eligible employees; the
for State –paid SHBP Benefits	City has elected not to provide medical
	benefits to retirees
Ordinary Disability Retirement	Eligible after 10 years of service
	Eligible upon total and permanent
Accidental Disability	disability prior to age 65 as a result of
	a duty injury

The New Jersey State Health Benefits Plan issues a stand-alone financial report under GASB 43. To view the report, go to <http://www.state.nj.us/treasury/pensions/health-benefits.shtml>.

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2012 AND 2011**

Egg Harbor City is a member of the SHBP. During 2012, 2011, and 2010, \$603,828, \$616,608, and \$673,696, respectively, was paid by the City for health care of employees and \$25,761, \$20,724, and \$18,293, respectively, was paid for health care of retirees.

#### **Note 14: DEFERRED COMPENSATION**

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

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

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

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

#### **Note 15: ACCRUED SICK AND VACATION BENEFITS**

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. Employees will be paid for a maximum of 45 days of accumulated sick time upon retirement. It is estimated that the current cost of such unpaid compensation would approximate \$344,372 in 2012 and \$313,645 in 2011. This amount is not reported either as an expenditure or liability. New Jersey municipalities are permitted to accrue a compensated absences liability. The City has begun to accumulate funds for accrued absences. As of December 31, 2012 and 2011 the total amount accumulated was \$46,212 and \$25,583, respectively.

#### **Note 16: ECONOMIC DEPENDENCY**

The Egg Harbor City 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 years ended December 31, 2012 and 2011 the City

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2012 AND 2011

did not incur claims in excess of the coverage and the amount of coverage did not significantly decrease.

The City is a member of the Statewide Joint Insurance Fund which also includes other municipalities throughout the State. The City is obligated to remit insurance premiums into this fund for sufficient insurance coverage. There is an unknown contingent liability with the Statewide Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a coverage limitation of \$10,000,000. There was no reduction in coverage and no claims in excess of coverage during 2012 or 2011. The Statewide Insurance Fund issues its own financial report which may be obtained from the Statewide Insurance Fund, 30A Vreeland Road, Florham Park, NJ 07932-0678.

**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>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	26,000	19	3,591	33,783	3,203
2011	13,000	49	4,039	47,075	7,376
2010	3,000	44	4,077	2,430	37,363

#### **Note 18: TAX ABATEMENT PROGRAM**

The tax abatement program was established to encourage commercial and industrial development in Egg Harbor City. It is a five year program where real estate taxes on the approved buildings are abated and payments are made in lieu. The value of the building improvements must exceed \$100,000 for commercial and the properties are tax exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 20% of the assessed value, with annual increases of 20% until the end of five years.

The tax exemption program was established to encourage residential property improvements in Egg Harbor City. This exemption is only permitted on properties more than twenty (20) years old and is also a five year program. The Assessor's full and true value of the home improvements must not exceed \$15,000 and will not increase the value of the property for five years.

#### **Note 19: LITIGATION**

From time to time, 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.

# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2012 AND 2011**

The City is a party, but not the sole defendant, to a case involving the remediation of contaminated property within the City. It is likely that the total costs to remediate the contamination will be several million dollars. The City has hired an insurance archaeologist to assist in locating any additional insurance that may cover the City's share of the costs. The litigation is still in the early Discovery phase and it is not possible to determine if the City will bear any financial responsibility for the remediation costs.

## **Note 20: UNION CONTRACTS**

City employees are organized into two collective bargaining units; the Policeman's Benevolent Association, Inc. and Teamster's Local #331. The PBA contract was re-negotiated during 2008 for another five year period, expiring December 31, 2012. When the City became a member of the State Health Benefits Plan, effective May 1, 2009, the contract was extended for an additional year and will now expire December 31, 2013. The Teamster's contract expires December 31, 2013.

The PBA contract covers all uniformed police excluding the Director of Public Safety. The Teamsters contract covers all full-time and regular part-time blue collar employees except managerial executives, confidential employees, police officers, supervisors, professionals, craft employees and all other employees of the City.

## **Note 21: RELATED PARTY TRANSACTIONS**

The seven members of the Egg Harbor City Cemetery Board of Trustees are appointed by the Common Council of Egg Harbor City. During the 2012 and 2011 calendar years, the City paid \$32,219 and \$30,169, respectively for salaries and related benefits for Cemetery employees. In addition, they charged the Cemetery \$15,000 for maintenance services performed at the Cemetery during 2012 and 2011. The Cemetery has reimbursed the City for all expenses.

## **Note 22: CONTINGENCIES, GRANTS AND CONTRACTS**

The City awarded contracts in 2012 and 2011 for various acquisitions and improvements throughout the City. The balance remaining on these contracts as of December 31, 2012 is as follows:

Contract	Funding Source	Balance at 12/31/12
Diesterweg Ave Walkway/Bike Path	NJ Dept of Transportation	\$ 232,700
Goethe Street Pump Station Project	Utility Capital Ordinance	98,000
Construction of Water Treatment Plant	US Rural Develop. Grant & Loan	6,854,514

## **Note 23: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The City is the owner of a non operating landfill. The State of New Jersey Department of Environmental Protection is the organization that monitors all activity related to landfills. Prior to closing the landfill certain fees were placed into an escrow which has a balance of \$8,318 and \$8,304 on December 31, 2012 and 2011. 100% of the landfill capacity has been used and, therefore the landfill has no remaining useful life. The recognition of liability for closure and post closure costs is generally based on the landfill capacity used to date. However, the cost to close

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

the landfill and to cover future post closure costs has not been determined. The City anticipates meeting the post closure requirements on a pay as you go basis. The \$8,318 certificate of deposit is restricted for post closure use.

**Note 24: INTERFUND BALANCE**

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

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Grant Fund		61,806
Grant Fund:		
Current Fund	\$61,806	
Trust Fund		68,137
Trust Funds:		
Grant Fund – Program Loans	68,137	
	<u>\$129,943</u>	<u>129,943</u>

The amount due to the Grant Fund from the Current Fund is the result of funds received on the various grants that have not yet been expended. The amounts due to the trust funds is the result of prior housing rehabilitation loans that were repaid.

**Note 25: RESTATEMENT OF PRIOR PERIOD BALANCES**

Certain prior year balances have been rested to conform with current categories.

**Note 26: SUBSEQUENT EVENTS**

During 2013 the City authorized the following bond ordinances which increased the City's authorized debt:

<u>Ordinance #</u>	<u>Purpose</u>	<u>Total Appropriated</u>	<u>Debt Authorized</u>	<u>Date Adopted</u>
	Refunding of 2002, 2004, 2005 & 2008			
5-2013	Bond Issues	\$222,479	222,479	5/9/13
8-2013	Various General improvements	902,000	185,250	5/23/13

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

Ordinance #5-2013 authorizes the issuance of up to \$5,500,000 aggregate principal amount of general obligation refunding bonds of the City. As of the date of this audit report, due to unfavorable market conditions, the Common Council has determined that it is not in the best interest of the City to close on this issue at the present time. This proposed issue will refund the following issues funded through the United States Rural Development Authority:

<u>Series</u>	<u>Maturity Date</u>	<u>Amount</u>
2002	September 26, 2013, and March 26 and September 26 in the years 2014 through 2042	\$ 193,367
2004	October 22, 2013, and April 22 and October 22 in the years 2014 through 2044	760,648
2005	December 10, 2013, and June 10 and December 10 in the years 2014 through 2045	146,080
2008	August 15, 2013, and February 15 and August 15 in the years 2014 through 2048	4,170,880

Ordinance #8-2013 includes improvements to roads and drainage, pedestrian improvements, parking lot repairs at City Hall, and the purchase of police radio and communications equipment.

During the period of January 1, 2013 and the date of this audit report, the City has made payments totaling \$1,822,095 to Eagle Construction Services, Inc. related to the construction of the water treatment plant. The balance remaining on this contract is \$5,032,419.

The City has evaluated subsequent events through June 24, 2013, the date which the financial statements were available to be issued and no additional items, except as noted above, were noted for disclosure or adjustment.



## **SUPPLEMENTARY DATA**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538  
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## Independent Auditor's Report

The Honorable Mayor and  
Members of Common Council  
Egg Harbor City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

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

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

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

we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Robert E. Swartz*

Robert E. Swartz, CPA RMA #319

*Ford Scott & Associates, LLC*

Ford Scott & Associates, LLC

June 24, 2013



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Common Council  
Egg Harbor City, NJ

### ***Report on Compliance for Each Major Federal and State Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal and State Program***

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

### ***Report on Internal Control Over Compliance***

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the various funds and account group of Egg Harbor City as of and for the year ended December 31, 2012, and have issued our report thereon dated June 24, 2013, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Robert E. Swartz*

Robert E. Swartz, CPA, RMA #319

*Ford Scott & Associates, LLC*

Ford Scott & Associates, LLC

June 24, 2013

**CITY OF EGG HARBOR**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal or State Grantor/Pass Through Grantor/Program Title	Pass Through Grantor's #	Program Period	Program or Award Amount	Program Balance 1/1/2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Encumbrances	Prior Year Encumbrances Reversed/ Adjustment	Program Balance 12/31/2012	Cumulative Expenditures
<u>State of New Jersey</u>										
Department of Environmental Protection										
Pollution Discharge Elimination System										
Municipal Stormwater General Permit	N/A	1/1/04-12/31/04	38,912	\$1,472		1,140			332	38,580
Hazardous Discharge Site Remediation	N/A	1/1/04-12/31/04	280,057	143,518			117,616	117,616	143,518	18,923
<u>Solid Waste Administration</u>										
Clean Communities Program	4900-765-178910-60	1/1/10-12/31/10	11,131	7,639		14,657		7,018		14,657
Clean Communities Program	4900-765-178910-60	1/1/11-12/31/11	10,532	10,532		4,209			6,323	4,209
Clean Communities Program	4900-765-178910-60	1/1/12-12/31/12	10,342		10,342				10,342	0
Recycling Tonnage	4830-752-050580-50	1/1/10-12/31/10	8,281	2,993		2,150			843	2,288
Recycling Tonnage	4830-752-050580-50	1/1/11-12/31/11	2,872	2,872					2,872	0
Recycling Tonnage	4830-752-050580-50	1/1/12-12/31/12	9,169		9,169				9,169	0
<u>Division of Law &amp; Public Safety</u>										
Body Armor Fund	N/A	1/1/09-12/31/09	1,562	168		168			0	1,562
Body Armor Fund	N/A	1/1/10-12/31/10	891	891		891			0	891
Body Armor Fund	N/A	1/1/11-12/31/11	1,604	1,604		1,281			323	1,281
Body Armor Fund	N/A	1/1/12-12/31/12	1,693		1,693				1,693	0
<u>Division of Motor Vehicles</u>										
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/07-12/31/07	3,694	1,681		1,681				3,695
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/08-12/31/08	5,119	5,119		3,401	165		1,553	3,401
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/09-12/31/09	64	64					64	0
Drunk Driving Enforcement Fund	1110-101-030000-129040	1/1/11-12/31/11	6,412	6,412					6,412	0
<u>New Jersey Department of Transportation</u>										
Reconstruction of Diesterweg Street	6320-480-601381-61	1/1/10-12/31/10	150,000	28,264			38,936	10,672		111,064
Reconstruction of New Orleans Avenue	6320-480-601381-61	1/1/11-12/31/11	190,000	190,000		200			189,800	200
Reconstruction of New Orleans Avenue	6320-480-601381-61	1/1/12-12/31/12	180,000		180,000				180,000	0
Safe Streets to Transit	6320-480-601381-61	1/1/09-12/31/09	175,500			10,903		10,903		175,500
Local Aid Centers - Streetscape	6300-480-601381-61	1/1/10-12/31/10	475,000	27,277		197,344		170,089	22	474,978
Local Aid Centers - Streetscape	6300-480-601381-61	1/1/11-12/31/11	126,000	29,511		29,511				126,000
Discretionary Aid - Diesterweg Walkway	6300-480-601381-61	1/1/12-12/31/12	250,000		250,000	19,916	230,084			19,916
<b>Total State Assistance</b>				<b>\$460,017</b>	<b>451,204</b>	<b>287,452</b>	<b>386,801</b>	<b>316,298</b>	<b>553,266</b>	

SEE ACCOMPANYING AUDITOR'S REPORT



**CITY OF EGG HARBOR  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal or State Grantor/Pass Through Grantor/Program Title	Pass Through Grantor's #	Program Period	Program or Award Amount	Program Balance 1/1/2012	Receipts or Revenue Recognized	Disbursements/Expenditures	Encumbrances	Prior Year Encumbrances Reversed/ Adjustment	Program Balance 12/31/2012	Cumulative Expenditures
<b>Federal Assistance:</b>										
United States Rural Development										
Construction of Water Treatment Plant	10.760	1/1/12-12/31/13	3,124,100	\$0	3,124,100	220,245	2,903,855	0	0	0
Total United States Rural Development										
Department of Housing and Urban Development										
Passed through State of New Jersey										
Department of Community Affairs										
Division of Housing										
Small Cities Community Development										
Housing Rehabilitation	14.228	1/1/01-12/31/01	350,000	1,853					1,853	
Diesterweg Avenue Walkway	14.228	2/1/11-1/31/13	500,000	27,387		459,013		431,626		
Transit Hub-Parking Facility	14.228	1/1/09-12/31/09	365,000	1,843					1,843	
Reconstruction of Properties for										
Affordable Housing	14.228	1/1/12-12/31/12	382,982		382,982	8,415	9,015		365,552	
Total Small Cities Community Development								431,626	369,248	
American Recovery & Reinvestment Act										
Downtown Redevelopment	14.253	1/1/09-12/31/09	500,000	313,232				(313,232)		
Total American Recovery & Reinvestment Act										
Total Dept of Housing & Urban Development										
US House Transportation and Infrastructure										
Transit Hub-Parking Facility	20.205	1/1/09-12/31/09	237,500	0	0	21,433	0	22,149	716	
Total US House Trans and Infrastructure										
New Jersey Board of Public Utilities (BPU)										
Energy Efficiency and Conservation Block Grant										
Rebate Program										
ARRA - Clean Energy Program	81.128	1/1/11-12/31/11	20,000	20,000	0	20,000	0	0	0	0
Total NJ Board of Public Utilities										
U.S. Department of Justice										
Local Law Enforcement Block Grant	16.592	1/1/05-12/31/05	15,780	5,112	0	4,631	0	0	481	
Bulletproof Vest Program	N/A	1/1/09-12/31/09	2,400	383	795	0	0	0	383	
Bulletproof Vest Program	N/A	1/1/12-12/31/12	795	383	795	0	0	0	795	
Total U.S. Department of Justice										
				5,495	795	4,631	0	0	1,178	
									1,659	

SEE ACCOMPANYING AUDITOR'S REPORT

**CITY OF EGG HARBOR  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal or State Grantor/Pass Through Grantor/Program Title	Pass Through Grantor's #	Program Period	Program or Award Amount	Program Balance 1/1/2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Encumbrances	Prior Year Encumbrances Reversed/ Adjustment	Program Balance 12/31/2012	Cumulative Expenditures
Federal Emergency Management Assistance										
Reimbursement for Hurricane Irene	N/A	1/1/11-12/31/11	77,570		77,570	77,570				
Reimbursement for June 2012 Derecho	N/A	1/1/12-12/31/12	1,809		1,809	1,809				
Reimbursement for Hurricane Sandy	N/A	1/1/12-12/31/12	24,072		24,072	24,072				
Total Federal Emergency Management Assistance				0	103,451	103,451	0	0	0	0
Total Federal Assistance				\$369,810	3,611,328	837,188	2,912,870	140,543	371,623	

SEE ACCOMPANYING AUDITOR'S REPORT

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2012**

**Note 1: BASIS OF PRESENTATION**

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

In calculating the total federal programs expended, the U.S. Department of Agriculture loans have been excluded. Although the Federal government is at risk for these funds, the loan proceeds were received and expended in prior years and there are no compliance requirements other than to repay the loans.

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

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

	State	Federal
Expenditures per Schedule of State Financial		
Assistance and Federal Awards	\$ 287,452	837,188
Less: United States Rural Development -		
Construction of Water Treatment Plant		(220,245)
Less: Federal Emergency Management Assistance		
Reimbursement for Storm Costs		(103,451)
Expenditures reported in Basic Financial Statements	\$ 287,452	513,492

The City has awarded a contract in the amount of \$6,854,514 for the Construction of the Water Plant. This project is funded through a loan and grant with the U.S. Department of Agriculture Rural Development. As of the date of this audit report it is unknown what portion of this amount will relate to the loan or grant. No payments have been paid on this contract as of December 31, 2012.

The Balance remaining on U.S. Department of Agriculture Rural Development Loans as of December 31, 2012 amounted to \$10,281,182.

**CITY OF EGG HARBOR  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

***Part I -- Summary of Auditor's Results***

**Financial Statement Section**

Type of auditor's report issued:	<u>Adverse GAAP - Unqualified Regulatory</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
2) Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> no	
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no	

**Federal Awards Section**

Internal Control over compliance:			
Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> no	
Type of auditor's report on compliance for major programs	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	_____ yes	<u>  X  </u> no	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.760</u>	<u>Water &amp; Waste Disposal Systems for Rural Communities</u>
<u>14.228</u>	<u>HUD - Community Development Block Grants</u>
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee?	_____ yes	<u>  X  </u> no	_____ n/a

**CITY OF EGG HARBOR  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

***Part I -- Summary of Auditor's Results***

**State Awards Section**

Not Applicable

Internal Control over compliance:

Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

Type of auditor's report on compliance for  
major programs

\_\_\_\_\_

Any audit findings disclosed that are required to  
be reported in accordance with NJ OMB  
Circular 04-04?

\_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

GMIS Number(s)

Name of State Program

\_\_\_\_\_

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Dollar threshold used to distinguish between  
Type A and Type B programs:

\_\_\_\_\_

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes \_\_\_\_\_ no \_\_\_\_\_ n/a

***Part 2 - Schedule of Financial Statement Findings***

**NONE**

***Part 3 – Schedule of Federal and State Award Findings and Questioned Costs***

**NONE**

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Current Fund</u>
Balance December 31, 2011	A	\$85,042
Increased By Receipts:		
Collector	A-5	8,923,274
State of New Jersey -		
Veterans & Senior Citizens		50,490
Marriage License Fees		525
Burial Permit Fees		20
DCA Fees		2,214
Revenue Accounts Receivable	A-8	736,373
Miscellaneous Revenue not		
Anticipated	A-2	53,527
Tax Anticipation Note		2,000,000
Ambulance Squad Rental - Atlanticare	A-2	9,336
Reserve for Sale of Municipal Assets		550,500
JIF Safety Dividend	A-2	27,080
Other Miscellaneous		3,004
Due from Cemetery	A-2	15,000
Appropriation Refunds	A-3	144,656
Due from Grant Fund		
Current Year Grants Receivable	A-12	960,218
Unappropriated Reserves	A-14	6,898
Due from Utility Operating	D-5	35,281
		<u>13,518,396</u>
		13,603,438

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Current Fund</u>
Decreased by Disbursements:		
Curent Year Appropriations	A-3	5,311,116
Appropriation Reserves	A-9	34,959
Reserve for Encumbrances	A-9	36,547
Accounts Payable		190
Special Emergency Note		32,000
Tax Anticipation Note		2,000,000
Due to Fire Company		4,617
Due to Grant Fund	A-13	832,306
Due to Trust Fund - Street Opening Permits	B-1	1,132
Due to Utility Capital	D-5	38,061
Due to State of New Jersey		
Marriage License Fees		550
Burial Permit Fees		20
DCA Training Fees		2,041
Reserve for Reassessment		24,000
Reseve for Revaluation		4,500
Prior Year Revenue Refunded		1,321
Refund Overpayments		221
County Taxes		964,745
Local District School Tax	A-10	2,710,900
Regional High School Tax	A-11	1,418,863
		<u>13,418,089</u>
Balance December 31, 2012	A	<u><u>\$185,349</u></u>



**CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR**

	Ref.		
Balance December 31, 2011			\$0
Increased by Receipts:			
Prepaid Taxes- 2013		100,753	
Taxes Receivable	A-6	8,629,249	
Tax Title Liens	A-7	93,953	
Revenue Accounts Receivable	A-8	99,319	
		<hr/>	8,923,274
			<hr/>
			8,923,274
Decreased by Disbursements:			
Payment to Treasurer	A-4		8,923,274
Balance December 31, 2012	A		<hr/>
			<u><u>\$0</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

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

YEAR	BALANCE DEC. 31, 2011	2012 LEVY	ADDED TAXES	COLLECTIONS BY CASH 2011	2012	OVER- PAYMENTS CREATED	OVER- PAYMENTS APPLIED	TRANSFERRED/ CANCELLED	TRANSFERRED TO TAX TITLE LIENS	TRANSFER TO ARREARS	BALANCE DEC. 31, 2012
Arrears 2011	4,210 4,461				4,216 4,562	451		350		3,899	3,893 0
2012	8,671	0	0	0	8,778	451	0	350	0	3,899	3,893
		8,899,870		91,248	8,667,971	221	2,798	6,370	116,492	(3,899)	11,313
	<u>\$8,671</u>	<u>8,899,870</u>	<u>0</u>	<u>91,248</u>	<u>8,676,749</u>	<u>672</u>	<u>2,798</u>	<u>6,720</u>	<u>116,492</u>	<u>0</u>	<u>15,206</u>
A-7											
Collections Veterans and Senior Citizens				A-5	8,629,249 <u>47,500</u>						
					<u>\$8,676,749</u>						

SEE ACCOMPANYING AUDITOR'S REPORT

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

Ref.

Analysis of 2012 Property Tax Levy

Tax Yield

General Purpose Tax 8,888,782

Added and Omitted Taxes  
(54:4-63.1,63.12 et. seq.) 11,088

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8,899,870

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Tax Levy

Local District School Tax  
(Abstract) A-10 2,710,900

Regional High School Tax  
(Abstract) A-11 1,379,444

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4,090,344

County Tax (Abstract) 816,302

County Library Tax (Abstract) 82,647

Health Tax (Abstract) 51,073

Open Space Preservation Trust (Abstract) 13,263

Due County for Added and  
Omitted Taxes  
(54:4-63.1,63.12 et. seq.) 1,204

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964,489

Local Tax for Municipal Purposes A-2 3,833,059

Add: Additional Tax Levied Res. 11,978

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Local Tax for Municipal Purposes  
Levied

3,845,037

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\$8,899,870

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**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	Ref.		
Balance December 31, 2011	A		\$489,262
Increased by:			
Transfers from Taxes Receivable	A-6	116,492	
Added Tax Title Liens			
Demolition & Code Enforcement		44,591	
Interest and Costs Accrued by Sale			
of December 18, 2012	Res.	<u>3,015</u>	
			<u>164,098</u>
			653,360
Decreased by:			
Cancellations	Res.	3,524	
Collections	A-2:A-5	<u>93,953</u>	
			<u>97,477</u>
Balance December 31, 2012	A		<u><u>\$555,883</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	BALANCE DEC. 31, 2011	ACCRUED IN 2012	COLLECTED BY COLLECTOR	TREASURER	BALANCE DEC. 31, 2012
Energy Receipts Tax	A-2		412,547	412,547		
Consolidated Municipal Property Tax Relief	A-2		60,914		60,914	
Municipal Court	A-2	7,887	95,753		97,173	6,467
Construction Code Official	A-2		25,230		25,230	Dec. 2012
Investment Interest	A-2		3,002		3,002	
Interest and Costs on Taxes	A-2		46,545	46,545		
Licenses:						
Alcoholic Beverages	A-2		18,911		18,911	
Other	A-2		41,273		41,273	
Rental Registration Fees	A-2		32,075		32,075	
Lake Parking Fees	A-2		52,774	52,774		
Campground Royalty	A-2				3,627	
Mayor Marriage Fees	A-2		1,500		1,500	
Payment in Lieu of Taxes	A-2		12,069		12,069	
Uniform Fire Safety Act	A-2		11,502		11,502	
Rent of Municipal Property	A-2		16,550		16,550	
		<u>\$7,887</u>	<u>830,645</u>	<u>99,319</u>	<u>736,373</u>	<u>6,467</u>
	Ref.	A	Res.	A-5	A-4	A

SEE ACCOMPANYING AUDITOR'S REPORT

**CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES**

	<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>	<u>OVER- EXPENDED</u>
Administrative and Executive Other Expenses Municipal Clerk (other)	1,192	4,192	2,368	1,824	
Financial Administration Other Expenses	3,227	3,227	1,578	1,649	
Assessment of Taxes Other Expenses	729	729	595	134	
Collection of Taxes Other Expenses Tax Sale Costs Miscellaneous Other Expenses	499 3,159	499 2,909	484 30	15 2,879	
Legal Services Other Expenses	13,739	6,239	5,951	288	
Engineering Services and Costs Other Expenses	1,200	1,300	1,215	85	
Public Buildings and Grounds Other Expenses	3,512	12,512	12,269	243	
Planning Board Other Expenses	782	782	130	652	
Zoning Board of Adjustment Other Expenses	1,488	1,738	1,738	0	

SEE ACCOMPANYING AUDITORS REPORT

**CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES**

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDED
Police					
Salaries & Wages	27,746	23,146		23,146	
Other Expenses					
Miscellaneous Other Expenses	10,302	10,302	9,291	1,011	
Police Radio & Communication					
Other Expenses	160	160	149	11	
Municipal Court					
Other Expenses	613	613	434	179	
Emergency Management Services					
Other Expenses	859	859	858	1	
Solid Waste Collection (Public Works)					
Salaries & Wages	3,839	39		39	
Other Expenses					
Hauling Fee (Tipping and Hauling Fee)	4,130	4,130	4,000	130	
Miscellaneous Other Expenses	6,864	10,664	7,923	2,741	
Solid Waste Disposal Costs	2,008	2,008	351	1,657	
RECREATION AND EDUCATION:					
Parks and Playgrounds					
Other Expenses					
Miscellaneous Other Expenses	1,406	1,406	1,326	80	

SEE ACCOMPANYING AUDITORS REPORT

**CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES**

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDED
Insurance					
Group Insurance Plans for Employees	7,088	7,088	568	6,520	
Unclassified:					
Street Lighting	12,914	12,914	8,047	4,867	
Telephone	2,951	2,951	1,237	1,714	
Gasoline	3,437	3,437	3,106	331	
Contribution to:					
Social Security System (OASI)	1,921	1,921	11	1,910	
Capital Improvements:					
Purchase of Cameras	5,000	5,000	5,000	0	
Construction of Diesterweg Walkways	3,000	3,000	2,847	153	
Other Accounts - No Change	47,424	47,424		47,424	
	<u>\$171,189</u>	<u>171,189</u>	<u>71,506</u>	<u>99,683</u>	<u>0</u>
	A	A	A-4	A-1	A-1
Prior Year Reserved	131,044		34,959		
Prior Year Encumbered	40,145		36,547		
	<u>\$171,189</u>		<u>\$71,506</u>		

SEE ACCOMPANYING AUDITORS REPORT



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

	Ref.	
Balance December 31, 2011	A	\$0
Increased by:		
Levy - Calendar Year 2012	A-1:A-6	<u>2,710,900</u>
		2,710,900
Decreased by:		
Payments	A-4	2,710,900
Balance December 31, 2012	A	<u><u>\$0</u></u>

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

	Ref.		
Balance December 31, 2011			
School Tax Payable	A	\$121,875	
School Tax Deferred	A	485,108	
	A	<hr/>	606,983
Increased by:			
Levy - School Year July 1, 2012			
June 30, 2013	A-1:A-6		1,379,444
			<hr/>
			1,986,427
Decreased by:			
Payments	A-4		1,418,863
Balance December 31, 2012			<hr/>
School Tax Payable		82,456	
School Tax Deferred		485,108	
	A	<hr/>	<u>\$567,564</u>
2012 Liability for Regional High School Tax:			
Tax Paid			\$1,418,863
Tax Payable @ December 31, 2012			82,456
			<hr/>
			1,501,319
Less: Tax Payable @ December 31, 2011			121,875
Amount Charged to 2012 Operations			<u><u>\$1,379,444</u></u>

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANT RECEIVABLES**

	BALANCE DEC. 31, 2011	2012 REVENUE	RECEIVED	CANCELED	BALANCE DEC. 31, 2012
<b>State of New Jersey:</b>					
NJ Transportation Trust Fund Authority Act					
Reconstruction of -					
Diesterweg Street	121,868				121,868
New Orleans Avenue - 2011	190,000				190,000
New Orleans Avenue - 2012		180,000			180,000
NJ Department of Transportation Discretionary Aid -					
Diesterweg Walkway		250,000	187,500		62,500
DOT Local Aid Centers-Streetscape					
Phase I	160,958				
Phase II	126,000		113,250		47,708
NJ DOT Safe Streets to Transit Program	43,875		43,875		126,000
NJDEP-Hazardous Discharge Site Remediation	3,272				3,272
NJEDA Environmental Cleanup	217,086				217,086
Clean Communities Act		10,342	10,342		
<b>Body Armor Fund</b>		<b>1,693</b>	<b>1,693</b>		
Recycling Tonnage Grant		9,169	9,169		
NJ Historic Preservation - Lafayette Firehouse Emergency Grant	10,000		10,000		
<b>Total State Programs</b>	<b>873,059</b>	<b>451,204</b>	<b>375,829</b>	<b>0</b>	<b>948,434</b>

SEE ACCOMPANYING AUDITOR'S REPORT

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANT RECEIVABLES**

	BALANCE DEC. 31, 2011	2012 REVENUE	RECEIVED	CANCELED	BALANCE DEC. 31, 2012
<b>Federal:</b>					
Small Cities Community Development Block Grant					
Transit Hub-Parking Facility	9,480		9,480		
ARRA Downtown Redevelopment	313,233			313,233	
Diesterweg Avenue Walkway	475,724		475,724		
Senior Affordable Housing		382,982			382,982
New Jersey Board of Public Utilities (BPU)					
Energy Efficiency and Conservation Block Grant Rebate Program					
ARRA - Clean Energy Program	20,000		20,000		
US House Trans and Infrastructure Transit Hub	42,164		42,164		
Bullet Proof Vest	0	795	795		
Total Federal Programs	860,601	383,777	548,163	313,233	382,982
<b>Local /County:</b>					
Atlantic County Open Space Grant - Lafayette Fire House	29,000		29,000		
Drug Abuse Resistance Education	12,380	12,380	16,883	557	7,320
Atlantic County Police Grant - Hang Up & Drive		2,000	2,000		
Total Local / County Programs	41,380	14,380	47,883	557	7,320
	<u>\$1,775,040</u>	<u>849,361</u>	<u>971,875</u>	<u>313,790</u>	<u>1,338,736</u>
Ref.	A	A-2			A
	Cash	A-4	960,218		
Realize Unappropriated Reserves		A-14	11,657		
			<u>971,875</u>		

SEE ACCOMPANYING AUDITOR'S REPORT

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS APPROPRIATED**

	BALANCE DEC. 31, 2011	TRANSFERRED FROM 2012 BUDGET APPROPRIATIONS	DISBURSED	ENCUMBERED	PRIOR YEAR ENCUMBRANCES	BALANCES CANCELED	BALANCE DEC. 31, 2012
<b>State of New Jersey:</b>							
Department of Transportation							
Safe Streets to Transit			10,903		(10,903)		
Reconstruction of Diesterweg Street	28,264			38,936	(10,672)		
Reconstruction of New Orleans Avenue - 2011	190,000		200				189,800
Reconstruction of New Orleans Avenue - 2012		180,000					180,000
Local Aid Centers-Streetscape							
Phase I	27,277		197,344		(170,089)		22
Phase II	29,511		29,511				
Discretionary Aid - Diesterweg Walkway		250,000	19,916	230,084			
NJDEP-NJ Pollution Discharge Elimination System Muni Stormwater General Permit	1,472		1,140				332
NJDEP-Hazardous Discharge	143,518			117,616	(117,616)		143,518
Body Armor Fund	2,663	1,693	2,340				2,016
Drunk Driving Enforcement Fund	13,276		5,082	165			8,029
Clean Communities Program	18,171	10,342	18,866		(7,018)		16,665
Recycling Tonnage Grant	5,865	9,169	2,150				12,884
Total State Programs	460,017	451,204	287,452	386,801	(316,298)	0	553,266
<b>Federal:</b>							
Small Cities Community Development Block Grant							
Parking Facility (Transit Hub)	1,843						1,843
Housing Rehabilitation	1,853						1,853
Diesterweg Street Sidewalks/Walkway	27,387		459,013		(431,626)		
ARRA Downtown Redevelopment	313,232					313,232	
Senior Affordable Housing		382,982	8,415	9,015			365,552
US Department of Justice							
Local Law Enforcement Block Grant	5,112		4,631				481
Bulletproof Vest Program	383	795					1,178
New Jersey Board of Public Utilities (BPU)							
Energy Efficiency and Conservation Block Grant Rebate Program							
ARRA - Clean Energy Program	20,000		20,000				0
US House Transportation and Infrastructure			21,433		(22,149)		716
Total Federal Programs	369,810	383,777	513,492	9,015	(453,775)	313,232	371,623
<b>Local / County:</b>							
Drug Abuse Resistance Education	640	15,475	12,431	4,230	(1,698)	640	512
Egg Harbor City Board of Education							
Rittenberg School Demolition	13,483		16,223		(2,800)		60
JIF Safety Reimbursements			708		(708)		
Atlantic County Police Grant - Hang Up & Drive		2,000	2,000				
Total Local / County Programs	14,123	17,475	31,362	4,230	(5,206)	640	572
	\$843,950	852,456	832,306	400,046	(775,279)	313,872	925,461
Ref.	A	A-3	A-4	A			A

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

	BALANCE DEC. 31, 2011	TRANSFERRED TO 2012 BUDGET APPROPRIATIONS	RECEIVED	BALANCE DEC. 31, 2012
Body Armor	\$1,693	1,693	1,726	1,726
Recycling Tonnage Grant	9,169	9,169	5,172	5,172
Bulletproof Vest	795	795		
	<u>\$11,657</u>	<u>11,657</u>	<u>6,898</u>	<u>6,898</u>

Ref.

A

A-4

A

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2011	B	\$3,005	139,610
Increased by:			
Received from Current Fund	B-3; B-4	1,656	
Received from Current Fund - Street Opening Permits			1,132
Municipal Court-POAA	B-12		4
Construction Official	B-6		27,444
Budget Appropriations	B-5		26,000
Unemployment	B-5		3,591
Forfeiture Funds	B-10		5,187
Donations for Recreation	B-11		1,000
Recreation Fees - Developers			4,000
Street Opening Permits	B-13		13,524
Accumulated Absences-Budget	B-14		25,000
Developer's Fees	B-8		185,464
Program Loans Receivable			27,082
Performance Maintenance			470,699
Community Events			1,490

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Interest on Savings:			
Maintenance Bonds	B-8		545
Developer's Escrow	B-5		29
Unemployment Fund	B-7		19
Sanitary Landfill	B-14		4
Accumulated Absences			87
		1,656	792,301
		<u>4,661</u>	<u>931,911</u>
Decreased by:			
Expenditures under			
R.S. 4:19-15.11	B-3	2,061	
Paid to State of New Jersey	B-4	275	
Paid to Treasurer			
Construction Code	B-6		27,444
Refund Maintenance Bonds			333,699
Program Loan Repayments			11,109
Unemployment Claims	B-5		33,783
Community Events			1,206
Drug Buy Money and Other			
Miscellaneous	B-10		8,215

SEE ACCOMPANYING AUDITOR'S REPORT



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

	<u>Ref.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Purchase of Recreation Equipment	B-11		1,531
Refund of Street Opening Permits	B-13		11,949
Payment of Retiree Benefits	B-14		4,458
Developer's Fees	B-8		186,349
		2,336	619,743
Balance December 31, 2012	B	<u>\$2,325</u>	<u>312,168</u>

**Analysis of Cash Balance:**

Unemployment Trust Fund	3,203
POAA Trust	79
Law Enforcement Trust Fund	16,658
Sanitary Landfill Escrow	8,318
Developer's Escrow	41,784
Maintenance Bonds	
Shocky Pure Water Systems	2,996
World Class Flowers	12,832
Atlantic County Council Education	5,049
Cedar Creek Partners	113,506
Rite Aid	25,699
Street Opening Permits	2,707
Program Loans	15,973
Community Events	620
Recreation Trust Fund	16,532
Accumulated Absences	46,212
	<u>\$312,168</u>

**TRUST FUND  
SCHEDULE OF CASH - TAX COLLECTOR**

Balance December 31, 2011	<u>Ref.</u> B		\$64,972
Increased by:			
Tax Sale Premiums Received		12,900	
Tax Title Lien Redemptions Deposited		<u>461,611</u>	
	B-9		<u>474,511</u>
			539,483
Decreased by:			
Tax Sale Premiums Returned		46,400	
Redemption of Tax Sale Certificates		<u>452,149</u>	
	B-9		<u>498,549</u>
Balance December 31, 2012	B		<u><u>\$40,934</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL  
FUND EXPENDITURES**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$3,005
Increased by:		
Collections in Current Fund		
Dog Licenses	959	
Cat Licenses	235	
Late Fees	187	
	<u>          </u>	<u>1,381</u>
		4,386
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Cash	B-1	<u>2,061</u>
		2,061
Balance December 31, 2012	B	<u><u>\$2,325</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	1,327
2010	1,276
	<u><u>\$2,603</u></u>

**TRUST FUND  
DUE TO STATE OF NEW JERSEY**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$0
Increased by:		
State Fees Collected:		
Registration		143
Pilot Clinic Fees		29
Animal Population Control		103
	B-1	<hr/> 275
		<hr/> 275
Decreased by:		
Fees paid to State of NJ Dept. of Health	B-1	275
Balance December 31, 2012	B	<hr/> \$0 <hr/>

**TRUST FUND  
SCHEDULE OF RESERVE FOR UNEMPLOYMENT**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$7,376
Increased by:		
Interest Earned		19
Unemployment Withholdings		3,591
Budget Appropriations		
Current Fund		25,000
Utility Fund		1,000
	B-1	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 29,610
		36,986
Decreased by:		
Paid to State of New Jersey	B-1	33,783
Balance December 31, 2012	B	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div> \$3,203

B-6

**TRUST FUND  
SCHEDULE OF CONSTRUCTION CODE OFFICIAL**

	<u>Ref.</u>		
Balance December 31, 2011	B		\$0
Increased by:			
Permits	B-1	25,230	
State Training Fees	B-1	2,214	
		<hr/>	27,444
			<hr/> 27,444
Direct Deposit to Current Fund	B-1		27,444
Balance December 31, 2012	B		<hr/> <hr/> \$0

B-7

**TRUST FUND  
SCHEDULE OF RESERVE FOR SANITARY LANDFILL CLOSURE**

	<u>Ref.</u>		
Balance December 31, 2011	B		\$8,314
Increased by Receipts:			
Interest Earned	B-1		4
Balance December 31, 2012	B		<hr/> <hr/> \$8,318

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**TRUST FUND  
SCHEDULE OF AGENT ESCROWS**

	<u>Ref.</u>	
Balance December 31, 2011	A:B	\$42,640
Increased by:		
Developer's Fees		185,464
Interest Earned		29
	B-1	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 185,493
		<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 228,133
Decreased by:		
Fees Paid to Developers	B-1	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 186,349
		<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 186,349
Balance December 31, 2012	B	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> <div style="border-top: 3px double black; display: inline-block; width: 100px;"></div> \$41,784

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS**

Balance December 31, 2011	<u>Ref.</u> B		\$64,972
Increased by:			
Tax Sale Premiums		12,900	
Tax Title Lien Redemptions Deposited		<u>461,611</u>	
	B-2		<u>474,511</u>
			<u>539,483</u>
Decreased by:			
Premiums Returned		46,400	
Redemptions Returned		<u>452,149</u>	
	B-2		<u>498,549</u>
Balance December 31, 2012	B		<u><u>\$40,934</u></u>
Analysis of Balance:			
Tax Title Lien Redemptions		23,034	
Tax Sale Premiums		<u>17,900</u>	
			<u><u>\$40,934</u></u>



B-10

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

Balance December 31, 2011	<u>Ref.</u> B		\$19,686
Increased by:			
County Forfeiture Funds	B-1	<u>5,187</u>	<u>5,187</u>
			24,873
Decreased by:			
Drug Buy Money and Other Miscellaneous	B-1	<u>8,215</u>	<u>8,215</u>
Balance December 31, 2012	B		<u><u>\$16,658</u></u>

B-11

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR RECREATION TRUST FUND**

Balance December 31, 2011	B		\$3,063
Increased by:			
Donations Received	B-1	<u>1,000</u>	<u>4,063</u>
Decreased by:			
Purchase of Recreation Equipment	B-1	<u>1,531</u>	<u>1,531</u>
Balance December 31, 2012	B		<u><u>\$2,532</u></u>

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B-12

**TRUST FUND  
SCHEDULE OF RESERVE FOR PARKING OFFENSE  
ADJUDICATION FUND**

Balance December 31, 2011	<u>Ref.</u> B	\$75
Increased by:		
Received from Municipal Court	B-1	<u>4</u>
Balance December 31, 2012	B	<u><u>\$79</u></u>

B-13

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

Balance December 31, 2011	B	\$1,132
Increased by:		
Due from Current Fund- Street Opening Permits	B-1	<u>13,524</u>
		14,656
Decreased by:		
Refund of Street Opening Permit Fees	B-1	<u>11,949</u>
Balance December 31, 2012	B	<u><u>\$2,707</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES**

Balance December 31, 2011	<u>Ref.</u> B		\$25,583
Increased by:			
Interest earned		87	
Budget Appropriations			
Current Year		<u>25,000</u>	
	B-1		<u>25,087</u>
			50,670
Decreased by:			
Payments to Retirees	B-1		<u>4,458</u>
Balance December 31, 2012	B		<u><u>\$46,212</u></u>

**SCHEDULE OF CASH TREASURER  
GENERAL CAPITAL FUND**

	<u>Ref.</u>		
Balance December 31, 2011	C:C-3		\$143
Increased by:			
Capital Improvement Fund	C-6	25,000	
Deferred Charges Raised in Operating Budget	A-3	20,000	
Bond Anticipation Notes Issued	C-9	118,750	
Premium on Sale of Notes	C-1	<u>3,765</u>	
			<u>167,515</u>
			167,658
Decreased by:			
Expenditures Charged to Reserves:			
Development of City Airport	C-3	5,580	
Design Expenses for Diesterweg Walkway/ Bikepath Phase II	C-3	5,240	
Improvement Authorizations	C-7	<u>110,452</u>	
			<u>121,272</u>
Balance December 31, 2012	C:C-3		<u><u>\$46,386</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2011	Receipts		Disbursements			Transfers From To	Balance Dec. 31, 2012
		Miscel- laneous	Budget Approp- riations	Bond Antic. Notes	Improvement Authorizations	Miscel- laneous		
Capital Improvement Fund	18,750	25,000						5,000
Fund Balance	8,100	3,765					38,750	365
Reserve for Encumbrances	89,389						11,500	315,944
Reserve for Demolition of Property	4,353						89,389	4,353
Reserve for Development of City Airport						5,580		1,920
Reserve for Design Expenses for Diesterweg Walkway/Bikepath Phase II						5,240		2,260
Improvement Authorizations:								
#15-1989 Revitalization of Philadelphia Avenue	(40,000)		20,000					(20,000)
#05-2006 Purchase of Radios, Computers, and Ambulance	4,115				2,257		2,266	601
#19-2008 Reconstruction of St. Louis Avenue and Acquisition of Street Sweeper	(26,852)				0			(26,852)
#9-2009 Lake Improvements/EHC North Preliminary Expense	1,025							1,025
a - Lake Improvements	1,555				2,995		1,472	32
b- EHC North Preliminary Expenses								
#11-2009 Reconstruction of Various Roads					20,299		20,299	
#11-2010 EHC North Preliminary Expenses	1,234				467		70	837
#4-2011 Various General Improvements	19,661				36,164		2,422	17,114
#10-2011 Reconstruction of Various Roads	(81,187)			118,750	9,813		55,380	2,870
#9-2012 Reconstruction of Various Roads					28,361		221,639	(237,500)
#14-2012 Various General Improvements					2,783		31,700	(23,233)
#15-2012 EHC North Pinelands Preliminary Study					7,313		2,537	1,650
	\$143	28,765	20,000	118,750	110,452	10,820	455,583	46,386

Ref.

C

C-2

C-6

C-9

C-7

C/C-1

C:C-2

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$1,727,000
Decreased by:		
2012 Budget Appropriations to Pay Bonds:		
Municipal Bonds	C-8	<u>165,000</u>
Balance December 31, 2012	C	<u><u>\$1,562,000</u></u>

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

Ord. #	Improvement Authorization	Balance Dec. 31 2011	2012 Authorizations	Funded by Budget Appropriation	Transferred to Deferred Taxation- Funded	Balance Dec. 31 2012	Analysis of Balance - December 31, 2012		
							Financed by Notes	Expenditures	Unexpended Improvement Authorizations
15-1989	Construction of Sidewalks	40,000		20,000		20,000		20,000	
9-2006	Various General Improvements	365,179		27,721		337,458	337,458		
7-2007	Various General Improvements	353,021		22,279		330,742	330,742		
19-2008	Reconstruction of St. Louis Ave. and Acquisition of Street Sweeper	106,929				106,929	72,600	26,852	7,477
11-2009	Reconstruction of Various Roads	427,500				427,500	427,500		
10-2011	Reconstruction of Various Roads	118,750				118,750	118,750		
9-2012	Reconstruction of Various Roads		237,500			237,500		237,500	
14-2012	Various General Improvements		213,750			213,750		23,233	190,517
		<b>\$1,411,379</b>	<b>451,250</b>	<b>70,000</b>	<b>0</b>	<b>1,792,629</b>	<b>1,287,050</b>	<b>307,585</b>	<b>197,994</b>
		<b>C</b>	<b>C-7</b>	<b>C-9:C-10</b>	<b>C-4</b>	<b>C</b>	<b>C-9</b>		<b>C-7</b>

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>		
Balance December 31, 2011	C		\$18,750
Increased by:			
Budget Appropriation	A-3		<u>25,000</u>
			43,750
Decreased by:			
Appropriated to Fund Improvement			
Authorizations	C-7	23,750	
Charges for Preliminary Improvement Costs:			
Development of City Airport		7,500	
Design Expenses for Diesterweg Walkway/ Bikepath Phase II		<u>7,500</u>	
			<u>38,750</u>
Balance December 31, 2012	C		<u><u>\$5,000</u></u>



**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. #	Improvement Authorization	Ordinance Date	Amount	2012 Authorizations					Prior Year Encumbrance Paid	Paid or Charged	Deferred Charged to Future Taxation Unfunded	Encumbered	Reappropriate Balance	Balance Dec. 31, 2012	
				Balance Dec. 31, 2011 Funded	Unfunded	Capital Improvement Fund	Capital Surplus	Charged to Future Taxation Unfunded						Funded	Unfunded
5-2006	Purchase of Radios, Computers, and Ambulance	3/23/06	235,638	4,115					1,009	2,257		2,266		601	
19-2008	Reconstruction of St. Louis Ave. and Acquisition of Street Sweeper	8/28/08	241,000		7,477										7,477
9-2009	Lake Improvements/EHC North Preliminary Expense a - Lake Improvements b - EHC North Preliminary Expenses	4/9/09	37,500 75,000	1,025 1,555					1,472	2,995				1,025 32	
11-2009	Reconstruction of Various Roads	6/25/09	450,000						20,299	20,299					
11-2010	EHC North Preliminary Expenses	4/22/10	200,000	1,234					70	467				837	
4-2011	Various General Improvements	2/24/12	167,500	19,661					36,039	36,164		2,422		17,114	
10-2011	Reconstruction of Various Roads	5/26/12	125,000		37,563				30,500	9,813		55,380			2,870
9-2012	Reconstruction of Various Roads	5/24/12	250,000			12,500		237,500		28,361		221,639			
14-2012	Various General Improvements	9/13/12	225,000			11,250		213,750		2,783		31,700			190,517
15-2012	EHC North Pinelands Preliminary Expenses	9/13/12	11,500				11,500			7,313		2,537		1,650	
				\$27,590	45,040	23,750	11,500	451,250	89,389	110,452		315,944	0	21,259	200,864
Ref.				C	C	C-6	C-1	C-5				C		C	C
				General Capital Cash											
				C-2; C-3											
				110,452											

SEE ACCOMPANYING AUDITOR'S REPORT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			December 31, 2012	Amount					
Various Improvements	12/1/05	2,317,000							
			12/1/13	175,000	3.50%				
			12/1/14	185,000	3.50%				
			12/1/15	190,000	4.00%				
			12/1/16	200,000	4.00%				
			12/1/17-19	210,000	4.00%				
			12/1/20	182,000	4.00%	1,727,000	165,000	1,562,000	
						<u>\$1,727,000</u>	<u>0</u>	<u>165,000</u>	<u>1,562,000</u>
Ref.						C	C-4	C-4	C

SEE ACCOMPANYING AUDITOR'S REPORT

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

Ord. #	Improvement Description	Date of Original Issue of Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
9-06	Various General Improvements	7/26/06	2/9/11	2/5/13	1.40%	365,179		27,721	337,458
7-07	Various General Improvements	6/1/07	2/9/11	2/5/13	1.40%	353,021		22,279	330,742
19-08	Various General Improvements	2/9/11	2/9/11	2/5/13	0.00%	72,600			72,600
11-09	Various General Improvements	12/31/09	2/9/11	2/5/13	1.40%	65,500			65,500
11-09	Various General Improvements	2/10/10	2/9/11	2/5/13	1.40%	362,000			362,000
10-11	Various General Improvements	2/6/12	2/6/12	2/5/13	1.40%		118,750		118,750
						<u>\$1,218,300</u>	<u>118,750</u>	<u>50,000</u>	<u>1,287,050</u>
					Ref.	C	C-2:C-7	C-5	C; C-5

SEE ACCOMPANYING AUDITOR'S REPORT

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

Ord. #	Improvement Description	Date of Ordinance	Balance Dec. 31, 2011	Debt Authorized	Paid Through Budget	Notes Issued	Balance Dec. 31, 2012
15-89	Revitalization of Phila. Ave.	9/7/89	40,000		20,000		20,000
19-08	Reconstruction of St. Louis Ave. and Acquisition of Street Sweeper	8/28/08	34,329				34,329
10-11	Various Road Improvements	5/26/11	118,750			118,750	
9-12	Reconstruction of Various Roads	5/24/12		237,500			237,500
14-12	Various General Improvements	9/13/12		213,750			213,750
			<u>\$193,079</u>	<u>451,250</u>	<u>20,000</u>	<u>118,750</u>	<u>505,579</u>
Ref.			C	C-7	C-5	C-9	C

SEE ACCOMPANYING AUDITOR'S REPORT

**WATER AND SEWER FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>OPERATING</u>	<u>CAPITAL</u>	
Balance December 31, 2011		\$368,384		791,664
Increased by Receipts:				
Collector	D-6	1,251,997		
Miscellaneous	D-3	31,539		
Fire Hydrants	D-3	15,000		
Appropriation Refunds	D-4	4,888		
EHC North Land Sale	D-3	305,500		
Petty Cash		200		
Due from Current Fund			38,061	
Due from Utility Capital		66,427		
Premium on Notes	D-2		2,480	
		<u>1,675,551</u>		<u>40,541</u>
		2,043,935		832,205
Decreased by Disbursements:				
2012 Appropriations	D-4	1,112,541		
2011 Appropriation Reserves	D-13	21,786		
Accrued Interest on Bonds	D-14	428,258		
Petty Cash		200		
Improvement Authorizations	D-16		212,442	
Due to Current Fund		35,281		
Due to Utility Operating			66,427	
		<u>1,598,066</u>		<u>278,869</u>
Balance December 31, 2012	D	<u>\$445,869</u>		<u>553,336</u>

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2011	D		\$0
Increased by Receipts:			
Consumer Accounts Receivable	D-3:D-7	1,094,120	
Utility Liens	D-8	17,296	
Prepaid Utility Rents		138,268	
Prepaid Fire Receipts		<u>2,313</u>	
			<u>1,251,997</u>
			1,251,997
Decreased by Disbursements:			
Payment to Treasurer	D-5		<u>1,251,997</u>
Balance December 31, 2012			<u><u>\$0</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	D		\$14,814
Increased by Receipts:			
Utility Rents Levied	Res.	<u>1,219,356</u>	<u>1,219,356</u>
			1,234,170
Decreased by Collections:			
Collections - 2012	D-6	1,094,120	
Collections - 2011	D	122,512	
Transfers to Lien	D-8	5,395	
Cancellations	Res.	207	
Overpayments created	D-15	<u>(39)</u>	<u>1,222,195</u>
Balance December 31, 2012	D		<u><u>\$11,975</u></u>

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF LIENS**

	<u>Ref.</u>		
Balance December 31, 2011	D		\$15,674
Increased by:			
Transfers from Accounts Receivable	D-7	5,395	
Fire Subcode Fines	Res.	1,062	
Penalties and Costs Accrued by Sale of December 18, 2012	Res.	<u>182</u>	<u>6,639</u>
			22,313
Decreased by:			
Collections	D-3:D-6	<u>17,296</u>	<u>17,296</u>
Balance December 31, 2012	D		<u><u>\$5,017</u></u>

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF DEFERRED CHARGES**

	BALANCE DEC. 31, 2011	ADDED IN 2012	2012 BUDGET	BALANCE DEC. 31, 2012
Deficit in Operations	14,159		14,159	
	<u>\$14,159</u>	<u>0</u>	<u>14,159</u>	<u>0</u>

Ref.	D	D-1	D-4	D
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**WATER AND SEWER CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL - SEWER**

ACCOUNT	BALANCE DEC. 31, 2011	ADDITIONS BY		DEDUCTION FACILITIES ABANDONED	BALANCE DEC. 31, 2012
		BUDGET CAPITAL	BY ORDINANCE		
Sewer Mains	\$161,073				161,073
Engineering and Superintendents	13,131				13,131
General Equipment	4,726				4,726
Sewer Line Extension	73,542				73,542
Sewer Improvements	87,500				87,500
Erection of Fence	4,361				4,361
Various Improvements to Sewer System	3,693,400				3,693,400
8th Terrace Sewer Replacement	65,000				65,000
Extension of Sanitary Sewers in Buerger Street, Beethoven Street, Baltimore Avenue and Claudius Street	680,000				680,000
Extension or Replacement of Sanitary Sewers and/or Water Mains on Various City Streets	100,000				100,000
Sanitary Sewer Replacement and Extension	1,002,066				1,002,066
#13-03 Sewer Extensions and Replacements	150,582				150,582
Sewer Extensions - 2004	160,800				160,800
Sewer Plant Demolition	135,000				135,000
#13-04 Hamburg Avenue Sanitary Sewer Expansion	3,100,000				3,100,000
#14-06 Various Sewer Utility Improvements	106,235				106,235
#11-07 Various Sewer Utility Improvements	250,000				250,000
#20-08 EHC North Utility Improvements			2,948,430		2,948,430
#21-08 Various Sewer Utility Improvements	38,219				38,219
	<u>\$9,825,635</u>	<u>0</u>	<u>2,948,430</u>	<u>0</u>	<u>12,774,065</u>

Ref.

D

D-12

D

SEE ACCOMPANYING AUDITOR'S REPORT

**WATER AND SEWER CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL - WATER**

ACCOUNT	BALANCE DEC. 31, 2011	ADDITIONS BY		DEDUCTION FACILITIES ABANDONED	BALANCE DEC. 31, 2012
		BUDGET CAPITAL OUTLAY	BY ORDINANCE		
Reservation Land	\$4,417				4,417
Filters	12,281				12,281
Chemical Treatment Plant	3,308				3,308
Pumping Station Structures	50,136				50,136
Electric Power Pumping Equipment	55,975				55,975
Other Power Pumping Equipment	755				755
Storage Reservoirs, Tanks and Sandpipes	153,918				153,918
Distribution Mains and Accessories	289,769				289,769
Service Pipes and Stops	13,559				13,559
Meters, Meter Boxes and Vaults	22,846				22,846
Fire Hydrants and Fire Cisterns	9,385				9,385
General Structures	16,699				16,699
General Equipment	16,219				16,219
Chlorinator	1,575				1,575
Water Plant Improvements	51,000				51,000
Repairs to Water System	25,000				25,000
General Improvements	124,373				124,373
Refinishing Water Tower	25,000				25,000
New Wells and Filters	205,327				205,327
Various Improvements to Water System	2,356,600				2,356,600
Improvements to Monitoring Wells	10,000				10,000
Replacement of Well #3	260,000				260,000
Purchase of Automated Meter Reading System	15,000				15,000
#9-03 Water Tank Renovations	269,021				269,021
Land for Water Plant - 2008	221,487				221,487
#11-06 Improvements to Hamburg Avenue Water Service	2,950,000				2,950,000
#14-06 Various Water Utility Improvements	83,114				83,114
#11-07 Various Water Utility Improvements	250,000				250,000
#20-08 EHC North Utility Improvements			2,948,430		2,948,430
#21-08 Various Water Utility Improvements	38,219				38,219
#12-09 Acquisition of Land for Water Plan	160,000				160,000
	\$7,694,983	0	2,948,430	0	10,643,413

Ref.

D

D-4

D-12

D-19

D

SEE ACCOMPANYING AUDITOR'S REPORT

**WATER AND SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

IMPROVEMENT DESCRIPTION	DATE	AMOUNT	2012 AUTHORIZATION				CANCELLED	BALANCE DEC. 31, 2012
			BALANCE DEC. 31, 2011	DEFERRED RESERVE FOR AMORTIZATION	DEFERRED CHARGES TO FUTURE REVENUE	TO FIXED CAPITAL		
#20-08 Construction of EHC North Utility Improvements	9/11/08	6,032,000	6,032,000			5,896,859		135,141
#12-09 Construction of Water Plant	9/10/09	10,000,000	6,938,100	0	0	5,896,859	0	6,938,100
			<u>\$12,970,100</u>	<u>0</u>	<u>0</u>	<u>5,896,859</u>	<u>0</u>	<u>7,073,241</u>
	Ref.		D		D-16	D-10; D-11	D-22	D

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

	<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>	<u>OVER- EXPENDED</u>
Operating:					
Other Expenses	\$67,700	67,700	20,161	47,539	
Engineering Fees	3,145	3,145	1,625	1,520	
Other Accounts - No Change	21,137	21,137		21,137	
	<u>\$91,982</u>	<u>91,982</u>	<u>21,786</u>	<u>70,196</u>	<u>0</u>
Ref.	D		D-5	D-1	D-1

SEE ACCOMPANYING AUDITOR'S REPORT

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

Balance December 31, 2011	<u>Ref.</u> D	\$130,743
Increased by:		
Budget Appropriation for Interest on Bonds and Notes	D-4	<u>425,980</u>
		556,723
Decreased by:		
Interest Paid - Treasurer	D-5	<u>428,258</u>
Balance December 31, 2012	D	<u><u>\$128,465</u></u>

**ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2012**

<u>Principal Outstanding Dec. 31, 2012</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds					
194,937	4.50%	9/26/12	12/31/12	97	2,364
766,122	4.50%	10/22/12	12/31/12	70	6,704
147,152	4.25%	12/1/12	12/31/12	31	537
515,000	various	12/1/12	12/31/12	31	1,650
4,196,086	4.375%	8/15/12	12/31/12	138	70,372
1,600,000	various	8/1/12	12/31/12	153	22,576
4,976,885	2.250%	10/14/12	12/31/12	78	<u>24,262</u>
					<u>128,465</u>
Bond Anticipation Notes - Charged Directly to Improvement Authorizations					
800,000	1.40%	2/8/12	12/31/12	327	<u>10,173</u>
					<u>10,173</u>
Total Accrued Interest					<u><u>\$138,638</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF RENT OVERPAYMENTS**

	<u>Ref.</u>	
Balance December 31, 2011	D	\$2,150
Increased by:		
Overpayments created in 2012	D-7	<u>39</u>
Balance December 31, 2012	D	<u><u>\$2,189</u></u>

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

IMPROVEMENT AUTHORIZATION	ORDINANCE DATE	AMOUNT	BALANCE DEC. 31, 2011 FUNDED	2012 AUTHORIZATIONS				PAID OR CHARGED CURRENT YEAR ENCUMBERED	PRIOR YEAR ENCUMBERED	BALANCE DEC. 31, 2012	
				GRANTS IN AID AND OTHER FUNDS	DOWN PAYMENT OR CAPITAL IMPROV. FUND	DEFERRED CHARGES TO FUTURE REVENUE	CASH			CANCELLED	UNFUNDED
#20-08 Various Utility Improvements	9/11/08	6,032,000	146,158				33,691	113,455	(22,674)		21,686
#12-09 Construction of Water Plant	9/10/09	10,000,000	6,089,538	3,124,100			190,487	7,297,899	(262,160)		1,987,412
			<u>\$0</u>	<u>6,235,696</u>	<u>3,124,100</u>	<u>0</u>	<u>224,178</u>	<u>7,411,354</u>	<u>(284,834)</u>	<u>0</u>	<u>2,009,098</u>
Ref.	D	D	D	D-2; D-4	D-19	D-12	D	D	D	D	D
				Paid in Cash Net Accrued interest charged to ordinances BAN interest charged to ordinances							
				D-5 (5,257) 16,993 <u>224,178</u>							

SEE ACCOMPANYING AUDITOR'S REPORT

**SCHEDULE OF RESERVE FOR AMORTIZATION - WATER**

	Ref.		
Balance December 31, 2011	D		\$4,940,938
Increased by:			
Serial Bonds Paid	D-20	<u>49,403</u>	<u>49,403</u>
Balance December 31, 2012	D		<u><u>\$4,990,341</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION - SEWER**

	Ref.		
Balance December 31, 2011	D		\$2,955,110
Increased by:			
Serial Bonds Paid	D-20	199,223	
Bond Anticipation Notes Paid	D-21	<u>6,667</u>	<u>205,890</u>
Balance December 31, 2012	D		<u><u>\$3,161,000</u></u>



**WATER AND SEWER CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

	Ref.	
Balance December 31, 2011	D	\$2,338,517
No Activity During 2012		
Balance December 31, 2012	D	<u>\$2,338,517</u>

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INT. RATE	BALANCE DEC. 31, 2011	INCREASED	DECREASED	BALANCE DEC. 31, 2012
			DECEMBER 31, 2012 DATE	AMOUNT					
Various Sewer Improvements	9/26/02	220,000	3/26/13	1,570					
			9/26/13	1,605					
			3/26/14	1,641					
			9/26/14	1,678					
			3/26/15	1,716					
			9/26/15	1,755					
			3/26/16	1,794					
			9/26/16	1,834					
			3/26/17	1,876					
			9/26/17	1,918					
			3/26/18- 9/26/42	177,550	4.50%	197,974		3,037	194,937
Sanitary Sewer Extension & Replacement	10/22/04	839,000	4/22/13	5,474					
			10/22/13	5,597					
			4/22/14	5,723					
			10/22/14	5,852					
			4/22/15	5,984					
			10/22/15	6,118					
			4/22/16	6,256					
			10/22/16	6,397					
			4/22/17	6,541					
			10/22/17	6,688					
			4/22/18- 10/22/44	705,492	4.50%	776,712		10,590	766,122
Various Sewer Improvements	9/1/05	160,800	6/10/13	1,072					
			12/10/13	1,095					
			6/10/14	1,118					
			12/10/14	1,142					
			6/10/15	1,166					
			12/10/15	1,191					
			6/10/16	1,216					
			12/10/16	1,242					
			6/10/17	1,268					
			12/10/17	1,295					
			6/10/18- 6/10/45	135,347	4.25%	149,230		2,078	147,152
Various Water and Sewer Improvements	12/1/05	715,000	12/1/13	55,000	3.50%				
			12/1/14	60,000	3.50%				
			12/1/15-18	65,000	4.00%				
			12/1/19-20	70,000	4.00%	565,000		50,000	515,000
Various Water and Sewer Improvements	2/15/08	4,400,000	2/15/13	25,206					
			8/15/13	25,758					
			2/15/14	26,322					
			8/15/14	26,897					
			2/15/15	27,485					
			8/15/15	28,087					
			2/15/16	28,701					
			8/15/16	29,329					
			2/15/17	29,970					
			8/15/17	30,626					
			2/15/18 - 2/15/48	3,917,705	4.375%	4,244,892		48,806	4,196,086
Refunding Bond Issue	4/26/11	1,690,000	8/1/13-14	55,000	3.000%				
			8/1/15	55,000	2.000%				
			8/1/16	125,000	2.250%				
			8/1/17	125,000	2.500%				
			8/1/18	130,000	4.000%				
			8/1/19	135,000	4.000%				
			8/1/20	140,000	3.500%	1,655,000		55,000	1,600,000

SEE ACCOMPANYING AUDITOR'S REPORT

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INT. RATE	BALANCE DEC. 31, 2011	INCREASED	DECREASED	BALANCE DEC. 31, 2012
			DECEMBER 31, 2012 DATE	AMOUNT					
Egg Harbor City North Utility Improvements	10/14/11	5,056,000	4/14/13	40,226					
			10/14/13	40,679					
			4/14/14	41,136					
			10/14/14	41,599					
			4/14/15	42,067					
			10/14/15	42,540					
			4/14/16	43,019					
			10/14/16	43,503					
			4/14/17	43,992					
			10/14/17	44,487					
			4/14/18 -						
			10/14/51	4,553,637	2.250%	5,056,000		79,115	4,976,885
						<u>\$12,644,808</u>	<u>0</u>	<u>248,626</u>	<u>12,396,182</u>
					Ref.	D		D-4:D-5 D-17:D-18	D

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DEC. 31, 2011	INCREASED	DECREASED	BALANCE DEC. 31, 2012
Improvements to Sanitary Sewer	4/30/04	4/29/13	0.00%	33,332		6,667	26,665
Water Plant Construction	2/10/10	2/5/13	1.40%	800,000	800,000	800,000	800,000
Water Plant Construction	2/10/10	2/5/13	0.00%	800,000			800,000
				<u>\$1,633,332</u>	<u>800,000</u>	<u>806,667</u>	<u>1,626,665</u>
		Ref.	D	D-22	D-4	D	

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

IMPROVEMENT DESCRIPTION	DATE OF ORDINANCE	BALANCE DEC. 31, 2011	2012 AUTHORIZATIONS	BONDS ISSUED	NOTES ISSUED	BALANCE DEC. 31, 2012
#20-08 EHC North Utility Improvements	9/11/08	479,113				479,113
#06-04 Sewer Extensions	5/13/04	800				800
#12-09 Construction of Water Plant	9/10/09	5,498,100				5,498,100
		<u>\$5,978,013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,978,013</u>
Ref.	D		D-15	D-19	D-20	D

SEE ACCOMPANYING AUDITOR'S REPORT

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**EGG HARBOR CITY**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

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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 of 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 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 \$17,500, except by contract or agreement". Effective September 20, 2011, the State of New Jersey Division of Local Government Services is permitting municipalities who employ an individual who meets the criteria to sit for the Qualified Purchasing Agent examination to temporarily increase their bid threshold to \$26,000. City Council adopted a resolution increasing the City's bid threshold to \$26,000 effective September 22, 2011. The City's Chief Financial Officer sat, and passed, the examination for the Qualified Purchasing Agent in December 2012. A resolution was adopted in January 2013 appointing a Qualified Purchasing Agency and increasing the bid threshold to \$36,000.

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$17,500 (\$26,000 effective September 22, 2011) within the calendar year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

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

Construction of Water Treatment Plant, Diesterweg Avenue Walkway and Bike Path, Construction of Goethe Street Pump Station.

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

My examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$17,500 (\$26,000 effective September 22, 2011) "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

### **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 become delinquent.

The governing body on January 3, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJSA 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes, assessments, and water and sewer bills subject to any abatement or discount for the late payment of taxes and water and sewer bills as provided by law; and

WHEREAS, NJSA 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of Egg Harbor City, County of Atlantic, State of New Jersey as follows:

1. The Tax and Utility Collector's are hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes and water and sewer bills becoming delinquent after due date and 18% per annum on any amount of taxes and water and sewer bills in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

2. There is a ten (10) day grace period of quarterly tax and water and sewer bill payments made by cash, check or money order.

3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

4. This resolution shall be published in its entirety once in an official newspaper of Egg Harbor City.

5. A certified copy of this resolution shall be provided by the City Clerk to the Utility Collector, City Attorney, and City Auditor for Egg Harbor City.

It appears from an examination of the collector's records that interest was collected in accordance with the resolution adopted by the governing body.

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

During the 2012 calendar year, the City held their tax sale on December 18, 2012. The sale was complete for all properties which could be included in the sale; however, there are several bankruptcies from prior years that could not be sold.

The following comparison is made of the number of the tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2012	3,740
2011	3,738
2010	3,743

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 tax-paying basis. Included in the December 31, 2012 balance are inactive tax title liens. These liens have been dormant since the early 1940's and represent approximately 3,300 liens.

### Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulation of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2013 and 2012 Taxes	15
Municipal Tax Title Liens	13
Payment of 2012 Water & Sewer Utility Charges	11
Municipal Court	5

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

### Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percent of Collections</u>
2012	\$8,899,870	8,761,796	98.44%
2011	8,912,450	8,776,894	98.47%
2010	8,211,613	8,078,866	98.38%
2009	7,857,419	7,794,440	99.19%
2008	7,803,926	7,758,066	99.41%

### Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	3.96	2.98	2.72	2.62	2.60
Apportionment of Tax Rate:					
Municipal	1.71	1.28	1.20	1.14	1.13
County	0.43	0.36	0.33	0.33	0.32
Local School	1.21	0.89	0.77	0.75	0.71
Regional High School	0.61	0.45	0.42	0.40	0.44
Assessed Valuation	224,407,533	298,675,529	300,464,985	299,122,086	299,436,382

A revaluation of properties was performed in 2011 in order to bring the property values in line with their true value. This revaluation was effective for the 2012 tax year.

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

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of Tax <u>Levy</u>
2012	\$555,883	15,206	571,089	6.42%
2011	489,262	8,671	497,933	5.59%
2010	393,236	5,110	398,346	4.85%
2009	274,638	19,114	293,752	3.74%
2008	231,012	10,431	241,443	3.09%

### Uniform Construction Code

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

***Schedule of Financial Statement Findings***

**NONE**

***Status of Prior Year Recommendations***

**NONE**

## RECOMMENDATIONS

NONE

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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 me.

Very truly yours,

*Robert E. Swartz, CPA*

Robert E. Swartz, CPA  
Registered Municipal Accountant  
No. 319

*Ford Scott & Associates, LLC*

Ford Scott & Associates, LLC  
Certified Public Accountants