

TOWNSHIP OF EGG HARBOR

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

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

TOWNSHIP OF EGG HARBOR

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TOWNSHIP OF EGG HARBOR

PART 1

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 Township Committee
Township of Egg Harbor, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Egg Harbor, 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 Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 25 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,181,526 and \$1,026,357 for 2012 and 2011 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Egg Harbor’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents 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 May 24, 2013 on our consideration of the Township of Egg Harbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Egg Harbor'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

May 24, 2013

EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance 12/31/2012</u>	<u>Balance 12/31/2011</u>
ASSETS			
Regular Fund:			
Cash - Treasurer	A-4	\$8,145,408	8,861,387
- Payroll		267	0
- Petty Cash Funds		2,100	1,800
- Change Funds		900	900
		<u>8,148,675</u>	<u>8,864,087</u>
Amount Due from State of New Jersey			
Veterans and Senior Citizens		25,574	48,229
Reimbursement for Hurricane Sandy Costs	A-3	<u>48,908</u>	<u>0</u>
		<u>74,482</u>	<u>48,229</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	74,799	77,437
Tax Title Liens Receivable	A-8	349,298	458,223
Property Acquired for Taxes-Assessed Valuation		8,084,896	7,646,596
Revenue Accounts Receivable	A-9	599,257	381,773
Due From:			
Animal Control Fund	B	4,953	4,676
Tax Title Lien Redemption	B	<u>14,594</u>	<u>14,594</u>
		<u>9,127,797</u>	<u>8,583,299</u>
Deferred Charges:			
Special Emergency Authorization		900,000	1,200,000
Emergency Authorization	A-3	252,600	204,775
Overexpenditures of Appropriation Reserves		<u>2,526</u>	<u>2,526</u>
		<u>1,155,126</u>	<u>1,407,301</u>
		<u>18,506,080</u>	<u>18,902,916</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance 12/31/2012</u>	<u>Balance 12/31/2011</u>
ASSETS			
Federal and State Grant Fund:			
Cash	A-4	\$1,297,210	1,216,012
Due from Current Fund	A	2,559,271	2,537,810
Due from Open Space Trust Fund	B	55,000	0
Federal and State Grants Receivable	A-12	<u>3,503,593</u>	<u>3,935,571</u>
		<u>7,415,074</u>	<u>7,689,393</u>
		<u>\$25,921,154</u>	<u>26,592,309</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance 12/31/2012</u>	<u>Balance 12/31/2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$549,656	308,977
Reserve for Encumbrances/Accounts Payable	A-3:A-10	1,027,308	1,230,791
Taxes Collected in Advance		691,460	687,749
Tax Overpayments		38,679	27,339
Payroll Taxes Payable		42,631	25,004
Special Emergency Note Payable		900,000	1,200,000
Due to:			
Third Party Inspectors	B	20,121	4,299
DCA Training Fees		10,154	14,557
County - Added Taxes		133,826	110,843
Municipal Utilities Authority		268,868	239,770
Grant Fund	A	2,559,271	2,537,810
General Capital Fund	C	854,345	474,422
Snow Removal Trust	B	0	7,644
Open Space Trust	B	0	103,367
Surety Bond Payable		341,241	421,397
Reserve for:			
Reimbursement for Hurricane Sandy Costs		48,908	0
Road Construction		100,999	100,999
Curb and Sidewalk Surety Deposits		89,492	91,830
Curb and Sidewalk In Lieu		328,704	296,073
Street Opening Surety		95,778	112,778
In Lieu - Other		30,800	30,800
State Tax Appeals Pending		319,810	319,810
Garden State Preservation Fund		9,001	9,001
Property Sales		1,609	160
Property Revaluation		435,771	1,093,765
		8,898,432	9,449,185

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance 12/31/2012</u>	<u>Balance 12/31/2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Reserves for Receivables and Other Assets	A	9,127,797	8,583,299
Fund Balance	A-1	479,851	870,432
		<u>18,506,080</u>	<u>18,902,916</u>
Federal and State Grant Fund:			
Reserve for Encumbrances/Accounts Payable Due to General Capital	A-13 C	69,416 3,787,304	164,013 3,637,304
Reserve for Federal and State Grants			
- Appropriated	A-13	3,551,557	3,855,936
- Unappropriated	A-14	6,797	32,140
		<u>7,415,074</u>	<u>7,689,393</u>
		<u>\$25,921,154</u>	<u>26,592,309</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$900,000	1,065,000
Miscellaneous Revenue Anticipated	A-2	15,019,515	15,441,127
Receipts from Delinquent Taxes	A-2	662,974	233,279
Receipts from Current Taxes	A-2	107,633,826	104,304,768
Non Budget Revenue	A-2	237,241	659,065
Other Credits to Income:			
Cancellation of Prior Year Liabilities		11,137	0
Interfund Returned		4,724	3,199
Unexpended Balance of Approp Reserves	A-11	<u>117,502</u>	<u>310,006</u>
Total Income		<u>124,586,919</u>	<u>122,016,444</u>
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	14,020,654	14,113,269
Other Expenses	A-3	11,562,960	11,973,758
Deferred Charges and Statutory			
Expenditures	A-3	4,308,023	4,579,188
Capital Improvements	A-3	710,000	580,000
Municipal Debt Service	A-3	3,894,190	3,993,612
Local District School Tax	A-11	72,713,280	69,101,862
Municipal Open Space Tax		513,431	518,751
County Tax		16,435,071	17,105,989
County Share of Added Taxes		133,826	110,843
Refund of Prior Year Revenue		14,122	17,052
Cancellation of Prior Year Receivables		<u>24,543</u>	<u>0</u>
Total Expenditures		<u>124,330,100</u>	<u>122,094,324</u>
Deficit in Revenue			<u>77,880</u>
Excess in Revenue		<u>256,819</u>	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year		<u>252,600</u>	<u>204,775</u>
Statutory Excess to Fund Balance		509,419	126,895
Fund Balance January 1	A	<u>870,432</u>	<u>1,808,537</u>
		1,379,851	1,935,432
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>900,000</u>	<u>1,065,000</u>
Balance December 31	A	<u><u>\$479,851</u></u>	<u><u>870,432</u></u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	BUDGET	ANTICIPATED SPECIAL NJS 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated		\$0		0	
Surplus Anticipated with Prior Written Consent of Director of Local Government Services		900,000		900,000	
Total Fund Balance Anticipated	A-1	900,000	0	900,000	0
Miscellaneous Revenues:					
Section A: Local Revenues					
Licenses:					
Alcoholic Beverages	A-9	91,564		90,814	(750)
Other	A-9	844,000		911,956	67,956
Fees and Permits	A-9	155,000		174,853	19,853
Fines and Costs:					
Municipal Court	A-9	737,614		715,006	(22,608)
Interest and Costs on Taxes	A-9	283,000		304,681	21,681
Interest on Investments and Deposits	A-9	29,565		38,553	8,988
Hotel Occupancy Tax	A-9	398,239		471,853	73,614
Ambulance Fees	A-9	958,387		1,080,404	122,017
Total Section A		3,497,369	0	3,788,120	290,751
Section B: State Aid Without Offsetting Appropriations					
Energy Receipts Tax	A-9	6,013,285		6,013,285	
Watershed Moratorium Offset Aid		16,779		16,779	
Garden State Pilot Trust		9,001		9,001	
Total Section B		6,039,065	0	6,039,065	0

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
		BUDGET	SPECIAL NJS 40A:4-87	
Section C: Dedicated Uniform Construction Code Fees Offset with Appropriations (NJS 40A:4-36 & NJAC 5:23-4.17)	A-9	805,000		(61,701)
Uniform Construction Code Fees			743,299	
Total Section C		805,000	0	(61,701)
Section D: Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services - Interlocal Municipal Service Agreements Offset with Appropriations:				
City of Northfield Dispatch Service	A-4	300,000		300,000
City of Linwood Dispatch Service	A-4	172,083		172,083
Egg Harbor Township Board of Education Solid Waste Disposal	A-4	119,841		123,000
State of New Jersey - MVC	A-4	81,200		105,572
County of Atlantic Nutrituion Site	A-4	12,563		12,945
Total Section D		685,687	0	713,600
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				
New Jersey Transportation Trust Fund		150,000		150,000
Drunk Driving Enforcement Fund		21,199	16,508	37,707
Clean Communities Program		71,047	6,834	77,881
Municipal Alliance on Alcoholism and Drug Abuse		23,570		23,570

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
		BUDGET	SPECIAL NJS 40A:4-87	
		BUDGET	SPECIAL NJS 40A:4-87	EXCESS OR (DEFICIT)
Safe and Secure Communities Program		51,464		51,464
Alcohol Education and Rehabilitation Fund			3,993	3,993
Recycling Tonnage Grant		23,937	23,545	47,482
Body Armor Replacement Fund Program			7,943	7,943
NJDL&PS Division of Highway Safety				
Over the Limit Under Arrest Year End Crackdown		4,250		4,250
Click It or Ticket		2,650		2,650
COPS in Shops				
College/Fall Initiative			3,200	3,200
Summer Shore		2,385	2,400	4,785
Justice Assistance Grant			11,143	11,143
US Department of Justice - Bulletproof Vest Grant		5,906		5,906
Highway Safety Program				
"Safe Corridors"			47,054	47,054
Atlantic County Dept of Highway Safety - Distracted Driver			2,000	2,000
Community Development Block Grant		83,828		83,828
School Resource Officer Donation		11,750		11,750
Total Section F	A-12	451,986	124,620	576,606
Section G: Special Items of General Revenue				
Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items				
Uniform Fire Safety Act	A-4	70,999		71,314
Host Community Fees	A-9	2,052,000		1,798,184
Appropriation of Authority Assets		240,000		240,000
Cell Tower Leases		79,429		80,117
				315
				(253,816)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS**

	ANTICIPATED			
Ref.	BUDGET	SPECIAL NJS 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Tax Abatement Payments	400,200		412,793	12,593
Reserve to Pay Bonds	214,430		214,430	
Cable Franchise Fees	137,374		140,977	3,603
Environmental Trust Account	115,000		115,000	
Towing Fees	102,560		86,010	(16,550)
Total Section G	<u>3,411,992</u>	<u>0</u>	<u>3,158,825</u>	<u>(253,167)</u>
Total Miscellaneous Revenues	A-1 14,891,099	124,620	15,019,515	3,796
Receipts from Delinquent Taxes	A-1:A-2 152,294		662,974	510,680
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	A-2:A-7 18,868,215		18,531,218	(336,997)
Budget Totals	<u>34,811,608</u>	<u>124,620</u>	<u>35,113,707</u>	<u>177,479</u>
Non-Budget Revenues: Other Non-Budget Revenue	A-2		237,241	237,241
	<u>\$34,811,608</u>	<u>124,620</u>	<u>35,350,948</u>	<u>414,720</u>
Ref.	A-3	A-3		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS**

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections

A-1:A-7 \$107,633,826

107,633,826

Allocated to:

School, County Taxes

89,795,608

Balance for Support of Municipal Budget Appropriations

17,838,218

Increased by:

Appropriation "Reserve for Uncollected
Taxes"

A-3

693,000

Amount for Support of Municipal
Budget Appropriations

A-2

18,531,218

Receipts from Delinquent Taxes:

Delinquent Tax Collections

A-7

53,756

Tax Title Lien Collections

A-8

609,218

\$662,974

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS**

Ref.

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Revenue Accounts Receivable:

Tax Searches

A-9 \$2,000

Total

2,000

Treasurer:

Municipal Utilities Authority (MUA) Rental & Fuel

53,714

State of NJ Hurricane Irene (FEMA)

43,560

Cygnus Arts Center Janitorial Services

16,736

Golf Course Rentals - Space & Golf Carts

63,984

Atlantic County Radio System

12,990

Motor Vehicle Inspection Fund

7,190

Workers Comp Reim

8,635

Police Department

15,004

Military Leave Reimbursements

7,760

Other Miscellaneous

5,668

Total

A-4

235,241

A-1:A-2

\$237,241

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDED		UNEXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	OVER-BALANCE CANCELLED	EXPENDED
GENERAL GOVERNMENT:							
Governing Body							
Salaries and Wages	\$125,626	125,626	121,844	2,795	987		
Other Expenses	7,850	7,850	5,969	1,134	747		
DEPARTMENT OF ADMINISTRATION AND FINANCE							
Administrator's Office							
Salaries and Wages	272,374	263,374	257,761	5,419	194		
Other Expenses	15,900	15,900	13,695	581	1,624		
Office of Township Clerk							
Salaries and Wages	311,434	304,434	296,788	7,399	247		
Other Expenses	47,700	59,700	41,255	15,452	2,993		
Division of the Treasury							
Salaries and Wages	262,576	251,576	246,170	4,775	631		
Other Expenses	49,700	49,700	43,787	1,467	4,446		
Auditor							
Other Expenses	62,500	62,500	61,300		1,200		
Division of Collections							
Salaries and Wages	231,817	224,817	218,949	5,493	375		
Other Expenses	47,450	47,450	35,563	8,076	3,811		
Division of Assessments							
Salaries and Wages	124,506	124,006	120,576	2,892	538		
Other Expenses							
Miscellaneous Other Expenses	66,000	72,000	65,249	6,258	493		
Division of Law							
Other Expenses	380,000	380,000	351,426	17,949	10,625		
Rent Leveling Board							
Other Expenses	18,100	18,100	14,715	286	3,099		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDED		UNEXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	OVER-BALANCE CANCELLED	OVER-EXPENDED
DEPARTMENT OF PUBLIC WORKS							
Division of Roads							
Salaries and Wages	603,138	660,138	627,843	14,083	18,212		
Other Expenses	139,400	139,400	121,317	17,058	1,025		
Snow Removal							
Other Expenses	1,000	1,000	1,000		0		
Division of Buildings and Grounds							
Salaries and Wages	678,134	686,134	670,700	15,132	302		
Other Expenses	128,500	131,100	125,051	3,820	2,229		
Division of Equipment Maintenance							
Salaries and Wages	332,086	325,086	308,561	7,683	8,842		
Other Expenses	214,600	214,600	200,538	11,767	2,295		
Division of Solid Waste							
Salaries and Wages	858,627	827,677	802,006	20,278	5,393		
Other Expenses	31,000	31,000	29,563	695	742		
Landfill/Solid Waste Disposal Costs							
Other Expenses	1,325,000	1,525,000	1,171,612	287,338	66,050		
Animal Control							
Other Expenses	23,000	23,000	20,350	1,850	800		
Engineering Services							
Other Expenses	60,000	60,000	52,172		7,828		
DEPARTMENT OF RECREATION							
Salaries and Wages	111,500	113,000	111,731	1,168	101		
Other Expenses	77,175	77,175	56,024	10,234	10,917		
Celebration of Events							
Other Expenses	2,500	2,500	1,222	124	1,154		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDED			UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER-EXPENDED
DEPARTMENT OF POLICE							
Salaries and Wages	8,131,132	8,136,132	7,967,173	168,247	712		
Other Expenses	458,750	458,750	334,376	115,748	8,626		
DEPARTMENT OF POLICE DISPATCH/911							
Salaries and Wages	426,802	440,802	431,942	8,716	144		
Other Expenses	37,500	37,500	34,446	1,362	1,692		
DEPARTMENT OF FIRE							
Other Expenses	150,000	150,000	150,000		0		
Aid	150,000	150,000	132,438	17,385	177		
Ambulance Services							
Salaries and Wages	480,830	447,830	431,556	16,271	3		
Other Expenses	87,500	76,900	46,872	2,370	27,658		
Municipal Court							
Salaries and Wages	482,402	485,402	464,137	11,982	9,283		
Other Expenses	51,700	51,700	30,839	20,759	102		
Public Defender							
Other Expenses	5	5			5		
DEPARTMENT OF COMMUNITY DEVELOPMENT							
Division of Planning							
Salaries and Wages	93,569	92,569	88,996	2,464	1,109		
Other Expenses	18,525	18,525	8,330	1,378	8,817		
Division of Zoning							
Salaries and Wages	59,247	59,247	57,872	1,374	1		
Other Expenses	5,650	5,650	494	3,600	1,556		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS			EXPENDED			UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER-EXPENDED	
ACCUMULATED LEAVE COMPENSATION								
Salaries and Wages	75,000	51,600	51,557		43			
Insurance								
Other Insurance Premiums (JIF)	505,201	505,201	436,279	1,500	67,422			
Worker Compensation Insurance (JIF)	1,048,494	1,048,494	1,048,494					
Group Insurance for Employees	2,850,331	2,873,831	2,873,831		0			
Group Insurance Opt-Out Payments	21,430	21,430	21,430					
Division of Inspections								
Salaries and Wages	329,984	328,984	320,827	7,510	647			
Other Expenses	35,300	35,300	12,238	177	22,885			
Uniform Fire Safety Act (PL 1983, CH383)								
Fire Prevention Program	72,220	72,220	69,667	1,898	655			
Salaries and Wages	4,370	4,370	3,655	500	215			
Other Expenses								
UNCLASSIFIED								
Electricity	335,000	335,000	316,586	15,251	3,163			
Street Lighting	260,000	252,500	217,379	21,886	13,235			
Telephone	105,000	105,000	91,649	12,352	999			
Water	18,000	25,000	21,522	171	3,307			
Gas	60,000	55,000	35,272		19,728			
Sewerage	3,000	2,500	2,337		163			
Gasoline	462,000	545,559	487,138	40,000	18,421			
Fire Hydrant Service	284,000	284,000	258,443	24,367	1,190			
Accumulated Absences	1,000	1,000	1,000		0			
Condominium Services Act PL 1989 CH 299	170,000	170,000	159,658	10,342				
TOTAL OPERATIONS WITHIN "CAPS"	23,883,135	24,151,844	22,803,170	978,816	369,858	0	0	
Detail:								
Salaries and Wages	14,063,004	14,020,654	13,666,656	305,579	48,419	0	0	
Other Expenses	9,820,131	10,131,190	9,136,514	673,237	321,439	0	0	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDED		UNEXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER-EXPENDED
		0					
	754,587	754,587	754,587				
Public Employees Retirement System	1,135,000	1,135,000	1,119,315		15,685		
Social Security (O.A.S.I.)	1,875,870	1,853,161	1,853,160		1		
Consolidated Police and Firemen's Pension Fund	55,000	59,000	56,531		2,469		
Unemployment Comp Ins.	1,000	1,000	674		326		
Defined Contribution Retirement Program							
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	3,821,457	3,802,748	3,784,267	0	18,481	0	0
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	27,704,592	27,954,592	26,587,437	978,816	388,339	0	0

DEFERRED CHARGES AND STATUTORY EXPENDITURES:

(1) Deferred Charges:
None

(2) Statutory Expenditures:
Contribution to:

Public Employees Retirement System
Social Security (O.A.S.I.)
Consolidated Police and Firemen's Pension Fund
Unemployment Comp Ins.
Defined Contribution Retirement Program

TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES

OPERATIONS - EXCLUDED FROM "CAPS"

Group Insurance for Employees

Recycling Tax

Length of Service Award Program

City of Northfield Dispatch Service

City of Linwood Dispatch Service

Egg Harbor Township Board of Education
Solid Waste Disposal

State of New Jersey Motor Vehicle Commission

County of Atlantic - Nutrition Site

172,239	172,239	168,923		3,316		
43,533	43,533	43,533				
158,000	158,000			158,000		
240,000	240,000	238,820	1,179		1	
172,083	172,083	167,997	4,086		0	
119,841	119,841	104,000	15,841			
81,200	81,200	81,200				
12,375	12,375	12,375				

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	BALANCE CANCELLED	OVER-EXPENDED
Public and Private Programs Offset by Revenues						
State of NJ - Division of Motor Vehicles						
Drunk Driving Enforcement Fund	21,199	37,707	37,707			
Egg Harbor Township Municipal Alliance						
Municipal Alliance	23,570	23,570	23,570			
Local Match	5,893	5,893	5,893			
Recycling Tonnage Grant	23,937	47,482	47,482			
Clean Communities Act (NJSA 13:13-99.1 et. seq.)	71,047	77,881	77,881			
Safe and Secure Communities Program	51,464	51,464	51,464			
NJDL&PS - Body Armor Fund						
Over the Limit Under Arrest	4,250	4,250	4,250			
Justice Assistance Grant		11,143	11,143			
Municipal Alcohol Education/Rehabilitation Program		3,993	3,993			
Bulletproof Vest Partnership Program	5,906	5,906	5,906			
COPS in Shops Fall/College Initiative		3,200	3,200			
COPS in Shops Summer Shore Initiative	2,385	4,785	4,785			
NJ Highway Safety Program-Safe Corridors		47,054	47,054			
Occupant Protection Program - Click It or Ticket	2,650	2,650	2,650			
Atlantic County Department of Highway Safety						
Distracted Driver		2,000	2,000			

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS			EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER-EXPENDED
Community Development Block Grant							
2011 Entitlement	83,828	83,828	83,828				
Donation - School Resource Officer	11,750	11,750	11,750				
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	1,307,150	1,431,770	1,249,347	21,106	161,317	0	0
Detail:							
Salaries and Wages	0	0	0	0	0	0	0
Other Expenses	1,307,150	1,431,770	1,249,347	21,106	161,317	0	0
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"							
Capital Improvement Fund	500,000	500,000	500,000				
City of Northfield Interlocal -							
Acquisition of Communication Equipment	60,000	60,000	60,000				
New Jersey Transportation Trust Fund							
Reconstruction of Reega Avenue	150,000	150,000	150,000				
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	710,000	710,000	710,000	0	0	0	0
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"							
Payment of Bond Principal	2,555,000	2,555,000	2,555,000				
Interest on Bonds	1,146,057	1,146,057	1,146,056			1	
Interest on Notes	81,300	83,900	83,900			0	
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	109,234	109,234	109,234			0	
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	3,891,591	3,894,191	3,894,190	0	0	1	0
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM CAPS							
(1) Deferred Charges							
Emergency Authorizations	204,775	204,775	204,775				
Special Emergency Authorizations-5 Years	300,000	300,000	300,000				

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDED		UNEXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER- EXPENDED
Ord 23-08 Various General Improvements	500	500	500	500			
TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"	505,275	505,275	505,275	0	0	0	0
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,414,016	6,541,236	6,358,812	21,106	161,317	1	0
SUBTOTAL GENERAL APPROPRIATIONS	34,118,608	34,495,828	32,946,249	999,922	549,656	1	0
Reserve for Uncollected Taxes	693,000	693,000	693,000				
TOTAL GENERAL APPROPRIATIONS	\$34,811,608	35,188,828	33,639,249	999,922	549,656	1	0

A-1

A-A-1

Budget as Adopted
Emergency Authorization NJSA 40A:4-53
Appropriations by 40A:4-87

A-2	34,811,608
A	252,600
A-2	124,620
	<u>\$35,188,828</u>

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

	<u>Ref.</u>	<u>PAID OR CHARGED</u>
Federal and State Grants		\$582,499
Deferred Charges		505,275
Capital Improvements		560,000
Reserve for Uncollected Taxes	A-2	693,000
Disbursed	A-4	<u>36,751,764</u>
		39,092,538
Less Appropriation Refunds	A-4	<u>5,453,289</u>
		<u><u>\$33,639,249</u></u>

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EXHIBIT B - TRUST FUND

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**TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	Ref.	BALANCE 12/31/2012	BALANCE 12/31/2011
ASSETS			
Animal Control Fund:			
Cash	B-1	\$17,621	18,037
		<u>17,621</u>	<u>18,037</u>
Assessment Trust Fund:			
Assessments Receivable	B-3	10,221	10,221
Assessment Liens		<u>2,589</u>	<u>2,589</u>
		<u>12,810</u>	<u>12,810</u>
Length of Service Award Program (LOSAP) (unaudited)			
Investments			
Money Market Funds		44,860	42,837
Mutual Funds		1,136,666	927,398
Employer Contribution Receivable		<u>151,528</u>	<u>156,860</u>
		<u>1,333,054</u>	<u>1,127,095</u>
Other Funds:			
Cash - Treasurer	B-1	7,953,184	8,352,261
Cash - Collector	B-2	554,467	327,088
Due from Atlantic County Utilities Authority			
Environmental Trust Fund		28,385	13,415
Recreation Trust due from Open Spaces		0	100,000
Amount Due from Current Fund -			
Open Space Tax	A	0	3,367
Open Spaces Cash Advance		0	100,000
Snow Removal	A	0	7,644
Third Party Inspections	A	<u>20,121</u>	<u>4,299</u>
		<u>8,556,157</u>	<u>8,908,074</u>
		<u>\$9,919,642</u>	<u>10,066,016</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	Ref.	<u>BALANCE 12/31/2012</u>	<u>BALANCE 12/31/2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Due to Current Fund	A	\$4,953	4,676
Reserve for Expenditures	B-4	<u>12,668</u>	<u>13,361</u>
		<u>17,621</u>	<u>18,037</u>
Assessment Trust Fund:			
Reserve for Liens and Costs		2,589	2,589
Reserve for Assessments Receivable		<u>10,221</u>	<u>10,221</u>
		<u>12,810</u>	<u>12,810</u>
Length of Service Award Program (LOSAP) (unaudited)			
Net Assets Available for Benefits		<u>\$1,333,054</u>	<u>1,127,095</u>

**TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	Ref.	BALANCE 12/31/2012	BALANCE 12/31/2011
Other Funds:			
Deposits for Redemption of Tax Sale Certificates	B-2:B-6	116,229	19,889
Premiums on Tax Sale Deposits	B-2	423,644	292,605
Reserve for Escrow Fees	B-7	668,811	747,564
Due to Grant Fund - Green Trust	A	55,000	0
Due to General Capital	C	0	100,000
Due to State - Public Defender Fees		4,893	9,887
Due to Recreation Trust from Open Spaces		0	100,000
Due to Current Fund - TTL Redemption	A:B-2	14,594	14,594
Reserves for -			
Small Cities Loan Repayments		38,552	59,677
Recreation Expenditures		47,719	11,400
Environmental Trust	B-9	302,498	129,323
Accumulated Absences		3,759	2,759
POAA Fines		1,188	1,152
Council on Affordable Housing (COAH)		130,008	140,100
Basin Maintenance		2,187,196	1,965,540
Law Enforcement	B-11	21,927	53,889
Law Enforcement - Federal Funds	B-10	30,243	39,698
Performance Bond Guarantees	B-12	2,853,349	3,233,914
Open Space Land Acquisition	B-13	1,350,116	1,666,840
Other Trusts	B-8	306,431	319,243
		<u>8,556,157</u>	<u>8,908,074</u>
		<u>\$9,919,642</u>	<u>10,066,016</u>

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EXHIBIT C - CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance 12/31/2012</u>	<u>Balance 12/31/2011</u>
ASSETS			
Due from Current Fund	C-3	\$854,345	474,422
Due from Dedicated Recreation Trust Fund	B	0	100,000
Due from Grant Fund	A	3,787,304	3,637,304
Due from NJDEP Bureau of Dam Safety and Flood Control		627,195	627,195
Deferred Charges to Future Taxation			
Funded	C-4; C-9	36,500,440	31,340,209
Unfunded	C-5	0	5,430,500
		<u>41,769,284</u>	<u>41,609,630</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	35,341,000	30,096,000
Green Trust Program Loans Payable	C-9	1,159,440	1,244,209
Bond Anticipation Notes Payable	C-11	0	5,430,000
Encumbrances Payable		1,756,784	1,097,091
Reserve for Sidewalk Construction		70,585	70,585
Improvement Authorizations			
Funded	C-7	2,953,405	1,710,433
Unfunded	C-7	0	1,665,593
Reserve to Pay Bonds	C-3	0	214,430
Capital Improvement Fund	C-6	104,039	55,723
Fund Balance	C-1	384,031	25,566
		<u>\$41,769,284</u>	<u>41,609,630</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2011 of \$0 and \$500, respectively (C-10)

**GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
REGULATORY BASIS**

	<u>Ref.</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
Balance at beginning of the year	C	\$25,566	13,991
Increased by:			
Premium on Sale of Bonds	C-3	111,727	
Premium on Note Sale	C-2		11,575
Unfunded Improvement Authorizations Cancelled	C-7	<u>246,738</u>	
Balance at the end of the year	C	<u><u>\$384,031</u></u>	<u><u>25,566</u></u>

EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP

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**STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS**

	Balance <u>12/31/2012</u>	Balance <u>12/31/2011</u>
General Fixed Assets:		
Construction in Process	\$1,721,490	1,575,346
Land	2,902,953	2,902,953
Buildings	22,831,218	22,828,518
Improvements Other than Buildings	348,512	348,512
Machinery and Equipment	14,298,639	13,653,553
Vehicles	<u>15,135,094</u>	<u>14,667,066</u>
	<u>57,237,906</u>	<u>55,975,948</u>
 Investment in General Fixed Assets	 <u>\$57,237,906</u>	 <u>55,975,948</u>

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Egg Harbor was incorporated in 1710 and is situated in the southeast portion of Atlantic County. The population estimate by the US Department of Census as of July 2010 is 43,323. The Township provides to its citizens the following services: public safety, recreation, public improvements, planning and zoning and general administrative services.

The Township is governed by an elected, five member committee form of government, with the Mayor appointed annually by the committee members. The committee is comprised of five individuals serving three year terms. Two committee members are elected annually except for every third year when one committee person is elected. The Township Administrator monitors the daily administrative responsibilities.

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

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Egg Harbor Township Golf Corporation is a component unit of the Township however it is not presented as part of the financial statements of the Township of Egg Harbor. The Corporation issues separate financial statements; however, the Corporation is not a public body as defined in the Open Public Records Act (OPRA).

B. Description of Funds

The accounting policies of the Township of Egg Harbor conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Township of Egg Harbor 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.

**EGG HARBOR TOWNSHIP
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.

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 that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash 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 Township 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 Asset 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.

**EGG HARBOR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
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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 -- The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land is foreclosed or donated. Land purchased by the Township is valued at cost. The Township's fixed asset capitalization threshold is \$2,500 for general 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 the construction is completed and put into operation.

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

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

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

	Balance As of 12-31-11	Additions/ Transfers	Disposals/ Transfers	Balance As of 12-31-12
Construction in Progress	\$1,575,346	146,144		1,721,490
Buildings	22,828,518	2,700		22,831,218
Land	2,902,953			2,902,953
Improvements other Than buildings	348,512			348,512
Vehicles	14,667,066	468,028		15,135,094
Machinery and Equipment	13,653,553	646,484	1,398	14,298,639
	<u>\$55,975,948</u>	<u>1,263,356</u>	<u>1,398</u>	<u>57,237,906</u>

	Balance As of 12-31-10	Additions/ Transfers	Disposals/ Transfers	Balance As of 12-31-11
Construction in Progress	\$1,011,297	564,049		1,575,346
Buildings	22,494,568	3,950		22,828,518
Land	2,902,953			2,902,953
Improvements other Than buildings	348,512			348,512
Vehicles	13,420,538	1,246,528		14,667,066
Machinery and Equipment	12,490,406	1,168,895	5,748	13,653,553
	<u>\$51,888,222</u>	<u>2,983,422</u>	<u>5,748</u>	<u>55,975,948</u>

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.

Interest on Delinquent Taxes – It is the policy of the Township of Egg Harbor to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after the due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional

**EGG HARBOR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
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penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Egg Harbor to treat interest on projects as a current expense and the interest is included in the current operating budget.

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

Basic Financial Statements – The Governmental Accounting Standards Board (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 of 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 Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements 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 Township'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 Township'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

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

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 Township'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 Township'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 Township'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 Township'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 Township but will require due diligence analysis and specific disclosure in the financial statements.

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 \$693,000 and \$693,000. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$900,000 and \$1,065,000.

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 Township Committee. The following significant budget transfers were approved in the 2012 and 2011 calendar years:

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

<u>Budget Category</u>	<u>2012</u>	<u>2011</u>
Division of Assessments		
Other Expenses		58,000
Department of Police		
Salaries and Wages		233,123
Department of Police Dispatch/911		
Salaries and Wages		52,100
Insurance		
Group Insurance	23,500	(311,850)
Division of Solid Waste		
Salaries and Wages	(30,950)	
Landfill/Solid Waste Disposal Cost		
Other Expenses		(67,000)
Ambulance Services		
Salaries and Wages	(33,000)	
Accumulated Leave Compensation		
Salaries and Wages	(23,400)	
Gasoline	83,559	152,000
Social Security		(81,125)
Consolidated Police and Firemen's Pension	(22,709)	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2012, the Township Committee approved total budget insertions in the amount of \$124,620. The Township Committee approved total budget insertions in the amount of \$141,361 during the 2011 calendar year. The following schedule details the significant budget insertions:

<u>Budget Category</u>	<u>2012</u>	<u>2011</u>
Recycling Tonnage Grant	23,545	49,610
Highway Safety Program "Safe Corridors"	47,054	65,800

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township Committee did not approve any special emergency appropriations during the 2012 and 2011 calendar years. During the 2012 and 2011 calendar years, the following emergency appropriations were approved by the Township Committee:

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

	<u>2012</u>	<u>2011</u>
Division of Law		
Other Expenses		200,000
Division of Roads		
Salaries and Wage	50,000	
Landfill/Solid Waste Disposal Costs		
Other Expenses	200,000	
Interest on Notes	2,600	

Note 3: INVESTMENTS

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

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America or the local unit or school Townships 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 Township may invest in any one issuer.

Unaudited Investments

As more fully described in Note 25, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2012 and 2011 amounted to \$1,181,526 and \$970,236, respectively. The

The following investments represent 5% or more of the total invested with Lincoln Financial Advisors on December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Fixed Income	493,340	426,156
500 Index	143,616	110,611
Growth & Income	66,791	53,289
All Others	477,779	380,179
Total	\$ <u>1,181,526</u>	<u>970,235</u>

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

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 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. GUDPA covers all deposits of the Township except for monies being held on behalf of or for the benefit of a third party (trust funds) such as payroll withholdings. GUDPA also does not cover deposits that the Township does not have a present interest or accessibility to the cash such as tax sale premiums which may escheat to the Township at a future date. As of December 31, 2012, \$3,516,893 of the municipality's bank balance of \$18,416,261 was exposed to custodial credit risk. As of December 31, 2011, \$4,777,993 of the municipality's bank balance of \$19,431,646 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 12/31/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/12</u>	<u>Amounts Due Within One Year</u>
Bonds payable:					
General	\$30,096,000	7,800,000	2,555,000	35,341,000	3,050,000
Green Trust Loan	1,244,209		84,769	1,159,440	86,475
Other liabilities:					
Compensated Absences Payable	3,298,042	2,401,346	1,992,804	3,706,584	0
Total long-term liabilities	<u>\$34,638,251</u>	<u>10,201,346</u>	<u>4,632,573</u>	<u>40,207,024</u>	<u>3,136,475</u>

Paid by Current Fund:

\$14,053,000 General Improvement Bonds, Series 2002 dated 8/15/02 payable in annual installments through 2/15/16. Interest is paid semiannually at a rate of 3.90% per annum. All of the outstanding callable bonds were advance refunded on September 15, 2011 and funded by a refunding bond in the amount of \$4,705,000. The non-callable balance remaining as of December 31, 2012 was \$0.

\$19,406,000 General Improvement Bonds, Series 2006 dated 2/1/06 payable in annual installments through 2/1/26. Interest is paid semiannually at varying rates from 4.00% to 4.375% per annum. Bonds maturing on or after 2/16/17 are redeemable at the option of the Township in whole or in part on any date on or after 2/1/16. The balance remaining as of December 31, 2012 was \$14,956,000.

\$9,885,000 General Improvement Bonds, Series 2008 dated 9/1/08 payable in annual installments through 9/1/23. Interest is paid semiannually at varying rates from 4.00% to 4.125% per annum.

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

Bonds maturing on or after 9/1/19 are redeemable at the option of the Township in whole or in part on any date on or after 9/1/18. The balance remaining as of December 31, 2012 was \$7,900,000.

\$4,705,000 Refunding Bonds, Series 2011 dated 9/15/2011 payable in annual installments through 2/15/16. Interest is paid semiannually at varying rates from 2.00% to 3.50% per annum. These bonds were issued to advance refund the callable portion of the General Improvement Bonds, Series 2002. The bonds that were called had maturities from 2/15/2013 to 2/15/2016 in the total amount of \$4,775,000. The total net present value savings on the issue is \$211,887. The balance remaining on the issue as of December 31, 2012 was \$4,685,000.

\$7,800,000 General Improvement Bonds, Series 2012 dated 9/1/12 payable in annual installments through 9/1/23. Interest is paid semiannually at 2.00% per annum. The bonds are not subject to redemption prior to their stated maturities. The balance remaining on this issue as of December 31, 2012 was \$7,800,000.

\$150,000 Loan Payable dated January 22, 1999 through the New Jersey Department of Environmental Protection payable in semi annual installments through June 22, 2018. Payments of \$4,663.74 are first applied to interest then to principal. The stated interest rate is 2.00% per annum. The balance remaining as of December 31, 2012 was \$48,353.

\$150,000 Loan Payable dated October 9, 2002 through the New Jersey Department of Environmental Protection payable in semi annual installments through July 11, 2021. Payments of \$4,870.21 are first applied to interest then to principal. The stated interest rate is 2.00% per annum. The balance remaining as of December 31, 2012 was \$79,863.

\$500,000 Loan Payable dated October 11, 2002 through the New Jersey Department of Environmental Protection payable in semi annual installments through July 11, 2022. Payments of \$15,545.80 are first applied to interest then to principal. The stated interest rate is 2.00% per annum. The balance remaining as of December 31, 2012 was \$280,532.

\$700,000 Loan Payable dated November 7, 2007 through New Jersey Department of Environmental Protection payable in semi annual installments through August 13, 2027. Payments of \$21,764 are first applied to interest then to principal. The stated interest rate is 2.00% per annum. The balance remaining as of December 31, 2012 was \$561,683.

\$250,000 Loan Payable dated November 26, 2007 through the New Jersey Department of Environmental Protection payable in semiannual installments through November 26, 2026. Payments of \$7,772.90 are first applied to interest then to principal. The stated interest rate is 2.00% per annum. The balance remaining as of December 31, 2012 was \$189,009.

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

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

Calendar Year	Green Trust Program Loans		Total Green Acres Loans Paid From Operating Budget	General Capital Fund		Total All Debt Service
	Principal	Interest		Principal	Interest	
2013	\$86,475	22,759	109,234	3,050,000	1,217,777	4,267,777
2014	88,213	21,021	109,234	3,080,000	1,124,382	4,204,382
2015	89,986	19,246	109,232	3,175,000	1,018,862	4,193,862
2016	91,796	17,438	109,234	3,275,000	907,243	4,182,243
2017	93,640	15,594	109,234	2,490,000	809,768	3,299,768
2018-2022	443,719	50,735	494,454	13,360,000	2,699,481	16,059,481
2023-2027	265,611	14,212	279,823	6,911,000	520,810	7,431,810
	<u>\$1,159,440</u>	<u>161,005</u>	<u>1,320,445</u>	<u>35,341,000</u>	<u>8,298,323</u>	<u>43,639,323</u>

The Green Trust Program Loans previously reported in the grant fund have been reclassified to the general capital fund, retroactive to 2011.

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

<u>Summary of Municipal Debt</u>	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Bonds & Notes Issued	\$36,500,440	36,770,209	36,863,309
Bonds & Notes Authorized But Not Issued	0	500	500
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$36,500,440</u>	<u>36,770,709</u>	<u>36,863,809</u>

For Debt Statement purposes, total Gross General Debt includes the total amount of outstanding debt of the Egg Harbor Township Golf Corporation as more fully explained in Note 22. The total amount of that debt guarantee is a deduction from gross debt for debt statement purposes.

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.817%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$99,691,357	99,691,357	0
General Debt	45,600,440	9,100,000	36,500,440
	<u>\$145,291,797</u>	<u>108,791,357</u>	<u>36,500,440</u>

Net Debt \$36,500,440 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$4,470,342,008 = 0.817%.

**EGG HARBOR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
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Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 ½ % of Equalized Valuation Basis (Municipal)	\$156,461,970
Net Debt	36,500,440
Remaining Borrowing Power	<u><u>\$119,961,530</u></u>

Note 6: SHORT TERM FINANCING

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes	\$5,430,000	2,370,000	7,800,000	0
Special Emergency Notes	1,200,000		300,000	900,000
	<u>\$6,630,000</u>	<u>2,370,000</u>	<u>8,100,000</u>	<u>900,000</u>

The Township has outstanding at December 31, 2012 the following short term notes:

<u>Bank</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest</u>
Current Fund: Janney Montgomery	\$900,000	3/30/11	3/27/13	1.50%
	<u><u>\$900,000</u></u>			

The Township renewed the special emergency note upon maturity, after a pay down of \$300,000, for an additional one year period. The interest rate on this note is 1.21% per annum.

Note 7: FUND BALANCES APPROPRIATED

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

	<u>2013</u>	<u>2012</u>
Current Fund	\$402,943	900,000

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

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance 12/31/12</u>	<u>2013 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Authorization	\$900,000	300,000	600,000
Overexpenditure of Appropriation Reserve	2,526	2,526	0
Emergency Authorization	252,600	252,600	0
	<u>\$1,155,126</u>	<u>555,126</u>	<u>600,000</u>

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

Note 9: SCHOOL TAXES

Local District School Tax in the amount of \$72,713,280 has been raised for the 2012 calendar year and \$72,713,280 was remitted to the school district. Local District School Tax in the amount of \$69,101,862 was raised for the 2011 calendar year and \$69,101,862 was remitted to the school district. Since the school district operates on a July 1 to June 30 fiscal year the school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Note 10: TAXES COLLECTED IN ADVANCE

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

	<u>Balance 12/31/12</u>	<u>Balance 12/31/11</u>
Prepaid Taxes	\$691,460	687,749
Cash Liability for Taxes Collected in Advance	<u>\$691,460</u>	<u>687,749</u>

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the Township's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit 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

**EGG HARBOR TOWNSHIP
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 (NJSA43:15C-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 10.6% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2012, 2011, and 2010 were \$754,587, \$752,494, and \$595,733.

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 Township's contributions to PFRS for the year ended December 31, 2012, 2011, and 2010 were \$1,853,160, \$2,223,750, and \$1,861,979.

**EGG HARBOR TOWNSHIP
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 $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from

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

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

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

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

NOTE 12: POST-RETIREMENT BENEFITS

Plan Description

The Township of Egg Harbor contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2000 the Township of Egg Harbor authorized participation in the State Health Benefit Program and Local Prescription Drug Program through resolution 110-2000. The Township does not offer post-retirement benefits to retirees.

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>.

During 2012 and 2011, \$2,288,279 and \$2,732,210, respectively, was paid by the Township for health care of employees.

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

Note 13: DEFERRED COMPENSATION

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

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

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

Note 14: LABOR CONTRACTS

As of December 31, 2012, the Township's employees are organized in three collective bargaining units. The contract with the Policeman's Benevolent Association (PBA) will expire December 31, 2015 and the contract with the Communications Workers Union (CWA) will expire December 31, 2014. The contract with the Government Workers Union (GWU) expired December 31, 2012 and is currently being renegotiated.

<u>Bargaining Unit</u>	<u>Job Category</u>	<u>Members</u>
PBA	Police	All uniformed police excluding Chief and Captain
GWU	General	All other employees except confidential employees
CWA	Management	Most Department Heads

Note 15: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation at December 31, 2012 would approximate \$3,706,584. The estimated cost of unpaid compensation as of December 31, 2011 was \$3,298,042. This amount is not reported either as an expenditure or liability. Employees covered under the CWA and PBA contracts are permitted to accumulate up to 240 and 225 days of sick time, respectively. Payment will be made upon separation at varying levels, based on years of service. Employees covered under the GWU contract are permitted to accrue sick time to a maximum of 240 days. Payment will be made upon separation based on years of service. The PBA contract permits

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

employees to accumulate vacation time from one year to the next, up to 30 days. Payment will be made upon separation, provided adequate notice is given. New Jersey Municipalities are permitted to accrue a compensated absences liability. The Township has begun to accumulate funds for accrued absences. As of December 31, 2012 and 2011 the total amount accumulated was \$3,759 and \$2,759, respectively, the Township did not fund an increase in the reserve during 2011.

Note 16: ECONOMIC DEPENDENCY

The Township of Egg Harbor is not economically dependent on any one business or industry as a major source of tax revenue for the Township.

Note 17: HOST COMMUNITY BENEFIT

The Township of Egg Harbor has entered into a Host Community Benefit Agreement with the Atlantic County Utilities Authority with respect to waste accepted at the transfer station. The Authority, as owner of the transfer station located in the Township, agrees to provide the Township with a "host community" benefit for each ton of waste it shall accept for disposal at any of its transfer stations. For the most recent period beginning January 1, 2012 through December 31, 2012, the amount of the benefit was \$7.51 per ton of waste. \$6.51 per ton is permitted to be used for current operations of the Township. \$1.00 per ton is retained in the environmental trust fund and is to be used for the purpose of funding environmental projects to benefit the residents of Egg Harbor Township; specifically public water supply and public sewer. A \$2.00 per ton reduction has been granted to volume customers who deliver their waste to the transfer station.

Note 18: ASSESSMENT PROJECTS

Several assessment improvement projects had been undertaken by the Township of Egg Harbor. These projects were for sewer and water extensions in various areas of the Township. There were no changes in the balances during 2012. The amount of the remaining project as assessed to property owners is as follows:

<u>Date</u>	<u>Project</u>	<u>Amount</u>	<u>Balance</u>
<u>Confirmed</u>		<u>Confirmed</u>	<u>12/31/12</u>
2/28/96	Town Hall Sewer Service	878,668	10,221
		\$ <u>878,668</u>	<u>10,221</u>

Note 19: CONTINGENT LIABILITIES

During the normal course of operations, lawsuits are occasionally brought against the governmental unit. There are presently no outstanding lawsuits that would result in a material contingent liability to the Township.

Note 20: RISK MANAGEMENT

The Township 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. During

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

the 2012 and 2011 calendar years, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Property and Liability Insurance – The Township maintains commercial insurance coverage for property, liability and surety bonds.

The Township is a member of the Atlantic County Municipal Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a general liability limit of \$200,000 under JIF, with a coverage limitation of \$4,900,000 under MEL. There was no reduction in coverage and no claims in excess of coverage during 2009. The Joint Insurance Fund issues its own financial report which may be obtained from the Atlantic County Joint Insurance Fund, Arthur J. Gallagher Risk Management Services, Inc., PO Box 530, 6000 Sagemore Drive, Suite 6203, Marlton, NJ 08053.

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the Township is required to annually appropriate funds to pay the projected costs of contributions at a rate determined by the Commissioner of Labor. The expense for the years ended December 31, 2012 and 2011 was \$56,531 and \$54,672.

Note 21: GRANTS AND CONTRACTS

During the normal course of operations the Township awards contracts and enters into commitments with various contractors in relation to the ongoing capital program. Due to the nature of the work performed, these contracts may not be fully paid for within the current year and the outstanding balance will be encumbered as of December 31. The balance remaining on these contracts as of December 31, 2012 is as follows:

<u>Contract</u>	<u>Funding Source</u>	<u>Balance at 12/31/12</u>
Public Works Garage Improvements	Bond Ordinance #-23-08	\$ 156,793
Road Improvement Program	Bond Ordinance #16-2010	515,018
Road Improvement Program	Bond Ordinance #24-2012	177,000

NOTE 22: RELATED PARTIES

A separate not for profit entity, the Egg Harbor Township Golf Corporation, has been formed as a 501(c)(3) entity based on the Internal Revenue Service Code. The entity was formed to construct and oversee the operation of a golf course. A separate management company operated the golf course through October 2009. To obtain the most favorable bond rates, the corporation financed the construction with a tax exempt borrowing from the Atlantic County Improvement Authority. With the approval of the State of New Jersey Local Finance Board, Egg Harbor Township guarantees the borrowing of \$10,550,000. This amount will not be a direct liability of the Township and, as long as the guarantee is not activated, the amount will not impair the borrowing capacity of the Township. Based on the terms of the guarantor agreement, if it becomes necessary for the

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

Township to make payments on this debt service, the payment is to be made within one hundred twenty (120) days of the notice and will be applied to the Debt Service Reserve Fund. The Golf Corporation is obligated to reimburse the Township at the earliest practicable date. During the 2012 and 2011 calendar years, the Township budgeted and paid \$1,000,000 and \$600,000 towards the Golf Corporation principal and interest payment. Prior to 2011 the payments were made from the general revenues of the Township but effective with 2011, the Township is funding the principal and interest payments through the Open Spaces Trust Fund. As of December 31, 2012, the accumulated debt service payments made by the Township on behalf of the Golf Corporation was \$1,900,000.

As of December 31, 2012, the Golf Corporation had outstanding notes in the amount of \$9,100,000.

In May 2006, the Atlantic County Improvement Authority refinanced \$9,785,000 of the originally issued bonds. This issue was to advance refund all of the outstanding callable principal amounts of the original issue with a maturity date on or after November 1, 2011. Principal payments are due November 1 of each year commencing in 2006 and continuing through 2030. Interest is due each May 1 and November 1 at rates ranging from 3.5% to 5.00% per annum.

Note 23: OPEN SPACE TAXING DISTRICT

The voters of the Township approved the establishment of an Open Space, Recreation, Farmland and Historic Preservation Trust Fund Taxing District effective January 1, 2002. The amount assessed each year, \$.02 per \$100 of assessed valuation, will be placed in an interest-bearing account for the acquisition, development, capital maintenance and payment of debt service on lands acquired for recreation and conservation purposes. The amount to be raised by taxation during 2012 was \$513,431 and \$515,384 was levied in 2011. The unexpended amount of \$1,408,483 is reserved for future use.

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

Note 24: INTERFUND BALANCES

As of December 31, 2011, the following interfunds were included on the balance sheets of the various funds of the Township of Egg Harbor:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Animal Control Fund	\$4,953	
Third Party Inspectors		20,121
Grant Fund		2,559,271
Tax Title Lien Redemption	14,594	
General Capital		854,345
Grant Fund:		
Current Fund	2,559,271	
Open Space Trust Fund	55,000	
General Capital		3,787,304
Trust Fund:		
Current Fund -		
Animal Control Fund		4,953
Third Party Inspections	20,121	
Tax Title Lien Redemption		14,594
Grant Fund -		
Open Space Trust Fund		55,000
General Capital:		
Grant Fund	3,787,304	
Current Fund	854,345	
	<u>\$7,295,588</u>	<u>7,295,588</u>

The amounts due to or from the general capital fund and grant fund are due to the fact that there is no separate capital or grant bank account. All other interfunds are due to cash being transferred between accounts. It is anticipated that all other interfunds will be liquidated during the calendar year.

Note 25: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

During the 2001 calendar year, the voters of the Township of Egg Harbor approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The Township appropriated \$158,000 and \$143,000 in 2012 and 2011

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

budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP 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 Township subject only to the claims of the Township's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Township, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

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

The Township of Egg Harbor issues a separate unaudited financial report that includes the statement of net assets available for benefits for the LOSAP. The financial report may be obtained by contacting the Township of Egg Harbor, 3515 Bargaintown Road, Egg Harbor Township, NJ 08234.

Note 26: RESTATEMENT OF PRIOR PERIOD BALANCES

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

Note 27: SUBSEQUENT EVENTS

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

SUPPLEMENTARY DATA

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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 Township Committee
Township of Egg Harbor, 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 Township's basic financial statements, and have issued our report thereon dated May 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 Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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

May 24, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

The Honorable Mayor and Members of Township Committee
Township of Egg Harbor, NJ

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Egg Harbor's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Egg Harbor's major federal and state programs for the year ended June 30, 2012. The Township of Egg Harbor's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Township of Egg Harbor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Egg Harbor'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 the Township of Egg Harbor'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 the Township of Egg Harbor as of and for the year ended December 31, 2012, and have issued our report thereon dated May 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

May 24, 2013

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

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	CFDA # or Pass-Through Grantor's #	Program or Award Amount	Balance 12/31/2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance 12/31/2012	Total Cumulative State Expenditures
Federal:									
U. S. Department of Justice									
Save Our Streets	1/1/08 - 12/31/08	16.592	13,389	\$6	11,143		(6)	11,143	
AC - E. Byrne Memorial JAG	1/1/12 - 12/31/12	16.592	11,143						
Community Oriented Policing Services (COPS)				666,122	11,143	398,573	(6)	267,549	
Hiring Recovery Program (CHRP)	9/1/10-8/31/13	16.710	1,128,350	666,122	11,143	398,573	(6)	278,692	
NJ Division of Traffic Safety									
Fast & Furious Enforcement	1/1/10 - 12/31/10	20.609	23,400	595	4,250	4,250	(595)		
Over the Limit Under Arrest	1/1/12 - 12/31/12	20.601	4,250						
Click It or Ticket	1/1/12 - 12/31/12	20.602	2,650	595	2,650	0		2,650	
				595	6,900	4,250	(595)	2,650	
Small Cities Community Develop Block Grant									
Curbs & Sidewalks - Pleasant Woods	1/1/10 - 12/31/10	14.218	44,163	44,163	83,828	76,196		44,163	
2011 Entitlement	1/1/12 - 12/31/12	14.218	83,828	44,163	83,828	76,196	0	7,632	
				44,163	83,828	76,196	0	51,795	
Federal Emergency Management Assistance									
Reimbursement for Hurricane Irene	1/1/11 - 12/31/11	NA	43,560	0	43,560	43,560		0	
Reimbursement for Hurricane Sandy	1/1/12 - 12/31/12	NA	48,908	0	48,908	48,908	0	0	
				0	92,468	92,468	0	0	
Total Federal Assistance				710,886	194,339	571,487	(601)	333,137	
State of New Jersey									
NJ Department of Environmental Protection									
Clean Communities Act	1/1/11 - 12/31/11	4900-765-178920	78,225	58,461	77,881	58,461		50,100	78,225
Clean Communities Act	1/1/12 - 12/31/12	4900-765-178920	77,881		77,881	27,781		35,021	27,781
Recycling Tonnage Grant	1/1/11 - 12/31/11	NA	73,547	58,284	23,263	23,263		47,482	38,526
Recycling Tonnage Grant	1/1/12 - 12/31/12	NA	47,482		47,482				
Stormwater Grant	1/1/10 - 12/31/10	NA	5,155	5,155				5,155	
				121,900	125,363	109,505	0	137,758	
Department of Transportation									
Transportation Trust Fund Authority Act	1/1/10 - 12/31/10	480-078-6320-162-6010	150,000	150,000			(150,000)	150,000	
Reconstruction of Tremont Avenue	1/1/12 - 12/31/12		150,000		150,000			150,000	
Reconstruction of Reega Avenue				150,000	150,000	0	(150,000)	150,000	

SEE ACCOMPANYING AUDITOR'S REPORT

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

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's #	Program or Award Amount	Balance 12/31/2011	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustment	Balance 12/31/2012	Total Cumulative State Expenditures
Department of Community Affairs									
Safe & Secure Communities	1/1/11 - 12/31/11	100-066-1020-107-090940	51,464	4,954		4,954			51,464
Safe & Secure Communities	1/1/12 - 12/31/12	100-066-1020-107-090940	51,464		51,464	51,464			51,464
Cops in Shops Summer Shore Initiative	1/1/11 - 12/31/11	NA	2,400	1,652		1,652			2,400
Cops in Shops Summer Shore Initiative	1/1/12 - 12/31/12	NA	4,785		4,785	4,554	(200)	31	4,554
Cops in Shops College Fall Initiative	1/1/10 - 12/31/10	NA	3,200	525		525			3,200
Cops in Shops College Fall Initiative	1/1/11 - 12/31/11	NA	4,000	4,000		2,179	(1,296)	525	2,179
Cops in Shops College Fall Initiative	1/1/12 - 12/31/12	NA	3,200		3,200	0		3,200	
				<u>11,131</u>	<u>59,449</u>	<u>65,328</u>	<u>(1,496)</u>	<u>3,756</u>	
NJ Department of Health									
Alcohol Education Rehabilitation	1/1/10 - 12/31/10	4250-760-050000-63-260	5,279	4,683				4,683	596
Alcohol Education Rehabilitation	1/1/11 - 12/31/11	4250-760-050000-63-260	485	485				485	
Alcohol Education Rehabilitation	1/1/12 - 12/31/12	4250-760-050000-63-260	3,993		3,993			3,993	
				<u>5,168</u>	<u>3,993</u>	<u>0</u>	<u>0</u>	<u>9,161</u>	
NJ Division of Law and Public Safety									
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1/1/10 - 12/31/10	1110-101-030000-129040290064	23,352	29,368		20,304		9,064	21,490
Drunk Driving Enforcement Fund	1/1/11 - 12/31/11	1110-101-030000-129040290064	23,153	23,153				23,153	
Drunk Driving Enforcement Fund	1/1/12 - 12/31/12	1110-101-030000-129040290064	37,707		37,707			37,707	
Safe Corridor	1/1/11 - 12/31/11	NA	65,800	13,142		13,142			65,800
Safe Corridor	1/1/12 - 12/31/12	NA	47,054		47,054	23,402		23,652	23,402
Body Armor Fund	1/1/08 - 12/31/08	NA	49,231	14,241		14,241			22,175
Body Armor Fund	1/1/11 - 12/31/11	NA	7,487	7,487		1,830		5,657	1,830
Body Armor Fund	1/1/12 - 12/31/12	NA	7,943		7,943			7,943	
Bulletproof Vest Partnership Program	1/1/12 - 12/31/12	NA	5,906		5,906	5,906			5,906
Office of Information Telecommunication									
Services-Enhanced 911 Grant	1/1/08 - 12/31/08	NA	41,321	514				15,496	40,807
				<u>87,905</u>	<u>98,610</u>	<u>78,825</u>	<u>14,982</u>	<u>122,672</u>	
Loan Program									
New Jersey Department of Environmental Protection - Green Acres Trust Loan Program									
	6/22/99 - 6/22/18	#	48,353					0	
	7/1/03 - 7/1/12/1	#	79,863					0	
	7/1/03 - 7/1/12/1	#	280,532					0	
	11/26/07 - 11/26/26	#	189,009					0	
	8/13/08 - 8/13/27	#	561,683					0	
				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total State Assistance				376,104	437,415	253,658	(136,514)	423,347	
Total Federal and State Financial Assistance				<u>\$1,086,990</u>	<u>631,754</u>	<u>825,145</u>	<u>(137,115)</u>	<u>756,484</u>	

- total of all loans for which the state government is at risk

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 the Township of Egg Harbor, 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 state programs expended, the New Jersey Department of Environmental Protection, Green Acres Trust Loan Program have been excluded. Although the State 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 Township's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the Township's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the Township'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:

	<u>State</u>	<u>Federal</u>
Expenditures per Schedule of Federal and State Awards	\$ 253,658	571,487
(Deduct) Expenditures related to Storms - subsequently Reimbursed through FEMA		(92,468)
Add/(Deduct) Encumbrances, net	44,186	
Expenditures reported in Basic Financial Statements	\$ <u>297,844</u>	<u>479,019</u>

The Balance remaining on the New Jersey Department of Environmental Protection, Green Acres Trust Loans as of December 31, 2012 amounted to \$1,159,440.

**TOWNSHIP 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: Adverse - GAAP; Qualified - Regulatory

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiency(ies) identified? _____ yes X no

Noncompliance material to general-purpose financial statements noted? _____ yes X no

Federal Awards Section

Internal Control over compliance:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiency(ies) identified? _____ yes X no

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>16.710</u>	<u>US Department of Justice - COPS Hiring Grant</u>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ yes X no _____ n/a

**TOWNSHIP 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:

1) Material weakness(es) identified? _____ yes _____ no

2) 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

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

Auditee qualified as low-risk auditee?

_____ yes _____ no _____ n/a

Part II - Schedule of Financial Statement Findings

NONE

Part III – Schedule of Federal and State Award Findings and Questioned Costs

NONE

STATUS OF PRIOR RECOMMENDATIONS

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2011		\$8,861,387	1,216,012
Increased by Receipts:			
Collector	A-5	109,873,327	
Revenue Accounts Receivable	A-9	10,860,584	
Other Special Items of Revenue	A-2	1,174,327	
State of New Jersey -			
Senior Citizens and Veterans		364,905	
Garden State Trust Fund		9,001	
Motor Vehicle Commission	A-2	105,572	
Uniform Fire Safety Fees	A-2	71,314	
DCA Training Fees		49,899	
Miscellaneous Revenue	A-2	235,241	
Township Clerk	A-6	490,731	
Appropriation Refunds	A-3	5,453,289	
Due from Animal Control Fund	B-1	4,694	
Due from Environmental Trust Fund	B-1	115,000	
Due from Public Defender Fees		31,935	
Due from Law Enforcement Trust		8,422	
Due from Open Space Trust		700,000	
Due from General Capital		118,197	
Reserve for Property Sales		1,449	
Reserve for Street Opening Surety		15,000	
Reserve for Curb and Sidewalk Surety		21,662	
Due from Basin Maintenance		3,300,000	
Curb and Sidewalk Surety In Lieu		32,631	
Third Party Inspection Fees		109,189	
City of Northfield Dispatch Service	A-2	300,000	
County of Atlantic-Nutrition Site	A-2	12,945	
Egg Harbor Township Board of Education -			
Solid Waste Disposal	A-2	123,000	
Federal and Grants Receivable	A-12		951,106
Federal and Grants Receivable			
Unappropriated Reserves	A-14		<u>6,797</u>
		<u>133,582,314</u>	<u>957,903</u>
		142,443,701	2,173,915

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Decreased by Disbursements:			
Current Year Appropriations	A-3	36,751,764	811,261
Appropriation Reserves	A-10	1,383,996	
Due to Local Open Space Trust Fund		1,316,798	55,000
Due to Public Defender	B-1	31,935	
Due to Snow Removal Trust	B-1	7,644	
Due to Law Enforcement Trust		8,422	
Due to State of New Jersey			
DCA Training Fees		54,302	
Marriage License Fees		5,900	
Refund of Tax Overpayments		512,035	
Due to Basin Maintenance		3,300,000	
Refund of Surety Posted		275,687	
Reserve for Curb & Sidewalk Surety Deposits		24,000	
Reserve for Property Revaluation		657,994	
Reserve for Street Opening Surety		32,050	
Due to Municipal Utilities Authority		469,296	
County Taxes		16,435,071	
Added and Omitted County Taxes		110,843	
Local District School Tax	A-11	72,713,280	
Third Party Inspection Fees		181,401	
Other Miscellaneous		25,875	10,444
		<u>134,298,293</u>	<u>876,705</u>
Balance December 31, 2012	A	<u><u>\$8,145,408</u></u>	<u><u>1,297,210</u></u>

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

	<u>Ref.</u>	
Increased by Receipts:		
Prepaid Taxes - 2013		\$691,460
Taxes Receivable	A-7	106,645,833
Tax Title Liens	A-8	609,218
Revenue Accounts Receivable	A-9	993,573
Sewer Charges		498,394
Miscellaneous Overpayment		<u>434,849</u>
		<u><u>109,873,327</u></u>
 Payment to Treasurer	 A-4	 <u><u>\$109,873,327</u></u>

**CURRENT FUND
SCHEDULE OF CURRENT CASH - CLERK**

Balance December 31, 2011	<u>Ref.</u> A		\$0
Increased by:			
Revenue Accounts Receivable	A-9	<u>490,731</u>	
			<u>490,731</u>
			490,731
Decreased by:			
Disbursed to Current Fund	A-4		<u>490,731</u>
Balance December 31, 2012	A		<u><u>\$0</u></u>

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

Analysis of 2012 Property Tax Levy

Tax Yield		
General Property Tax		\$108,539,218
Added Taxes (54:4-63.1,63.12 et.seq.)		<u>880,737</u>
		<u>109,419,955</u>
Tax Levy	<u>Ref.</u>	
Local District School Tax		
(Abstract)	A-11	72,713,280
Municipal Open Space Tax		513,431
County Tax (Abstract)		16,435,071
Due County for Added and		
Omitted Taxes		
(54:4-63.1,63.12 et. seq.)		<u>133,826</u>
		89,795,608
Local Tax for Municipal		
Purposes	A-2	18,868,215
Add: Additional Tax Levied		<u>756,132</u>
Local Tax for Municipal Purposes		
Levied		<u>19,624,347</u>
		<u>\$109,419,955</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2011	A		\$458,223
Increased by:			
Transfers from Taxes Receivable	A-7	519,912	
Interest and Costs Accrued by Sale of December 19, 2012		<u>61,917</u>	
			<u>581,829</u>
			1,040,052
Decreased by:			
Transfers to Property Acquired for Taxes Collection	A-6	81,536 <u>609,218</u>	
			<u>690,754</u>
Balance December 31, 2012	A		<u><u>\$349,298</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Ref.	BALANCE DEC. 31, 2011	ACCRUED IN 2012	COLLECTOR	COLLECTED BY TREASURER	CLERK	BALANCE DEC. 31, 2012
Clerk:						
Licenses						
A-2		90,814			90,814	
Alcoholic Beverages						
Tax Collector:						
A-2		2,000	2,000			
A-2		304,681	304,681			
Interest on Taxes						
Treasurer:						
Licenses:						
Other						
A-2		225,064			225,064	124,032 4th qtr. 2012
A-2	110,539	700,385	686,892			35,146 Dec. 2012
A-2	35,146	743,299		743,299		
A-2		174,853			174,853	
A-2	45,948	716,754		715,006		47,696 Dec. 2012
A-2	106,950	6,013,285		6,013,285		
A-2		1,876,019		1,798,184		184,785 Dec. 2012
A-2		38,553		38,553		
A-2	56,048	1,165,680		1,080,404		141,324 Dec. 2012
A-2	27,142	510,985		471,853		66,274 Dec. 2012
	<u>\$381,773</u>	<u>12,562,372</u>	<u>993,573</u>	<u>10,860,584</u>	<u>490,731</u>	<u>599,257</u>

Ref.	A	Res.	A-5	A-4	A-6	A
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SEE ACCOMPANYING AUDITOR'S REPORT

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

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED	OVER- EXPENDED
DEPARTMENT OF ADMINISTRATION AND FINANCE						
Governing Body						
Salaries and Wages	\$3,523	1,752	1,752			
Other Expenses	1,154	601	591		10	
Administrators Office						
Salaries and wages	5,100	4,762	4,760		2	
Other Expenses	2,426	1,876	1,830		46	
Office of Township Clerk						
Salaries and Wages	5,382	5,422	5,420		2	
Other Expenses	14,003	9,062	5,920		3,142	
Division of Treasury						
Salaries and Wages	5,230	4,839	4,836		3	
Other Expenses	10,696	3,544	3,486		58	
Auditor						
Other Expenses	1,700	0				
Division of Collections						
Salaries of Wages	4,868	4,501	4,500		1	
Other Expenses	8,882	10,482	10,469		13	
Division of Assessments						
Salaries of Wages	2,908	2,378	2,377		1	
Other Expenses	14,666	14,666	13,969		697	
Division of Law						
Other Expenses	53,061	41,816	37,175		4,641	
Rent Leveling Board						
Other Expenses	4,129	4,129	2,268		1,861	
Division of Engineering						
Other Expenses	10,447	10,447	4,477		5,970	
DEPARTMENT OF PUBLIC WORKS						
Division of Roads						
Salaries and Wages	12,122	17,037	17,028		9	
Other Expenses	65,945	42,460	39,504		2,956	

SEE ACCOMPANYING AUDITOR'S REPORT

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

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED	OVER- EXPENDED
Snow Removal Other Expenses	218	218	218			
Division of Buildings and Grounds Salaries and Wages	12,606	13,748	13,747		1	
Other Expenses	2,495	1,370	1,035		335	
Division of Equipment Maintenance Salaries and Wages	8,362	7,755	7,746		9	
Other Expenses	26,081	28,861	25,499		3,362	
Division of Solid Waste Salaries and Wages	16,645	19,212	19,209		3	
Other Expenses	5,088	5,088	3,308		1,780	
Landfill/Solid Waste Disposal Costs Other Expenses	244,111	228,111	207,175		20,936	
Animal Control Other Expenses	1,850	1,850	1,850			
DEPARTMENT OF RECREATION Salaries and Wages	4,086	9,034	9,033		1	
Other Expenses	16,418	11,248	11,167		81	
Celebration of Events Other Expenses	1,054	854	808		46	
Parks and Playgrounds Other Expenses	7,674	5,964	5,370		594	

SEE ACCOMPANYING AUDITOR'S REPORT

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

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED	OVER- EXPENDED
DEPARTMENT OF POLICE						
Salaries and Wages	255,511	348,160	327,255		20,905	
Other Expenses	82,729	79,359	76,836		2,523	
DEPARTMENT OF POLICE DISPATCH/911						
Salaries and Wages	15,390	21,925	21,924		1	
Other Expenses	11,651	9,448	9,205		243	
DEPARTMENT OF FIRE						
Other Expenses	11,400	10,285	8,920		1,365	
Ambulance Services						
Salaries and Wages	15,801	23,801	23,800		1	
Other Expenses	23,258	12,451	10,463		1,988	
Municipal Court						
Salaries and Wages	9,007	19,669	19,668		1	
Other Expenses	17,365	15,665	7,457		8,208	
Public Defender						
Other Expenses	5	5			5	
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Division of Planning						
Salaries and Wages	1,502	1,210	1,208		2	
Other Expenses	7,115	2,847	2,847			
Division of Zoning						
Salaries and Wages	1,645	1,116	1,116			
Other Expenses	5,715	3,700	3,690		10	

SEE ACCOMPANYING AUDITOR'S REPORT

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

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED	OVER- EXPENDED
Division of Inspections						
Salaries and Wages	6,185	6,067	6,065		2	
Other Expenses	13,878	8,424	2,127		6,297	
Insurance						
Other Insurance Premiums (JIF)	91,901	91,901	60,686	27,386	3,829	
Group Insurance for Employees	1,750	1			1	
UNIFORM FIRE SAFETY ACT						
Fire Prevention Program						
Salaries and Wages	2,079	1,584	1,579		5	
Other Expenses	349	249	228		21	
UNCLASSIFIED:						
Electricity	7,368	12,820	12,820			
Street Lighting	27,398	21,184	21,183		1	
Telephone	59,963	57,963	36,384		21,579	
Water	3,406	165	164		1	
Gas	5,433	2,201	989		1,212	
Sewerage	359	1	0		1	
Gasoline	53,400	42,400	41,685		715	
Fire Hydrant Service	23,117	24,202	24,138		64	
Condominium Services Act	18,727	18,727	18,727			
Statutory Expenditures Contributions to:						
Social Security (O.A.S.I.)	18,252	0				
Unemployment Comp Ins.	3,028	0				
Egg Harbor Township Board of Education						
Solid Waste Disposal	14,392	14,392	14,392			

SEE ACCOMPANYING AUDITOR'S REPORT

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

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED	OVER- EXPENDED
Length of Service Award Program	141,822	158,822	156,860		1,962	
City of Northfield Dispatch Service	5,053	5,053	5,053			
	<u>\$1,528,884</u>	<u>1,528,884</u>	<u>1,383,996</u>	<u>27,386</u>	<u>117,502</u>	<u>0</u>
A		A	A-4	A	A-1	

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>	
Balance December 31, 2011	A	\$0
Increased By:		
Levy - Calendar Year 2012	A-1:A-7	<u>72,713,280</u>
		72,713,280
Decreased By:		
Payments	A-4	<u>72,713,280</u>
Balance December 31, 2012	A	<u><u>\$0</u></u>

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

A-12
Sheet 1

<u>Purpose</u>	<u>Balance 12/31/2011</u>	<u>Transferred from Revenues</u>	<u>Received</u>	<u>Adjust/ Cancelled</u>	<u>Balance 12/31/2012</u>
State of New Jersey:					
NJ Transportation Trust Fund Authority Act of 1984 Reconstruction of Reega Avenue		150,000	112,500		37,500
Over the Limit Under Arrest		4,250	4,250		
NJ Division of Motor Vehicles Drunk Driving Enforcement Fund	24,681	37,707	62,388		
Clean Communities Act (NJSA 13:1E-99.1)		77,881	77,881		
Recycling Tonnage Grant		47,482	47,482		
NJ Department of Public Safety Safe Corridor Body Armor Fund	91,800 16,040	47,054 7,943	65,800 7,943		73,054 16,040
Cops in Shops Summer Shore Initiative College Fall Initiative Grant	2,400	4,785 3,200	6,985 3,200	(200)	
Bulletproof Vest Partnership Program					
Safe and Secure Communities Program	23,752	51,464	58,030		17,186
Alcohol Education Rehabilitation Program		3,993	3,993		
NJDCA Livable Communities Grant					
Total State Funds	<u>158,673</u>	<u>435,759</u>	<u>450,452</u>	<u>(200)</u>	<u>143,780</u>

SEE ACCOMPANYING AUDITOR'S REPORT

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

A-12
Sheet 2

Purpose	Balance 12/31/2011	Transferred from Revenues	Received	Adjust/ Cancelled	Balance 12/31/2012
Local:					
Casino Reinvestment Development Authority - Redevelopment of West Atlantic City	2,945,285				2,945,285
Donation - School Resource Officer		11,750	11,750		
Atlantic County Department of Highway Safety - Distracted Driver		2,000	2,000		
Atlantic County Municipal Drug Alliance	24,230	23,570	29,621		18,179
Total Local Funds	<u>2,969,515</u>	<u>37,320</u>	<u>43,371</u>	<u>0</u>	<u>2,963,464</u>
Federal:					
U.S. Department of Justice Atlantic County - E. Byrne Memorial JAG		11,143	11,143		
New Jersey Law & Public Safety - Division of Traffic Safety				(25,138)	
Fast & Furious Enforcement Click It or Ticket Bulletproof Vest	25,138	2,650 5,906	2,650 5,906		
Cops Hiring Program Grant	782,245		385,896		396,349
Community Development Block Grant		83,828	83,828		
Total Federal Funds	<u>807,383</u>	<u>103,527</u>	<u>489,423</u>	<u>(25,138)</u>	<u>396,349</u>
	<u>\$3,935,571</u>	<u>576,606</u>	<u>983,246</u>	<u>(25,338)</u>	<u>3,503,593</u>
Ref. A		A-2			A
		Cash	951,106		
		Realize Unappropriated Reserves	32,140		
			<u>983,246</u>		

SEE ACCOMPANYING AUDITOR'S REPORT

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

Grant	Balance 12/31/2011	Transferred from 2012 Budget Appropriations	Down Payment Cap. Improvement	Expended	Reverse Prior Year Encumbrances	Encumbered	Canceled/ Adjustment	Balance 12/31/2012
State of New Jersey:								
State of New Jersey - Drunk Driving Enforcement Fund	\$52,521	37,707		20,494	342	152		69,924
Department of Transportation Reconstruction of Reega Avenue		150,000	150,000					
Alcohol Education Rehabilitation	5,168	3,993						9,161
Clean Communities (NJSA 13:1E-99.1) (PL 1986, ch. 187)	58,461	77,881		73,200	6,816	19,858		50,100
Bulletproof Vest Partnership Program	3,227	5,906		9,133				
Body Armor Fund	18,501	7,943		12,844				13,600
Safe and Secure Communities Program	4,954	51,464		56,418				
Safe Corridor	13,142	47,054		89,251	84,616	31,909		23,652
COPS In Shops - Summer Shore Program College/Fall Initiative	1,652 4,525	4,785 3,200		6,206 2,704			200 1,296	31 3,725
Recycling Tonnage Grant	58,284	47,482		27,594	6,660	2,329		82,503
Stormwater Grant	5,155							5,155
Office of Information Telecommunications Services - Enhanced 911 Grant	514						(14,982)	15,496
Total State Funds	226,104	437,415	150,000	297,844	98,434	54,248	(13,486)	273,347
Local:								
Donations - School Resource Officer		11,750		5,583				6,167
CRDA - West Atlantic City	2,916,202				21,537			2,937,739
Atlantic County Department of Highway Safety - Distracted Driver		2,000		2,000				
Atlantic County Municipal Drug Alliance Municipal Share	369 2,375	23,570 5,893		25,458 7,103	16,636 108	15,060 108	55	2 1,165
Total Local Funds	2,918,946	43,213	0	40,144	38,281	15,168	55	2,945,073

SEE ACCOMPANYING AUDITOR'S REPORT

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

Grant	Balance 12/31/2011	Transferred from 2012 Budget Appropriations	Down Payment Cap. Improvement	Expended	Reverse Prior Year Encumbrances	Encumbered	Canceled/ Adjustment	Balance 12/31/2012
Federal:								
U. S. Department of Justice Save Our Streets AC - E. Byrne Memorial JAG	6	11,143					6	11,143
New Jersey Law & Public Safety - Division of Traffic Safety Over the Limit Under Arrest Fast and Furious Enforcement Click It or Ticket	595	4,250		4,250			595	2,650
COPS Hiring Program	666,122			398,573				267,549
US Department of Energy Grant					11,707		(11,707)	
Small Cities Community Development Block Grant Atlantic County Improvement Authority Curbs and Sidewalks - Pleasant Woods 2011 Entitlement	44,163	83,828		76,196				44,163 7,632
Total Federal Funds	<u>710,886</u>	<u>101,871</u>	<u>0</u>	<u>479,019</u>	<u>11,707</u>	<u>0</u>	<u>(11,106)</u>	<u>333,137</u>
	<u>\$3,855,936</u>	<u>582,499</u>	<u>150,000</u>	<u>817,007</u>	<u>148,422</u>	<u>69,416</u>	<u>(24,537)</u>	<u>3,551,557</u>
Ref. A	A	A-3				A		A
	Expended from Grant Fund		A-4	811,261				
	Expended from Current Fund			5,746				
				<u>817,007</u>				

SEE ACCOMPANYING AUDITOR'S REPORT

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

<u>Grant</u>	Balance 12/31/2011	Received	Transferred to 2012 Budget Appropriation	Cancelled	Balance 12/31/2012
Drunk Driving Enforcement Fund	21,199		21,199		
Bulletproof Vest Partnership Program	5,906	6,797	5,906		6,797
Cops in Ships-Summer Shore Initiative	2,385		2,385		
Click It or Ticket	2,650		2,650		
	<u>\$32,140</u>	<u>6,797</u>	<u>32,140</u>	<u>0</u>	<u>6,797</u>
Ref. A		A-4	A-3		A

SEE ACCOMPANYING AUDITOR'S REPORT

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Animal Control	Other
Balance December 31, 2011	B	\$18,037	8,352,261
Increased By:			
State Dog License Fees	B-5	1,215	
Municipal Dog License Fees	B-4	6,045	
Escrow Fees	B-7		529,436
Recreation Fees			355,079
Third Party Inspection Fees	B-8		177,102
Interest	B-4,6-8,10-13	7	13,633
Police Detail	B-8		202,775
Snow Removal Trust	B-8		1,000
Fire Safety Fees	B-8		200
Due from Current Fund			
Public Defender Fees	A-4:B-8		31,935
Open Space Trust	B-13		100,000
Open Space Trust - Prior Year Receivable			3,367
Snow Removal - Prior Year Receivable	A-4		7,644
Accumulated Absences			1,000
Due to State of NJ-VCCB	B-8		4,994
Environmental Trust-Host Community	B-9		259,790
Environmental Trust-Host Community			
Prior Year Receivable			13,415
Municipal Court-POAA Fines			36
Federal Law Enforcement Trust Fund	B-10		245
Law Enforcement Trust Fund	B-11		41,490
Small Cities Trust			3,175
Council on Affordable Housing			
Non-residential Development Fee			474
Basin Maintenance Fees			3,616,156
Performance Bonds Posted	B-12		228,914
Open Space Tax Levy	B-13		513,431
		<u>7,267</u>	<u>6,105,291</u>
		25,304	14,457,552

SEE ACCOMPANYING AUDITOR'S REPORT

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

Ref.	Animal Control	Other
Decreased By:		
B-5	1,215	
B-4	1,785	
B-7		610,731
B-8		34,609
B-8		220,519
A-4	4,676	
B-4	7	122
A-4;B-9		319,455
B-8		115,000
B-12		195,811
		620,166
		24,300
		3,394,500
B-13		875,155
		10,566
B-10		9,845
B-11		73,589
	<u>7,683</u>	<u>6,504,368</u>
B	<u>\$17,621</u>	<u>7,953,184</u>
Balance December 31, 2012		

SEE ACCOMPANYING AUDITOR'S REPORT

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

Ref.	Dog Licenses	Other
Analysis of December 31, 2012 Balance		
	Developer's Escrow	668,811
	Recreation Commission Dedicated Trust	47,719
	Environmental Trust Fund	274,113
	Law Enforcement Trust Fund	21,927
	Law Enforcement Trust-Federal Funds	30,243
	Parking Offenses Adjudication Act	1,188
	Police Detail	23,786
	Municipal Evidence	40,457
	Public Defender Fees	35,249
	Third Party Inspection Fees	164,508
	Fire Safety Fines	6,698
	Small Cities Trust	38,552
	Open Space Trust Fund	1,405,116
	Accumulated Absences	3,759
	Snow Removal Trust	20,505
	Council on Affordable Housing (COAH) Trust	130,008
	Basin Maintenance	2,187,196
	Performance Guarantee Trust	2,853,349
		<u>7,953,184</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

	Ref.		
Balance December 31, 2011	B		\$327,088
Increased by Receipts:			
Deposits for Redemption of Tax Sale Certificates	B-6	3,177,280	
Voided checks		2,039	
Premiums Received at Tax Sale		441,400	
Interest Earned		1,287	
			3,622,006
			3,949,094
Decreased by Disbursements:			
Tax Sale Redemptions	B-6	3,083,621	
Premiums Returned		311,006	
			3,394,627
Balance December 31, 2012	B		\$554,467

ANALYSIS OF BALANCE - DECEMBER 31, 2012

Due to Current Fund	\$14,594
Tax Title Lien Redemption	116,229
Tax Sale Premium	423,644
	\$554,467

**TRUST FUND
SCHEDULE OF ASSESSMENT RECEIVABLE**

Ordinance Number	Improvement Description	Date of Confirmation	Installments		Due Date	Balance 12/31/2011	Collected	Adjustments	Balance 12/31/2012	Balance Pledged to	
			Number							Assessment Overpayments	Reserve
19-93	Town Hall Sewer Service	2/28/96	10		5/1/96-2005	10,221			10,221		10,221
						\$10,221	0	0	10,221	0	10,221

B-1

B

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

	Ref.		
Balance December 31, 2011	B		\$13,361
Increased by:			
Dog License Fees Collected	B-1	6,045	
Interest Earned	B-1	7	
			6,052
			19,413
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash	B-1	1,785	
Interest to Current Fund	B-1	7	
Statutory Excess to Current Fund		4,953	
			6,745
Balance December 31, 2012	B		\$12,668

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	5,947
2010	6,721
	\$12,668

TRUST FUND
SCHEDULE OF AMOUNT DUE TO/(FROM) STATE OF NEW JERSEY
ANIMAL CONTROL FUND

	Ref.		
Balance December 31, 2011	B		\$0
Increased By:			
Collected in 2012			
State License Fees		705	
Pilot Clinic Fund Fees		141	
Animal Population Control Fees		<u>369</u>	
	B-1		<u>1,215</u>
			1,215
Decreased By:			
Payments	B-1		<u>1,215</u>
Balance December 31, 2012	B		<u><u>\$0</u></u>

**TRUST FUND
SCHEDULE OF DEPOSITS FOR REDEMPTION OF
TAX SALE CERTIFICATES**

	Ref.		
Balance December 31, 2011	B		\$19,889
Increased By:			
Deposits Received	B-2	3,177,280	
Voided checks		2,039	
Interest Earned		642	
		<u> </u>	<u>3,179,961</u>
			3,199,850
Decreased By:			
Refunds - Tax Sale Certificates Redeemed	B-2	<u>3,083,621</u>	<u>3,083,621</u>
Balance December 31, 2012	B		<u><u>\$116,229</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROWS**

	Ref.	
Balance December 31, 2011	B	\$747,564
Increased By:		
Interest Earned		2,542
Inspection & Planning Fees		<u>529,436</u>
	B-1	<u>531,978</u>
		1,279,542
Decreased By:		
Fees Paid from Developers Account		<u>610,731</u>
	B-1	<u>610,731</u>
Balance December 31, 2012	B	<u><u>\$668,811</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUSTS**

	Ref.		
Balance December 31, 2011	B		\$319,243
Increased by:			
Interest earned		122	
Police Detail		202,775	
Fire Safety Fines		200	
Snow Removal Trust		1,000	
Due to State of NJ-VCCB		4,994	
Due from Current Fund			
Third Party Inspection Fees		20,121	
Public Defender Fees		31,935	
Third Party Inspection Fees		177,102	
	B-1	438,249	438,249
			757,492
Decreased by:			
Interest Paid to Current Fund		122	
Paid to Third Party Inspectors	B-1	195,811	
Paid to Public Defenders	B-1	34,609	
Paid to Police for Special Detail	B-1	220,519	
		451,061	451,061
Balance December 31, 2012			\$306,431
Analysis of Balance:			
Fire Safety		6,698	
Municipal Evidence		40,457	
Third Party Inspection Fees		184,629	
Public Defender Fees		30,356	
Police Detail		23,786	
Snow Removal		20,505	
	B	\$306,431	\$306,431

SEE ACCOMPANYING AUDITOR'S REPORT

TRUST FUND
SCHEDULE OF RESERVE FOR ENVIRONMENTAL TRUST

	Ref.		
Balance December 31, 2011	B		\$129,323
Increased by:			
Atlantic County Utilities Authority			
Special Environmental Trust	B-1	259,790	
Due from Atlantic County Utilities Authority		<u>28,385</u>	
			<u>288,175</u>
			417,498
Decreased by:			
Due to Current Fund	B-1	<u>115,000</u>	
			115,000
Balance December 31, 2012	B		<u><u>\$302,498</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR LAW ENFORCEMENT
FEDERAL FUND

	Ref.		
Balance December 31, 2011	B		\$39,698
Increased by:			
Interest Earned		145	
Confiscated Funds		<u>245</u>	
	B-1		<u>390</u>
			40,088
Disbursed:			
Disbursed	B-1	<u>9,845</u>	
			<u>9,845</u>
Balance December 31, 2012	B		<u><u>\$30,243</u></u>

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

	Ref.		
Balance December 31, 2011	B		\$53,889
Increased by:			
Interest Earned		137	
Confiscated Funds		41,490	
	B-1	<u>41,627</u>	<u>41,627</u>
			95,516
Decreased by:			
Law Enforcement Expenditures		73,589	
	B-1	<u>73,589</u>	<u>73,589</u>
Balance December 31, 2012	B		<u><u>\$21,927</u></u>

B-12

**TRUST FUND
SCHEDULE OF RESERVE FOR PERFORMANCE
BOND GUARANTEES**

	Ref.		
Balance December 31, 2011	B		\$3,233,914
Increased by:			
Interest Earned		10,687	
Performance Bonds Posted		228,914	
	B-1	<u>239,601</u>	<u>239,601</u>
			3,473,515
Decreased by:			
Performance Bonds Returned		620,166	
	B-1	<u>620,166</u>	<u>620,166</u>
Balance December 31, 2012	B		<u><u>\$2,853,349</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

**TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND**

	Ref.		
Balance December 31, 2011	B		\$1,666,840
Increased by:			
Due from Current Fund		100,000	
Tax Levy Received		513,431	
	B-1	613,431	613,431
			2,280,271
Decreased by:			
Debt Service on Golf Course	B-1	700,000	
Appraisal fees	B-1	75,155	
Due to Recreation Trust	B-1	100,000	
Due to Grant Fund - Green Trust	A	55,000	
		930,155	930,155
Balance December 31, 2012	B		\$1,350,116

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	RECEIPTS		DISBURSEMENTS		TRANSFERS		BALANCE 12/31/2012
	BALANCE 12/31/2011	MISC.	SERIAL BONDS	IMPROVEMENT AUTHORIZATIONS	MISC.	FROM	
Fund Balance	\$25,566						358,465
Capital Improvement Fund	55,723					477,000	525,316
Due from Current Fund	(574,422)					3,042,227	(854,345)
Due from Grant Fund	(3,637,304)					150,000	(3,787,304)
Due from NJDEP Bureau of Dam Safety & Flood Control	(627,195)						(627,195)
Encumbrances Payable	1,097,091					1,097,091	1,756,784
Reserve for Sidewalk Construction	70,585						70,585
Reserve to pay Bonds	214,430					214,430	
<u>Improvement Authorizations</u>							
#26-02 Various General Improvements	99,098					99,098	
#37-04 Various General Improvements	75,745					80,634	4,681
#50-04 Public Works Vehicle and Equipment	25,000					25,000	
#31-05 Various General Improvements	248					1,866	1,618
#50-05 Various General Improvements	60,441					112,547	52,106
#60-05 Design and Construction of Community Center	57,621					16,870	3,375
#35-06 Various General Improvements	603,689					616,674	12,985
#39-07 Various General Improvements	437,078					345,727	4,125
#40-07 Various General Improvements	0					249	249
#22-08 Various General Improvements	6,587					13,436	12,534
#23-08 Various General Improvements	269,573					279,556	103,001
#28-09 Various General Improvements	403,875					169,908	23,308
#16-10 Various General Improvements	689,057					227,691	443,303
#17-10 Various General Improvements	6,000					10,293	7,400
#08-11 Various General Improvements	2,903					2,903	
#09-11 Various General Improvements	9,258					9,258	
#19-11 Various General Improvements	615,133					1,279,593	875,322
#20-11 Various General Improvements	14,220					2,649	
#24-2012 Various General Improvements						1,559,282	2,882,000
#25-2012 Various General Improvements						24,783	25,000
	\$0	0	0	0	0	9,858,765	9,858,765

Ref. C

SEE ACCOMPANYING AUDITOR'S REPORT

**GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE FROM CURRENT FUND**

	<u>Ref.</u>		
Balance December 31, 2011	C:A		\$474,422
Increased by:			
Bond Anticipation Notes	C-11	2,370,000	
Premium on Sale of Notes	C-1	111,727	
Due from Recreation Trust Fund	B	100,000	
Current Budget Appropriations			
Deferred Chareges - Ord 23-08			
Various General Improvements	C-10	500	
Capital Improvement Fund	C-6	500,000	
City of Northfield Inter-local Agreement			
Acquisition of Communications Equip	A-3	<u>60,000</u>	
			<u>3,142,227</u>
			3,616,649
Decreased by:			
Cancellation of Prior Year Liability		249	
Current Budget - Revenue Realized			
Reserve to Pay Bonds	A-2	214,430	
Payment of Improvement Authorizations	C-7	<u>2,547,625</u>	
			<u>2,762,304</u>
Balance December 31, 2012	C:A		<u><u>\$854,345</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$31,340,209
Increased by:		
2012 Serial Bonds Issued	C-8	<u>7,800,000</u>
		39,140,209
Decreased by:		
2012 Budget Appropriation to Pay Serial Bonds	C-8	2,555,000
Green Trust Loans	C-9	<u>84,769</u>
		<u>2,639,769</u>
Balance December 31, 2012	C	<u><u>\$36,500,440</u></u>

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

Ordinance #	Improvement Description	Balance 12/31/2011	2012 Authorization	Funded by Bond Issue	Cancelled	Paid by Budget Appropriation	Balance 12/31/2012	Analysis of Balance - December 31, 2012	
								Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
23-08	Various General Improvements	500				500			
28-09	Various General Improvements	810,000		810,000					
16-10	Various General Improvements	2,065,000		2,065,000					
8-11	Various General Improvements	465,000		465,000					
9-11	Various General Improvements	225,000		225,000					
19-11	Various General Improvements	1,865,000		1,865,000					
24-12	Various General Improvements		2,370,000	2,370,000					
		<u>\$5,430,500</u>	<u>2,370,000</u>	<u>7,800,000</u>	<u>0</u>	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>

Ref. C C-7:C-10 C-8 C-3:C-10 C

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

	<u>Ref.</u>		
Balance December 31, 2011	C		\$55,723
Increased by:			
2012 Budget Appropriation	A-3:C-3	500,000	
Improvement Authorizations Canceled	C-7	<u>25,316</u>	
			<u>525,316</u>
			581,039
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-7		<u>477,000</u>
Balance December 31, 2012	C		<u><u>\$104,039</u></u>

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

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING 12/31/2012		INTEREST RATE	BALANCE 12/31/2011	INCREASED	DECREASED	BALANCE 12/31/2012
			DATE	AMOUNT					
Various General Improvements	8/15/02	14,053,000	-	-	-	\$1,175,000		1,175,000	
Various General Improvements	2/1/06	19,406,000	2/1/13	800,000	4.250%				
			2/1/14	810,000	4.250%				
			2/1/15	845,000	4.250%				
			2/1/16	890,000	4.250%				
			2/1/17	930,000	4.250%				
			2/1/18	975,000	4.250%				
			2/1/19	1,025,000	4.250%				
			2/1/20	1,075,000	4.250%				
			2/1/21	1,125,000	4.250%				
			2/1/22	1,180,000	4.250%				
			2/1/23	1,240,000	4.250%				
			2/1/24	1,300,000	4.250%				
			2/1/25	1,361,000	4.375%				
			2/1/26	1,400,000	4.375%	15,731,000		775,000	14,956,000
Various General Improvements	9/1/08	9,885,000	9/1/13	650,000	4.000%				
			9/1/14	665,000	4.000%				
			9/1/15	685,000	4.000%				
			9/1/16	700,000	4.000%				
			9/1/17	710,000	4.000%				
			9/1/18	720,000	4.125%				
			9/1/19	740,000	4.125%				
			9/1/20	750,000	4.125%				
			9/1/21-23	760,000	4.125%	8,485,000		585,000	7,900,000
2011 Refunding Bonds	9/15/11	4,705,000	2/15/13	1,175,000	2.000%				
			2/15/14	1,180,000	3.000%				
			2/15/15	1,170,000	3.000%				
			2/15/16	1,160,000	3.500%	4,705,000		20,000	4,685,000
Various General Improvements	9/1/12	7,800,000	9/1/13	151,233	2.000%				
			9/1/14	147,500	2.000%				
			9/1/15	139,000	2.000%				
			9/1/16	129,500	2.000%				
			9/1/17	119,000	2.000%				
			9/1/18	102,000	2.000%				
			9/1/19	85,000	2.000%				
			9/1/20	68,000	2.000%				
			9/1/21	51,000	2.000%				
			9/1/22	34,000	2.000%				
			9/1/23	17,000	2.000%		7,800,000		7,800,000
						\$30,096,000	7,800,000	2,555,000	35,341,000
						C	C-4	C-4	C

**GENERAL CAPITAL FUND
 SCHEDULE OF GREEN TRUST PROGRAM LOANS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance 12/31/2011	Increased	Decreased	Balance 12/31/2012							
			Date	Amount												
Tony Canale Park (Pine Oak Park)	1/22/99	150,000	6/22/13	4,180	2.00%											
			12/22/13	4,222												
			6/22/14	4,264												
			12/22/14	4,307												
			6/22/15	4,350												
			12/22/15	4,393												
			6/22/16	4,437												
			12/22/16	4,482												
			6/22/17	4,527												
			12/22/17	4,572												
			6/22/18	4,619												
													\$56,590		8,237	48,353
			Regional Park, Part 1	10/9/02						150,000	1/11/13	4,072	2.00%			
7/11/13	4,112															
1/11/14	4,153															
7/11/14	4,195															
1/11/15	4,237															
7/11/15	4,279															
1/11/16	4,322															
7/11/16	4,365															
1/11/17	4,409															
7/11/17	4,453															
1/11/18	4,498															
7/11/18	4,543															
1/11/19	4,588															
7/11/19	4,634															
1/11/20	4,680															
7/11/20	4,727															
1/11/21	4,774															
7/11/21	4,822															
					87,885		8,022	79,863								

SEE ACCOMPANYING AUDITOR'S REPORT

**GENERAL CAPITAL FUND
 SCHEDULE OF GREEN TRUST PROGRAM LOANS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance 12/31/2011	Increased	Decreased	Balance 12/31/2012
			Date	Amount					
Regional Park, Part 2	10/11/02	500,000	1/11/13	12,740	2.00%				
			7/11/13	12,868					
			1/11/14	12,997					
			7/11/14	13,127					
			1/11/15	13,258					
			7/11/15	13,390					
			1/11/16	13,524					
			7/11/16	13,660					
			1/11/17	13,796					
			7/11/17	13,934					
			1/11/18	14,073					
			7/11/18	14,214					
			1/11/19	14,356					
			7/11/19	14,500					
			1/11/20	14,645					
			7/11/20	14,791					
			1/11/21	14,939					
			7/11/21	15,089					
			1/11/22	15,239					
			7/11/22	15,392		305,635	25,103	280,532	
Bargaintown Park	11/7/07	700,000	2/13/13	16,147	2.00%				
			8/13/13	16,309					
			2/13/14	16,472					
			8/13/14	16,637					
			2/13/15	16,803					
			8/13/15	16,971					
			2/13/16	17,141					
			8/13/16	17,312					
			2/13/17	17,485					
			8/13/17	17,660					
2/13/18	17,837								

SEE ACCOMPANYING AUDITOR'S REPORT

**GENERAL CAPITAL FUND
 SCHEDULE OF GREEN TRUST PROGRAM LOANS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance 12/31/2011	Increased	Decreased	Balance 12/31/2012
			Date	Amount					
			8/13/18	18,015					
			2/13/19	18,195					
			8/13/19	18,377					
			2/13/20	18,561					
			8/13/20	18,746					
			2/13/21	18,934					
			8/13/21	19,123					
			2/13/22	19,314					
			8/13/22	19,508					
			2/13/23	19,703					
			8/13/23	19,900					
			2/13/24	20,099					
			8/13/24	20,300					
			2/13/25	20,503					
			8/13/25	20,708					
			2/13/26	20,915					
			8/13/26	21,124					
			2/13/27	21,335					
			8/13/27	21,549		593,499		31,816	561,683
Tony Canale Park, Phase II	11/26/07	250,000	5/26/13	5,883	2.00%				
			11/26/13	5,942					
			5/26/14	6,001					
			11/26/14	6,061					
			5/26/15	6,122					
			11/26/15	6,183					
			5/26/16	6,245					
			11/26/16	6,307					
			5/26/17	6,370					
			11/26/17	6,434					
			5/26/18	6,498					
			11/26/18	6,563					
			5/26/19	6,629					

SEE ACCOMPANYING AUDITOR'S REPORT

**GENERAL CAPITAL FUND
 SCHEDULE OF GREEN TRUST PROGRAM LOANS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance			
			Date	Amount		12/31/2011	Increased	Decreased	12/31/2012
			11/26/19	6,695					
			5/26/20	6,762					
			11/26/20	6,830					
			5/26/21	6,898					
			11/26/21	6,967					
			5/26/22	7,037					
			11/26/22	7,107					
			5/26/23	7,178					
			11/26/23	7,250					
			5/26/24	7,322					
			11/26/24	7,396					
			5/26/25	7,470					
			11/26/25	7,544					
			5/27/26	7,620					
			11/26/26	7,695					
						200,600		11,591	189,009
						<u>\$1,244,209</u>	0	<u>84,769</u>	<u>1,159,440</u>
						C			C

SEE ACCOMPANYING AUDITOR'S REPORT

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

ORD #	IMPROVEMENT DESCRIPTION	BALANCE 12/31/2011	2012 AUTHORIZATIONS	NOTES ISSUED	PAID BY BUDGET APPROPRIATION	BALANCE 12/31/2012
23-08	Various General Improvements	\$500			500	
24-12	Various General Improvements		2,370,000	2,370,000		
		<u>\$500</u>	<u>2,370,000</u>	<u>2,370,000</u>	<u>500</u>	<u>0</u>
Ref.	C		C-5;C-7	C-11	C-3;C-5	C

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

Ord #	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE 12/31/2011	INCREASED	DECREASED	BALANCE 12/31/2012
28-09	Various General Improvements	10/1/09	10/1/09	9/13/12	1.00%	\$810,000		810,000	
16-10	Various General Improvements	7/16/10	7/16/10	9/13/12	1.00%	2,065,000		2,065,000	
8-11	Various General Improvements	9/21/11	9/21/11	9/13/12	1.00%	465,000		465,000	
9-11	Various General Improvements	9/21/11	9/21/11	9/13/12	1.00%	225,000		225,000	
19-11	Various General Improvements	9/21/11	9/21/11	9/13/12	1.00%	1,865,000		1,865,000	
24-12	Various General Improvements	7/24/12	7/24/12	9/14/12	1.50%		2,370,000	2,370,000	
						\$5,430,000	2,370,000	7,800,000	0

Ref. C C-3; C-10 C-5 C

SEE ACCOMPANYING AUDITOR'S REPORT

TOWNSHIP OF EGG HARBOR

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 or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$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. The Township has not elected to implement this increase. On September 26, 2012, the Township appointed a Qualified Purchasing Agent however the bid threshold was not increased at that time.

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal payments in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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

- Stormwater Improvement Program
- Veteran's Park Field Reconstruction Phase 6
- CDBG Projects
- 2012 Road Projects
- 2012 Ford E-350 Emergency Medical Vehicle
- 2013 Freightliner M2 106 Chassis with Peterson RS-3 Grapple
- Single Axle Hook Lift Truck
- Trailer Mounted Self-Contained Vacuum Leaf Collection System

Contracts and Agreements Requiring Solicitation of Quotations

N.J.S. 40A:11-6.1 states, "Prior to the award of any other purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practical, on any such purchase, contract or agreement the estimated cost or price of which is \$2,625 or more."

Our examination of expenditures did reveal not purchases made in excess of \$2,625 without obtaining quotes as required by statute.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 11, 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 or assessments subject to any abatement or discount for the late payment of taxes as provided by law, and

WHEREAS, NJSA 54:4-67 has been amended to permit the fixing of said rate of 8 percent per annum on the first \$1,500; and

WHEREAS, N.J.S.A. 54-4-67 has been amended to allow for an additional penalty of 6% to be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Egg Harbor, Atlantic County, New Jersey, as follows;

1. That the tax collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st of the tax year, an additional penalty of 6% shall be charged against the delinquency.
2. Effective January 1, 2012, there will be a ten-day grace period for quarterly tax 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 the official newspaper of the Township of Egg Harbor.
5. The Tax Collector is hereby authorized to hold a tax Lien Sale in the month of December.
6. A certified copy of this resolution shall be provided by the Township Clerk to the Tax Collector, Township Attorney, and Township Auditor for the Township of Egg Harbor.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 19, 2012 and was not complete, in addition to bankruptcies not sold one property was removed from the sale due to an incorrect utility account number.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2012	315
2011	310
2010	227
2009	123
2008	165

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2013 and 2012 Taxes	10
Municipal Court	6

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

Deposit of Municipal Funds

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

Our examination has revealed that municipal funds were all deposited within the mandated time.

Comparison of Tax Levies and Collections Currently

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

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2012	\$ 109,419,955	107,633,826	98.37%
2011	106,350,123	104,304,768	98.08%
2010	103,273,476	101,998,858	98.77%
2009	98,761,221	97,253,624	98.47%
2008	95,396,800	94,794,810	99.37%

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	4.228	4.101	3.980	3.810	3.720
Apportionment Of Tax Rate:					
Municipal	0.734	0.734	0.690	0.580	0.500
Local Open Space	0.020	0.020	0.020	0.020	0.020
County	0.641	0.665	0.620	0.630	0.600
Local School	2.833	2.682	2.650	2.580	2.600
Assessed Valuation	2,567,152,785	2,576,920,800	2,577,775,392	2,561,624,700	2,520,668,101

Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2012	\$ 349,298	74,799	424,097	0.39%
2011	458,223	77,437	535,660	0.50%
2010	248,309	84,070	332,379	0.32%
2009	133,285	82,612	215,897	0.22%
2008	114,918	116,066	230,984	0.24%

RECOMMENDATIONS

NONE

Should any questions arise, please do not hesitate to call me.

Very truly yours,

Robert E. Swartz, CPA

Robert E. Swartz
Registered Municipal Accountant
No. 319

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC
Certified Public Accountants

May 24, 2013