

TOWNSHIP OF EGG HARBOR

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

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

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, 2013

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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, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the 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, 2013 and 2012, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 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 \$1,388,656 and \$1,181,526 for 2013 and 2012 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 March 21, 2014 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.

Very truly yours,

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

Kenneth Moore

Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

March 21, 2014

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EXHIBIT A - CURRENT FUND

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Treasurer	\$ 8,403,172	8,145,408
Payroll	267	267
Change	900	900
Petty Cash Funds	2,100	2,100
Total Cash	8,406,439	8,148,675
Other Receivables:		
Due from State - Veterans and Senior Citizens	19,929	25,574
Reimbursement for Hurricane Sandy Costs	-	48,908
Total Other Receivables	19,929	74,482
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	49,864	74,799
Tax Title and Other Liens	436,861	349,298
Property Acquired for Taxes - at Assessed Valuation	8,084,896	8,084,896
Revenue Accounts Receivable	575,909	599,257
Interfund Receivable:		
Animal Control Fund	5,942	4,953
Tax Title Lien Redemption	-	14,594
Total Receivables and Other Assets	9,153,472	9,127,797
Deferred Charges:		
Emergency Appropriation	-	252,600
Special Emergency Appropriation	600,000	900,000
Overexpenditure of Appropriation Reserves	-	2,526
Total Deferred Charges	600,000	1,155,126
Total Regular Fund	18,179,840	18,506,080
Federal and State Grant Fund:		
Cash	1,515,918	1,297,210
Federal and State Grants Receivable	3,144,528	3,503,593
Due from Regular Fund	2,541,265	2,559,271
Due from Open Space Trust Fund	-	55,000
Total Federal and State Grant Fund	7,201,711	7,415,074
Total Current Fund	\$ 25,381,551	25,921,154

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 552,352	549,656
Reserve for Encumbrances/Accounts Payable	1,175,490	1,027,308
Taxes Collected in Advance	900,548	691,460
Overpaid Taxes	113,364	38,679
Payroll Taxes Payable	-	42,631
Special Emergency Note Payable	600,000	900,000
County Added Tax Payable	113,157	133,826
Due to State:		
DCA Training Fees	16,826	10,154
Interfund Payable:		
Third Party Inspectors	22,698	20,121
Public Defender Trust	1,800	-
Local Open Space Trust	4,682	-
Grant Fund	2,541,265	2,559,271
General Capital Fund	458,592	854,345
Other		
Due to Municipal Utilities Authority	316,230	268,868
Surety Bond Payable	463,459	341,241
Reimbursement for Hurricane Sandy Costs	-	48,908
Road Construction	-	100,999
Curb and Sidewalk Surety Deposits	89,192	89,492
Curb and Sidewalk in Lieu	394,211	328,704
Street Opening Surety	86,778	95,778
In Lieu - Other	30,800	30,800
State Tax Appeals Pending	319,105	319,810
Garden State Preservation Fund	-	9,001
Property Sales	20,619	1,609
Property Revaluation	249,748	435,771
	<u>8,470,916</u>	<u>8,898,432</u>
Reserve for Receivables and Other Assets	9,153,472	9,127,797
Fund Balance	555,452	479,851
Total Regular Fund	<u>18,179,840</u>	<u>18,506,080</u>
Federal and State Grant Fund:		
Unappropriated Reserves	9,132	6,797
Appropriated Reserves	3,331,621	3,551,557
Encumbrances Payable	73,654	69,416
Due to General Capital	3,787,304	3,787,304
Total Federal and State Grant Fund	<u>7,201,711</u>	<u>7,415,074</u>
Total Current Fund	<u>\$ 25,381,551</u>	<u>25,921,154</u>

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 402,943	900,000
Miscellaneous Revenue Anticipated	15,795,110	15,019,515
Receipts from Delinquent Taxes	257,110	662,974
Receipts from Current Taxes	114,322,268	107,633,826
Non Budget Revenue	248,553	237,241
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	152,881	117,502
Interfund Returned	8,122	4,724
Cancellation of Prior Year Liabilities	103,818	-
Tax Over Payments Canceled	-	11,137
Total Income	131,290,805	124,586,919
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	14,301,060	14,020,654
Other Expenses	10,728,329	10,131,190
Deferred Charges & Statutory Expenditures	3,938,087	3,802,748
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,695,680	1,431,770
Capital Improvements	450,000	710,000
Debt Service	4,390,474	3,894,190
Deferred Charges	552,600	505,275
Local District School Tax	73,922,654	72,713,280
Municipal Open Space Tax	820,169	513,431
County Tax	19,541,067	16,435,071
County Share of Added Tax	113,157	133,826
Refund of Prior Year's Revenue	358,984	14,122
Other:		
Cancellation of Prior Year Receivables	-	24,543
Total Expenditures	130,812,261	124,330,100
Excess in Revenue	478,544	256,819

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

	<u>2013</u>	<u>2012</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	252,600
Emergency Appropriation		
Total Adjustments	<u>-</u>	<u>252,600</u>
Statutory Excess to Fund Balance	<u>478,544</u>	<u>509,419</u>
Fund Balance January 1	<u>479,851</u>	<u>870,432</u>
	958,395	1,379,851
Decreased by:		
Utilization as Anticipated Revenue	<u>402,943</u>	<u>900,000</u>
Fund Balance December 31	<u>\$ 555,452</u>	<u>479,851</u>

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87 Realized	
Fund Balance Anticipated	\$ 377,369	377,369	
Surplus Anticipated with Prior Written Consent of Local Government Services	25,574	25,574	
Total Fund Balance Anticipated	402,943	402,943	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	90,814	91,814	1,000
Other	911,956	966,134	54,178
Fees and Permits	174,850	173,340	(1,510)
Fines and Costs:			
Municipal Court	715,006	796,456	81,450
Interest and Costs on Taxes	304,000	339,214	35,214
Interest Earned on Investments	38,500	37,513	(987)
Hotel Occupancy Tax	471,850	576,200	104,350
Ambulance Fees	1,080,400	1,034,850	(45,550)
Total Section A: Local Revenues	3,787,376	4,015,521	228,145
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	6,013,285	6,013,285	
Watershed Moratorium Offset Aid	16,779	16,779	
Garden State Preservation Trust Fund	9,001	9,001	
Total Section B: State Aid Without Offsetting Appropriations	6,039,065	6,039,065	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	760,487	773,582	13,095
Total Section C: Uniform Construction Code Fees	760,487	773,582	13,095

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
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 Services	\$ 350,200	350,200	
City of Linwood Dispatch Services	303,850	303,850	
Egg Harbor Township Board of Education Solid Waste Disposal	125,000	126,900	1,900
State of New Jersey - Motor Vehicle Commission	97,451	89,330	(8,121)
County of Atlantic Nutrition Site	13,350	14,432	1,082
Total Section D: Shared Service Agreements Offset with Appropriations	889,851	884,712	(5,139)
Section F: Special Items - Public and Private Programs Off-Set with Appropriations			
Recycling Tonnage Grant	23,937	55,927	79,864
Drunk Driving Enforcement Fund	21,199	3,200	24,399
Clean Communities Program	77,880	13,558	91,438
Alcohol Education and Rehabilitation Fund		2,744	2,744
Municipal Alliance on Alcoholism and Drug Abuse	23,570	23,570	
Safe and Secure Communities Program-PL 1994, Ch 220	68,536	68,536	
Cops in Shops - Summer Shore Initiative		2,200	2,200
Cops in Shops - Fall/College Initiative	3,600		3,600
Justice Assistance Grant	10,191		10,191
Highway Safety Programs - Safe Corridor Program		83,418	83,418
US Department of Justice - Bulletproof Vest Grant	6,797		6,797
FEMA - Reimbursement Superstorm Sandy-Police Bldg		28,250	28,250
Smart Policing Initiative		15,000	15,000
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	235,710	204,297	440,007
	\$		\$

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
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	\$ 70,999	73,205	2,206
Host Community Fees	2,052,000	2,033,448	(18,552)
Environmental Trust Account	220,000	220,000	
Capital Surplus	225,000	225,000	
Appropriation of Authority Assets	237,000	237,000	
Towing Fees	86,010	100,460	14,450
Cell Tower Leases	80,116	87,222	7,106
Tax Abatement Payments	464,640	475,952	11,312
Federal Emergency Management Agency	48,908	48,908	
Cable Franchise Fees	140,900	141,028	128
Total Section G: Other Special Items	3,625,573	3,642,223	16,650
Total Miscellaneous Revenues:	15,338,062	15,795,110	252,751
Receipts from Delinquent Taxes	359,108	257,110	(101,998)
Amount to be Raised by Taxes for Support of Municipal Budget	20,386,821	20,560,221	173,400
Local Tax for Municipal Purposes	20,386,821	20,560,221	173,400
Total Amount to be Raised by Taxes for Support of Municipal Budget	-	20,560,221	173,400
Budget Totals	36,486,934	37,015,384	324,153
Non-Budget Revenues:			
Other Non-Budget Revenues:		248,553	248,553
Total	\$ 36,486,934	37,263,937	572,706

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	114,467,268
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Less: Reserve for Tax Appeals Pending		<u>145,000</u>
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Net Revenue from Collections		114,322,268
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Allocated to:

School, County and Other Taxes		<u>94,397,047</u>
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Balance for Support of Municipal Budget Appropriations		19,925,221
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		<u>635,000</u>
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Amount for Support of Municipal Budget Appropriations		<u><u>20,560,221</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection		76,590
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Tax Title Lien Collections		<u>180,520</u>
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Total Receipts from Delinquent Taxes		<u><u>257,110</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:

Tax Searches		1,730
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Treasurer:

Municipal Utilities Authority (MUA)

Rental and Fuel		50,000
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Cygnus Arts Center Janitorial Services		15,299
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Atlantic County Radio System		12,990
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Motor Vehicle Inspection Fund		15,418
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Workers Compensation Reimbursement		4,050
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Police Department		12,276
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Military Leave Reimbursements		26,794
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Other Miscellaneous		<u>109,996</u>
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Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>248,553</u></u>
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Governing Body						
Salaries and Wages	\$ 129,205	127,205	122,403	3,287	1,515	
Other Expenses	7,850	7,850	5,450	1,716	684	
DEPARTMENT OF ADMINISTRATION AND FINANCE						
Administrator's Office						
Salaries and Wages	274,340	274,340	266,519	7,090	731	
Other Expenses	16,800	16,800	12,709	2,495	1,596	
Office of Township Clerk						
Salaries and Wages	323,120	331,120	321,933	8,913	274	
Other Expenses	47,700	47,700	36,114	9,313	2,273	
Division of Treasury						
Salaries and Wages	223,459	220,459	209,929	6,842	3,688	
Other Expenses	50,800	48,800	38,213	2,979	7,608	
Auditor						
Other Expenses	64,000	64,000	59,300		4,700	
Division of Collections						
Salaries and Wages	243,754	220,754	210,508	6,034	4,212	
Other Expenses	47,450	47,450	36,417	7,520	3,513	
Division of Assessments						
Salaries and Wages	130,001	129,501	125,169	3,438	894	
Other Expenses						
Miscellaneous Other Expenses	67,000	67,000	62,985	3,844	171	
Division of Law						
Other Expenses	350,000	415,000	371,517	7,723	35,760	
Rent Leveling Board						
Other Expenses	18,100	18,100	14,440	2,551	1,109	
DEPARTMENT OF PUBLIC WORKS						
Division of Roads						
Salaries and Wages	642,986	636,986	610,676	17,705	8,605	
Other Expenses	140,400	140,400	109,154	29,940	1,306	
Division of Buildings and Grounds						
Salaries and Wages	739,236	729,236	704,284	20,619	4,333	
Other Expenses	137,500	137,500	119,955	12,703	4,842	
Division of Equipment Maintenance						
Salaries and Wages	344,876	338,876	329,178	9,498	200	
Other Expenses	222,800	240,800	215,449	19,408	5,943	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
Division of Solid Waste							
Salaries and Wages	862,972	827,972	796,009	22,114	9,849		
Other Expenses	31,300	31,300	24,947	5,482	871		
Landfill/Solid Waste Disposal Costs							
Other Expenses	1,400,000	1,355,000	1,204,082	114,456	36,462		
Animal Control							
Other Expenses	24,000	24,000	20,350	1,850	1,800		
Engineering Services							
Other Expenses	65,000	66,100	36,130	29,905	65		
DEPARTMENT OF RECREATION							
Salaries and Wages	134,000	101,000	86,274	2,378	12,348		
Other Expenses	77,175	77,175	47,812	25,563	3,800		
Celebration of Events							
Other Expenses	2,500	2,500	2,374	65	61		
DEPARTMENT OF POLICE							
Salaries and Wages	8,294,064	8,352,564	8,085,232	231,885	35,447		
Other Expenses	674,300	674,300	362,495	292,442	19,363		
DEPARTMENT OF POLICE DISPATCH/911							
Salaries and Wages	329,657	391,657	373,263	13,548	4,846		
Other Expenses	30,000	30,000	21,643	5,918	2,439		
DEPARTMENT OF FIRE							
Other Expenses	170,000	170,000	137,505	32,294	201		
Aid	150,000	150,000	150,000				
Ambulance Services							
Salaries and Wages	479,840	454,840	427,998	16,970	9,872		
Other Expenses	75,850	67,750	54,562	6,887	6,301		
Municipal Court							
Salaries and Wages	513,059	530,059	505,894	13,873	10,292		
Other Expenses	51,700	51,700	34,985	5,866	10,849		
Public Defender							
Other Expenses	5	5			5		
DEPARTMENT OF COMMUNITY DEVELOPMENT							
Division of Planning							
Salaries and Wages	109,713	109,713	106,388	2,938	387		
Other Expenses	18,500	18,500	14,661	2,033	1,806		

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Division of Zoning						
Salaries and Wages	59,342	60,842	58,976	1,635	231	
Other Expenses	5,500	5,500	3,805	900	795	
ACCUMULATED LEAVE COMPENSATION						
Salaries and Wages	76,000	56,750	56,711		39	
Insurance						
Other Insurance Premiums (JIF)	569,633	569,633	555,207	1,000	13,426	
Worker Compensation Insurance (JIF)	1,115,562	1,115,562	1,115,562			
Group Insurance for Employees	3,261,332	3,159,632	3,159,632			
Group Insurance Opt-Out Payments	26,272	26,272	26,272			
Division of Inspections						
Salaries and Wages	336,199	336,199	326,298	8,992	909	
Other Insurance Premiums (JIF)	35,300	33,300	13,335	1,374	18,591	
Uniform Fire Safety Act (PL 1983, CH383)						
Fire Prevention Program						
Salaries and Wages	73,987	70,987	67,932	2,388	667	
Other Expenses	4,750	4,750	3,903		847	
UNCLASSIFIED						
Electricity	340,000	372,000	352,549	11,481	7,970	
Street Lighting	260,000	272,000	236,985	19,354	15,661	
Telephone	113,000	109,000	77,565	10,880	20,555	
Water	24,000	21,500	17,596	171	3,733	
Gas	60,000	50,000	47,582	127	2,291	
Sewerage	3,000	3,000	2,586		414	
Gasoline	500,000	566,450	506,839	53,000	6,611	
Fire Hydrant Service	288,000	280,000	256,586	23,326	88	
Condominium Services Act (PL 1989, CH 299)	170,000	170,000	159,000	11,000		
TOTAL OPERATIONS WITHIN "CAPS"	25,036,889	25,029,389	23,519,827	1,155,713	353,849	-
Contingent						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	25,036,889	25,029,389	23,519,827	1,155,713	353,849	-
Detail:						
Salaries and Wages	14,319,810	14,301,060	13,791,574	400,147	109,339	
Other Expenses	10,717,079	10,728,329	9,728,253	755,566	244,510	

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of Appropriation Reserves	2,526	2,526	2,526			
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	733,772	733,772	733,772		26,724	
Social Security System (O.A.S.I.)	1,150,000	1,170,000	1,143,276		442	
Consolidated Police and Firemen's Pension Fund	1,981,289	1,968,789	1,968,347		3,386	
Unemployment Compensation Insurance	61,000	61,000	57,614		1,292	
Defined Contribution Retirement Program	2,000	2,000	693	15		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	3,930,587	3,938,087	3,906,228	15	31,844	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	28,967,476	28,967,476	27,426,055	1,155,728	385,693	
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Group Insurance for Employees	158,396	158,396	156,252		2,144	
Recycling Tax	43,533	43,533	43,533			
Length of Service Award Program	158,000	158,000			158,000	
Shared Services:						
City of Northfield Dispatch Service	350,200	350,200	343,685		6,515	
City of Linwood Dispatch Service	303,850	303,850	303,850			
Egg Harbor Township Board of Education						
Solid Waste Disposal	125,000	125,000	115,687	9,313		
State of NJ Motor Vehicle Commission	97,451	97,451	97,451			
County of Atlantic - Nutrition Site	13,350	13,350	13,350			
	1,249,780	1,249,780	1,073,808	9,313	166,659	-
(A) Public and Private Programs Off-Set by Revenues						
State of NJ - Division of Motor Vehicles	21,199	24,399	24,399			
Drunk Driving Enforcement Fund						

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
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	79,864	79,864			
Clean Communities Act (NJSA 13:13-99.1 et. seq.)	77,880	91,438	91,438			
Safe and Secure Communities Program	68,536	68,536	68,536			
Smart Policing Initiative		15,000	15,000			
Justice Assistance Grant	10,191	10,191	10,191			
Municipal Alcohol Education/Rehabilitation Program		2,744	2,744			
Bulletproof Vest Partnership Program	6,797	6,797	6,797			
COPS in Shops Fall/College Initiative	3,600	3,600	3,600			
COPS in Shops Summer Shore Initiative		2,200	2,200			
NJ Highway Safety Program - Safe Corridors		83,418	83,418			
FEMA - Federal Emergency Management Asst Reimbursement Superstorm Sandy						
Police Building		28,250	28,250			
Total Public and Private Programs Off-Set by Revenues	241,603	445,900	445,900	-	-	-
Total Operations - Excluded from "CAPS"	1,491,383	1,695,680	1,519,708	9,313	166,659	
Detail:						
Salaries and Wages						
Other Expenses	1,491,383	1,695,680	1,519,708	9,313	166,659	
(C) Capital Improvements						
Capital Improvement Fund	450,000	450,000	450,000			
Total Capital Improvements	450,000	450,000	450,000	-	-	-
(D) Debt Service						
Payment of Bond Principal	3,050,000	3,050,000	3,050,000			
Interest on Bonds	1,217,778	1,217,778	1,217,777			1
Interest on Notes	13,463	13,463	13,463			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	109,234	109,234	109,234			
Total Debt Service	4,390,475	4,390,475	4,390,474	-	-	1
(E) Deferred Charges						
Emergency Authorizations	252,600	252,600	252,600			
Special Emergency Authorizations - 5 years	300,000	300,000	300,000			

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Deferred Charges	552,600	552,600	552,600	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,884,458	7,088,755	6,912,782	9,313	166,659	1
SUBTOTAL GENERAL APPROPRIATIONS	35,851,934	36,056,231	34,338,837	1,165,041	552,352	1
(M) Reserve for Uncollected Taxes	635,000	635,000	635,000			
TOTAL GENERAL APPROPRIATIONS	\$ 36,486,934	36,691,231	34,973,837	1,165,041	552,352	1
Budget		36,486,934				1
Appropriations by 40A:4-87		204,297				-
Emergency Appropriations		-				
		<u>36,691,231</u>				<u>1</u>
Reserve for Uncollected Taxes			635,000			
Federal and State Grants			445,900			
Deferred Charges			555,126			
Capital Improvement Fund			450,000			
Disbursements			33,337,811			
			<u>35,423,837</u>			<u>Cancelled Overexpended</u>

EXHIBIT B - TRUST FUND

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

	2013	2012
ASSETS		
Animal Control Fund:		
Cash	\$ 17,935	17,621
	17,935	17,621
Assessment Trust Fund:		
Assessments Receivable	10,221	10,221
Assessment Liens	2,589	2,589
	12,810	12,810
Length of Service Award Program (LOSAP) (unaudited)		
Investments		
Mutual Funds	1,388,657	1,181,526
Employer Contribution Receivable	152,544	151,528
	1,541,201	1,333,054
Other Funds:		
Cash - Treasurer	7,742,212	7,953,184
Cash - Collector	2,443,401	554,467
Due from Atlantic County Utilities Authority		
Environmental Trust Fund	73,464	28,385
Amount Due from Current Fund -		
Open Space Tax	4,682	-
Public Defender	1,800	-
Third Party Inspections	22,698	20,121
	10,288,257	8,556,157
	\$ 11,860,203	9,919,642

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	2013	2012
LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Due to Current Fund	\$ 5,942	4,953
Due to State of New Jersey	1	-
Reserve for Expenditures	11,992	12,668
	17,935	17,621
Assessment Trust Fund:		
Reserve for Liens and Costs	2,589	2,589
Reserve for Assessments Receivable	10,221	10,221
	12,810	12,810
Length of Service Award Program (LOSAP) (unaudited)		
Net Assets Available for Benefits	1,541,201	1,333,054
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	25,989	116,229
Premiums on Tax Sale Deposits	2,417,412	423,644
Due to Grant Fund - Green Trust	-	55,000
Due to State - Public Defender Fees	-	4,893
Due to Current Fund - TTL Redemption	-	14,594
Reserves - Miscellaneous	7,844,856	7,941,797
	10,288,257	8,556,157
	\$ 11,860,203	9,919,642

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

EXHIBIT C - CAPITAL FUND

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Due from Current Fund	\$ 458,592	854,345
Due from Grant Fund	3,787,304	3,787,304
Deferred Charges to Future Taxation -		
Funded	33,363,965	36,500,440
Unfunded	2,200,000	-
Due from NJDEP Bureau of Dam Safety and Flood Control	627,195	627,195
	<u>40,437,056</u>	<u>41,769,284</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,224,177	1,756,784
Bond Anticipation Notes Payable	2,200,000	-
Serial Bonds Payable	32,291,000	35,341,000
Green Trust Program Loans Payable	1,072,965	1,159,440
Improvement Authorizations:		
Funded	1,848,807	2,953,405
Unfunded	1,329,507	-
Reserve to Pay Bonds or Notes	101,527	-
Reserve for Sidewalk Construction	70,585	70,585
Capital Improvement Fund	99,039	104,039
Fund Balance	199,449	384,031
	<u>\$ 40,437,056</u>	<u>41,769,284</u>

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

2012	-
2013	-

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 384,031	25,566
Increased by:		
Premiums on sale of Bonds & Notes	-	111,727
Unfunded Improvement Authorizations Cancelled	40,418	246,738
Decreased by:		
Surplus budgeted in Current Fund	225,000	-
Ending Balance December 31	<u>\$ 199,449</u>	<u>384,031</u>

EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Construction in Progress	\$ 872,588	1,721,490
Land	2,902,953	2,902,953
Buildings	23,697,975	22,831,218
Improvements Other than Buildings	348,512	348,512
Vehicles	16,084,115	15,135,094
Machinery and Equipment	<u>14,734,906</u>	<u>14,298,639</u>
Total General Fixed Assets	<u>58,641,049</u>	<u>57,237,906</u>
Investment in General Fixed Assets	<u>\$ 58,641,049</u>	<u>57,237,906</u>

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NOTES TO FINANCIAL STATEMENTS

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EGG HARBOR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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 and Municipal Utilities Authority are component units of the Township however they are not presented as part of the financial statements of the Township of Egg Harbor. The Golf Corporation does have an independent audit performed however the Corporation is not a public body as defined in the Open Public Records Act (OPRA). The Municipal Utilities Authority also has an independent audit performed and a copy is available at the Authority's office.

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.

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.

EGG HARBOR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts 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. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. 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.

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.

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

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. Expenditures for long lived assets with an original cost in excess of \$2,500 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

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

	Balance as of 12/31/12	Additions / Transfers	Disposal / Transfers	Balance as of 12/31/13
Construction in Progress	\$ 1,721,490	17,855	866,757	872,588
Land	2,902,953			2,902,953
Buildings	22,831,218	866,757		23,697,975
Improvements other than Buildings	348,512			348,512
Vehicles	15,135,094	1,015,021	66,000	16,084,115
Machinery and Equipment	14,298,639	448,302	12,035	14,734,906
	<u>\$ 57,237,906</u>	<u>2,347,935</u>	<u>944,792</u>	<u>58,641,049</u>

	Balance as of 12/31/11	Additions / Transfers	Disposal / Transfers	Balance as of 12/31/12
Construction in Progress	\$ 1,575,346	146,144		1,721,490
Land	2,902,953			2,902,953
Buildings	22,828,518	2,700		22,831,218
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>

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

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

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 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.

D. Required Financial Statements

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

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the 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.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity'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 entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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

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 entity'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 have any impact on the entity's financial statement disclosures.

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

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$635,000 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 2013 and 2012 statutory budgets was \$377,369 and \$900,000.

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 2013 and 2012 calendar years:

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<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Division of Collections		
Salaries and Wages	23,000	
Division of Law		
Other Expenses	65,000	
Department of Recreation		
Salaries and Wages	(33,000)	
Department of Police		
Salaries and Wages	58,500	
Department of Police Dispatch/911		
Salaries and Wages	62,000	
Insurance		
Group Insurance	(101,700)	23,500
Division of Solid Waste		
Salaries and Wages	(35,000)	(30,950)
Landfill/Solid Waste Disposal Cost		
Other Expenses	(45,000)	
Ambulance Services		
Salaries and Wages	(25,000)	(33,000)
Accumulated Leave Compensation		
Salaries and Wages		23,400
Electricity	32,000	
Gasoline	66,450	83,559
Social Security		
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 2013, the Township Committee approved total budget insertions in the amount of \$204,297. The Township Committee approved total budget insertions in the amount of \$124,620 during the 2012 calendar year. The following schedule details the significant budget insertions:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Recycling Tonnage Grant	55,927	23,545
Highway Safety Program "Safe Corridors"	83,418	47,054
FEMA - Reimbursement Superstorm Sandy	28,250	

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.

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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 2013 and 2012 calendar years. During the 2013 and 2012 calendar years, the following emergency appropriations were approved by the Township Committee:

<u>Budget Category</u>	<u>None</u> <u>2013</u>	<u>2012</u>
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 24, 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, 2013 and 2012 amounted to \$1,388,657 and \$1,181,526, respectively.

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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust

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funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013, \$5,922,565 of the municipality's bank balance of \$20,655,960 was exposed to custodial credit risk. As of December 31, 2012, \$3,516,893 of the municipality's bank balance of \$18,416,261 was exposed to custodial credit risk.

Note 5: LONG TERM DEBT

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

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 35,341,000		3,050,000	32,291,000	3,080,000
Green Trust Loan	1,159,440		86,475	1,072,965	88,214
Other liabilities:					
Compensated Absences Payable	3,706,584	2,031,659	2,115,448	3,622,795	
Total long-term liabilities	<u>\$ 40,207,024</u>	<u>2,031,659</u>	<u>5,251,923</u>	<u>36,986,760</u>	<u>3,168,214</u>

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
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	84,475
Other liabilities:					
Compensated Absences Payable	3,298,042	2,401,346	1,992,804	3,706,584	-
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>3,134,475</u>

Paid by Current Fund:

\$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, 2013 was \$14,156,000.

\$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. 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, 2013 was \$7,250,000.

\$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

**EGG HARBOR TOWNSHIP
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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, 2013 was \$3,510,000.

\$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, 2013 was \$7,375,000.

\$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, 2013 was \$39,951.

\$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, 2013 was \$71,679.

\$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, 2013 was \$254,924.

\$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, 2013 was \$529,227.

\$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, 2013 was \$177,184.

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

Year	Green Trust Program Loans		General Capital Fund		Total All Debt Service
	Principal	Interest	Principal	Interest	
2014	\$ 88,213	21,021	3,080,000	1,124,382	4,313,616
2015	89,986	19,246	3,175,000	1,018,862	4,303,094
2016	91,796	17,438	3,275,000	907,243	4,291,477
2017	93,640	15,594	2,490,000	809,768	3,409,002
2018	90,859	13,712	2,545,000	723,887	3,373,458
2019-2023	406,891	42,066	13,665,000	2,226,338	16,340,295
2024-2027	211,580	9,169	4,061,000	270,066	4,551,815
	<u>\$1,072,965</u>	<u>138,246</u>	<u>32,291,000</u>	<u>7,080,546</u>	<u>40,582,757</u>

**EGG HARBOR TOWNSHIP
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As of December 31, 2013, the carrying value of the above bonds approximates the fair value of the bonds.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Summary of Municipal Debt</u>			
Bonds & Notes Issued	\$ 35,563,965	36,500,440	36,770,209
Bonds & Notes Authorized But Not Issued	-	-	500
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 35,563,965</u>	<u>36,500,440</u>	<u>36,770,709</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 21. 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 0.820%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 93,680,000	93,680,000	-
General Debt	44,323,965	8,760,000	35,563,965
	<u>\$ 138,003,965</u>	<u>102,440,000</u>	<u>35,563,965</u>

Net Debt \$35,563,965 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$4,336,741,969 = 0.820%.

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

3 ½ % of Equalized Valuation Basis (Municipal)	\$ 151,785,969
Net Debt	35,563,965
Remaining Borrowing Power	<u>\$ 116,222,004</u>

Note 6: SHORT TERM FINANCING

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/13</u>
Bond Anticipation Notes	\$ -	2,200,000		2,200,000
Special Emergency Notes	900,000		300,000	600,000
	<u>\$ 900,000</u>	<u>2,200,000</u>	<u>300,000</u>	<u>2,800,000</u>

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	Balance 12/31/11	Additions	Reductions	Balance 12/31/12
Bond Anticipation Notes	\$ 5,430,000	2,370,000	7,800,000	-
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>

At December 31, 2013 the Township had a bond anticipation note held by Newfield National Bank for \$2,200,000. The note will mature 7/30/14 with interest at 0.85% per annum.

At December 31, 2013 the Township had a special emergency note held by PNC Bank NA for \$600,000. The note will mature 3/26/14 with interest at 1.21% per annum.

At December 31, 2012 the Township had a special emergency note held by Janney Montgomery for \$900,000. The note matured 3/27/13 and had interest at 1.50% per annum.

Note 7: FUND BALANCES APPROPRIATED

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

	<u>2014</u>	<u>2013</u>
Current Fund	\$350,000	402,943

As of the date of this audit report, the Township has not adopted the 2014 Local Municipal Budget and the above amount is subject to change. Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the Township to appropriate in the 2014 budget is \$483,851.

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, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance 12/31/13	2014 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency Authorization	\$ 600,000	300,000	300,000
	<u>\$ 600,000</u>	<u>300,000</u>	<u>300,000</u>

**EGG HARBOR TOWNSHIP
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The appropriations in the 2014 Budget are not less than that required by statute.

Note 9: SCHOOL TAXES

Local District School Tax in the amount of \$73,922,654 has been raised for the 2013 calendar year and \$73,922,654 was remitted to the school district. Local District School Tax in the amount of \$72,713,218 was raised for the 2012 calendar year and \$72,713,218 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:

	Balance 12/31/13	Balance 12/31/12
Prepaid Taxes	\$904,550	691,460
Cash Liability for Taxes Collected in Advance	\$904,550	691,460

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 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.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

**EGG HARBOR TOWNSHIP
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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 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 10.6% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$733,772, \$754,587, and \$752,494.

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, 2013, 2012, and 2011 were \$1,968,347, \$1,185,160, and \$2,223,750.

The total payroll for the year ended December 31, 2013, 2012, and 2011 was \$15,534,285, \$15,342,970, and \$15,172,551. Payroll covered by PFRS was \$7,442,854, \$7,150,590, and \$7,467,199. Covered payroll by PERS was \$6,509,008, \$6,424,083, and \$6,234,805.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 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.

**EGG HARBOR TOWNSHIP
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- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at 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.

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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>.

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, 2013, the Township's employees are organized in three collective bargaining units. The contracts with the Policeman's Benevolent Association (PBA) and the Government Workers Union (GWU) will expire December 31, 2015. The contract with the Communications Workers Union (CWA) will expire December 31, 2014.

<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, 2013 would approximate \$3,622,795. The estimated cost of unpaid compensation as of December 31, 2012 was \$3,706,584. 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 employees to accumulate vacation time from one year to the next, up to 30 days. Payment

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

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, 2013 and 2012 the total amount accumulated was \$3,759 and \$3,759, respectively, the Township did not fund an increase in the reserve during 2013.

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, 2013 through December 31, 2013, the amount of the benefit was \$7.61 per ton of waste. \$6.61 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. The benefit rate for the 2012 calendar year was \$7.51 per ton of waste of which \$6.51 per ton was used for current operations and \$1.00 per ton was retained in the environmental trust fund.

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 2013. The amount of the remaining project as assessed to property owners is as follows:

<u>Date</u> <u>Confirmed</u>	<u>Project</u>	<u>Amount</u> <u>Confirmed</u>	<u>Balance</u> <u>12/31/13</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 the 2013 and 2012 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

EGG HARBOR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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: 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 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 2013 and 2012 calendar years, the Township budgeted and paid \$600,000 and \$1,000,000 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, 2013, the accumulated debt service payments made by the Township on behalf of the Golf Corporation was \$2,500,000.

As of December 31, 2013, the Golf Corporation had outstanding notes in the amount of \$8,760,000.

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 22: 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 2013 was \$815,487 and \$513,431 was levied in 2012. The unexpended amount of \$1,328,795 is reserved for future use.

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

Note 23: INTERFUND BALANCES

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

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 5,942	
Third Party Inspectors		22,698
Public Defender		1,800
Open Space		4,682
General Capital		458,592
Grant Fund		2,541,265
 Grant Fund:		
Current Fund	2,541,265	
General Capital		3,787,304
 Trust Fund:		
Current Fund -		
Animal Control Fund		5,942
Third Party Inspections	22,698	
Public Defender	1,800	
Open Space Trust Fund	4,682	
 General Capital:		
Grant Fund	3,787,304	
Current Fund	458,592	
	\$ 6,822,283	6,822,283

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 24: 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

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

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 \$158,000 in 2013 and 2012 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 25: SUBSEQUENT EVENTS

The Township has evaluated subsequent events through March 21, 2014, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

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SUPPLEMENTARY DATA

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
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www.ford-scott.com

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, 2013, and the related notes to the financial statements, which collectively comprise Township's basic financial statements, and have issued our report thereon dated March 21, 2014, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

Very truly yours,

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

Kenneth Moore

Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

March 21, 2014

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

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	CFDA # or Pass-Through Grantor's #	Program or Award Amount	Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2013
Federal:								
U. S. Department of Justice								
AC - E. Byrne Memorial JAG	1/1/12 - 12/31/12	16.592	11,143 \$	11,143		11,143		184
AC - E. Byrne Memorial JAG	1/1/13 - 12/31/13	16.592	10,191		10,191	10,007		
Community Oriented Policing Services (COPS)								
Hiring Recovery Program (CHRP)	9/1/10-8/31/13	16.710	1,128,350	267,549		267,549		
Bulletproof Vest Grant	1/1/13 - 12/31/13	NA	6,797	278,692	6,797	288,699		6,797
					16,988			6,981
NJ Division of Traffic Safety								
Smart Policing Initiative	10/1/13 - 9/30/14	20.600	35,000	2,650	15,000	9,808		5,192
Click It or Ticket	1/1/12 - 12/31/12	20.602	2,650					2,650
				2,650	15,000	9,808		7,842
Small Cities Community Develop Block Grant								
Curbs & Sidewalks - Pleasant Woods	1/1/10 - 12/31/10	14.218	44,163	44,163				44,163
2011 Entitlement	1/1/12 - 12/31/12	14.218	83,828	7,632				7,632
				51,795				51,795
U.S. Department of Homeland Security								
Passed Through Federal Emergency Management								
Assistance (FEMA)								
Reimbursement for Hurricane Sandy	1/1/13 - 12/31/13	97.036	28,250		28,250	1,119		27,131
					28,250	1,119		27,131
Total Federal Awards			\$	333,137	60,238	299,626	-	93,749

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

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's #	Program or Award Amount	Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2013	(Memo Only) Total Cumulative State Expenditures
State of New Jersey									
NJ Department of Environmental Protection									
Clean Communities Act	1/1/12 - 12/31/12	4900-765-178920	77,881	50,100		50,100			77,881
Clean Communities Act	1/1/13 - 12/31/13	4900-765-178920	91,438		91,438	32,077		59,361	32,077
Recycling Tonnage Grant	1/1/11 - 12/31/11	NA	73,547	35,021		35,021			73,547
Recycling Tonnage Grant	1/1/12 - 12/31/12	NA	47,482	47,482		10,471		37,011	10,471
Recycling Tonnage Grant	1/1/13 - 12/31/13	NA	79,864		79,864			79,864	
Stormwater Grant	1/1/10 - 12/31/10	NA	5,155	137,758	171,302	127,669		5,155	
								181,391	
Department of Transportation									
Transportation Trust Fund Authority Act	1/1/12 - 12/31/12	480-078-6320-162-6010	150,000	150,000			(150,000)		150,000
Reconstruction of Reega Avenue				150,000			(150,000)		
Department of Community Affairs									
Safe & Secure Communities	1/1/13 - 12/31/13	100-066-1020-107-090940	68,536		68,536	58,297		10,239	58,297
Cops in Shops Summer Shore Initiative	1/1/12 - 12/31/12	NA	4,785	31				31	4,554
Cops in Shops Summer Shore Initiative	1/1/13 - 12/31/13	NA	2,200		2,200	2,200			2,200
Cops in Shops College Fall Initiative	1/1/11 - 12/31/11	NA	4,000	525				525	3,475
Cops in Shops College Fall Initiative	1/1/12 - 12/31/12	NA	3,200	3,200		400	(2,800)		400
Cops in Shops College Fall Initiative	1/1/13 - 12/31/13	NA	3,600		3,600	3,600			3,600
				3,756	74,336	64,497	(2,800)	10,795	
NJ Department of Health									
Alcohol Education Rehabilitation	1/1/10 - 12/31/10	4250-760-050000-63-260	5,279	4,683		577		4,106	1,173
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	
Alcohol Education Rehabilitation	1/1/13 - 12/31/13	4250-760-050000-63-260	2,744		2,744			2,744	
				9,161	2,744	577		11,328	
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	30,554	9,064		9,064			30,554
Drunk Driving Enforcement Fund	1/1/11 - 12/31/11	1110-101-030000-129040290064	23,153	23,153		3,265		19,888	3,265
Drunk Driving Enforcement Fund	1/1/12 - 12/31/12	1110-101-030000-129040290064	37,707	37,707				37,707	
Drunk Driving Enforcement Fund	1/1/13 - 12/31/13	1110-101-030000-129040290064	24,399		24,399			24,399	
Safe Corridor	1/1/12 - 12/31/12	NA	47,054	23,652		23,652			47,054
Safe Corridor	1/1/13 - 12/31/13	NA	83,418		83,418	57,818		25,600	57,818
Body Armor Fund	1/1/11 - 12/31/11	NA	7,487	5,657		5,657			7,487
Body Armor Fund	1/1/12 - 12/31/12	NA	7,943	7,943		3,283		4,660	3,283
Office of Information Telecommunication Services-Enhanced 911 Grant	1/1/08 - 12/31/08	NA	41,321	15,496				15,496	
				122,672	107,817	102,739		127,750	

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

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's #	Program or Award Amount	Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2013	(Memo Only) Total Cumulative State Expenditures
Loan Program									
New Jersey Department of Environmental Protection - Green Acres Trust Loan Program	6/22/99 - 6/22/18	#	39,951						
	7/11/03 - 7/11/21	#	71,679						
	7/11/03 - 7/11/21	#	254,924						
	11/26/07 - 11/26/26	#	177,184						
	8/13/08 - 8/13/27	#	529,227						
				423,347	356,199	295,482	(152,800)	331,264	
Total State Assistance				756,484	416,437	595,108	(152,800)	425,013	
Total Federal Awards and State Financial Assistance									

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2013**

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 Awards and State Financial Assistance	\$ 295,482	299,626
(Deduct) Encumbrances, net	<u>(17,310)</u>	
Expenditures reported in Basic Financial Statements	<u>\$ 278,172</u>	<u>299,626</u>

The Balance remaining on the New Jersey Department of Environmental Protection, Green Acres Trust Loans as of December 31, 2013 amounted to \$1,072,965.

Schedule of Financial Statement Findings

Finding 13-1

Criteria

In order to ensure that all ambulance calls are billed by the third party billing company, a record of all calls need to be maintained by the squad and reconciled to the billing companies records.

Condition

The ambulance squad is not keeping track of the calls that need to be billed and, once the information is entered into the billing system, the squad does not track the activity through final disposition.

Cause

The squad personnel are relying on the billing company to ensure all calls are billed and collected. There is no monitoring of the system by the squad.

Effect

As a result of the lack of monitoring there is a potential that calls may not be billed and this would not be noticed in a reasonable period of time. In addition, without proper reconciliation and monitoring, there is a risk that the Township may not be realizing their full revenue potential.

Recommendation

That a system be developed by the rescue squad to reconcile the call sheets to the information entered into the billing system on, at least, a monthly basis.

Management Response

Township administration will work with the squad chief to develop an effective reconciliation process to ensure all billings and revenue is captured.

Status of Prior Year Recommendations

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2012	\$ 8,145,408	1,297,210
Increased by Receipts:		
Tax Collector	113,685,028	
Revenue Accounts Receivable	12,351,929	
Miscellaneous Revenue	248,553	
State of New Jersey		
Senior Citizens and Veterans	350,386	
Homestead Benefit Credit	2,092,148	
Motor Vehicle Commission	89,330	
Uniform Fire Safety Fees	73,205	
DCA Training Fees	51,268	
Amounts Due From		
Grant Fund	721,947	
Animal Control Fund	4,992	
Public Defender Trust Fund	31,003	
Payroll Trust Fund	3,100	
Tax Redemption Trust Fund	2,170	
Police Detail Trust Fund	14,700	
General Capital Fund	326,527	
Surety Bonds Payable	431,511	
City of Northfield Dispatch Service	350,200	
City of Linwood Dispatch Service	303,850	
County of Atlantic-Nutrition Site	14,432	
Egg Harbor Township Board of Education		
Solid Waste Disposal	126,900	
Curb and Sidewalk Surety	41,700	
Curb and Sidewalk In Lieu	65,506	
Street Opening Surety	11,000	
Due from Basin Maintenance	2,200,000	
Third Party Inspection Fees	220,639	
Sale of Municipal Property	19,010	
Special Emergency Note Rollover	600,000	
Due from Open Space Trust Fund		55,000
Due from Current Fund		
Insurance Reimbursements		84,248
Federal and State Unallocated		9,132
Federal and State Receivables		792,275
	<u>134,431,034</u>	<u>940,655</u>
	\$ 142,576,442	2,237,865

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Decreased by Disbursements:		
Current Year Appropriation	\$ 33,337,811	
Prior Year Appropriations	1,386,248	
County Taxes	19,674,893	
Local District School Taxes	73,922,654	
Local Open Space Trust Fund	815,487	
Refund of Tax Overpayments	675,954	
Refund of 90% Surety Bonds	309,292	
Reserve for Property Revaluation	186,023	
Special Emergency Note Rollover	600,000	
State of New Jersey		
DCA Training Fees	34,048	
Third Party Inspection Fees	189,599	
Curb and Sidewalk Surety	44,000	
Street Opening Surety	28,000	
Due from Basin Maintenance	2,000,000	
Amounts Due To		
Grant Fund	885,655	
Animal Control Fund	39	
Public Defender Trust Fund	29,203	
Payroll Trust Fund	3,100	
Police Detail Trust Fund	14,700	
Municipal Utilities Authority	36,564	
Due to Current Fund		
Insurance Reimbursements		67,752
Federal and State Disbursements		654,195
	<u>134,173,270</u>	<u>721,947</u>
Balance December 31, 2013	\$ <u><u>8,403,172</u></u>	<u><u>1,515,918</u></u>

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

Balance December 31, 2012		\$	-
Increased by Receipts:			
Prepaid Taxes	900,548		
Taxes Receivable	111,296,882		
Revenue Accounts Receivable	1,305,348		
Miscellaneous Revenue	1,730		
Tax Title and Other Liens	<u>180,520</u>		
			<u>113,685,028</u>
			113,685,028
Payments to Treasurer			<u>113,685,028</u>
Balance December 31, 2013		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Overpayments Created	Collections by Cash		Overpayments (Applied)	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
					2012	2013					
Arrears	\$ 70,736									36,564	45,782
2011	1,250		11,009					(9,880)		(9,880)	-
2012	2,813		11,009					(9,880)		26,684	45,782
	<u>74,799</u>										
2013		114,730,397	663,442	156,472	695,462	113,668,190	260,088	635,497	260,308	(26,684)	4,082
	<u>\$ 74,799</u>	<u>114,730,397</u>	<u>674,451</u>	<u>156,472</u>	<u>695,462</u>	<u>113,744,780</u>	<u>260,088</u>	<u>625,617</u>	<u>260,308</u>	<u>-</u>	<u>49,864</u>

111,296,882 Cash Receipts
 355,750 Senior Citizens and Veterans
 2,092,148 Homestead Benefit Credit
113,744,780

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	114,730,397
Added Taxes (54-4-63.1 et. Seq.)	<u>663,442</u>
	<u>115,393,839</u>
Tax Levy:	
General County Taxes	17,021,996
County Library Taxes	1,403,872
County Open Space Taxes	255,928
County Health Taxes	859,271
County Added and Omitted Taxes	<u>113,157</u>
Total County Taxes	19,654,224
Local School District Tax	73,922,654
Local Open Space Tax	<u>820,169</u>
Local Tax for Municipal Purposes	20,386,821
Add. Additional Tax Levied	<u>609,971</u>
	<u>20,996,792</u>
	<u>115,393,839</u>

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

Balance December 31, 2012		\$	349,298
Increased by:			
Transfers from Taxes Receivable	260,308		
Interest and Costs Accrued by Sale of December 19, 2013	7,775		
	<hr/>		<hr/>
			268,083
			617,381
Decreased by:			
Collections	180,520		
	<hr/>		<hr/>
			180,520
Balance December 31, 2013		\$	<u><u>436,861</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Clerk:					
Licenses:					
Alcoholic Beverage	\$	91,814		91,814	
Tax Collector:					
Tax Searches			1,730		
Interest on Taxes		339,214	339,214		
Treasurer:					
Licenses:					
Other				173,340	124,032
Municipal Service Fees	124,032				
Construction Code Fees	35,146			773,582	
Fines and Costs:					
Municipal Court	47,696	797,319		796,456	48,559
Interest Earned on Investments		37,513		37,513	
Energy Receipts Tax		6,013,285		6,013,285	
Watershed Moratorium Offset Aid		16,779		16,779	
Host Community Surcharge	184,785	2,147,088		2,033,448	298,425
Ambulance Fees	141,324	971,924		1,034,850	78,398
Hotel Occupancy Tax	66,274	536,421		576,200	26,495
Towing Fees				100,460	
Cell Tower Leases				87,222	
Tax Abatement Payments				475,952	
Cable Franchise Fees				141,028	
	\$	599,257	12,829,267	1,307,078	575,909

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION AND FINANCE						
Governing Body						
Salaries and Wages	3,782	2,795	2,795			
Other Expenses	1,881	1,134	1,134			
Administrator's Office						
Salaries and Wages	5,613	5,988	5,905		83	
Other Expenses	2,205	581	581			
Office of Township Clerk						
Salaries and Wages	7,646	7,399	7,399			
Other Expenses	18,445	17,145	15,405		1,740	
Division of Treasury						
Salaries and Wages	5,406	4,774	4,774			
Other Expenses	5,913	5,411	5,268		143	
Auditor						
Other Expenses	1,200	-				
Division of Collections						
Salaries and Wages	5,868	5,493	5,493			
Other Expenses	11,887	11,502	8,100		3,402	
Division of Assessments						
Salaries and Wages	3,430	2,892	2,892			
Other Expenses						
Miscellaneous Other Expenses	6,751	7,136	6,879		257	
Division of Law						
Other Expenses	28,574	56,574	56,574			
Rent Leveling Board						
Other Expenses	3,385	3,385	2,302		1,083	
DEPARTMENT OF PUBLIC WORKS						
Division of Roads						
Salaries and Wages	32,295	14,083	14,083			
Other Expenses	18,083	18,083	16,831		1,252	
Division of Buildings and Grounds						
Salaries and Wages	15,434	16,934	16,522		412	
Other Expenses	6,049	6,049	5,536		513	

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
Division of Equipment Maintenance						
Salaries and Wages	16,525	7,683	7,683			
Other Expenses	14,062	14,242	13,265		977	
Division of Solid Waste						
Salaries and Wages	25,671	20,278	20,278			
Other Expenses	1,437	2,937	2,392		545	
Landfill/Solid Waste Disposal Costs						
Other Expenses	353,388	358,388	302,600		55,788	
Animal Control						
Other Expenses	2,650	2,650	1,850		800	
Engineering Services						
Other Expenses	7,828	19,728	19,680		48	
DEPARTMENT OF RECREATION						
Salaries and Wages	1,269	1,269	1,197		72	
Other Expenses	21,151	10,917	10,157		760	
Celebration of Events						
Other Expenses	1,278	124	124			
DEPARTMENT OF POLICE						
Salaries and Wages	168,959	208,959	208,959			
Other Expenses	124,374	124,374	114,208	265	9,901	
DEPARTMENT OF POLICE DISPATCH/911						
Salaries and Wages	8,860	21,860	21,860			
Other Expenses	3,054	3,054	798		2,256	
DEPARTMENT OF FIRE						
Aid	17,562	17,562	16,653		909	
Ambulance Services						
Salaries and Wages	16,274	26,274	26,223		51	
Other Expenses	30,028	11,185	6,875		4,310	
Municipal Court						
Salaries and Wages	21,265	11,981	11,981			
Other Expenses	20,861	21,061	21,008		53	

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Division of Planning						
Salaries and Wages	3,573	2,464	2,464			
Other Expenses	10,195	8,195	4,697		3,498	
Division of Zoning						
Salaries and Wages	1,375	1,380	1,378		2	
Other Expenses	5,156	4,183	3,600		583	
ACCUMULATED LEAVE COMPENSATION						
Salaries and Wages	43	-				
Insurance						
Other Insurance Premiums (JIF)	68,922	65,605	35,275		8,934	21,396
Division of Inspections						
Salaries and Wages	8,157	7,510	7,510			
Other Expenses	23,062	11,596	405			11,191
UNIFORM FIRE SAFETY ACT (PL 1983, CH383)						
Fire Prevention Program						
Salaries and Wages	2,553	1,898	1,898			
Other Expenses	715	500	500			
UNCLASSIFIED						
Electricity	18,414	15,251	15,251			
Street Lighting	35,121	21,886	21,886			
Telephone	13,351	13,351	10,808		1,250	1,293
Water	3,478	172	171			1
Gas	19,728	-				
Sewerage	163	-				
Gasoline	58,421	106,221	87,135			19,086
Fire Hydrant Service	25,557	24,367	24,367			
Condominium Services Act (PL 1989 CH299)	10,342	10,342	10,342			

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contribution to:						
Social Security (O.A.S.I.)	15,685	18	18			
Unemployment Compensation Insurance	2,469	-				
OPERATIONS EXCLUDED FROM "CAPS"						
Length of Service Award Program	158,000	158,000	151,528		6,472	
City of Northfield Dispatch Service	1,180	1,180	824		356	
City of Linwood Dispatch Service	4,086	4,086	4,086			
Egg Harbor Township Board of Education						
Solid Waste Disposal	15,841	15,841	15,841			
All Other Accounts - No Change	3,648	3,648			3,648	
\$	1,549,578	1,549,578	1,386,248	10,449	152,881	-

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

Balance December 31, 2012	\$	-
Increased by:		
Levy - Calendar Year 2013		73,922,654
		73,922,654
Decreased by:		
Payments		73,922,654
Balance December 31, 2013	\$	-

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

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
Cops Hiring Program Grant	\$ 396,349		396,349		
Smart Policing Initiative		15,000	4,442		10,558
US Department of Justice					
Bulletproof Vest Grant		6,797	6,797		
AC - E. Byrne Memorial JAG		10,191	10,191		
Federal Emergency Management Assistance					
Reimbursement Superstorm Sandy		28,250	28,250		
Repairs to Police Building					
Total Federal	<u>396,349</u>	<u>60,238</u>	<u>446,029</u>	<u>-</u>	<u>10,558</u>
STATE GRANTS:					
NJ Transportation Trust Fund Authority					
Act of 1934					
Reconstruction of Reega Avenue	37,500		37,500		
NJ Department of Public Safety					
Safe Corridor	73,054	83,418	47,054		109,418
Body Armor Fund	16,040		9,976		6,064
Drunk Driving Enforcement Fund		24,399	3,200		21,199
Alcohol Education Rehabilitation		2,744	2,744		
Safe and Secure Communities Program	17,186	68,536	58,564		27,158
Recycling Tonnage Grant		79,864	79,864		
Clean Communities Program		91,438	91,438		
COPS in Shops -					
Summer Shore Program		2,200	2,200		
College/Fall Initiative		3,600	3,600		
Total State	<u>143,780</u>	<u>356,199</u>	<u>336,140</u>	<u>-</u>	<u>163,839</u>

See Accompanying Auditor's Report

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

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Adjustments	Balance Dec. 31, 2013
Local Grants:					
CRDA - West Atlantic City	2,945,285				2,945,285
Atlantic County Municipal Drug Alliance	18,179	23,570	16,903		24,846
Total State	<u>2,963,464</u>	<u>23,570</u>	<u>16,903</u>	<u>-</u>	<u>2,970,131</u>
	<u>\$ 3,503,593</u>	<u>440,007</u>	<u>799,072</u>	<u>-</u>	<u>3,144,528</u>
		Cash	792,275		
		Unappropriated Reserves	6,797		
			<u>799,072</u>		

See Accompanying Auditor's Report

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

Purpose	Balance Dec. 31, 2012	Transferred To 2013 Appropriations	Received	Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
US Department of Justice Bulletproof Vest Grant	\$ -	-	9,132	-	9,132
Total Federal	-	-	9,132	-	9,132
STATE GRANTS:					
Bulletproof Vest Partnership Program	6,797	6,797	-	-	-
Total State	6,797	6,797	-	-	-
	\$ 6,797	6,797	9,132	-	9,132

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2012	\$ 17,621	7,953,184
Increased By:		
State Dog License Fees	1,232	
Municipal Dog License Fees	6,793	
Developers Escrow		298,827
Small Cities Loan Repayments		3,250
Recreation Expenditures		270,825
Environmental Trust		307,639
POAA Fines		62
Council on Affordable Housing (COAH)		6,595
Basin Maintenance		2,093,653
Law Enforcement		16,699
Law Enforcement - Federal Funds		9,088
Performance Bond Guarantees		698,967
Open Space Land Acquisition		815,487
Other Trusts:		
Fire Safety		500
Third Party Inspection Fees		189,599
Public Defender Fees		29,203
Police Detail		221,304
Due from Current Fund		20,121
	<u>8,025</u>	<u>4,981,819</u>
	25,646	12,935,003
Decreased By:		
Paid to State of NJ	1,231	
Dog Fund Expenditures	1,527	
Due to Current Fund		
Animal Control Fund	4,953	
Other		1,800
Developers Escrow		336,619
Small Cities Loan Repayments		4,000
Recreation Expenditures		243,959
Environmental Trust		220,000
Council on Affordable Housing (COAH)		1,300
Basin Maintenance		2,027,339
Law Enforcement		22,900
Law Enforcement - Federal Funds		8,915
Performance Bond Guarantees		970,838
Open Space Land Acquisition		841,490
Other Trusts:		
Fire Safety		1,000
Third Party Inspection Fees		213,001
Public Defender Fees		29,630
Police Detail		215,000
Due to Green Trust		55,000
	<u>7,711</u>	<u>5,192,791</u>
Balance December 31, 2013	\$ <u>17,935</u>	<u>7,742,212</u>

**TRUST FUND
 SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Analysis of December 31, 2013 Balance		
Developer's Escrow	\$	631,019
Recreation Commission Dedicated Trust		74,585
Environmental Trust Fund		361,752
Law Enforcement Trust Fund		15,726
Law Enforcement Trust-Federal Funds		30,416
Parking Offenses Adjudication Act		1,250
Police Detail		30,090
Municipal Evidence		40,457
Public Defender Fees		33,022
Third Party Inspection Fees		161,227
Fire Safety Fines		6,198
Small Cities Trust		37,802
Open Space Trust Fund		1,324,113
Accumulated Absences		3,759
Snow Removal Trust		20,505
Council on Affordable Housing (COAH) Trust		135,303
Basin Maintenance		2,253,510
Performance Guarantee Trust		<u>2,581,478</u>
	\$	<u><u>7,742,212</u></u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2012	\$	554,467
Increased by Receipts:		
Deposits for Redemption of Tax Sale Certificates	2,989,869	
Premiums Received at Tax Sale	2,549,862	
	<hr/>	<hr/> 5,539,731
		6,094,198
Decreased by Disbursements:		
Due to Current Fund	14,594	
Tax Sale Redemptions	3,080,109	
Premiums Returned	556,094	
	<hr/>	<hr/> 3,650,797
Balance December 31, 2013	\$	<hr/> <hr/> 2,443,401

ANALYSIS OF BALANCE - DECEMBER 31, 2013

Tax Title Lien Redemption		25,989
Tax Sale Premium		<hr/> 2,417,412
	\$	<hr/> <hr/> 2,443,401

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF ASSESSMENT RECEIVABLE**

Ordinance Number	Improvement Description	Date of Confirmation	Installments		Due Date	Balance Dec. 31, 2012	Collected	Adjustments	Balance Dec. 31, 2013	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			10,221		10,221

See Accompanying Auditor's Report

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

Balance December 31, 2012	\$		12,668
Increased by:			
Dog License Fees Collected		6,793	
Interest Earned		-	
		6,793	6,793
			19,461
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash		1,527	
Interest to Current Fund		-	
Statutory Excess to Current Fund		5,942	
		7,469	7,469
Balance December 31, 2013	\$		11,992

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	6,045
2011	5,947
	11,992
	11,992

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

Balance December 31, 2012	\$		-
Increased By:			
Collected in 2012			
State License Fees		754	
Pilot Clinic Fund Fees		151	
Animal Population Control Fees		<u>327</u>	
			<u>1,232</u>
			1,232
Decreased By:			
Payments			<u>1,231</u>
Balance December 31, 2013	\$		<u><u>1</u></u>

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

Balance December 31, 2012	\$		116,229
Increased By:			
Deposits Received		2,989,074	
Interest Earned		<u>790</u>	
			<u>2,989,864</u>
			3,106,093
Decreased By;			
Refunds - Tax Sale Certificates Redeemed		<u>3,080,104</u>	
			<u>3,080,104</u>
Balance December 31, 2013	\$		<u><u>25,989</u></u>

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

Reserve	Increased by			Decreased by		Balance Dec. 31, 2013
	Balance Dec. 31, 2012	Receipts	Other	Disbursements	Payments made by Current Fund	
Developers Escrow	\$ 668,811	298,827		336,619		631,019
Small Cities Loan Repayments	38,552	3,250		4,000		37,802
Recreation Expenditures	47,719	270,825		243,959		74,585
Environmental Trust	302,498	307,639	45,079	220,000		435,216
Accumulated Absences	3,759					3,759
POAA Fines	1,188	62				1,250
Council on Affordable Housing (COAH)	130,008	6,595		1,300		135,303
Basin Maintenance	2,187,196	2,093,653		2,027,339		2,253,510
Law Enforcement	21,927	16,699		22,900		15,726
Law Enforcement - Federal Funds	30,243	9,088		8,915		30,416
Performance Bond Guarantees	2,853,349	698,967		970,838		2,581,478
Open Space Land Acquisition	1,350,116	815,487	4,682	841,490		1,328,795
Other Trusts:						
Fire Safety	6,698	500		1,000		6,198
Municipal Evidence	40,457					40,457
Third Party Inspection Fees	184,629	189,599	22,698	213,001		183,925
Public Defender Fees	30,356	29,203	4,893	29,630		34,822
Police Detail	23,786	221,304		215,000		30,090
Snow Removal	20,505					20,505
	<u>\$ 7,941,797</u>	<u>4,961,698</u>	<u>77,352</u>	<u>5,135,991</u>	<u>-</u>	<u>7,844,856</u>

See Accompanying Auditor's Report

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

Balance December 31, 2012	\$	854,345
Increased by:		
Capital Improvement Fund	450,000	
Premium on Sale of Notes	101,527	
Bond Anticipation Notes	2,200,000	
Reimburse Improvement Authorization	25,153	
		2,776,680
		3,631,025
Decreased by:		
Improvement Authorizations	2,947,433	
Appropriated to 2013 Budget Revenue	225,000	
		3,172,433
Balance December 31, 2013	\$	458,592

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous		Improvement Authorizations		Miscellaneous		
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 384,031							199,449
Capital Improvements Fund	104,039	450,000				455,000	40,418	99,039
Encumbrances Payable	1,756,784					1,756,784	1,224,177	1,224,177
Reserve for Payment of Bonds							101,527	101,527
Reserve for Sidewalk Construction	70,585							70,585
Slate Grant Receivable	(627,195)							(627,195)
Due from Grant Fund	(3,787,304)							(3,787,304)
Due from Current Fund	(854,345)	(450,000)	(2,200,000)	(2,947,433)		126,680		(458,592)
Improvement Authorizations:								
37-2004 Various Capital Improvements	4,681			4,681				-
50-2005 Various Capital Improvements				52,105			52,105	-
60-2005 Design and Construction of Community Ctr	44,126			44,126		2,400	2,400	-
35-2006 Various Capital Improvements				101,040			101,040	-
39-2007 Various Capital Improvements	95,476			281,953		7,373	197,450	3,600
22-2008 Various Capital Improvements	5,685							5,685
23-2008 Various Capital Improvements	93,018			11,745		40,418	712	41,567
28-2009 Various Capital Improvements	257,275			31,793		20,348	30,423	235,557
16-2010 Various Capital Improvements	904,669			524,920		6,938	16,841	389,652
17-2010 Various Capital Improvements	3,107			2,857				250
19-2011 Various Capital Improvements	210,862			205,818		4,000	143,946	144,990
20-2011 Various Capital Improvements	11,571			5,546				6,025
24-2012 Various Capital Improvements	1,322,718			1,550,814		46,197	1,212,237	937,944
25-2012 Various Capital Improvements	217			24,783			24,783	217
21-2013 Various Capital Improvements			2,200,000	91,903		1,008,590	230,000	1,329,507
22-2013 Various Capital Improvements				13,349		128,331	225,000	83,320
	\$ -	-	-	-	-	3,603,059	3,603,059	-

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

Balance December 31, 2012		\$	104,039
Increased by:			
Budget Appropriation	450,000		
	<hr/>		<hr/>
			450,000
			554,039
Decreased by:			
Improvement Authorizations Funded	455,000		
	<hr/>		<hr/>
			455,000
Balance December 31, 2013		\$	<u><u>99,039</u></u>

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

Balance December 31, 2012		\$ 36,500,440
Decreased by:		
Serial Bonds Paid	3,050,000	
NJEIT Bonds & Loans	<u>86,475</u>	
		<u>3,136,475</u>
Balance December 31, 2013		\$ <u><u>33,363,965</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Debt Issued	Balance Dec. 31, 2013	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
21-2013	Various Capital Improvements	\$ -	2,200,000	-	-	2,200,000	2,200,000	-	-
		\$ -	2,200,000	-	-	2,200,000	2,200,000	-	-
Improvement Authorizations Unfunded Less: Unexpended Proceeds of Bond Anticipation Notes Issued: Ord. Number									1,329,507
						\$ 1,329,507			1,329,507
									-

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Paid or Charged	Canceled	Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation			Funded	Unfunded
37-2004	Various Capital Improvements	7/14/2004	3,875,600	\$ 4,681			4,681				
60-2005	Design and Construction of Community Center	12/14/2005	12,000,000	44,126			44,126				
39-2007	Various Capital Improvements	7/11/2007	3,219,000	95,476			91,876			3,600	
22-2008	Various Capital Improvements	6/11/2008	325,500	5,685						5,685	
23-2008	Various Capital Improvements	6/11/2008	5,240,000	93,019						41,568	
28-2009	Various Capital Improvements	8/12/2009	1,660,000	257,275					40,418	235,557	
16-2010	Various Capital Improvements	6/23/2010	2,575,000	754,668			515,017			239,651	
17-2010	Various Capital Improvements	6/23/2010	120,000	3,107			2,857			250	
19-2011	Various Capital Improvements	6/22/2011	2,425,000	210,862			65,872			144,990	
20-2011	Various Capital Improvements	7/20/2011	15,000	11,571			5,546			6,025	
24-2012	Various Capital Improvements	6/20/2012	3,032,000	1,472,718			384,774			1,087,944	
25-2012	Various Capital Improvements	6/20/2012	25,000	217						217	
21-2013	Various Capital Improvements	6/26/2013	2,430,000			230,000	1,100,493				1,329,507
22-2013	Various Capital Improvements	6/26/2013	225,000			225,000	141,680			83,320	
				\$ 2,953,405	-	455,000	2,389,673	40,418		1,848,807	1,329,507

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013	
			Date	Amount						
General Obligation Bonds of 2006	2/1/2006	19,406,000	2/1/2014	810,000	4.250%	14,956,000		800,000	14,156,000	
			2/1/2015	845,000	4.250%					
			2/1/2016	890,000	4.250%					
			2/1/2017	930,000	4.250%					
			2/1/2018	975,000	4.250%					
			2/1/2019	1,025,000	4.250%					
			2/1/2020	1,075,000	4.250%					
			2/1/2021	1,125,000	4.250%					
			2/1/2022	1,180,000	4.250%					
			2/1/2023	1,240,000	4.250%					
			2/1/2024	1,300,000	4.250%					
			2/1/2025	1,361,000	4.375%					
			2/1/2026	1,400,000	4.375%					
General Obligation Bonds of 2008	9/1/2008	9,885,000	9/1/2014	665,000	4.000%	7,900,000		650,000	7,250,000	
			9/1/2015	685,000	4.000%					
			9/1/2016	700,000	4.000%					
			9/1/2017	710,000	4.000%					
			9/1/2018	720,000	4.125%					
			9/1/2019	740,000	4.125%					
			9/1/2020	750,000	4.125%					
			9/1/21-23	760,000	4.125%					
	2011 Refunding Bonds	9/15/2011	4,705,000	2/15/2014	1,180,000	3.000%	4,685,000		1,175,000	3,510,000
				2/15/2015	1,170,000	3.000%				
			2/15/2016	1,160,000	3.500%					
General Obligation Bonds of 2012	9/1/2012	7,800,000	9/1/2014	425,000	2.000%	7,800,000		425,000	7,375,000	
			9/1/2015	475,000	2.000%					
			9/1/2016	525,000	2.000%					
			9/1/2017	850,000	2.000%					
			9/1/2018	850,000	2.000%					
			9/1/2019	850,000	2.000%					
			9/1/2020	850,000	2.000%					
			9/1/2021	850,000	2.000%					
			9/1/2022	850,000	2.000%					
			9/1/2023	850,000	2.000%					
\$						35,341,000	-	3,050,000	32,291,000	

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Tony Canale Park (Pine Oak Park)	1/22/1999	150,000	6/22/2014	4,264	2.000% \$	48,353		8,402	39,951
			12/22/2014	4,307	2.000%				
			6/22/2015	4,350	2.000%				
			12/22/2015	4,393	2.000%				
			6/22/2016	4,437	2.000%				
			12/22/2016	4,482	2.000%				
			6/22/2017	4,527	2.000%				
			12/22/2017	4,572	2.000%				
		6/22/2018	4,619	2.000%					
Regional Park, Part 1	10/9/2002	150,000	1/11/2014	4,153	2.000%	79,863		8,184	71,679
			7/11/2014	4,195	2.000%				
			1/11/2015	4,237	2.000%				
			7/11/2015	4,279	2.000%				
			1/11/2016	4,322	2.000%				
			7/11/2016	4,365	2.000%				
			1/11/2017	4,409	2.000%				
			7/11/2017	4,453	2.000%				
			1/11/2018	4,498	2.000%				
			7/11/2018	4,543	2.000%				
			1/11/2019	4,588	2.000%				
			7/11/2019	4,634	2.000%				
Regional Park, Part 2	10/11/2002	500,000	1/11/2020	4,680	2.000%	280,532		25,608	254,924
			7/11/2020	4,727	2.000%				
			1/11/2021	4,774	2.000%				
			7/11/2021	4,822	2.000%				
			1/11/2014	12,997	2.000%				
			7/11/2014	13,127	2.000%				
			1/11/2015	13,258	2.000%				
			7/11/2015	13,390	2.000%				
			1/11/2016	13,524	2.000%				
			7/11/2016	13,660	2.000%				
			1/11/2017	13,796	2.000%				
			7/11/2017	13,934	2.000%				
		1/11/2018	14,073	2.000%					
		7/11/2018	14,214	2.000%					
		1/11/2019	14,356	2.000%					
		7/11/2019	14,500	2.000%					
		1/11/2020	14,645	2.000%					
		7/11/2020	14,791	2.000%					
		1/11/2021	14,939	2.000%					
		7/11/2021	15,089	2.000%					
		1/11/2022	15,239	2.000%					
		7/11/2022	15,392	2.000%					

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Bargaintown Park	11/7/2007	700,000	2/13/2014	16,472	2.000%	561,683		32,456	529,227
			8/13/2014	16,637	2.000%				
			2/13/2015	16,803	2.000%				
			8/13/2015	16,971	2.000%				
			2/13/2016	17,141	2.000%				
			8/13/2016	17,312	2.000%				
			2/13/2017	17,485	2.000%				
			8/13/2017	17,660	2.000%				
			2/13/2018	17,837	2.000%				
			8/13/2018	18,015	2.000%				
			2/13/2019	18,195	2.000%				
			8/13/2019	18,377	2.000%				
			2/13/2020	18,561	2.000%				
			8/13/2020	18,746	2.000%				
			2/13/2021	18,934	2.000%				
			8/13/2021	19,123	2.000%				
			2/13/2022	19,314	2.000%				
			8/13/2022	19,508	2.000%				
			2/13/2023	19,703	2.000%				
			8/13/2023	19,900	2.000%				
		2/13/2024	20,099	2.000%					
		8/13/2024	20,300	2.000%					
		2/13/2025	20,503	2.000%					
		8/13/2025	20,708	2.000%					
		2/13/2026	20,915	2.000%					
		8/13/2026	21,124	2.000%					
		2/13/2027	21,335	2.000%					
		8/13/2027	21,549	2.000%					
Tony Canale Park, Phase II	11/26/2007	250,000	5/26/2014	6,001	2.000%	189,009		11,825	177,184
			11/26/2014	6,061	2.000%				
			5/26/2015	6,122	2.000%				
			11/26/2015	6,183	2.000%				
			5/26/2016	6,245	2.000%				
			11/26/2016	6,307	2.000%				
			5/26/2017	6,370	2.000%				
			11/26/2017	6,434	2.000%				
			5/26/2018	6,498	2.000%				
			11/26/2018	6,563	2.000%				
			5/26/2019	6,629	2.000%				
			11/26/2019	6,695	2.000%				
		5/26/2020	6,762	2.000%					
		11/26/2020	6,830	2.000%					
		5/26/2021	6,898	2.000%					
		11/26/2021	6,967	2.000%					
		5/26/2022	7,037	2.000%					

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
	11/26/2022		5/26/2023	7,107	2.000%				
			11/26/2023	7,178	2.000%				
			5/26/2024	7,250	2.000%				
			11/26/2024	7,322	2.000%				
			5/26/2025	7,396	2.000%				
			11/26/2025	7,470	2.000%				
			5/26/2026	7,544	2.000%				
			11/26/2026	7,620	2.000%				
				7,695	2.000%				
						\$ 1,159,440		86,475	1,072,965

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Capital Improvements	2013	7/31/2013	7/31/2013	7/30/2014	0.850%	-	2,200,000		2,200,000
						-	2,200,000	-	2,200,000
						\$			\$

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Balance Dec. 31, 2013
21-2013	Various Capital Improvements	\$ -	2,200,000	2,200,000	-
		<u>\$ -</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>

TOWNSHIP OF EGG HARBOR

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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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 \$36,000 except by contract or agreement.

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

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

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

- Nature Reserve Parking Lot Improvements
- Storm Damage Projects
- 2013 Road Projects
- Kubota SVL90 2HFC Track Loader
- 2014 Western Star Model 4700SF Catch Basin Cleaner Chassis and
Vactor Model 2112 PD Plus
- 1500 GPS Custom Rescue Pumper

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 \$5,400 without obtaining quotes as required by statute.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 1, 2013, 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, 2013, 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, 2013 and was not complete due to properties in bankruptcy not being sold.

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>
2013	360
2012	315
2011	310
2010	227
2009	123

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2014 and 2013 Taxes	10
Municipal Court	5

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

Deposit of Municipal Funds

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

Our examination has revealed that municipal funds were 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	<u>Tax Levy</u>	Currently	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2013	\$ 115,393,839	114,322,268	99.07%
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%

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	2.813	4.228	4.101	3.980	3.810
Apportionment Of Tax Rate:					
Municipal	0.499	0.734	0.734	0.690	0.580
Local Open Space	0.020	0.020	0.020	0.020	0.020
County	0.481	0.641	0.665	0.620	0.630
Local School Assessed	1.813	2.833	2.682	2.650	2.580
Valuation	4,077,433,434	2,567,152,785	2,576,920,800	2,577,775,392	2,561,624,700

A revaluation of properties was performed in 2012 in order to bring the property values in line with their true value. The revaluation was effective for the 2013 tax year.

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Delinquent Taxes and Tax Title Liens

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

<u>Year</u>		Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of Tax <u>Levy</u>
2013	\$	436,861	49,864	486,725	0.42%
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%

RECOMMENDATIONS

1. That a system be developed by the rescue squad to reconcile the call sheets to the information entered into the billing system on, at least, a monthly basis.

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

Very truly yours,

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

Kenneth Moore

Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

March 21, 2014