CITY OF ABSECON

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2015

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CITY OF ABSECON

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2015

FORD - SCOTT
& ASSOCIATES, L.L.C.
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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Absecon, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Absecon, as of December 31, 2015 and 2014, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Absecon as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 20 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of $314,317.00 and $326,261.88 for 2015 and 2014 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, 2015 and 2014, 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, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2016 on our consideration of the City of Absecon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Absecon's internal control over financial reporting and compliance.

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

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

Leon P. Costello

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

April 8, 2016

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EXHIBIT - A
CURRENT FUND

Exhibit A
Sheet 1

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

		2015	2014
ASSETS			
Regular Fund:			
Cash:			
Cash Treasurer	$	5,694,875.14	4,632,106.47
Cash - Change		550.00	550.00
Total Cash		5,695,425.14	4,632,656.47
Other Receivables:			
Due from State - Chapter 20 P.L. 1971		-	3,545.06
Total Other Receivables		-	3,545.06
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable		331,032.28	478,728.85
Tax Title and Other Liens		137,318.09	77,389.21
Property Acquired for Taxes - at Assessed Valuation		416,200.00	416,200.00
Revenue Accounts Receivable		9,740.72	7,665.59
Interfund Receivable:			
State and Federal Grant Fund		154,067.93	61,559.90
Animal Control Fund		-	721.28
Other Receivables			
Police Detail Receivable		11,990.00	2,695.00
Total Receivables and Other Assets		1,060,349.02	1,044,959.83
Deferred Charges:			
Special Emergency Appropriation		-	109,100.00
Total Deferred Charges		-	109,100.00
Total Regular Fund		6,755,774.16	5,790,261.36
Federal and State Grant Fund:			
Federal and State Grants Receivable		1,839,141.10	1,669,260.31
Total Federal and State Grant Fund		1,839,141.10	1,669,260.31
Total Current Fund	$	8,594,915.26	7,459,521.67

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

		2015	2014
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	$	473,359.61	465,790.14
Reserve for Encumbrances		335,712.94	370,201.26
Accounts Payable		11,460.00	-
Prepaid Taxes		397,601.25	196,496.30
Overpaid Taxes		24,401.99	4,661.42
Local School Tax Payable		2,776,447.09	2,681,783.11
County Added Tax Payable		9,786.91	2,089.00
Due to State:			
Vital Statistics		375.00	150.00
DCA Fees		2,276.00	1,078.00
Chapter 20 P.L. 1971		1,069.48	-
Interfund Payable:			
Utility Operating		5,282.08	-
Other			
Special Emergency Note Payable		-	90,000.00
		4,037,772.35	3,812,249.23
Reserve for Receivables and Other Assets		1,060,349.02	1,044,959.83
Fund Balance		1,657,652.79	933,052.30
Total Regular Fund		6,755,774.16	5,790,261.36
Federal and State Grant Fund:			
Unappropriated Reserves		-	12,960.99
Appropriated Reserves		1,500,910.61	1,483,525.21
Encumbrances Payable		184,162.56	111,214.21
Due to Current Fund		154,067.93	61,559.90
Total Federal and State Grant Fund		1,839,141.10	1,669,260.31
Total Current Fund	$	8,594,915.26	7,459,521.67

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

		2015	2014
Revenue and Other Income Realized			
Fund Balance	$	363,000.00	363,000.00
Miscellaneous Revenue Anticipated		1,814,370.26	2,340,715.43
Receipts from Delinquent Taxes		465,482.92	313,088.15
Receipts from Current Taxes		21,900,879.16	21,579,227.55
Non Budget Revenue		481,962.20	56,823.09
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		382,843.27	259,263.25
Interfund Returned		3,416.28	1,571.40
Grants Appropriated Cancelled		2,037.77	582.65
Accounts Payable/Reserves Cancelled		-	102,674.37
Total Income		25,413,991.86	25,016,945.89
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages		3,475,600.00	3,664,000.00
Other Expenses		3,416,296.00	3,395,071.00
Deferred Charges & Statutory Expenditures		913,519.73	868,051.00
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages		5,000.00	22,989.59
Other Expenses		525,031.93	1,131,641.29
Capital Improvements		60,000.00	66,325.00
Debt Service		906,402.99	889,699.49
Deferred Charges		109,100.00	30,000.00
Local District School Tax		11,205,966.00	11,016,638.00
County Tax		3,592,953.21	3,517,223.78
County Share of Added Tax		9,786.91	2,089.00
Interfund Created		105,460.53	64,976.18
Refund of Prior Year's Revenue		35.76	2,863.42
Other:			
Senior Citizen Deduction Disallowed		250.00	250.00
Grants Receivable Cancelled		988.31	287.70
Total Expenditures		24,326,391.37	24,672,105.45
Excess/(Deficit) in Revenue		1,087,600.49	344,840.44

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

		2015	2014
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		-	19,100.00
Total Adjustments		-	19,100.00
Statutory Excess to Fund Balance		1,087,600.49	363,940.44
Fund Balance January 1		933,052.30	932,111.86
		2,020,652.79	1,296,052.30
Decreased by:			
Utilization as Anticipated Revenue		363,000.00	363,000.00
Fund Balance December 31	$	1,657,652.79	933,052.30

Exhibit A-2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 363,000.00		363,000.00	-
Total Fund Balance Anticipated	363,000.00	-	363,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	10,000.00		10,700.00	700.00
Other	11,000.00		15,298.00	4,298.00
Fees and Permits	40,000.00		47,885.89	7,885.89
Fines and Costs:				
Municipal Court	125,000.00		135,977.55	10,977.55
Interest and Costs on Taxes	55,000.00		89,130.98	34,130.98
Interest Earned on Investments	15,000.00		18,427.51	3,427.51
Cable Franchise Fee	30,905.44		30,905.44	-
Communications Tower Rental	95,000.00		104,726.44	9,726.44
Total Section A: Local Revenues	381,905.44	-	453,051.81	71,146.37
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	754,465.00		754,464.98	(0.02)
Watershed Aid	3,337.00		3,337.00	-
Total Section B: State Aid Without Offsetting Appropriations	757,802.00	-	757,801.98	(0.02)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	54,000.00		105,854.00	51,854.00
Total Section C: Uniform Construction Code Fees	54,000.00	-	105,854.00	51,854.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	12,960.99		12,960.99	-
Municipal Alliance on Alcoholism and Drug Abuse	15,407.00		15,407.00	-
Clean Communities		19,528.54	19,528.54	-

Exhibit A-2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
State Body Armor		2,604.85	2,604.85	-
Federal Body Armor		3,405.24	3,405.24	-
NJDOT Grant		175,000.00	175,000.00	-
Click it or Ticket		4,000.00	4,000.00	-
Driving Sober or Get Pulled Over		5,000.00	5,000.00	-
COPS in Shops		1,200.00	1,200.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	28,367.99	210,738.63	239,106.62	-
Section G: Other Special Items				
Uniform Fire Safety Act	12,000.00		11,591.13	(408.87)
Occupancy Tax	200,000.00		223,964.72	23,964.72
Library Funds Dedicated for Pension	23,000.00		23,000.00	-
Total Section G: Other Special Items	235,000.00	-	258,555.85	23,555.85
Total Miscellaneous Revenues:	1,457,075.43	210,738.63	1,814,370.26	146,556.20
Receipts from Delinquent Taxes	440,000.00		465,482.92	25,482.92
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	7,332,356.76		7,484,393.20	152,036.44
Library Tax	257,073.31		257,073.31	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	7,589,430.07	-	7,741,466.51	152,036.44
Budget Totals	9,849,505.50	210,738.63	10,384,319.69	324,075.56
Non- Budget Revenues:				
Other Non- Budget Revenues:			481,962.20	481,962.20
	9,849,505.50	210,738.63	10,866,281.89	806,037.76

The accompanying notes to the financial statements are an integral part of this statement

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		$ 21,900,879.16
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		21,900,879.16
Allocated to:		
School, County and Other Taxes		14,808,706.12
Balance for Support of Municipal Budget Appropriations		7,092,173.04
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		649,293.47
Amount for Support of Municipal Budget Appropriations		7,741,466.51
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	$ 426,018.31	
Tax Title Lien Collections	39,464.61	
Total Receipts from Delinquent Taxes		465,482.92
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Senior Citizen and Veterans Administrative Fee	2,170.00	
Reimbursements	1,629.93	
Administration Fees	43,374.30	
Legal Fees Reimbursement	400,000.00	
Miscellaneous	15,443.70	
Recycling	302.40	
Building Inspection	7,980.00	
In Lieu of Taxes	500.00	
Sale of Assets	6,046.99	
Tax Collector Miscellaneous	4,514.88	
Total Miscellaneous Revenue Not Anticipated:		481,962.20

Exhibit A - 3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Cancelled
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	$ 30,300.00	30,300.00	29,499.13		800.87	-
Other Expenses	14,600.00	14,600.00	12,313.93	597.60	1,688.47	-
Mayor and Council						
Salaries and Wages	81,500.00	81,500.00	81,328.78		171.22	-
Other Expenses	2,800.00	2,800.00	2,014.11		785.89	-
Municipal Clerk						
Salaries and Wages	93,000.00	95,000.00	94,238.53		761.47	-
Other Expenses	10,500.00	15,500.00	12,093.03	1,006.30	2,400.67	-
Financial Administration						
Salaries and Wages	90,000.00	90,000.00	82,696.96		7,303.04	-
Other Expenses	4,000.00	4,000.00	2,818.89		1,181.11	-
Audit Services						
Other Expenses	23,400.00	23,400.00	23,400.00		-	-
Collection of Taxes						
Salaries and Wages	121,000.00	106,000.00	99,536.04		6,463.96	-
Other Expenses	3,500.00	5,500.00	5,204.00	30.00	266.00	-
Assessment of Taxes						
Salaries and Wages	53,000.00	53,000.00	49,878.01		3,121.99	-
Other Expenses	8,500.00	8,500.00	5,369.90		3,130.10	-
Legal Services						
Other Expenses	120,000.00	120,000.00	46,535.76		73,464.24	-
Engineering Services and Costs						
Other Expenses	50,000.00	85,000.00	71,416.25		13,583.75	-
Elections						
Other Expenses	6,000.00	6,000.00	4,694.55		1,305.45	-
Information Technology						
Other Expenses	38,000.00	38,000.00	33,261.64	1,200.00	3,538.36	-
Municipal Prosecutor						
Other Expenses	16,200.00	16,200.00	16,200.00		-	-

The accompanying notes to the financial statements are an integral part of this statement

Exhibit A - 3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	18,000.00	18,000.00	14,364.73		3,635.27	-
Other Expenses	7,000.00	7,000.00	3,393.30	1,015.00	2,591.70	-
Zoning Board						
Salaries and Wages	6,000.00	6,000.00	4,884.00		1,116.00	-
Other Expenses	1,900.00	1,900.00	368.72		1,531.28	-
Municipal Court						
Salaries and Wages	104,000.00	104,000.00	100,193.41		3,806.59	-
Other Expenses	6,400.00	6,400.00	4,336.59		2,063.41	-
Public Defender						
Other Expenses	5,400.00	5,400.00	5,400.00		-	-
PUBLIC SAFETY						
Fire Department						
Other Expenses	65,000.00	65,000.00	46,292.94	12,982.49	5,724.57	-
Fire Hydrant Services	82,000.00	82,000.00	73,902.35		8,097.65	-
Police Department						
Salaries and Wages	2,280,000.00	2,232,000.00	2,164,500.43		67,499.57	-
Other Expenses	178,000.00	216,000.00	108,914.36	101,773.27	5,312.37	-
Police Dispatch						
Salaries and Wages	235,000.00	235,000.00	231,714.89		3,285.11	-
Other Expenses	23,000.00	23,000.00	22,085.56	505.00	409.44	-

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, 2015

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
PUBLIC WORKS						
Public Works Department						
Salaries and Wages	262,000.00	262,000.00	254,665.35		7,334.65	-
Other Expenses	116,000.00	136,000.00	119,902.52	5,611.90	10,485.58	-
Street Lighting	165,000.00	155,000.00	149,384.63	4,752.29	863.08	-
Sanitation Trash Removal						
Contractual	136,000.00	136,000.00	123,841.63	11,258.33	900.04	-
Tipping Fees	480,000.00	480,000.00	424,164.71	40,000.00	15,835.29	-
Recycling Program						
Salaries and Wages	6,000.00	6,000.00	2,601.57		3,398.43	-
Other Expenses		-			-	-
Maintenance of Motor Vehicles						
Other Expenses	60,000.00	65,000.00	62,859.91	955.52	1,184.57	-
Clean Communities Program						
Salaries and Wages	6,000.00	6,000.00	2,364.05		3,635.95	-
HEALTH AND WELFARE						
Animal Control						
Other Expenses	8,400.00	8,400.00	7,700.00	700.00	-	-
Ambulance Service						
Other Expenses	50,496.00	50,496.00	50,496.00		-	-
RECREATION AND EDUCATION						
Recreation						
Salaries and Wages		1,800.00	1,538.48		261.52	-
Other Expenses	35,000.00	33,200.00	28,800.44		4,399.56	-
Public Events						
Other Expenses	55,000.00	55,000.00	39,967.50	3,278.66	11,753.84	-
Insurance						
General Liability	135,000.00	99,000.00	98,627.00		373.00	-
Workers Compensation Insurance	307,000.00	307,000.00	307,000.00		-	-
Employee Group Health	713,000.00	713,000.00	517,560.50	124,924.37	70,515.13	-
Uniform Fire Safety Act						
Salaries and Wages	15,000.00	15,000.00	14,627.05		372.95	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	134,000.00	134,000.00	129,080.63		4,919.37	-
Other Expenses	6,000.00	6,000.00	2,979.83	649.57	2,370.60	-
UNCLASSIFIED						
UTILITY EXPENSES AND BULK PURCHASES						
Electric	116,000.00	116,000.00	94,835.71	7,763.94	13,400.35	-
Water	11,000.00	13,000.00	10,827.21		2,172.79	-
Telephone	68,000.00	78,000.00	67,726.00	1,036.29	9,237.71	-
Gas	32,000.00	32,000.00	25,075.23	1,173.03	5,751.74	-
Gasoline	70,000.00	70,000.00	32,245.23	13,692.40	24,062.37	-
Office Supplies/Maintenance	40,000.00	40,000.00	34,110.17	806.98	5,082.85	-
Salary Adjustment	10,000.00	-			-	-
Compensated Absences Funding	75,000.00	75,000.00	75,000.00		-	-
TOTAL OPERATIONS WITHIN "CAPS"	6,889,896.00	6,889,896.00	6,130,832.14	335,712.94	423,350.92	-
Contingent	2,000.00	2,000.00	994.21		1,005.79	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	6,891,896.00	6,891,896.00	6,131,826.35	335,712.94	424,356.71	-
Detail:						
Salaries and Wages	3,534,800.00	3,475,600.00	3,357,712.04	-	117,887.96	-
Other Expenses	3,357,096.00	3,416,296.00	2,774,114.31	335,712.94	306,468.75	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						-

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, 2015

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	168,769.73	168,769.73	168,769.73		-	-
Social Security System (O.A.S.I.)	273,000.00	273,000.00	255,455.66		17,544.34	-
Police and Firemen's Retirement System	450,750.00	450,750.00	450,750.00		-	-
Defined Contribution Retirement Program	7,000.00	7,000.00	6,337.83		662.17	-
Unemployment Compensation Insurance	14,000.00	14,000.00	13,203.61		796.39	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	913,519.73	913,519.73	894,516.83	-	19,002.90	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	7,805,415.73	7,805,415.73	7,026,343.18	335,712.94	443,359.61	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Aid to Library	257,073.31	257,073.31	257,073.31		-	-
LOSAP Program	30,000.00	30,000.00			30,000.00	-
	287,073.31	287,073.31	257,073.31	-	30,000.00	-
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	12,960.99	12,960.99	12,960.99			-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	15,407.00	15,407.00	15,407.00			-
Local Share	3,852.00	3,852.00	3,852.00			-
Clean Communities		19,528.54	19,528.54			-
Driving Sober or Get Pulled Over		5,000.00	5,000.00			-
Body Armor Federal		3,405.24	3,405.24			-
Body Armor State		2,604.85	2,604.85			-
NJDOT Grant		175,000.00	175,000.00			-

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, 2015

	Appropriations		Expended			(Over expended) Unexpended Balance
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Cancelled
Click it or Ticket		4,000.00	4,000.00			-
COPS in Shops		1,200.00	1,200.00			-
Total Public and Private Programs Off-Set by Revenues	32,219.99	242,958.62	242,958.62	-	-	-
Total Operations - Excluded from "CAPS"	319,293.30	530,031.93	500,031.93	-	30,000.00	-
Detail:						
Salaries and Wages	-	5,000.00	5,000.00	-	-	-
Other Expenses	319,293.30	525,031.93	495,031.93	-	30,000.00	-
(C) Capital Improvements						
Capital Improvement Fund	60,000.00	60,000.00	60,000.00		-	-
Total Capital Improvements	60,000.00	60,000.00	60,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	560,000.00	560,000.00	560,000.00		-	-
Payment of Bond Anticipation Notes	253,300.00	253,300.00	253,300.00		-	-
Interest on Bonds	77,700.00	77,700.00	77,700.00		-	-
Interest on Notes	15,403.00	15,403.00	15,402.99		0.00	0.01
Total Debt Service	906,403.00	906,403.00	906,402.99	-	0.00	0.01
(E) Deferred Charges						
Emergency Authorizations	19,100.00	19,100.00	19,100.00		-	-
Special Emergency Authorizations - 5 years	90,000.00	90,000.00	90,000.00		-	-
Total Deferred Charges	109,100.00	109,100.00	109,100.00	-	-	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,394,796.30	1,605,534.93	1,575,534.92	-	30,000.00	0.01
SUBTOTAL GENERAL APPROPRIATIONS	9,200,212.03	9,410,950.66	8,601,878.10	335,712.94	473,359.61	0.01
(M) Reserve for Uncollected Taxes	649,293.47	649,293.47	649,293.47			-
TOTAL GENERAL APPRORIATIONS	$ 9,849,505.50	10,060,244.13	9,251,171.57	335,712.94	473,359.61	0.01

Budget	9,849,505.50		Cancelled	0.01
Appropriations by 40A:4-87	210,738.63		Overexpended	-
	10,060,244.13			0.01

Reserve for Uncollected Taxes	649,293.47
Federal and State Grants	242,958.62
Deferred Charges	109,100.00
Disbursements	8,249,819.48
	9,251,171.57

The accompanying notes to the financial statements are an integral part of this statement

EXHIBIT - B
TRUST FUND

Exhibit B

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

		2015	2014
ASSETS			
Animal Control Fund			
Cash	$	1,567.40	2,153.48
		1,567.40	2,153.48
Length of Service Award Program (LOSAP) (unaudited)			
Investments			
Mutual Funds		314,317.00	326,261.88
		314,317.00	326,261.88
Other Funds			
Cash - Treasurer		1,334,283.65	740,768.56
Cash - Collector		832,395.25	157,097.55
Small Cities Revolving Loan Receivable		115,274.20	115,274.20
		2,281,953.10	1,013,140.31
	$	2,597,837.50	1,341,555.67

The accompanying notes to the financial statements are an integral part of this statement

Exhibit B

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

		2015	2014
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund			
Reserve for Animal Control Expenditures	$	1,567.40	1,431.00
Due to State of New Jersey		-	1.20
Interfunds:			
Due to Current Fund		-	721.28
		1,567.40	2,153.48
Length of Service Award Program (LOSAP) (unaudited)			
Net Assets Available for Benefits		314,317.00	326,261.88
		314,317.00	326,261.88
Other Funds			
Redemption for Outside Liens		104,369.30	15,297.55
Premiums Received at Tax Sale		728,025.95	141,800.00
Payroll Deductions Payable		25,276.09	28,649.86
Reserve for Cat Licenses		332.70	309.75
Reserve for Planning and Zoning Escrow		337,934.69	154,423.83
Reserve for Disposal of Forfeited Property		45,062.79	46,883.91
Reserve for P.O.A.A.		188.64	124.64
Reserve for Security Bond		1,900.00	1,900.00
Reserve for Security Deposits		3,500.00	500.00
Reserve for Fire Safety Penalty Act		3,526.18	3,176.18
Reserve for Accumulated Leave		192,921.30	280,063.36
Reserve for Revolving Loan Fund		115,274.20	115,274.20
Reserve for Small Cities Grant		8,224.85	35,325.35
Reserve for Performance Bond		647,424.16	133,067.46
Reserve for Recreation Trust		67,992.25	56,344.22
		2,281,953.10	1,013,140.31
	$	2,597,837.50	1,341,555.67

The accompanying notes to the financial statements are an integral part of this statement

EXHIBIT - C
GENERAL CAPITAL FUND

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

		2015	2014
ASSETS			
Cash	$	579,615.63	1,115,775.50
Deferred Charges to Future Taxation -			
Funded		1,740,000.00	2,300,000.00
Unfunded		2,163,530.00	1,513,475.00
		4,483,145.63	4,929,250.50
LIABILITIES, RESERVES AND FUND BALANCE			
Contracts Payable		310,297.96	739,375.94
Bond Anticipation Notes Payable		2,100,355.00	1,450,300.00
Serial Bonds Payable		1,740,000.00	2,300,000.00
Improvement Authorizations:			
Funded		34,125.57	33,547.78
Unfunded		263,130.00	402,261.78
Capital Improvement Fund		12,455.00	-
Fund Balance		22,782.10	3,765.00
	$	4,483,145.63	4,929,250.50

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

2014	63,175.00
2015	63,175.00

The accompanying notes to the financial statements are an integral part of this statement

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

		2015	2014
Beginning Balance January 1	$	3,765.00	590.00
Increased by:			
Premiums on sale of Bonds & Notes		-	3,175.00
Authorizations Canceled		19,017.10	
Decreased by:			
None		-	-
Ending Balance December 31	$	22,782.10	3,765.00

The accompanying notes to the financial statements are an integral part of this statement

EXHIBIT - D
SEWER UTILITY FUND

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

		2015	2014
ASSETS			
Operating Fund:			
Cash	$	1,203,569.10	1,082,501.57
		1,203,569.10	1,082,501.57
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable		102,982.12	100,550.62
Utility Liens		5,483.00	1,640.00
Interfund Receivable:			
Current Fund		5,282.08	-
		113,747.20	102,190.62
Total Operating Fund		1,317,316.30	1,184,692.19
Capital Fund:			
Cash - Treasurer		29,917.40	29,917.40
Fixed Capital		3,513,106.35	3,505,670.72
Total Capital Fund		3,543,023.75	3,535,588.12
	$	4,860,340.05	4,720,280.31

The accompanying notes to the financial statements are an integral part of this statement

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

		2015	2014
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves	$	105,517.82	65,518.45
Reserve for Encumbrances		1,115.24	35,714.28
Utility Overpayments		736.00	1,823.00
Prepaid Rents		274,569.50	256,506.00
		381,938.56	359,561.73
Reserve for Receivables		113,747.20	102,190.62
Fund Balance		821,630.54	722,939.84
Total Operating Fund		1,317,316.30	1,184,692.19
Capital Fund:			
Reserve for Amortization		3,513,106.35	3,505,670.72
Capital Improvement Fund		27,814.11	27,814.11
Fund Balance		2,103.29	2,103.29
Total Capital Fund		3,543,023.75	3,535,588.12
	$	4,860,340.05	4,720,280.31

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

2014	-
2015	-

The accompanying notes to the financial statements are an integral part of this statement

Exhibit D - 1

SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

		2015	2014
Revenue and Other Income Realized			
Rents	$	1,616,972.50	1,613,282.88
Miscellaneous Revenue Anticipated		29,199.75	36,599.59
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		65,518.45	85,952.24
Total Income		1,711,690.70	1,735,834.71
Expenditures			
Operations		1,546,000.00	1,556,000.00
Capital Improvements		20,000.00	20,000.00
Deferred Charges and Statutory Expenditures		47,000.00	46,000.00
Total Expenditures		1,613,000.00	1,622,000.00
Excess/(Deficit) in Revenue		98,690.70	113,834.71
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		-	-
Total Adjustments		-	-
Excess in Operations		98,690.70	113,834.71
Fund Balance January 1		722,939.84	609,105.13
		821,630.54	722,939.84
Decreased by:			
Utilization as Anticipated Revenue		-	-
Fund Balance December 31	$	821,630.54	722,939.84

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

		2015	2014
Beginning Balance January 1	$	2,103.29	2,103.29
Increased by:			
None		-	-
Decreased by:			
None		-	-
Ending Balance December 31	$	2,103.29	2,103.29

The accompanying notes to the financial statements are an integral part of this statement

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated Budget	Realized	Excess or (Deficit)
Rents	$ 1,613,000.00	1,616,972.50	3,972.50
Miscellaneous		29,199.75	29,199.75
	$ 1,613,000.00	1,646,172.25	33,172.25

Analysis of Realized Revenue:

Rents	
Consumer Accounts Receivable:	
Current Collections	1,360,466.50
Prepaids/Overpayments Applied	256,506.00
	1,616,972.50
Misecllaneous	
Interest on Rents	23,346.00
Interest on Investments	2,670.50
Tax Sale Cost	1,005.00
Sewer Lateral Fee	1,500.00
Miscellaneous	678.25
	29,199.75

SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			(Over expended) Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
Operations:						
Salaries and Wages	$ 225,000.00	225,000.00	214,455.06		10,544.94	
Other Expenses	1,321,000.00	1,321,000.00	1,268,017.54	1,115.24	51,867.22	
	1,546,000.00	1,546,000.00	1,482,472.60	1,115.24	62,412.16	-
Capital Improvements:						
Capital Outlay	20,000.00	20,000.00	7,435.93		12,564.07	
	20,000.00	20,000.00	7,435.93	-	12,564.07	-
Deferred Charges and Statutory Expenditures:						
Public Employees' Retirement System	28,000.00	28,000.00	-		28,000.00	
Social Security System	18,400.00	18,400.00	16,010.36		2,389.64	
Unemployment Compensation Insurance	600.00	600.00	448.05		151.95	
	47,000.00	47,000.00	16,458.41	-	30,541.59	-
	1,613,000.00	1,613,000.00	1,506,366.94	1,115.24	105,517.82	-

The accompanying notes to the financial statements are an integral part of this statement

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit E

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

		2015	2014
Assets			
Land and Land Improvements	$	30,108,550.00	30,075,850.00
Building and Building Improvements		6,444,935.00	6,444,935.00
Machinery, Equipment and Vehicles		3,020,644.04	3,088,843.23
Total General Fixed Assets		39,574,129.04	39,609,628.23
Liabilities, Reserves, and Fund Balance			
Investment in General Fixed Assets	$	39,574,129.04	39,609,628.23

The accompanying notes to the financial statements are an integral part of this statement

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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The City of Absecon is an offshore community located on the eastern section of the County of Atlantic. The population according to a 2010 census is 8,376.

The City is incorporated and operates under a Council form of government, where the Council is elected from wards. The Mayor is chosen through a separate election and is the Chief Executive Officer of the City. The City Council is the law making body and passes all Resolutions and Ordinances. The City employs an administrator who is responsible for the day-to-day operations of the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The Absecon Public Library, 305 New Jersey Avenue, Absecon, NJ 08201 is a component unit of the City. However, under the regulatory basis of accounting in New Jersey, component units are neither blended nor shown in a discrete presentation in the financial statements of the City. The Absecon Public Library has an independent audit performed and a copy is available at the Library.

B. Description of Funds

The accounting policies of the City of Absecon conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Absecon accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

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

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

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest, if any, on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

General Fixed Assets - The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of $5,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

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

Interest on Delinquent Utility Charges -- It is the policy of the City to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first $1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of $1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the City of Absecon to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

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

D. Required Financial Statements

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

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the City's financial reporting.

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

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of $649,293.47 and $651,137.73. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was $363,000.00 and $363,000.00. In addition, the City operates a self-liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the City. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was $0 and $0.

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 the City Council. The following significant budget transfers were approved in the 2015 and 2014 calendar years:

Budget Category		2015	2014
Current Fund:			
General and Administrative			
Salaries and Wages	$		(12,000.00)
Tax Collection			
Salaries and Wages		(15,000.00)	
Legal Services			20,000.00
Engineering Service			
Other Expenses		35,000.00	
Police Department			
Salaries and Wages		(48,000.00)	
Other Expenses		38,000.00	
Public Works Department			
Other Expenses		20,000.00	
Street Lighting		(10,000.00)	
General Liability		(36,000.00)	
Telephone		10,000.00	
Salary Adjustment		(10,000.00)	
Vehicle Maintenance			
Other Expenses			(15,000.00)

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 2015 and 2014, the following significant budget insertions were approved:

Budget Category	2015	2014
COPs in Shops	$ 1,200.00	$ 1,200.00
Federal Bullet Proof Vest Partnership		1,855.00
Clean Communities Program	19,528.54	16,070.00
Body Armor Grant - State	2,604.85	2,609.00
Drunk Driving Enforcement Fund		7,584.00
N.J. Transporation Trust Fund Authority Act	175,000.00	7,490.00
Driving Sober or Get Pulled Over	5,000.00	12,500.00
N.J. Hazard Mitigation Grant - Turner Ave.		342,675.00
Click it or Ticket	4,000.00	
Body Armor - Federal	3,405.24	
Municipal Alliance on Alcoholism & Drug Abuse		15,407.00
N.J. Hazard Mitigation Grant-Absecon Creek		436,275.00

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City approved a special emergency appropriation in 2012 for $150,000.00. The emergency was for a City reassessment of property. In 2014, the City approved a special emergency appropriation in the amount of $19,100.00 for Codification of Ordinances. As of December 31, 2015 both special emergencies have been fully funded.

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 allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

Unaudited Investments

As more fully described in Note 20, the City 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 City. 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, 2015 and 2014 amounted to $314,317.00 and $326,261.88, 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 the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2015 and 2014, $0 of the municipality's bank balance of $9,654,552.72 and $7,918,713.52 was exposed to custodial credit risk.

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Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2015 and 2014:

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Land & Improvments	$ 30,052,750.00	23,100.00		30,075,850.00
Buildings	6,444,935.00			6,444,935.00
Equipment and Machinery	2,883,452.05	260,038.18	(54,647.00)	3,088,843.23
	$ 39,381,137.05	283,138.18	(54,647.00)	39,609,628.23

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Land & Improvements	$ 30,075,850.00	32,700.00		30,108,550.00
Buildings	6,444,935.00			6,444,935.00
Equipment and Machinery	3,088,843.23	60,256.00	(128,455.19)	3,020,644.04
	$ 39,609,628.23	92,956.00	(128,455.19)	39,574,129.04

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation Notes payable:				
General Capital	$ 488,300.00	1,450,300.00	488,300.00	1,450,300.00
General	120,000.00	90,000.00	120,000.00	90,000.00
	$ 608,300.00	1,540,300.00	608,300.00	1,540,300.00

	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation Notes payable:				
General Capital	$ 1,450,300.00	2,100,355.00	1,450,300.00	2,100,355.00
General	90,000.00		90,000.00	-
	$ 1,540,300.00	2,100,355.00	1,540,300.00	2,100,355.00

The $2,100,355.00 note was issued on 08/04/15 and is due and payable on 08/04/16 with interest at 0.77%. As of December 31, 2015 the City has authorized but not issued bonds in the amount of $63,175.00 and $0 in the General Capital Fund and Utility Capital Fund respectively.

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Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	$ 2,850,000.00		550,000.00	2,300,000.00	560,000.00
Total	$ 2,850,000.00	-	550,000.00	2,300,000.00	560,000.00
Other liabilities:					
Compensated Absences Payable	$ 762,202.95	38,494.65		800,697.60	-
Total long-term liabilities	$ 3,612,202.95	38,494.65	550,000.00	3,100,697.60	560,000.00

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	$ 2,300,000.00		560,000.00	1,740,000.00	560,000.00
Total	$ 2,300,000.00	-	560,000.00	1,740,000.00	560,000.00
Other liabilities:					
Compensated Absences Payable	$ 800,697.60		101,889.84	698,807.76	-
Total long-term liabilities	$ 3,100,697.60	-	661,889.84	2,438,807.76	560,000.00

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

At December 31, 2015, bonds payable in the General Capital Fund consisted of the following individual issues:

$4,400,000.00 General Bonds dated May 29, 2008 due in annual installments through August 1, 2018 bearing interest at varying rates (3.25%-3.50%) per annum. The balance remaining as of December 31, 2015 is $1,740,000.00.

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

	General Fund	
Year	Principal	Interest
2016	$ 560,000.00	59,500.00
2017	580,000.00	41,300.00
2018	600,000.00	21,000.00
	$ 1,740,000.00	121,800.00

As of December 31, 2015 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year, and the total interest charged to the current budget was $93,102.99.

Summary of Municipal Debt	Year 2015	Year 2014	Year 2013
Issued:			
General - Bonds and Notes	$ 3,840,355.00	3,750,300.00	3,338,300.00
Sewer Utility - Bonds and Notes	-	-	-
Total Issued	3,840,355.00	3,750,300.00	3,338,300.00
Authorized but not issued:			
General - Bonds and Notes	63,175.00	63,175.00	-
Sewer Utility - Bonds and Notes	-	-	-
Total Authorized But Not Issued	63,175.00	63,175.00	-
Total Bonds & Notes Issued and Authorized But Not Issued	$ 3,903,530.00	3,813,475.00	3,338,300.00

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 .498%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 5,035,000.00	5,035,000.00	-
Sewer Utility Debt	-	-	-
General Debt	3,903,530	-	3,903,530.00
	$ 8,938,530.00	5,035,000.00	3,903,530.00

Net Debt $3,903,530.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $783,489,255.67= .498%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	$ 27,422,123.95
Net Debt	3,903,530.00
Remaining Borrowing Power	$ 23,518,593.95

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

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Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 and 2015 were as follows:

	2016	2015
Current Fund	$ 469,000.00	363,000.00
Sewer Utility	40,000.00	-

Note 9: SCHOOL TAXES

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

	12/31/2015	12/31/2014
Balance of Tax	$ 5,602,983.03	5,508,319.05
Deferred	2,826,535.94	2,826,535.94
Tax Payable	$ 2,776,447.09	2,681,783.11

Note 10: TAXES AND SEWER COLLECTED IN ADVANCE

Taxes and sewer 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 12/31/15	Balance 12/31/14
Prepaid Taxes	$ 397,601.25	196,496.00
Sewer Prepaid Rents	274,569.50	256,506.00
Cash Liabilities Collected in Advance	$ 672,170.75	453,002.00

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This 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/annrprts.shtml.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Police and Fireman's Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.92% through June 30, 2015 and 7.06% 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 12.46% of covered payroll. The City's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were $196,769.73, $182,556.00 and $191,133.00, respectively.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were $450,750.00, $407,495.00 and $453,776.00, respectively.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was $4,001,762.87, $3,932,417.65, and $3,825,836.78, respectively. Payroll covered by PFRS was $1,806,574.00, $1,935,921.00**,** and $1,817,580.00. Payroll covered by PERS was $1,252,365.00, $1,395,890.00**,** and $1,449,515.00, respectively.

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 2014, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th 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.

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Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized. GASB statement 68 requires that the June 30, 2015 actuarial valuation be used for this disclosure, but as of the date of this report the 2015 actuarial valuations are not yet available from the Division of Pensions. The Division of Local Government Services has stated that disclosing the 2014 valuation is in compliance with the Regulatory Basis of Accounting described in Note 1.

The following represents the municipality's pension liabilities as June 30, 2014:

Public Employees' Retirement System

The Municipality has a liability of $4,088,686.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Municipality's proportion would be 0.02183808220%, which would be a decrease of 1.12% from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of $202,770. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 128,570	
Net difference between projected and actual earnings on pension plan investments		(243,663)
Changes in proportion and differences between City contributions and proportionate share of contributions		(39,971)
Total	$ 128,570	(283,634)

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

Year ended June 30,	
2015	$ (54,034)
2016	(54,034)
2017	(54,034)
2018	(54,034)
2019	42,412
Thereafter	18,661
Total	$ (155,064)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013 This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bod Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.39%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
City's proportionate share of the net pension liability	$ 4,980,776	4,088,686	3,339,977

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of $7,382,171.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Municipality's proportion would be 0.05868612850%, which would be an increase of 5.07% from its proportion measured as of June 30, 2013.

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For the year ended December 31, 2015, the Municipality would have recognized pension expense of $568,336. At December 31, 2015, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 277,152	
Net difference between projected and actual earnings on pension plan investments		(753,326)
Changes in proportion and differences between City contributions and proportionate share of contributions	315,535	
City contributions subsequent to the measurement date		
Total	$ 592,687	(753,326)

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

Year ended June 30,	
2015	$ (46,144)
2016	(46,144)
2017	(46,144)
2018	(46,144)
2019	20,459
Thereafter	3,478
Total	$ (160,639)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013 This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.01%
Salary increases:	
2012-2021	3.95% - 8.62% (based on age)
Thereafter	4.95% - 9.62% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2011 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 6.32% and 6.45% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
City's proportionate share of the net pension liability	$ 9,740,430	7,382,171	5,434,076.95

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 20 14 and June 30, 2013 State special funding situation net pension liability amounts of $1,354,554,686 and $1,239,171,400, respectively, are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2014 State special funding situation pension expense of $171,628,286 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2014. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the City of Absecon was 0.05868612850% and 0.05585354020 for 2014 and 2013 respectively. The net pension liability amounts allocated to the City were $794,936.00 and $692,121.00 respectively. For the fiscal year ending June 30, 2014 State special funding situation pension expense of $135,823 is allocated to the City.

Pension plan fiduciary net position.

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

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Note 13: POST-RETIREMENT BENEFITS

Plan Description The City of Absecon contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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

Note 14: ACCRUED SICK AND VACATION BENEFITS

The City has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate $698,807.76 in 2015 and $800,697.60 in 2014. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City does not accrue the liability.

Note 15: ECONOMIC DEPENDENCY

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

Note 16: RISK MANAGEMENT

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

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2015 and 2014 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a general liability limit of $100,000 under JIF, which increases to $5,000,000 under MEL.

Note 17: DEFERRED COMPENSATION

Employees of the City of Absecon may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

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

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

The plans are administered by Valic and Equitable.

Note 18: CONTINGENT LIABILITIES

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

Note 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2015, the following interfunds were included on the balance sheets of the various funds of the City of Absecon:

		Due From	Due To
Current Fund:			
Utility Operating	$		5,282.08
Grant Fund		154,067.93	
Grant Fund:			
Current Fund			154,067.93
Sewer Operating:			
Current Fund		5,282.08	
	$	159,350.01	159,350.01

The amount due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The amount due to the Current Fund from the Sewer Operating Fund represents amounts collected in the Current Fund and not turned over prior to year end.

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Note 20: LENGTH OF SERVICE AWARD PROGRAM

During the 2000 calendar year, the voters of the City of Absecon approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City appropriated $30,000.00 in both the 2015 and 2014 budgets, 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 City subject only to the claims of the City's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The City 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 City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The City of Absecon 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 City of Absecon, 500 Mill Road, Absecon, New Jersey 08201.

Note 21: LEASE OF CITY PROPERTY

The City is party to a lease agreement of communication towers. The City leases these towers to Crown Castle at a rate of approximately $7,800 per month. The total rent received in 2015 was $104,726.44.

Note 22: SUBSEQUENT EVENTS

The City has evaluated subsequent events through April 8, 2016, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Absecon, 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Absecon's basic financial statements, and have issued our report thereon dated April 8, 2016, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Leon P. Costello

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

April 8, 2016

CITY OF ABSECON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting".**
Internal control over financial reporting:	
1) Material Weakness identified?	**NO**
2) Significant Deficiency identified?	**NO**
Non-Compliance material to Financial Statements – Regulatory Basis noted?	**NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is not required for 2015.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings or questioned costs.

CURRENT FUND
SCHEDULE OF CASH - TREASURER

		Current Fund		Grant Fund	
Balance December 31, 2014	$		4,632,106.47		-
Increased by Receipts:					
Tax Collector		22,601,293.70			
Revenue Accounts Receivable		1,486,132.66			
Miscellaneous Revenue		476,612.32			
Due from State of N.J. Senior & Veterans		108,500.00			
Due to Current Fund		55,276.53		150,587.10	
Due to Utility Operating Fund					
Due from Animal Control Fund		721.28			
Due to State:					
Vital Statistics		1,025.00			
DCA Fees		6,925.00			
Police Detail		133,045.00			
Federal and State Unallocated				-	
Federal and State Receivables				55,276.53	
			24,869,531.49		205,863.63
			29,501,637.96		205,863.63
Decreased by Disbursements:					
Current Year Appropriation		8,249,819.48			
Prior Year Appropriations		441,688.13			
County Taxes		3,595,042.21			
Local District School Taxes		11,111,302.02			
Special Emergency Notes		90,000.00			
Due to State:					
Vital Statistics		800.00			
DCA Fees		5,727.00			
Overpaid Taxes		18,494.38			
Due from Grant Fund		150,587.10		55,276.53	
Federal and State Disbursements				150,587.10	
Police Detail		143,302.50			
			23,806,762.82		205,863.63
Balance December 31, 2015	$		5,694,875.14		-

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2014		$ -
Increased by Receipts:		
Prepaid Taxes	$ 397,601.25	
Taxes Receivable	22,026,265.71	
Revenue Accounts Receivable	89,130.98	
Miscellaneous Revenue	5,349.88	
Tax Title and Other Liens	39,464.61	
Due to Utility Operating	5,282.08	
Tax Overpayments	38,199.19	
		22,601,293.70
		22,601,293.70
Payments to Treasurer		22,601,293.70
Balance December 31, 2015		$ -

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash 2014	Collections by Cash 2015	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2015
Arrears	$ -								-
2013	1,908.98						1,908.98		-
2014	476,819.87				426,018.31	393.42	50,408.14		-
	478,728.85	-	-	-	426,018.31	393.42	52,317.12	-	-
2015		22,394,126.89	74,052.81	196,496.30	21,704,382.86	195,988.33	40,279.93		331,032.28
	$ 478,728.85	22,394,126.89	74,052.81	196,496.30	22,130,401.17	196,381.75	92,597.05	-	331,032.28

22,026,265.71	Cash Receipts	
104,135.46	Senior Citizens and Veterans	
22,130,401.17		

Analysis of Current Year Tax Levy

Tax Yield:		
General Property Tax	22,394,126.89	
Added Taxes (54:4-63.1 et. Seq.)	74,052.81	
		22,468,179.70
Tax Levy:		
General County Taxes	3,497,339.19	
County Open Space Taxes	10,864.88	
County Health Taxes	84,749.14	
County Added and Omitted Taxes	9,786.91	
Total County Taxes		3,602,740.12
Local School District Tax		11,205,966.00
Local Tax for Municipal Purposes	7,589,430.07	
Add: Additional Tax Levied	70,043.51	
		7,659,473.58
		22,468,179.70

CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS

Balance December 31, 2014		$	77,389.21
Increased by:			
Transfers from Taxes Receivable	92,597.05		
Interest and Costs Accrued by Sale of March 17, 2015	6,796.44		
			99,393.49
			176,782.70
Decreased by:			
Collections	39,464.61		
			39,464.61
Balance December 31, 2015		$	137,318.09

Exhibit A - 8

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2014	Accrued in 2015	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2015
Licenses:					
Alcoholic Beverages	$ -	10,700.00		10,700.00	-
Other	-	15,298.00		15,298.00	-
Fees and Permits	-	47,885.89		47,885.89	-
Fines and Costs:					-
Municipal Court	7,665.59	138,052.68		135,977.55	9,740.72
Interest and Costs on Taxes	-	89,130.98	89,130.98		-
Interest Earned on Investments	-	18,427.51		18,427.51	-
Energy Receipts Tax	-	754,464.98		754,464.98	-
Watershed Moratorium Offset	-	3,337.00		3,337.00	-
Uniform Construction Code Fees	-	105,854.00		105,854.00	-
Occupancy Tax	-	223,964.72		223,964.72	-
Cable Franchise Fee	-	30,905.44		30,905.44	-
Communications Tower Rental	-	104,726.44		104,726.44	-
Library Funds Dedicated for Pension	-	23,000.00		23,000.00	-
Uniform Fire Safety Act	-	11,591.13		11,591.13	-
	$ 7,665.59	1,577,338.77	89,130.98	1,486,132.66	9,740.72

Exhibit A - 9

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Other Expenses	$ 359.59	359.59	91.59	268.00	-
Municipal Clerk					
Other Expenses	1,982.16	1,982.16	1,266.12	716.04	-
Codification of Ordinances (Special Emergency)	11,460.00	11,460.00	11,460.00	-	-
Financial Administration					
Other Expenses	1,810.19	1,810.19	146.69	1,663.50	-
Collection of Taxes					
Other Expenses	721.78	721.78	30.00	691.78	-
Assessment of Taxes					
Other Expenses	238.18	238.18	100.00	138.18	-
Legal Services					
Other Expenses	23,587.69	23,587.69	7,409.44	16,178.25	-
Engineering Services and Costs					
Other Expenses	50,000.00	50,000.00	36,742.50	13,257.50	-
Information Technology					
Other Expenses	5,943.43	5,943.43	629.37	5,314.06	-
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Other Expenses	462.15	462.15	225.00	237.15	-
Municipal Court					
Other Expenses	1,428.86	1,428.86	70.18	1,358.68	-
PUBLIC SAFETY					
Fire Department					
Other Expenses	21,078.30	21,078.30	18,222.32	2,855.98	-
Fire Hydrant Service	8,621.20	8,621.20	6,670.80	1,950.40	-
Police					
Salaries and Wages	125,103.63	125,103.63	52,410.69	72,692.94	-
Other Expenses	19,623.07	19,623.07	16,471.81	3,151.26	-
Police Dispatch					
Other Expenses	11,201.17	11,201.17	9,700.00	1,501.17	-

Exhibit A - 9

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
PUBLIC WORKS					
Public Works Department					
Other Expenses	14,935.54	14,935.54	14,489.77	445.77	-
Street Lighting	15,416.32	15,416.32	13,611.82	1,804.50	-
Maintenance of Motor Vehicles					
Other Expenses	42,990.64	42,990.64	6,174.21	36,816.43	-
Sanitation and Trash Removal					
Contractual	12,775.37	12,775.37	11,111.33	1,664.04	-
Tipping Fees	75,743.65	75,743.65	40,418.00	35,325.65	-
HEALTH AND WELFARE					
Animal Control					
Other Expenses	700.00	700.00	700.00	-	-
RECREATION AND EDUCATION					
Public Events					
Other Expenses	12,887.14	12,887.14	9,772.48	3,114.66	-
Insurance					
Employee Group Health	172,014.17	172,014.17	151,790.21	20,223.96	-
UNIFORM CONSTRUCTION CODE					
Appropriations Offset by Dedicated Revenues					
Construction Code Official					
Other Expenses	2,285.09	2,285.09	265.00	2,020.09	-
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electric	13,367.51	13,367.51	8,748.05	4,619.46	-
Water	617.96	617.96	573.27	44.69	-
Telephone	3,583.20	3,583.20	3,547.20	36.00	-
Gas	9,856.37	9,856.37	4,080.42	5,775.95	-
Gasoline	26,442.67	26,442.67	7,022.01	19,420.66	-
Office Supplies	14,347.92	14,347.92	1,940.07	12,407.85	-
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System (O.A.S.I.)	18,928.62	18,928.62	4,009.42	14,919.20	-
OPERATIONS EXCLUDED FROM "CAPS"					
LOSAP	30,000.00	30,000.00	13,248.36	16,751.64	-
All Other Accounts - No Change	85,477.83	85,477.83		85,477.83	
	$ 835,991.40	835,991.40	453,148.13	382,843.27	-

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2014		
School Tax Payable	$ 2,681,783.11	
School Tax Deferred	2,826,535.94	
		$ 5,508,319.05
Increased by:		
Levy - School Year July 1, 2015 to June 30, 2016		11,205,966.00
		16,714,285.05
Decreased by:		
Payments		11,111,302.02
Balance December 31, 2015		
School Tax Payable	2,776,447.09	
School Tax Deferred	2,826,535.94	
		5,602,983.03
Current Year Liability for Local School District School Tax:		
Tax Paid		11,111,302.02
Tax Payable Ending		2,776,447.09
		13,887,749.11
Less: Tax Payable Beginning		2,681,783.11
Amount charged to Current Year Operations		$ 11,205,966.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2014	Transferred From 2015 Revenues	Received	Cancellation Adjustments	Balance Dec. 31, 2015
FEDERAL GRANTS:					
Federal Bulletproof Vest Partnership	$ 3,440.00				3,440.00
Federal Bulletproof Vest Partnership	1,127.50				1,127.50
Federal Body Armor	1,342.65				1,342.65
Federal Body Armor - 2014	1,854.85				1,854.85
Federal Body Armor - 2015	-	3,405.24	3,100.00		305.24
Total Federal	7,765.00	3,405.24	3,100.00	-	8,070.24
STATE GRANTS:					
Body Armor - State	-	2,604.85	2,604.85		-
Municipal Drug Alliance - 2015	-	15,407.00	15,407.00		-
Municipal Drug Alliance - 2014	16,245.31		636.14	838.31	14,770.86
Atlantic County Drainage Improvements	142,087.00				142,087.00
Clean Communities - 2015	-	19,528.54	19,528.54		-
Driving Sober or Get Pulled Over 2014	8,950.00		8,800.00	150.00	-
Driving Sober or Get Pulled Over 2015	-	5,000.00			5,000.00
COPS in Shops	-	1,200.00	1,200.00		-
N.J. Transportation Trust Fund Authority Act	4,255.52				4,255.52
Click it or Ticket	-	4,000.00	4,000.00		-
NJDOT - 2015	-	175,000.00			175,000.00
N.J. Transportation Trust Fund Authority Act	42,494.48				42,494.48
NJ Hazard Mitigation Grant	668,513.00				668,513.00
NJ Hazard Mitigation Grant-Turner Ave	342,675.00				342,675.00
NJ Hazard Mitigation Grant-Absecon Creek	436,275.00				436,275.00
Total State	1,661,495.31	222,740.39	52,176.53	988.31	1,831,070.86
	$ 1,669,260.31	226,145.63	55,276.53	988.31	1,839,141.10

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FERERAL AND STATE GRANTS

	Balance December 31, 2014 Appropriated	Reserve for Encumbrances	2015 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2015
FEDERAL GRANTS:							
Federal Bulletproof Vest Partnership	$ 753.65	387.50					1,141.15
Body Armor Federal	1,854.85			1,317.50	387.50		149.85
Body Armor Federal	-		3,405.24				3,405.24
Emergency Management Assistance	885.10						885.10
FEMA Hazard Mitigation Grant-Turner Ave	297,675.00	18,000.00		9,900.00			305,775.00
FEMA Hazard Mitigation Grant-Absecon Creek	377,025.00	13,920.00		6,345.00			384,600.00
FEMA Hazard Mitigation Grant	600,263.00	54,750.00			54,750.00		600,263.00
Total Federal	1,278,456.60	87,057.50	3,405.24	17,562.50	55,137.50	-	1,296,219.34
STATE GRANTS:							
Drunk Driving Enforcement Fund 2014	7,489.59			299.00			7,190.59
Drunk Driving Enforcement Fund 2013	3,679.89			3,133.66			546.23
Clean Communities - 2015			19,528.54	12,955.81	381.19		6,191.54
Clean Communities - 2014		725.00		725.00			-
Recycling Tonnage			12,960.99	12,960.99			-
COPS in Shops			1,200.00	1,200.00			-
Click it or Ticket			4,000.00	4,000.00			-
Driving Sober or Get Pulled Over 2014	7,150.00			7,000.00		150.00	-
Driving Sober or Get Pulled Over 2015			5,000.00	800.00			4,200.00
N.J. Transportation Trust Fund Authority Act		22,743.21		22,408.66		334.55	(0.00)
NJ DOT Transportation - 2015			175,000.00	46,743.63	128,256.37		-
Sustainable Jersey Grant	1.15	301.00		301.00			1.15
State Body Armor			2,604.85				2,604.85
Body Armor	9,179.19						9,179.19
Body Armor State	2,221.28	387.50		1,317.50	387.50		903.78
Municipal Alliance on Alcoholism and Drug Abuse							
County Share			15,407.00	636.14			14,770.86
Local Share	-		3,852.00	3,852.00			-
Municipal Alliance on Alcoholism and Drug Abuse							
County Share	16,244.43			14,691.21		1,553.22	-
Local Share	3,316.08						3,316.08
LOCAL:							
Atlantic County Drainage Improvements	155,587.00						155,587.00
ACUA	200.00						200.00
Total State	205,068.61	24,156.71	239,553.38	133,024.60	129,025.06	2,037.77	204,691.27
	$ 1,483,525.21	111,214.21	242,958.62	150,587.10	184,162.56	2,037.77	1,500,910.61

Exhibit A - 13

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

Purpose		Balance Dec. 31, 2014	Transferred To 2015 Approproriations	Received	Balance Dec. 31, 2015
FEDERAL GRANTS:					
None	$				-
Total Federal		-	-	-	-
STATE GRANTS:					
Recycling Tonnage Grant		12,960.99	12,960.99		-
Total State		12,960.99	12,960.99	-	-
	$	12,960.99	12,960.99	-	-

Exhibit B-1

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2014			$	2,153.48
Increased By Receipts:				
Dog Licenses Fees	$	655.40		
State License Fees		171.60		
Late Fees		135.00		
				962.00
				3,115.48
Decreased By Disbursements:				
Animal Control Expenditures		654.00		
Due to Current Fund		721.28		
Due to State of New Jersey		172.80		
				1,548.08
Balance December 31, 2015			$	1,567.40

Exhibit B-3

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2014 - Treasurer		$ 740,768.56
Balance December 31, 2014 - Collector		157,097.55
		897,866.11
Increased By Receipts:		
Redemption of Outside Liens	$ 364,687.49	
Tax Premiums Received	861,200.00	
Reserve for Recreation	18,732.47	
Payroll Deductions Payable	4,495,564.57	
Reserve for Cat Licenses	35.00	
Reserve for Planning and Zoning Escrow	363,693.33	
Reserve for Disposal of Forfeited Property	1,486.00	
Reserve for Fire Safety Penalty Act	350.00	
Reserve for Small Cities Grant	27.50	
Reserve for Performance Bond	543,145.62	
Reserve for Accumulated Leave	75,000.00	
Reserve for P.O.A.A.	64.00	
Reserve for Security Bonds and Deposits	4,550.00	
		6,728,535.98
		7,626,402.09
Decreased By Disbursements:		
Reserve for Outside Liens	275,615.74	
Reserve for Tax Premiums	274,974.05	
Reserve for Recreation	7,084.44	
Reserve for Small Cities Grant	27,128.00	
Payroll Deductions Payable	4,498,938.34	
Reserve for Cat Licenses	12.05	
Reserve for Planning and Zoning Escrow	180,182.47	
Reserve for Disposal of Forfeited Property	3,307.12	
Reserve for Accumulated Leave	162,142.06	
Reserve for Performance Bond	28,788.92	
Reserve for Security Bonds and Deposits	1,550.00	
		5,459,723.19
Balance December 31, 2015		$ 2,166,678.90
Balance December 31, 2015 - Treasurer		$ 1,334,283.65
Balance December 31, 2015 - Collector		832,395.25
		$ 2,166,678.90

Exhibit B-4

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2014		$	1,431.00
Increased By:			
Dog Licenses Fees Collected	$ 655.40		
Late Fees Collected	135.00		
			790.40
			2,221.40
Decreased By Disbursements:			
Animal Control Expenditures	654.00		
			654.00
Balance December 31, 2015		$	1,567.40

License Fees Collected	Year	
	2013	785.00
	2014	934.00
		$ 1,719.00

Exhibit B-5

TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2014			$	721.28
Increased By:				
Statutory Excess in Reserves for Expenditures	$	-		
				-
				721.28
Decreased By:				
Cash Disbursements		721.28		
				721.28
Balance December 31, 2015			$	-

Exhibit B-6

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2014			$	1.20
Increased By:				
Collected in 2015	$	171.60		
				171.60
				172.80
Decreased By:				
Paid to State of New Jersey		172.80		
				172.80
Balance December 31, 2015			$	-

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2014		$ 1,115,775.50
Increased by:		
Bond Anticipation Notes Issued	$ 903,355.00	
Capital Improvement Fund	60,000.00	
		963,355.00
		2,079,130.50
Decreased by:		
Improvement Authorizations	1,499,514.87	
		1,499,514.87
Balance December 31, 2015		$ 579,615.63

See Accompanying Auditor's Report

Exhibit C - 3

GENERAL CAPITAL FUND
ANALYSIS OF CASH

		Balance	Receipts		Disbursements	Transfers		Balance
		Dec. 31, 2014	Miscellaneous	Debt Issued	Improvement Authorizations	From	To	Dec. 31, 2015
Fund Balance		$ 3,765.00					19,017.10	22,782.10
Capital Improvement Fund		-	60,000.00			47,545.00		12,455.00
Contracts Payable		739,375.94				739,375.94	310,297.96	310,297.96
Improvement Authorizations:								
5-13	Various Improvements	94,854.21			84,528.01	7,155.18	8,920.00	12,091.02
16-13	Road Improvements	20,712.45						20,712.45
7-14	Various Improvements	9,510.33			17,847.82	68.35	9,727.94	1,322.10
8-14	Various Improvements	244,232.57			800,961.06	33,999.51	720,728.00	130,000.00
25-14	Pitney Park Improvements	3,325.00			66,500.00			(63,175.00)
5-15	Various Improvements	-		903,355.00	529,677.98	288,092.02	47,545.00	133,130.00
		$ 1,115,775.50	60,000.00	903,355.00	1,499,514.87	1,116,236.00	1,116,236.00	579,615.63

Exhibit C - 4

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014		$	-
Increased by:			
Current Fund Budget Appropriation	60,000.00		
			60,000.00
			60,000.00
Decreased by:			
Financed Improvement Authorization	47,545.00		
			47,545.00
Balance December 31, 2015		$	12,455.00

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

Balance December 31, 2014		$	2,300,000.00
Increased by:			
None	-		
			-
			2,300,000.00
Decreased by:			
Serial Bonds Paid	560,000.00		
			560,000.00
Balance December 31, 2015		$	1,740,000.00

Exhibit C - 6

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

		Balance	2015	Raised in		Balance	Analysis of Balance		
Ord #	Improvement Description	Dec. 31, 2014	Authorizations	2015 Budget	Debt Issued	Dec. 31, 2015	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
5-13	Various Improvements	$ 253,300.00		253,300.00		$ -			
8-14	Various Improvements	1,197,000.00				1,197,000.00	1,197,000.00		
25-14	Various Improvements	63,175.00				63,175.00		63,175.00	
5-15	Various Improvements	-	903,355.00			903,355.00	903,355.00		
		$ 1,513,475.00	903,355.00	253,300.00	-	$ 2,163,530.00	2,100,355.00	63,175.00	-

Exhibit C - 7

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

				Balance December 31, 2014		Authorizations				Balance December 31, 2015	
Ord #	Improvement Description	Ord. Date	Amount	Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Authorizations Canceled	Funded	Unfunded
5/13	Various Improvements	5/16/2013	514,000	$ -	94,854.21			82,708.01	55.18	$ 12,091.02	
16/13	Road Improvements	11/21/2013	42,000	20,712.45				-		20,712.45	
7/14	Various Improvements	4/3/2014	79,115	9,510.33				8,119.88	68.35	1,322.10	
8/14	Various Improvements	4/17/2014	1,260,000		244,232.57			95,339.00	18,893.57		130,000.00
25/14	Pitney Park Improvements	12/18/2014	66,500	3,325.00	63,175.00			66,500.00		-	-
5/15	Various Improvements	5/7/2015	950,900			47,545.00	903,355.00	817,770.00			133,130.00
				$ 33,547.78	402,261.78	47,545.00	903,355.00	1,070,436.89	19,017.10	$ 34,125.57	263,130.00

Cash Disbursed	$ 1,499,514.87
Prior Year Payable	(739,375.94)
Contracts Payable	310,297.96
	$ 1,070,436.89

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015 Date	Maturities of Bonds Outstanding December 31, 2015 Amount	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
General Improvements	5/29/2008	4,400,000	8/1/2016	560,000.00	3.250%	$ 2,300,000.00		560,000.00	1,740,000.00
			8/1/2017	580,000.00	3.500%				
			8/1/2018	600,000.00	3.500%				
						$ 2,300,000.00	-	560,000.00	1,740,000.00

Exhibit C - 9

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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Various Capital Improvements	5-13	8/8/2013	8/6/2014	8/6/2015	1.000%	$ 253,300.00		253,300.00	-
Various Capital Improvements	8-14	8/6/2014	8/6/2014	8/6/2015	1.000%	1,197,000.00		1,197,000.00	-
			8/4/2015	8/4/2016	0.77%		1,197,000.00		1,197,000.00
Various Capital Improvements	5-15	8/4/2015	8/4/2015	8/4/2016	0.77%	-	903,355.00		903,355.00
						$ 1,450,300.00	2,100,355.00	1,450,300.00	2,100,355.00

	Increased	Decreased
Note Rollover	1,197,000.00	1,197,000.00
Cash Receipts	903,355.00	
Budget Paydown		253,300.00
	2,100,355.00	1,450,300.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Balance Dec. 31, 2015
25-14	Various Improvements	$ 63,175.00			63,175.00
5-15	Various Improvements	-	903,355.00	903,355.00	-
		$ 63,175.00	903,355.00	903,355.00	63,175.00

SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

		Operating Fund			Capital Fund
Balance December 31, 2014	$		1,082,501.57		29,917.40
Increased by Receipts:					
Collector		1,360,466.50			
Miscellaneous Revenue		29,199.75			
Prepaid Rents		274,569.50			
Utility Lien Collections					
Sewer Overpayments		736.00			
			1,664,971.75		-
			2,747,473.32		29,917.40
Decreased by Disbursements:					
Current Year Appropriation		1,506,366.94			
Prior Year Appropriations		35,714.28			
Sewer Overpayments		1,823.00			
			1,543,904.22		-
Balance December 31, 2015	$		1,203,569.10		29,917.40

SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2014	Receipts Miscellaneous	Receipts Debt Issued	Disbursements Improvement Authorizations	Disbursements Miscellaneous	Transfers From	Transfers To	Balance Dec. 31, 2015
Fund Balance	$ 2,103.29							2,103.29
Capital Improvement Fund	27,814.11							27,814.11
Improvement Authorizations:								
None	-							-
	$ 29,917.40	-	-	-	-	-	-	29,917.40

Exhibit D - 7

SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2014			$	100,550.62
Increased by Receipts:				
Consumer Accounts Charges and Levies	$	1,627,841.00		
				1,627,841.00
				1,728,391.62
Decreased by Disbursements:				
Collections		1,360,466.50		
Prepaids Applied		256,506.00		
Transfers to Liens		8,437.00		
				1,625,409.50
Balance December 31, 2015			$	102,982.12

Exhibit D - 8

SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS

Balance December 31, 2014			$	1,640.00
Transferred from Consumer Accounts Receivable	$	1,664.00		
Penalties and Costs		320.00		
Tax Sale		6,773.00		
				8,757.00
				10,397.00
Decreased by Disbursements:				
Collections		4,914.00		
				4,914.00
Balance December 31, 2015			$	5,483.00

SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
Operating:					
Salaries and Wages	$ 25,896.03	25,896.03		25,896.03	-
Other Expenses	67,459.77	67,459.77	35,714.28	31,745.49	-
Capital Improvements					
Capital Outlay	5,399.02	5,399.02		5,399.02	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	2,318.97	2,318.97		2,318.97	-
Unemployment Compensation Insurance	158.94	158.94		158.94	-
	$ 101,232.73	101,232.73	35,714.28	65,518.45	-

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CITY OF ABSECON

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2015

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. Due to the City having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is $40,000.

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

Our examination of expenditures did not reveal payments in excess of the bid threshold "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:

Pitney Park Baseball Field Improvements – Phase I
Pitney Park Baseball Field Improvements – Phase II
2015 Road Program
Reconstruction of Pennsylvania Avenue

Collection of Interest on Delinquent Taxes and Assessments

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

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

"BE IT RESOLVED" by the City Council of the City of Absecon, in accordance with Chapter 435, New Jersey Laws of 1979, and N.J.S.A 54:4-67, 54:5-32, 54:5-24 and 54:5-35, which authorizes the Governing Body to fix the rate of interest to be charged, in the City of Absecon, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at 8 percent per annum on the first $1,500 of delinquency and 18% per annum on any amount in excess of $1,500 to be calculated from the date when the taxes and assessments become delinquent. In addition, a 6% penalty is authorized for delinquencies in excess of $10,000 at the end of the year.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held March 17, 2015 and was complete.

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

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

Year	Number
2015	53
2014	32
2013	22

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges 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:

Type:	Number Mailed
Payments of 2015 and 2016 Taxes	10
Delinquent Taxes	10
Current Sewer Rents	10
Delinquent Sewer Rents	5
Total	35

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.

	Currently		
Year	Tax Levy	Cash Collections	Percentage of Collections
2015	$ 22,468,179.70	21,900,879.16	97.48%
2014	22,151,339.48	21,579,227.55	97.42%
2013	21,831,313.33	21,412,579.66	98.08%
2012	21,111,379.97	20,089,012.59	95.16%
2011	21,115,519.19	20,358,910.52	96.42%

Comparative Schedule of Tax Rate Information

		2015	2014	2013 *	2012	2011
Tax Rate	$	3.135	3.092	3.043	2.070	2.044
Apportionment of Tax Rate:						
Municipal		1.027	1.062	1.062	0.732	0.710
County		0.539	0.491	0.466	0.309	0.306
Local School		1.569	1.539	1.515	1.029	1.028
Assessed Valuation		715,982,670	715,982,670	717,185,260	1,018,328,424	1,030,628,805

* reassessment

Delinquent Taxes and Tax Title Liens

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

Year		Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2015	$	137,418.09	331,032.28	468,450.37	2.08%
2014		77,389.21	478,728.85	556,118.06	2.51%
2013		56,397.47	320,131.58	376,529.05	1.72%
2012		24,046.60	455,229.41	479,276.01	2.27%
2011		15,596.66	362,464.43	378,061.09	1.79%

Deposit of Municipal Funds

N.J.S. 40A:5-15 states:

> “All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either
>
> a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
> b. be deposited to the credit of the local unit in its designated legal depository.”

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

FINDINGS AND RECOMMENDATIONS

None

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to comments, if any.

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

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

Leon P. Costello

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

April 8, 2016