CITY OF ABSECON

COUNTY OF ATLANTIC

REPORT OF AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2016

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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CITY OF ABSECON

PART 1

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Absecon
Absecon, New Jersey 08201

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Absecon, in the County of Atlantic, State of New Jersey, as of December 31, 2016, and the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 City'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 City'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.

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Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of 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 the State 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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" 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 the City of Absecon, in the County of Atlantic, State of New Jersey, as of December 31, 2016, or the results of its operations and changes in fund balance for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Absecon, in the County of Atlantic, State of New Jersey, as of December 31, 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2016, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Prior Period Financial Statements

The financial statements of the City of Absecon as of December 31, 2015, were audited by other auditors whose report dated April 8, 2016, expressed an adverse opinion under accounting principles generally accepted in the United States of America and a qualified opinion under the regulatory basis of accounting due to the City's trust fund balances of the Length of Service Awards Program not being audited.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017 on our consideration of the City of Absecon, in the County of Atlantic, State of New Jersey, 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.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Michael D Cesaro

Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 20, 2017

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Absecon
Absecon, New Jersey 08201

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the City of Absecon, in the County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 20, 2017. That report indicated that the City of Absecon's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Absecon's internal 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 of Absecon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Absecon's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Absecon'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*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Michael D Cesaro

Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 20, 2017

CITY OF ABSECON
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2016 and 2015

ASSETS:	Ref.	2016	2015
Regular Fund:			
Cash	SA-1	$ 6,700,110.34	$ 5,694,875.14
Change Fund	SA-3	550.00	550.00
		6,700,660.34	5,695,425.14
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-5	289,354.24	331,032.28
Tax Title Liens Receivable	SA-6	137,777.61	137,318.09
Revenue Accounts Receivable	SA-7	8,845.22	9,740.72
Property Acquired for Taxes -- Assessed Valuation		416,200.00	416,200.00
Police Detail Receivable	SA-1	7,727.50	11,990.00
Due from Federal and State Grant Fund	SA-18	57,180.12	154,067.93
		917,084.69	1,060,349.02
Total Current Fund		7,617,745.03	6,755,774.16
Federal and State Grant Fund:			
Federal and State Grants Receivable	SA-17	1,811,474.24	1,839,141.10
Total Federal and State Grant Fund		1,811,474.24	1,839,141.10
Total Assets		$ 9,429,219.27	$ 8,594,915.26

(Continued)

CITY OF ABSECON
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2016 and 2015

LIABILITIES, RESERVES AND FUND BALANCE:	Ref.	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-9	$ 498,960.23	$ 473,359.61
Reserve for Encumbrances	A-3, SA-9	320,899.30	335,712.94
Due State of New Jersey --			
Veterans' and Senior Citizens' Deductions	SA-4	2,883.35	1,069.48
Marriage and Domestic Partnership Licenses	SA-8	275.00	375.00
Uniform Construction Code - State Training Fees	SA-16	4,054.00	2,276.00
Accounts Payable	SA-10	7,640.00	11,460.00
Prepaid Taxes	SA-11	375,009.83	397,601.25
Tax Overpayments	SA-12	13,219.15	24,401.99
Due to County -- Added and Omitted Taxes	SA-14	10,701.45	9,786.91
Due Local School Tax Payable	SA-15	2,926,328.59	2,776,447.09
Due to Sewer Utility Operating Fund	SD-9		5,282.08
		4,159,970.90	4,037,772.35
Reserves for Receivables and Other Assets		917,084.69	1,060,349.02
Fund Balance	A-1	2,540,689.44	1,657,652.79
Total Current Fund		7,617,745.03	6,755,774.16
Federal and State Grant Fund:			
Due to Current Fund	SA-18	57,180.12	154,067.93
Reserve for Federal and State Grants -- Appropriated	SA-20	1,696,757.71	1,500,910.61
Reserve for Encumbrances	SA-20	57,536.41	184,162.56
Total Federal and State Grant Fund		1,811,474.24	1,839,141.10
Total Liabilities, Reserves and Fund Balance		$ 9,429,219.27	$ 8,594,915.26

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

CITY OF ABSECON
CURRENT FUND
Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenue and Other Income Realized		
Fund Balance Utilized	$ 469,000.00	$ 363,000.00
Miscellaneous Revenues Anticipated	2,158,000.67	1,814,370.26
Receipts from Delinquent Taxes	357,432.99	465,482.92
Receipts from Current Taxes	22,186,276.16	21,900,879.16
Non-Budget Revenues	203,028.91	481,962.20
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	362,159.32	382,843.27
Cancellation of Reserves for Federal and State Grants	4,665.57	2,037.77
Liquidation of Reserve for:		
Interfund Returned		3,416.28
Police Detail Receivable	4,262.50	
Due Federal and State Grant Fund	96,887.81	
Total Income	25,841,713.93	25,413,991.86
Expenditures		
Budget and Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	3,516,500.00	3,475,600.00
Other Expenses	3,411,596.00	3,416,296.00
Deferred Charges and Regulatory Expenditures Within "CAPS"	962,530.00	913,519.73
Operations Excluded from "CAPS":		
Salaries and Wages	24,127.70	5,000.00
Other Expenses	546,020.46	525,031.93
Capital Improvements Excluded from "CAPS"	173,000.00	60,000.00
Deferred Charges excluded from "CAP"		109,100.00
Municipal Debt Service Excluded from "CAPS"	635,672.73	906,402.99
County Taxes	3,699,134.37	3,592,953.21
County Added and Omitted Taxes	10,701.45	9,786.91
Local District School Tax	11,505,729.00	11,205,966.00
Refund Prior Revenue		35.76
Deductions Disallowed by Collector -- Prior Year Taxes		250.00
Cancellation of Federal and State Grants Receivable	4,665.57	988.31
Creation of Reserves for:		
Interfund Created		105,460.53
Total Expenditures	24,489,677.28	24,326,391.37

(Continued)

CITY OF ABSECON
CURRENT FUND
Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Excess in Revenue	$ 1,352,036.65	$ 1,087,600.49
Fund Balance		
Balance Jan. 1	1,657,652.79	933,052.30
	3,009,689.44	2,020,652.79
Decreased by:		
Utilization as Anticipated Revenue	469,000.00	363,000.00
Balance Dec. 31	$ 2,540,689.44	$ 1,657,652.79

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

CITY OF ABSECON
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2016

	Anticipated Budget	Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	$ 469,000.00		$ 469,000.00	
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	10,000.00		10,200.00	$ 200.00
Other	15,000.00		15,449.00	449.00
Fees and Permits	45,000.00		50,778.01	5,778.01
Fines and Costs - Municipal Court	135,000.00		140,249.94	5,249.94
Interest and Costs on Taxes	75,000.00		79,988.66	4,988.66
Interest on Investments and Deposits	9,000.00		17,759.13	8,759.13
Cable Franchise Fees	34,290.24		34,290.24	
Communications Tower Rental	100,000.00		109,397.74	9,397.74
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	754,465.00		754,464.94	(0.06)
Watershed Aid	3,337.00		3,337.00	
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):				
Uniform Construction Code Fees	105,000.00		376,630.00	271,630.00
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	15,251.02		15,251.02	
Clean Communities Program		$ 22,329.36	22,329.36	
Body Armor Fund		2,504.97	2,504.97	
Municipal Alliance on Alcoholism and Drug Abuse	15,407.00		15,407.00	
NJ DOT Municipal Aid Program		196,000.00	196,000.00	
Sustainable Jersey Small Grants Program		2,000.00	2,000.00	
Click it or Ticket		5,000.00	5,000.00	
Drive Sober or Get Pulled Over		5,000.00	5,000.00	
Drunk Driving Enforcement Fund		14,127.70	14,127.70	
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items:				
Uniform Fire Safety Act	11,000.00		12,571.32	1,571.32
Occupancy Tax	200,000.00		252,264.64	52,264.64
Library Funds Dedicated for Pension/Insurance	23,000.00		23,000.00	
Total Miscellaneous Revenues	1,550,750.26	246,962.03	2,158,000.67	360,288.38
Receipts from Delinquent Taxes	330,000.00		357,432.99	27,432.99
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	7,070,298.76		7,368,275.50	297,976.74
Minimum Library Tax	258,676.11		258,676.11	
	7,328,974.87		7,626,951.61	297,976.74
Budget Totals	9,678,725.13	246,962.03	10,611,385.27	685,698.11
Non-Budget Revenues			203,028.91	203,028.91
	$ 9,678,725.13	$ 246,962.03	$ 10,814,414.18	$ 888,727.02

(Continued)

CITY OF ABSECON
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2016

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	$ 22,186,276.16
Allocated to:	
Schools and County Taxes	15,215,564.82
Balance for Support of Municipal Budget Appropriations	6,970,711.34
Add: Appropriation "Reserve for Uncollected Taxes"	656,240.27
Amount for Support of Municipal Budget Appropriations	$ 7,626,951.61
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	$ 316,329.49
Tax Title Liens	41,103.50
	$ 357,432.99

Analysis of Non-Budget Revenues

Treasurer:	
Receipts:	
Administrative Fee for Senior Citizen and Veterans Deductions	$ 1,997.06
Copies	1,531.12
Bad Check Fee	240.00
Duplicate Tax Bill	385.00
Police Fees	2,875.65
Building Inspection	535.00
Payment in Lieu of Taxes	500.00
Sale of Assets	11,322.00
Recycling	245.00
Community Champions	33,300.00
Other Miscellaneous	92,201.15
Insurance Reimbursements	30,629.37
Administration Fees Police Outside Employment	26,567.56
Miscellaneous Fees Collector	150.00
Alarm Fines	550.00
	$ 203,028.91

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

CITY OF ABSECON
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Budget	Budget After Modification	Paid or Charged Expended	Paid or Charged Encumbered	Paid or Charged Reserved	Unexpended Balance Canceled
OPERATIONS -- WITHIN "CAPS"						
General Government Functions:						
General Administration						
Salaries and Wages	$ 31,000.00	$ 31,000.00	$ 30,089.02		$ 910.98	
Other Expenses	14,600.00	14,600.00	2,981.11	$ 3,532.50	8,086.39	
Mayor and Council						
Salaries and Wages	81,500.00	81,500.00	80,953.40		546.60	
Other Expenses	2,800.00	2,800.00	1,633.26	30.00	1,136.74	
Municipal Clerk						
Salaries and Wages	99,000.00	99,000.00	96,141.10		2,858.90	
Other Expenses	15,000.00	15,000.00	6,256.63	996.44	7,746.93	
Election Expenses	6,000.00	6,000.00	4,718.95		1,281.05	
Financial Administration						
Salaries and Wages	86,000.00	86,000.00	81,099.64		4,900.36	
Other Expenses	4,000.00	4,000.00	1,480.42	27.96	2,491.62	
Audit Services	23,400.00	23,400.00	23,400.00			
Information Technology						
Other Expenses	40,000.00	40,000.00	33,121.75	3,249.42	3,628.83	
Collection of Taxes						
Salaries and Wages	90,000.00	90,000.00	73,510.23		16,489.77	
Other Expenses	11,000.00	11,000.00	6,538.81	710.25	3,750.94	
Assessment of Taxes						
Salaries and Wages	50,000.00	50,000.00	49,194.44		805.56	
Other Expenses	8,000.00	8,000.00	5,024.14	848.38	2,127.48	
Legal Services						
Other Expenses	100,000.00	75,000.00	61,105.67	316.00	13,578.33	
Engineering Services						
Other Expenses	100,000.00	100,000.00	83,756.92	15,046.03	1,197.05	
Municipal Prosecutor						
Other Expenses	16,200.00	16,200.00	16,200.00			
Municipal Court						
Salaries and Wages	106,000.00	106,000.00	103,101.46		2,898.54	
Other Expenses	6,400.00	6,400.00	3,905.10	767.57	1,727.33	
Public Defender						
Other Expenses	5,400.00	5,400.00	5,400.00			
Land Use Administration:						
Planning Board						
Salaries and Wages	17,000.00	17,000.00	14,058.33		2,941.67	
Other Expenses	7,000.00	7,000.00	1,654.00	5,116.00	230.00	
Zoning Board						
Salaries and Wages	6,000.00	6,000.00	4,779.81		1,220.19	
Other Expenses	1,900.00	1,900.00	481.94		1,418.06	

(Continued)

CITY OF ABSECON
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Budget	Budget After Modification	Paid or Charged Expended	Paid or Charged Encumbered	Paid or Charged Reserved	Unexpended Balance Canceled
OPERATIONS -- WITHIN "CAPS" (CONT'D)						
Insurance:						
General Liability Insurance	$ 135,000.00	$ 110,000.00	$ 102,126.00		$ 7,874.00	
Worker's Compensation Insurance	303,000.00	303,000.00	303,000.00			
Group Employee Insurance	700,000.00	700,000.00	514,127.30	$ 146,212.39	39,660.31	
Public Safety Functions:						
Police Department						
Salaries and Wages	2,305,000.00	2,305,000.00	2,197,424.67		107,575.33	
Other Expenses	173,000.00	173,000.00	136,673.48	9,812.03	26,514.49	
Police Dispatch						
Salaries and Wages	255,000.00	255,000.00	234,059.77		20,940.23	
Other Expenses	26,000.00	26,000.00	19,027.65	6,338.09	634.26	
Fire Department						
Other Expenses	67,000.00	67,000.00	50,442.23	15,403.46	1,154.31	
Fire Hydrant Service	83,000.00	83,000.00	76,399.40	6,600.60		
Public Work Functions:						
Public Works						
Salaries and Wages	258,000.00	258,000.00	247,593.17		10,406.83	
Other Expenses	135,000.00	175,000.00	146,538.22	12,227.23	16,234.55	
Street Lighting	170,000.00	170,000.00	168,600.00		1,400.00	
Sanitation Trash Removal						
Contractual	137,000.00	137,000.00	123,841.63	11,258.33	1,900.04	
Tipping Fees	480,000.00	480,000.00	427,935.07	39,319.00	12,745.93	
Recycling Program						
Salaries and Wages	6,000.00	6,000.00	1,790.14		4,209.86	
Maintenance of Motor Vehicles						
Other Expenses	70,000.00	80,000.00	71,601.68	3,926.87	4,471.45	
Clean Communities Program						
Salaries and Wages	6,000.00	6,000.00	803.78		5,196.22	
Health and Welfare Functions:						
Animal Control Services						
Other Expenses	8,400.00	8,400.00	7,700.00	700.00		
Ambulance Service						
Other Expenses	50,496.00	50,496.00	50,091.24		404.76	
Recreation and Education Functions:						
Parks and Recreation						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	33,000.00	33,000.00	29,801.66		3,198.34	
Celebration of Public Events						
Other Expenses	55,000.00	55,000.00	37,614.36	3,479.86	13,905.78	

(Continued)

CITY OF ABSECON
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Budget	Budget After Modification	Paid or Charged Expended	Paid or Charged Encumbered	Paid or Charged Reserved	Unexpended Balance Canceled
OPERATIONS -- WITHIN "CAPS" (CONT'D)						
Uniform Fire Safety Act						
Salaries and Wages	$ 15,000.00	$ 15,000.00	$ 12,488.03		$ 2,511.97	
Uniform Construction Code:						
Appropriations Offset by Dedicated						
Revenues (N.J.A.C. 5:23-4.17)						
Construction Official						
Salaries and Wages	100,000.00	100,000.00	88,862.32		11,137.68	
Other Expenses	6,000.00	6,000.00	3,295.28	$ 444.74	2,259.98	
Utility Expenses and Bulk Purchases:						
Electric	118,000.00	118,000.00	88,229.64	11,680.29	18,090.07	
Telephone	78,000.00	78,000.00	69,842.32	2,172.39	5,985.29	
Gas	32,000.00	32,000.00	19,428.62	3,292.57	9,278.81	
Gasoline	60,000.00	60,000.00	28,449.43	4,322.61	27,227.96	
Water	13,000.00	13,000.00	10,308.38	1,269.85	1,421.77	
Unclassified:						
Office Supplies/Maintenance	40,000.00	40,000.00	33,460.63	5,159.97	1,379.40	
Compensated Absences Funding	75,000.00	75,000.00	75,000.00			
Total Operations - within "CAPS"	6,926,096.00	6,926,096.00	6,172,142.23	314,260.83	439,692.94	
Contingent	2,000.00	2,000.00	1,873.29	16.03	110.68	
Total Operations Including Contingent - within "CAPS"	6,928,096.00	6,928,096.00	6,174,015.52	314,276.86	439,803.62	
Detail:						
Salaries and Wages	3,516,500.00	3,516,500.00	3,320,949.31		195,550.69	
Other Expenses	3,411,596.00	3,411,596.00	2,853,066.21	314,276.86	244,252.93	
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL -- WITHIN "CAPS"						
Regulatory Expenditures:						
Contribution to:						
Public Employee's Retirement System	162,441.00	162,441.00	162,441.00			
Police and Firemen's Retirement System of N.J.	501,089.00	501,089.00	501,089.00			
Unemployment Insurance	14,000.00	14,000.00	12,965.41		1,034.59	
Social Security System (O.A.S.I.)	270,000.00	270,000.00	252,411.94		17,588.06	
Defined Contribution Retirement Program	15,000.00	15,000.00	8,844.99		6,155.01	
Total Deferred Charges and Regulatory Expenditures Municipal -- Within "CAPS"	962,530.00	962,530.00	937,752.34		24,777.66	
Total General Appropriations for Municipal Purposes within "CAPS"	7,890,626.00	7,890,626.00	7,111,767.86	314,276.86	464,581.28	

(Continued)

CITY OF ABSECON
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Budget	Budget After Modification	Paid or Charged: Expended	Paid or Charged: Encumbered	Paid or Charged: Reserved	Unexpended Balance Canceled
OPERATIONS -- EXCLUDED FROM "CAPS"						
Aid to Library	$ 258,676.11	$ 258,676.11	$ 258,676.11			
Length of Service Awards Program	30,000.00	30,000.00			$ 30,000.00	
Public and Private Programs Offset by Revenues:						
Clean Communities Program (N.J.S.A. 40A-87 + $22,329.36)		22,329.36	22,329.36			
Click it or Ticket (N.J.S.A. 40A-87 + $5,000.00)		5,000.00	5,000.00			
Drive Sober or Get Pulled Over (N.J.S.A. 40A-87 + $5,000.00)		5,000.00	5,000.00			
Drunk Driving Enforcement Grant (N.J.S.A. 40A-87 + $14,127.70)		14,127.70	14,127.70			
Body Armor Replacement Fund (N.J.S.A. 40A-87 + $2,504.97)		2,504.97	2,504.97			
NJ DOT Municipal Aid Program (N.J.S.A. 40A-87 + $196,000.00)		196,000.00	196,000.00			
Recycling Tonnage Grant	15,251.02	15,251.02	15,251.02			
Sustainable Jersey Small Grants Program (N.J.S.A. 40A-87 + $2,000.00)		2,000.00	2,000.00			
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			
Total Operations -- Excluded from "CAPS"	323,186.13	570,148.16	540,148.16		30,000.00	
Detail:						
Salaries and Wages		24,127.70	24,127.70			
Other Expenses	323,186.13	546,020.46	516,020.46		30,000.00	
CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"						
Capital Improvement Fund	84,000.00	84,000.00	84,000.00			
Computer Equipment	10,000.00	10,000.00	9,816.61		183.39	
Video Equipment	2,300.00	2,300.00			2,300.00	
Dispatch Console Upgrade	65,300.00	65,300.00	56,806.00	$ 6,622.44	1,871.56	
Recorder - 911/Radio/Telephone	11,400.00	11,400.00	11,376.00		24.00	
	173,000.00	173,000.00	161,998.61	6,622.44	4,378.95	
MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"						
Payment of Bond Principal	560,000.00	560,000.00	560,000.00			
Interest on Bonds	59,500.00	59,500.00	59,500.00			
Interest on Notes	16,172.73	16,172.73	16,172.73			
Total Municipal Debt Service -- Excluded from "CAPS"	635,672.73	635,672.73	635,672.73			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,131,858.86	1,378,820.89	1,337,819.50	6,622.44	34,378.95	
Subtotal General Appropriations	9,022,484.86	9,269,446.89	8,449,587.36	320,899.30	498,960.23	
Reserve for Uncollected Taxes	656,240.27	656,240.27	656,240.27			
Total General Appropriations (Carried Forward)	$ 9,678,725.13	$ 9,925,687.16	$ 9,105,827.63	$ 320,899.30	$ 498,960.23	$ -

(Continued)

CITY OF ABSECON
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Budget	Budget After Modification	Paid or Charged Expended	Paid or Charged Encumbered	Paid or Charged Reserved	Unexpended Balance Canceled
Total General Appropriations (Brought Forward)	$ 9,678,725.13	$ 9,925,687.16	$ 9,105,827.63	$ 320,899.30	$ 498,960.23	$ -
Appropriation by 40A:4-87		$ 246,962.03				
Budget		9,678,725.13				
		$ 9,925,687.16				
Reserve for Federal and State Grants -- Appropriated			$ 281,472.05			
Reserve for Uncollected Taxes			656,240.27			
Disbursements			8,168,115.31			
			$ 9,105,827.63			

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

CITY OF ABSECON
TRUST FUNDS
Statements of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2016 and 2015

ASSETS:	Ref.	2016	2015
Animal Control Fund:			
Cash	SB-1	$ 1,597.80	$ 1,567.40
Total Animal Control Fund		1,597.80	1,567.40
Other Funds:			
Cash	SB-1	1,729,059.67	2,166,678.90
Investments - Length of Service Awards Program	SB-2	308,307.32	314,317.00
Small Cities Revolving Loan Receivable	SB-5	115,274.20	115,274.20
Total Other Funds		2,152,641.19	2,596,270.10
Total Assets		$ 2,154,238.99	$ 2,597,837.50
LIABILITIES AND RESERVES:			
Animal Control Fund:			
Reserve for Dog License Fund Expenditures	SB-3	$ 1,597.80	$ 1,567.40
Total Animal Control Fund		1,597.80	1,567.40
Other Funds:			
Reserve for Payroll Deductions Payable	SB-6	28,574.36	25,276.09
Miscellaneous Trust Reserves:			
Length of Service Awards Program (LOSAP)	SB-7	308,307.32	314,317.00
Recreation Trust	SB-7	49,747.60	67,992.25
Tax Title Lien Redemption	SB-7	5,655.34	104,369.30
Premiums Received at Tax Sale	SB-7	577,800.00	728,025.95
Uniform Fire Safety Act Penalty Monies	SB-7	3,526.18	3,526.18
Planning and Zoning	SB-7	183,795.46	337,934.69
Parking Offense Adjudication Act	SB-7	298.64	188.64
Small Cities Revolving Loan Fund	SB-7	115,274.20	115,274.20
Disposal of Forfeited Property	SB-7	51,239.79	45,062.79
Accumulated Absences	SB-7	191,699.49	192,921.30
Small Cities Grant	SB-7	8,241.36	8,224.85
Cat Licenses	SB-7	356.68	332.70
Performance Bond	SB-7	624,124.77	647,424.16
Security Deposits	SB-7	4,000.00	3,500.00
Security Bond	SB-7		1,900.00
Total Other Funds		2,152,641.19	2,596,270.10
Total Liabilities and Reserves		$ 2,154,238.99	$ 2,597,837.50

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

CITY OF ABSECON
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2016 and 2015

ASSETS:	Ref.	2016	2015
Cash	SC-1, SC-2	$ 809,847.81	$ 579,615.63
Deferred Charges to Future Taxation:			
Funded	SC-3	1,180,000.00	1,740,000.00
Unfunded	SC-4	3,759,530.00	2,163,530.00
Total Assets		$ 5,749,377.81	$ 4,483,145.63
LIABILITIES, RESERVES AND FUND BALANCE:			
Improvement Authorizations:			
Funded	SC-5	$ 2,680.22	$ 34,125.57
Unfunded	SC-5	556,255.49	263,130.00
Contracts Payable	SC-5	185,030.00	310,297.96
Capital Improvement Fund	SC-6	12,455.00	12,455.00
General Serial Bonds	SC-7	1,180,000.00	1,740,000.00
Bond Anticipation Notes	SC-8	3,759,530.00	2,100,355.00
Fund Balance	C-1	53,427.10	22,782.10
Total Liabilities and Reserves		$ 5,749,377.81	$ 4,483,145.63

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

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$	22,782.10
Increased by:		
Premium Collected on Sale of Bond Anticipation Notes		30,645.00
Balance Dec. 31, 2016	$	53,427.10

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

CITY OF ABSECON
SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2016 and 2015

ASSETS:	Ref.	2016	2015
Operating Fund:			
Cash	SD-1	$ 1,328,539.67	$ 1,203,569.10
Due Current Fund	SD-9		5,282.08
		1,328,539.67	1,208,851.18
Receivables with Full Reserves:			
Sewer Consumer Accounts Receivable	SD-4	76,834.03	102,982.12
Sewer Liens Receivable	SD-5	1,956.00	5,483.00
		78,790.03	108,465.12
Total Operating Fund		1,407,329.70	1,317,316.30
Capital Fund:			
Cash	SD-1	29,917.40	29,917.40
Fixed Capital	SD-6	3,524,325.58	3,513,106.35
Total Capital Fund		3,554,242.98	3,543,023.75
Total Assets		$ 4,961,572.68	$ 4,860,340.05

(Continued)

CITY OF ABSECON
SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2016 and 2015

LIABILITIES, RESERVES AND FUND BALANCE:	Ref.	2016	2015
Operating Fund:			
Appropriation Reserves	D-3, SD-7	$ 104,116.42	$ 105,517.82
Reserve for Encumbrances	D-3, SD-7	686.42	1,115.24
Sewer Rent Overpayments	SD-8	314.00	736.00
Prepaid Sewer Rents	SD-10	265,714.52	274,569.50
		370,831.36	381,938.56
Reserve for Receivables		78,790.03	113,747.20
Fund Balance	D-1	957,708.31	821,630.54
Total Operating Fund		1,407,329.70	1,317,316.30
Capital Fund:			
Capital Improvement Fund		27,814.11	27,814.11
Reserve for Amortization	SD-11	3,524,325.58	3,513,106.35
Fund Balance		2,103.29	2,103.29
Total Capital Fund		3,554,242.98	3,543,023.75
Total Liabilities, Reserves and Fund Balance		$ 4,961,572.68	$ 4,860,340.05

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

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenue and Other Income Realized		
Fund Balance Anticipated	$ 40,000.00	
Sewer Rents	1,655,167.06	$ 1,616,972.50
Miscellaneous	30,638.30	29,199.75
Other Credits to Income:		
Liquidation of Prior Year Interfund Receivable	5,282.08	
Unexpended Balance of Appropriation Reserves	94,990.33	65,518.45
Total Income	1,826,077.77	1,711,690.70
Expenditures		
Operating	1,583,000.00	1,546,000.00
Capital Improvements	20,000.00	20,000.00
Deferred Charges and Statutory Expenditures	47,000.00	47,000.00
Total Expenditures	1,650,000.00	1,613,000.00
Regulatory Excess to Surplus	176,077.77	98,690.70
Fund Balance		
Balance January 1	821,630.54	722,939.84
	997,708.31	821,630.54
Decreased by:		
Utilized as Revenue	40,000.00	
Balance December 31	$ 957,708.31	$ 821,630.54

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

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2016

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	$ 40,000.00	$ 40,000.00	
Sewer Rents	1,610,000.00	1,655,167.06	$ 45,167.06
Miscellaneous		30,638.30	30,638.30
	$ 1,650,000.00	$ 1,725,805.36	$ 75,805.36

Analysis of Realized Revenues:

Rents:		
Consumer Accounts Receivable	$ 1,651,640.06	
Sewer Utility Liens	3,527.00	
		$ 1,655,167.06
Miscellaneous:		
Interest and Costs on Delinquent Rents:		
Collector		$ 27,824.20
Treasurer:		
Receipts:		
Interest Earned on Deposits	$ 2,614.10	
Miscellaneous	200.00	
		2,814.10
		$ 30,638.30

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

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Expended			Unexpended
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Balance Cancelled
Sewer Operating:						
Salaries and Wages	$ 225,000.00	$ 225,000.00	$ 212,502.45		$ 12,497.55	
Other Expenses	1,358,000.00	1,358,000.00	1,277,351.33	$ 686.42	79,962.25	
Total Operating	1,583,000.00	1,583,000.00	1,489,853.78	686.42	92,459.80	
Capital Improvements:						
Capital Outlay	20,000.00	20,000.00	11,219.23		8,780.77	
Total Capital Improvements	20,000.00	20,000.00	11,219.23		8,780.77	
Deferred Charges and Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	28,000.00	28,000.00	28,000.00			
Social Security System (O.A.S.I.)	18,400.00	18,400.00	15,730.10		2,669.90	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	600.00	600.00	394.05		205.95	
Total Deferred Charges and Statutory Expenditures	47,000.00	47,000.00	44,124.15		2,875.85	
	$ 1,650,000.00	$ 1,650,000.00	$ 1,545,197.16	$ 686.42	$ 104,116.42	$ -

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

CITY OF ABSECON
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of Changes in General Fixed Assets -- Regulatory Basis
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Additions	Deletions	Balance Dec. 31, 2016
Fixed Assets:				
Land and Land Improvements	$ 30,108,550.00			$ 30,108,550.00
Building and Building Improvements	6,444,935.00			6,444,935.00
Machinery, Vehicles and Equipment	3,020,644.04	$ 203,806.35	$ 97,450.79	3,126,999.60
Total Fixed Assets	$ 39,574,129.04	$ 203,806.35	$ 97,450.79	$ 39,680,484.60

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

CITY OF ABSECON
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Absecon (hereafter referred to as the "City") was incorporated in 1902. The City has a total area of approximately six square miles and is located in eastern Atlantic County, New Jersey. The City borders Atlantic City, Pleasantville, Galloway Township, and Egg Harbor Township. According to the 2010 census, the population is 8,411.

The City is governed under the Mayor-Council form of government, where the seven-member council is elected from wards and is the legislative body of the City. The Mayor is chosen through a separate election and is the Chief Executive Officer of the City. The City employs an administrator who is responsible for the day-to-day operations.

Component Units - The financial statements of the component unit of the City are not presented in accordance with Governmental Accounting Standards Board GASB Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the City, the primary government:

Absecon Public Library
305 New Jersey Avenue
Absecon, New Jersey 08201

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the City contain all funds and account groups in accordance with the *Requirements of Audit* ("*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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 respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>

In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds which are described as follows:

<u>Current Fund</u> - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

<u>Trust Funds</u> - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

<u>General Capital Fund</u> - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

<u>Sewer Utility Operating and Capital Funds</u> - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

<u>General Fixed Asset Group of Accounts</u> - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

<u>Budgets and Budgetary Accounting</u> - The City must adopt an annual budget for its current and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

<u>Cash, Cash Equivalents and Investments</u> - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the City's length of service awards program, however, are stated at fair value.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Cash, Cash Equivalents and Investments (Cont'd)

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of $5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the City's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the City's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the County of Atlantic, and the City of Absecon School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The City is responsible for levying, collecting, and remitting school taxes for the City of Absecon School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Atlantic. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for “other expenses”, an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a “local Improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits might not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected 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 agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

As of December 31, 2016, the City's bank balances of $10,663,776.73 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	$ 9,480,129.56
Uninsured and Uncollateralized	1,183,647.17
Total	$ 10,663,776.73

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

	Year Ended				
	2016	**2015**	**2014**	**2013**	**2012**
Tax Rate	$ 3.176	$ 3.135	$ 3.092	$ 3.043	$ 2.070
Apportionment of Tax Rate:					
Municipal	$ .996	$ 1.027	$ 1.024	$ 1.022	$ .702
Municipal Library	.036	.036	.038	.040	.030
County	.522	.503	.491	.466	.309
Local School	1.622	1.569	1.539	1.515	1.029

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Assessed Valuation

Year	Amount
2016	$ 709,592,700.00
2015	714,325,931.00
2014	715,982,670.00
2013	717,185,260.00
2012	1,018,328,424.00

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2016	$ 22,602,347.67	$ 22,186,276.16	98.16%
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%

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2016	$ 137,777.61	$ 289,354.24	$ 427,131.85	1.89%
2015	137,318.09	331,032.28	468,350.37	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%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

Year	Number
2016	83
2015	53
2014	32
2013	22
2012	19

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

Year	Amount
2016	$ 416,200.00
2015	416,200.00
2014	416,200.00
2013	416,200.00
2012	416,200.00

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

	Balance Beginning of Year				Cash
Year	Receivable	Liens	Levy	Total	Collections
2016	$ 102,982.12	$ 5,483.00	$ 1,625,491.97	$ 1,733,957.09	$ 1,647,291.09
2015	100,550.62	1,640.00	1,627,841.00	1,730,031.62	1,621,886.50
2014	98,272.50	1,224.00	1,615,977.00	1,715,473.50	1,613,282.88
2013	101,079.00	-	1,620,314.36	1,721,393.36	1,622,021.86
2012	80,358.50	-	1,569,105.00	1,649,463.50	1,548,219.50

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2016	$ 2,540,689.44	$ 1,180,000.00	46.44%
2015	1,657,652.79	469,000.00	28.29%
2014	933,052.30	363,000.00	38.90%
2013	932,111.86	363,000.00	38.94%
2012	302,984.11	-	-

Sewer Utility Fund

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2016	$ 957,708.31	-	-
2015	821,630.54	$ 40,000.00	4.87%
2014	722,939.84	-	-
2013	609,105.13	-	-
2012	453,881.32	37,000.00	8.15%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2016:

Fund	Interfunds Receivable	Interfunds Payable
Current	$ 57,180.12	
Federal and State Grant		$ 57,180.12
	$ 57,180.12	$ 57,180.12

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2017, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

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Note 8: PENSION PLANS

A substantial number of the City's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several City employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.state.nj.us/treasury/pensions

General Information about the Pension Plans

Plan Descriptions

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the City. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The City's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The City's contractually required contribution rate for the year ended December 31, 2016 was 13.03% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the City's contractually required contribution to the pension plan for the year ended December 31, 2016 is $156,848.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2015, the City's contractually required contribution to the pension plan for the year ended December 31, 2015 was $173,313.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were $87,134.84.

Note 8: <u>PENSION PLANS (CONT'D)</u>

<u>General Information about the Pension Plans (Cont'd)</u>

Contributions (Cont'd)

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The City's contractually required contribution rate for the year ended December 31, 2016 was 25.41% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2016, the City's contractually required contribution to the pension plan for the year ended December 31, 2016 is $461,446.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2015, the City's contractually required contribution to the pension plan for the year ended December 31, 2015 was $501,089.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were $186,577.46.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the City, for the year ended December 31, 2016 was 1.92% of the City's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2016 is $34,787.00, and is payable by April 1, 2017. Based on the PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2015 was $46,874.00, which was paid on April 1, 2016.

Note 8: **PENSION PLANS (CONT'D)**

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the City contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2016, employee contributions totaled $489.86, and the City's contributions were $267.21. There were no forfeitures during the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2016, the City's proportionate share of the PERS net pension liability was $5,229,021.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the City's proportion was .0176553942%, which was a decrease of .0025035669% from its proportion measured as of June 30, 2015.

At December 31, 2016, the City's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is $346,093.00. This expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the City's contributions to PERS were $173,313.00, and were paid on April 1, 2016.

Police and Firemen's Retirement System - At December 31, 2016, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

City's Proportionate Share of Net Pension Liability	$ 10,811,186.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the City	907,872.00
	$ 11,719,058.00

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2016 measurement date, the City's proportion was .0565954895%, which was a decrease of .0050503836% from its proportion measured as of June 30, 2015. Likewise, at June 30, 2016, the State of New Jersey's proportion, on-behalf of the City, was .0565954895%, which was a decrease of .0050503836% from its proportion, on-behalf of the City, measured as of June 30, 2015.

At December 31, 2016, the City's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2016 measurement date is $1,162,628.00. This expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the City's contributions to PFRS were $501,089.00, and were paid on April 1, 2016.

At December 31, 2016, the State's proportionate share of the PFRS pension expense, associated with the City, calculated by the plan as of the June 30, 2016 measurement date is $907,872.00. This on-behalf expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2016, the City had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	$ 97,244.00	$ -	$ 97,244.00	$ -	$ 70,869.00	$ 70,869.00
Changes of Assumptions	1,083,174.00	1,497,438.00	2,580,612.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	199,387.00	757,518.00	956,905.00	-	-	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	-	446,445.00	446,445.00	643,486.00	580,964.00	1,224,450.00
City Contributions Subsequent to the Measurement Date	78,424.00	230,723.00	309,147.00	-	-	-
	$ 1,458,229.00	$ 2,932,124.00	$ 4,390,353.00	$ 643,486.00	$ 651,833.00	$ 1,295,319.00

$78,424.00 and $230,723.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. These amounts were based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the City's year end of December 31, 2016.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The City will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	PERS	PFRS	Total
2017	$ 157,516.00	$ 528,666.97	$ 686,182.97
2018	157,516.00	528,666.97	686,182.97
2019	206,764.00	710,288.97	917,052.97
2020	169,174.00	338,064.97	507,238.97
2021	45,349.00	(56,119.88)	(10,770.88)
	$ 736,319.00	$ 2,049,568.00	$ 2,785,887.00

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation	3.08%	3.08%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

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

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement. For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2016 was 3.98% for PERS and 5.55% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS and through 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and through 2050 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Sensitivity of City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the City's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
City's Proportionate Share of the Net Pension Liability	$ 6,407,555.00	$ 5,229,021.00	$ 4,256,039.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the City's annual required contribution. As such, the net pension liability as of June 30, 2016, the plans measurement date, for the City and the State of New Jersey, calculated using a discount rate of 5.55%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
City's Proportionate Share of the Net Pension Liability	$ 13,940,232.00	$ 10,811,186.00	$ 8,259,638.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the City	1,170,634.37	907,872.00	693,605.09
	$ 15,110,866.37	$ 11,719,058.00	$ 8,953,243.09

Note 8: PENSION PLANS (CONT'D)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Supplementary Pension Information

In accordance with GASB 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the City's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Four Years)

	Measurement Date Ended June 30,			
	2016	2015	2014	2013
City's Proportion of the Net Pension Liability	0.0176553942%	0.0201589611%	0.0218380822%	0.0220856683%
City's Proportionate Share of the Net Pension Liability	$ 5,229,021.00	$ 4,525,283.00	$ 4,088,686.00	$ 4,221,010.00
City's Covered Payroll (Plan Measurement Period)	$ 1,291,768.00	$ 1,396,868.00	$ 1,507,984.00	$ 1,489,952.00
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	404.80%	323.96%	271.14%	283.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Schedule of the City's Contributions - Public Employees' Retirement System (PERS) (Last Four Years)

	Year Ended December 31,			
	2016	2015	2014	2013
City's Contractually Required Contribution	$ 156,848.00	$ 173,313.00	$ 180,030.00	$ 166,411.00
City's Contribution in Relation to the Contractually Required Contribution	(156,848.00)	(173,313.00)	(180,030.00)	(166,411.00)
City's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll (Calendar Year)	$ 1,203,612.00	$ 1,252,365.00	$ 1,395,890.00	$ 1,449,515.00
City's Contributions as a Percentage of its Covered Payroll	13.03%	13.84%	12.90%	11.48%

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the City's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Four Years)

	Measurement Date Ended June 30,			
	2016	2015	2014	2013
City's Proportion of the Net Pension Liability	0.0565954895%	0.0616458731%	0.0586861285%	0.0558535402%
City's Proportionate Share of the Net Pension Liability	$ 10,811,186.00	$ 10,268,054.00	$ 7,382,171.00	$ 7,425,224.00
State's Proportionate Share of the Net Pension Liability associated with the City	907,872.00	900,474.00	794,936.00	692,121.00
Total	$ 11,719,058.00	$ 11,168,528.00	$ 8,177,107.00	$ 8,117,345.00
City's Covered Payroll (Plan Measurement Period)	$ 1,808,932.00	$ 1,952,208.00	$ 1,806,132.00	$ 1,752,872.00
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	597.66%	525.97%	408.73%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Schedule of the City's Contributions - Police and Firemen's Retirement System (PFRS) (Last Four Years)

	Year Ended December 31,			
	2016	2015	2014	2013
City's Contractually Required Contribution	$ 461,446.00	$ 501,089.00	$ 450,750.00	$ 407,495.00
City's Contribution in Relation to the Contractually Required Contribution	(461,446.00)	(501,089.00)	(450,750.00)	(407,495.00)
City's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll (Calendar Year)	$ 1,816,346.00	$ 1,806,574.00	$ 1,935,921.00	$ 1,817,580.00
City's Contributions as a Percentage of its Covered Payroll	25.41%	27.74%	23.28%	22.42%

Note 8: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum
Social Security Wage Base – 4.00 per annum

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

Note 9: COMPENSATED ABSENCES

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. The existing policies of the City define the amount of compensation for which employees are entitled to receive.

The City does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at $665,264.54. The City has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2016, the balance of the fund was $191,699.49.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the City's financial statements.

Note 11: LENGTH OF SERVICE AWARDS PROGRAM

The City's length of service awards program ("LOSAP"), which is reported in the City's trust fund, was created by a City Ordinance adopted on August 17, 2000 pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The voters of the City approved the adoption of the LOSAP at the general election held on November 7, 2000, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2001. The City's LOSAP program was amended by City Ordinance adopted on September 6, 2007 and approved by the voters at the general election held on November 6, 2007. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for emergency service volunteers of the City of Absecon Volunteer Fire Department and the Absecon VFW Volunteer Ambulance Squad, come from contributions made solely by the governing body of the City, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of $100.00 and a maximum contribution of $1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The City elected to contribute between $408.90 and $1,253.96 for the years ended December 31, 2016 and December 31, 2015, per eligible volunteer, into the Plan, depending on the awarding and accumulation of points as outlined by City Ordinance. Participants direct the investment of the contributions into various investment options offered by the Plan.

Participant Accounts - Each participant's account is credited with the City's contribution and Plan earnings, and charged with administrative expenses. For the years ended December 31, 2016 and 2015, the City elected to pay substantially all of the Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The City has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the City's creditors until distributed as benefit payments, are not available for funding the operations of the City.

Lincoln National Life Insurance Company ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The City's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after ten (10) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

Forfeited Accounts - For the years ended December 31, 2016 and 2015, no accounts were forfeited.

Note 11: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Investments – The investments of the length of service awards program reported in the trust – other funds on the statements of assets, liabilities, reserves, and fund balance – regulatory basis are recorded at fair value.

Plan Information – Additional information about the City's length of service awards program can be obtained by contacting the Plan Administrator.

Note 12: CAPITAL DEBT

General Improvement Bonds

General Improvement Bonds, Series 2008 - On May 29, 2008, the City issued $4,400,000.00 of general improvement bonds, with interest rates ranging from 3.25% to 3.50%. The bonds were issued for the purpose of funding various capital ordinances. The final maturity of the bonds is August 1, 2018.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

Year	Principal	Interest	Total
2017	$ 580,000.00	$ 41,300.00	$ 621,300.00
2018	600,000.00	21,000.00	621,000.00
	$ 1,180,000.00	$ 62,300.00	$ 1,242,300.00

The following schedule represents the City's summary of debt for the current and two previous years:

	2016	2015	2014
Issued			
General:			
Bonds, and Notes	$ 4,939,530.00	$ 3,840,355.00	$ 3,750,300.00
Sewer Utility:			
Bonds, and Notes	-	-	-
Total Issued	4,939,530.00	3,840,355.00	3,750,300.00
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 Issued and Authorized but not Issued	4,939,530.00	3,903,530.00	3,813,475.00
Deductions			
Total Deductions	-	-	-
Net Debt	$ 4,939,530.00	$ 3,903,530.00	$ 3,813,475.00

12: CAPITAL DEBT (CONT'D)

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 indicated a statutory net debt of .646%.

	Gross Debt	Deductions	Net Debt
School Purposes	$ 4,775,000.00	$ 4,775,000.00	
Self-Liquidating	-	-	
General	4,939,530.00		$ 4,939,530.00
	$ 9,714,530.00	$ 4,775,000.00	$ 4,939,530.00

Net debt $4,939,530.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, $764,458,620.33, equals .646%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	$ 26,756,051.71
Less: Net Debt	4,939,530.00
Remaining Borrowing Power	$ 21,816,521.71

Calculation of "Self-Liquidating Purpose," Sewer Utility Per N.J.S.A. 40:2-45

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year		$ 1,725,805.36
Deductions:		
Operating and Maintenance Costs	$ 1,630,000.00	
Debt Service	-	
Total Deductions		1,630,000.00
Excess in Revenue		$ 95,805.36

Note 13: SCHOOL TAXES

Local District School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	Balance December 31, 2016	2015
Balance of Tax	$ 5,752,864.53	$ 5,602,983.03
Deferred	2,826,535.94	2,826,535.94
	$ 2,926,328.59	$ 2,776,447.09

Note 14: 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.

Joint Insurance Pool - The City is a member of the Atlantic County Insurance Pool Joint Insurance Fund. The Fund provides the City with the following coverage:

Workers' Compensation and Employer's Liability
Crime Coverage
Property - Blanket Building and Grounds
General and Automobile Liability
Cyber Liability

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of $50,000.00 to $200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained on the Fund's website:

Atlantic County Municipal Joint Insurance Fund
www.acmjif.org

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

Note 16: CONCENTRATIONS

The City depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the City authorized additional bonds and notes as follows:

General Improvements		
Improvements to Recreational Areas of Turner Avenue Waterfront	02/16/17	$ 475,000.00
Various Capital Improvements	4/20/2017	1,282,500.00

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

CITY OF ABSECON
CURRENT FUND
Statement of Current Cash -- Treasurer
For the Year Ended December 31, 2016

	Regular Fund		Federal and State Grant Fund	
Balance Dec. 31, 2015		$ 5,694,875.14		
Increased by Receipts:				
Miscellaneous Revenue not Anticipated	$ 203,028.91			
Collector	22,522,146.61			
Revenue Accounts Receivable	1,800,391.96			
Due State of New Jersey -- Veterans' and Senior Citizens' Deductions	99,352.78			
Due State of New Jersey -- Marriage Licenses	775.00			
Due to State of New Jersey--State Training Fees	20,325.00			
Police Detail Receivable	4,262.50			
Due Federal and State Grant Fund	96,887.81			
Matching Funds for Grants			$ 3,852.00	
Federal and State Grants Receivable			300,621.34	
		24,747,170.57		$ 304,473.34
		30,442,045.71		304,473.34
Decreased by Disbursements:				
Current Year Appropriations	8,168,115.31			
Prior Year Appropriation Reserves	446,913.23			
Refunds - Tax Overpayments	29,761.97			
Accounts Payable	3,820.00			
County Taxes Payable	3,699,134.37			
Due State of New Jersey -- Marriage Licenses	875.00			
Due County for Added and Omitted Taxes	9,786.91			
Local School District Taxes Payable	11,355,847.50			
Due to State of New Jersey--State Training Fees	18,547.00			
Due Sewer Utility Operating Fund	5,282.08			
Due Current Fund			96,887.81	
Matching Funds for Grants	3,852.00			
Reserve for Federal and State Grants -- Appropriated			207,585.53	
		23,741,935.37		304,473.34
Balance Dec. 31, 2016		$ 6,700,110.34		$ -

CITY OF ABSECON
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5 - Collector
For the Year Ended December 31, 2016

Increased by:	
Taxes Receivable	$ 21,992,520.63
Tax Title Liens	41,103.50
Prepaid Taxes	375,009.83
Tax Overpayments	33,523.99
Revenue Accounts Receivable:	
Interest and Costs on Taxes	79,988.66
	22,522,146.61
Payments to Treasurer	$ 22,522,146.61

CITY OF ABSECON
CURRENT FUND
Schedule of Change Funds
As of December 31, 2016

Office	
Treasurer	
Balance Dec. 31, 2016	$ 550.00

CITY OF ABSECON
CURRENT FUND
Statement of Due to State of New Jersey
Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		$ 1,069.48
Increased by:		
Collections		99,352.78
		100,422.26
Decreased by:		
Senior Citizens' Deductions per Tax Billings	$ 14,000.00	
Veterans' Deductions per Tax Billings	86,500.00	
	100,500.00	
Add:		
Veterans' and Senior Citizens' Deductions		
Allowed by Tax Collector -- 2016 Taxes	1,750.00	
	102,250.00	
Deduct:		
Veterans' and Senior Citizens' Deductions		
Disallowed by Tax Collector -- 2016 Taxes	4,711.09	
		97,538.91
Balance Dec. 31, 2016		$ 2,883.35

CITY OF ABSECON
CURRENT FUND
Statement of Taxes Receivable
For the Year Ended December 31, 2016

Year	Balance Dec. 31, 2015	2016 Levy	Collections 2015	Collections 2016	Due from State of New Jersey	Transferred to Tax Title Liens	Over-Payments Applied	Canceled	Balance Dec. 31, 2016
2015	$ 331,032.28			$ 316,329.49		$ 12,665.04		$ 2,037.75	
2016		$ 22,602,347.67	$ 397,601.25	21,676,191.14	$ 97,538.91	26,962.16	$ 14,944.86	99,755.11	$ 289,354.24
	$ 331,032.28	$ 22,602,347.67	$ 397,601.25	$ 21,992,520.63	$ 97,538.91	$ 39,627.20	$ 14,944.86	$ 101,792.86	$ 289,354.24

Analysis of 2016 Property Taxes

Tax Yield:			
General Purpose Tax		$ 22,536,663.95	
Added/Omitted Taxes		65,683.72	
			$ 22,602,347.67
Tax Levy:			
Local District School Tax		$ 11,505,729.00	
County Taxes:			
Net County Taxes	$ 3,524,402.81		
County Health Tax	162,048.78		
County Open Space Tax	12,682.78		
Due County for Added and Omitted Taxes	10,701.45		
Total County Taxes		3,709,835.82	
Local Tax for Municipal Purposes	7,070,298.76		
Minimum Library Tax	258,676.11		
Add: Additional Tax Levied	57,807.98		
		7,386,782.85	
			$ 22,602,347.67

CITY OF ABSECON
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		$ 137,318.09
Increased by:		
Interest and Costs Accrued	$ 1,935.82	
Transfers from Taxes Receivable	39,627.20	
		41,563.02
		178,881.11
Decreased by:		
Collections		41,103.50
Balance Dec. 31, 2016		$ 137,777.61

CITY OF ABSECON
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Accrued in 2016	Collections Collector	Collections Treasurer	Balance Dec. 31, 2016
Clerk:					
Licenses:					
Alcohol Beverages		$ 10,200.00		$ 10,200.00	
Other		15,449.00		15,449.00	
Fees and Permits		50,778.01		50,778.01	
Municipal Court:					
Fines and Costs	$ 9,740.72	139,354.44		140,249.94	$ 8,845.22
Interest and Costs on Taxes		79,988.66	$ 79,988.66		
Interest on Investments and Deposits		17,759.13		17,759.13	
Cable Franchise Fee		34,290.24		34,290.24	
Communications Tower Rental		109,397.74		109,397.74	
Energy Receipts Tax		754,464.94		754,464.94	
Watershed Aid		3,337.00		3,337.00	
Uniform Construction Code Fees		376,630.00		376,630.00	
Uniform Fire Safety Act		12,571.32		12,571.32	
Occupancy Tax		252,264.64		252,264.64	
Library Funds Dedicated for Pension/Insurance		23,000.00		23,000.00	
	$ 9,740.72	$ 1,879,485.12	$ 79,988.66	$ 1,800,391.96	$ 8,845.22

CITY OF ABSECON
CURRENT FUND
Statement of Due State of New Jersey
Marriage and Domestic Partnership Licenses
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$	375.00
Increased by:		
Receipts		775.00
		1,150.00
Decreased by:		
Disbursements		875.00
Balance Dec. 31, 2016	$	275.00

CITY OF ABSECON
CURRENT FUND
Statement of 2015 Appropriation Reserves
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015 Encumbered	Balance Dec. 31, 2015 Reserved	Balance After Modification	Expended	Balanced Lapsed
OPERATIONS -- WITHIN "CAPS"					
General Government Functions:					
General Administration					
Salaries and Wages		$ 800.87	$ 800.87		$ 800.87
Other Expenses	$ 597.60	1,688.47	2,286.07	$ 597.60	1,688.47
Mayor and Council					
Salaries and Wages		171.22	171.22		171.22
Other Expenses		785.89	785.89		785.89
Municipal Clerk					
Salaries and Wages		761.47	761.47		761.47
Other Expenses	1,006.30	2,400.67	3,406.97	1,075.65	2,331.32
Election Expenses		1,305.45	1,305.45		1,305.45
Financial Administration					
Salaries and Wages		7,303.04	7,303.04		7,303.04
Other Expenses		1,181.11	1,181.11		1,181.11
Information Technology					
Other Expenses	1,200.00	3,538.36	4,738.36	1,200.00	3,538.36
Collection of Taxes					
Salaries and Wages		6,463.96	6,463.96		6,463.96
Other Expenses	30.00	266.00	296.00	30.00	266.00
Assessment of Taxes					
Salaries and Wages		3,121.99	3,121.99		3,121.99
Other Expenses		3,130.10	3,130.10		3,130.10
Legal Services and Costs					
Other Expenses		73,464.24	73,464.24	9,896.50	63,567.74
Engineering Services					
Other Expenses		13,583.75	13,583.75	4,452.50	9,131.25
Land Use Administration					
Planning Board					
Salaries and Wages		3,635.27	3,635.27		3,635.27
Other Expenses	1,015.00	2,591.70	3,606.70	52.00	3,554.70
Zoning Board					
Salaries and Wages		1,116.00	1,116.00		1,116.00
Other Expenses		1,531.28	1,531.28		1,531.28
Municipal Court					
Salaries and Wages		3,806.59	3,806.59		3,806.59
Other Expenses		2,063.41	2,063.41	35.00	2,028.41
Police Department					
Salaries and Wages		67,499.57	67,499.57	49,367.34	18,132.23
Other Expenses	101,773.27	5,312.37	107,085.64	104,082.34	3,003.30
Police Dispatch					
Salaries and Wages		3,285.11	3,285.11		3,285.11
Other Expenses	505.00	409.44	914.44	505.00	409.44
Fire Department					
Other Expenses	12,982.49	5,724.57	18,707.06	12,287.91	6,419.15
Fire Hydrant Services		8,097.65	8,097.65	6,945.40	1,152.25
Public Works					
Salaries and Wages		7,334.65	7,334.65		7,334.65
Other Expenses	5,611.90	10,485.58	16,097.48	10,777.22	5,320.26
Street Lighting	4,752.29	863.08	5,615.37	4,821.10	794.27
Sanitation Trash Removal					
Contractual	11,258.33	900.04	12,158.37	11,258.33	900.04
Tipping Fees	40,000.00	15,835.29	55,835.29	44,512.09	11,323.20
Recycling Program					
Salaries and Wages		3,398.43	3,398.43		3,398.43
Maintenance of Motor Vehicles					
Other Expenses	955.52	1,184.57	2,140.09	1,139.76	1,000.33

(Continued)

CITY OF ABSECON
CURRENT FUND
Statement of 2015 Appropriation Reserves
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015 Encumbered	Balance Dec. 31, 2015 Reserved	Balance After Modification	Expended	Balanced Lapsed
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
Clean Communities Program					
Salaries and Wages		$ 3,635.95	$ 3,635.95		$ 3,635.95
Animal Control					
Other Expenses	$ 700.00		700.00	$ 700.00	
Recreation					
Salaries and Wages		261.52	261.52		261.52
Other Expenses		4,399.56	4,399.56	356.00	4,043.56
Public Events					
Other Expenses	3,278.66	11,753.84	15,032.50	5,617.98	9,414.52
Insurance					
General Liability		373.00	373.00		373.00
Employee Group Health	124,924.37	70,515.13	195,439.50	124,924.37	70,515.13
Uniform Fire Safety Act					
Salaries and Wages		372.95	372.95		372.95
Construction Official					
Salaries and Wages		4,919.37	4,919.37		4,919.37
Other Expenses	649.57	2,370.60	3,020.17	649.57	2,370.60
Utility Expenses and Bulk Purchases:					
Electric	7,763.94	13,400.35	21,164.29	19,718.58	1,445.71
Telephone	1,036.29	9,237.71	10,274.00	1,154.28	9,119.72
Gas	1,173.03	5,751.74	6,924.77	2,588.57	4,336.20
Gasoline	13,692.40	24,062.37	37,754.77	9,572.24	28,182.53
Water		2,172.79	2,172.79	547.32	1,625.47
Office Supplies/Maintenance	806.98	5,082.85	5,889.83	1,044.96	4,844.87
Contingent		1,005.79	1,005.79	224.00	781.79
Total Operations--Within "CAPS" including Contingent	335,712.94	424,356.71	760,069.65	430,133.61	329,936.04
Regulatory Expenditures:					
Contribution to:					
Unemployment Insurance		796.39	796.39		796.39
Social Security System (O.A.S.I)		17,544.34	17,544.34	3,776.60	13,767.74
Defined Contribution Retirement Plan		662.17	662.17		662.17
Total Deferred Charges -- Within "CAPS"		19,002.90	19,002.90	3,776.60	15,226.30
Total General Appropriations for Municipal Purposes -- Within "CAPS"	335,712.94	443,359.61	779,072.55	433,910.21	345,162.34
OPERATIONS -- EXCLUDED FROM "CAPS"					
Length of Service Awards Program		30,000.00	30,000.00	13,003.02	16,996.98
Total Operations -- Excluded from "CAPS"		30,000.00	30,000.00	13,003.02	16,996.98
	$ 335,712.94	$ 473,359.61	$ 809,072.55	$ 446,913.23	$ 362,159.32

CITY OF ABSECON
CURRENT FUND
Statement of Accounts Payable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 11,460.00
Decreased by:	
Disbursed	3,820.00
Balance Dec. 31, 2016	$ 7,640.00

CITY OF ABSECON
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2016

Balance Dec. 31, 2015 (2016 Taxes)	$ 397,601.25
Increased by:	
Receipts -- Collector	375,009.83
	772,611.08
Decreased by:	
Application to Taxes Receivable	397,601.25
Balance Dec. 31, 2016 (2017 Taxes)	$ 375,009.83

Exhibit SA-12

CITY OF ABSECON
CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		$ 24,401.99
Increased by:		
Receipts -- Collector		33,523.99
		57,925.98
Decreased by:		
Disbursements -- Refunded	$ 29,761.97	
Application to Taxes Receivable:		
2016 Taxes Receivable	14,944.86	
		44,706.83
Balance Dec. 31, 2016		$ 13,219.15

CITY OF ABSECON
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2016

2016 Levy:		
Net County Taxes	$ 3,524,402.81	
County Health Tax	162,048.78	
Open Space Tax	12,682.78	
		$ 3,699,134.37
Decreased by:		
Disbursements		$ 3,699,134.37

Exhibit SA-14

CITY OF ABSECON
CURRENT FUND
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 9,786.91
Increased by:	
County Share of 2016 Levy:	
Added Assessments (R.S. 54:4-63.1 et seq.)	10,701.45
	20,488.36
Decreased by:	
Disbursements	9,786.91
Balance Dec. 31, 2016	$ 10,701.45

CITY OF ABSECON
CURRENT FUND
Statement of Local School District Taxes
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		
School Tax Payable	$ 2,776,447.09	
School Tax Deferred	2,826,535.94	
		$ 5,602,983.03
Increased by:		
Levy--School Year July 1, 2016 to June 30, 2017		11,505,729.00
		17,108,712.03
Decreased by:		
Payments		11,355,847.50
Balance Dec. 31, 2016		
School Tax Payable	2,926,328.59	
School Tax Deferred	2,826,535.94	
		$ 5,752,864.53
2016 Liability for Local School Tax:		
Tax Paid		$ 11,355,847.50
Add: Tax Payable Dec. 31, 2016		2,926,328.59
		14,282,176.09
Less: Tax Payable Dec. 31, 2015		2,776,447.09
Amount Charged to 2016 Operations		$ 11,505,729.00

Exhibit SA-16

CITY OF ABSECON
CURRENT FUND
Statement of Due to State of New Jersey
Uniform Construction Code--State Training Fees
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 2,276.00
Increased by:	
Receipts	20,325.00
	22,601.00
Decreased by:	
Disbursements	18,547.00
Balance Dec. 31, 2016	$ 4,054.00

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Accrued	Received	Canceled	Balance Dec. 31, 2016
Federal Grants:					
NJ Hazard Mitigation Grant	$ 668,513.00				$ 668,513.00
NJ Hazard Mitigation Grant - Turner Avenue	342,675.00				342,675.00
NJ Hazard Mitigation Grant - Absecon Creek	436,275.00				436,275.00
Body Armor	8,070.24		$ 2,553.00		5,517.24
Total Federal Programs	1,455,533.24		2,553.00		1,452,980.24
State Grants:					
Municipal Drug Alliance	14,770.86	$ 15,407.00	12,705.29	$ 2,065.57	15,407.00
NJ Transportation Trust Fund Authority Act	4,255.52		4,255.52		
NJ DOT - 2015	175,000.00		175,000.00		
NJ DOT Municipal Aid Program		196,000.00			196,000.00
NJ Transportation Trust Fund Authority Act	42,494.48		42,494.48		
Atlantic County Drainage Improvements	142,087.00				142,087.00
Drive Sober or Get Pulled Over	5,000.00	5,000.00	4,650.00	350.00	5,000.00
Body Armor Fund		2,504.97	2,504.97		
Clean Communities Program		22,329.36	22,329.36		
Recycling Tonnage Grant		15,251.02	15,251.02		
Sustainable Jersey Small Grants Program		2,000.00	2,000.00		
Click it or Ticket		5,000.00	2,750.00	2,250.00	
Drunk Driving Enforcement Fund		14,127.70	14,127.70		
Total State Programs	383,607.86	277,620.05	298,068.34	4,665.57	358,494.00
Total All Grants	$ 1,839,141.10	$ 277,620.05	$ 300,621.34	$ 4,665.57	$ 1,811,474.24

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		$ 154,067.93
Increased by:		
Cancellation of Federal and State Grants Appropriated		4,665.57
		158,733.50
Decreased by:		
Cancellation of Federal and State Grants Receivable	$ 4,665.57	
Disbursements	96,887.81	
		101,553.38
Balance Dec. 31, 2016		$ 57,180.12

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Reserves for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2016

Grant	Balance Dec. 31, 2015	Federal, State and Other Grants Receivable	Realized as Revenue in 2016	Balance Dec. 31, 2016
State Grants:				
Recycling Tonnage Grant		$ 15,251.02	$ 15,251.02	
Clean Communities Program		22,329.36	22,329.36	
Body Armor Fund		2,504.97	2,504.97	
Municipal Alliance on Alcoholism and Drug Abuse		15,407.00	15,407.00	
NJ DOT Municipal Aid Program		196,000.00	196,000.00	
Sustainable Jersey Small Grants Program		2,000.00	2,000.00	
Click it or Ticket		5,000.00	5,000.00	
Drive Sober or Get Pulled Over		5,000.00	5,000.00	
Drunk Driving Enforcement Fund		14,127.70	14,127.70	
		277,620.05	277,620.05	
Total All Grants	$ -	$ 277,620.05	$ 277,620.05	$ -

CITY OF ABSECON
FEDERAL AND STATE GRANT FUND
Statement of Reserves for Federal, State and Other Grants - Appropriated
For the Year Ended December 31, 2016

Grant	Balance Dec. 31, 2015 Appropriated	Balance Dec. 31, 2015 Reserve for Encumbrances	Transferred - 2016 Budget Appropriations	Expenditures	Encumbered	Canceled	Balance Dec. 31, 2016
Federal Grants:							
Bulletproof Vest Partnership 2013	$ 1,141.15			$ 1,141.15			
Body Armor Fund 2014	149.85	$ 387.50		537.35			
Body Armor Fund 2015	3,405.24			2,104.20			$ 1,301.04
Emergency Management Assistance	885.10			405.00			480.10
NJ Hazard Mitigation Grant	600,263.00	54,750.00			$ 54,750.00		600,263.00
NJ Hazard Mitigation Grant - Turner Avenue	305,775.00			23,554.16			282,220.84
NJ Hazard Mitigation Grant - Absecon Creek	384,600.00						384,600.00
Total Federal Grants	1,296,219.34	55,137.50		27,741.86	54,750.00		1,268,864.98
State Grants:							
Drunk Driving Enforcement Fund 2016			$ 14,127.70	169.00			13,958.70
Drunk Driving Enforcement Fund 2014	7,190.59			3,234.39	456.00		3,500.20
Drunk Driving Enforcement Fund 2013	546.23			546.23			
Clean Communities Program 2015	6,191.54	381.19		6,572.73			
Clean Communities Program 2016			22,329.36	6,402.10			15,927.26
Drive Sober or Get Pulled Over 2015	4,200.00			3,800.00		$ 350.00	50.00
Drive Sober or Get Pulled Over 2016			5,000.00				5,000.00
Click it or Ticket			5,000.00	2,750.00		2,250.00	
NJ DOT Municipal Aid Program			196,000.00				196,000.00
NJ DOT Transportation 2015		128,256.37		117,888.34	2,330.41		8,037.62
Sustainable Jersey Grant	1.15		2,000.00				2,001.15
Recycling Tonnage Grant			15,251.02	15,251.02			
Municipal Alliance on Alcohol and Drug Abuse							
County Share 2015	14,770.86			13,241.21		1,529.65	
County Share 2016			15,407.00	1,045.00		535.92	13,826.08
Municipal Alliance on Alcohol and Drug Abuse							
Local Share 2015	3,316.08			3,316.08			
Local Share 2016			3,852.00	305.11			3,546.89
Body Armor Fund			2,504.97				2,504.97
Body Armor Fund	2,604.85						2,604.85
Body Armor Fund	9,179.19			4,031.18			5,148.01
Body Armor Fund 2013	903.78	387.50		1,291.28			
Total State Grants	48,904.27	129,025.06	281,472.05	179,843.67	2,786.41	4,665.57	272,105.73
Other Grants:							
Atlantic County Drainage Improvements	155,587.00						155,587.00
Atlantic County Utilities Authority	200.00						200.00
	155,787.00						155,787.00
Total All Grants	$ 1,500,910.61	$ 184,162.56	$ 281,472.05	$ 207,585.53	57,536.41	$ 4,665.57	$ 1,696,757.71

SUPPLEMENTAL EXHIBITS

TRUST FUND

CITY OF ABSECON
TRUST FUNDS
Statement of Trust Fund Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2016

	Animal Control		Other	
Balance Dec. 31, 2015		$ 1,567.40		$ 2,166,678.90
Increased by Receipts:				
Reserve for Animal Control License Fund	$ 687.40			
State Registration Fees	150.60			
Net Payroll			$ 2,481,161.58	
Reserve for Payroll Deductions Payable			1,834,763.25	
Miscellaneous Trust Reserves:				
Recreation Trust			20,430.00	
Tax Title Lien Redemption			331,820.04	
Premiums Received at Tax Sale			201,500.00	
Planning and Zoning			115,678.38	
Parking Offense Adjudication Act			110.00	
Disposal of Forfeited Property			6,237.00	
Accumulated Absences			75,000.00	
Small Cities Grant			16.51	
Cat Licenses			33.00	
Performance Bond			1,297.62	
Security Deposits			5,500.00	
		838.00		5,073,547.38
		2,405.40		7,240,226.28
Decreased by Disbursements:				
Reserve for Animal Control License Fund	657.00			
State Registration Fees	150.60			
Net Payroll			2,481,161.58	
Reserve for Payroll Deductions Payable			1,831,464.98	
Miscellaneous Trust Reserves:				
Recreation Trust			38,674.65	
Tax Title Lien Redemption			430,534.00	
Premiums Received at Tax Sale			351,725.95	
Planning and Zoning			269,817.61	
Disposal of Forfeited Property			60.00	
Accumulated Absences			76,221.81	
Cat Licenses			9.02	
Performance Bond			24,597.01	
Security Deposits			5,000.00	
Security Bond			1,900.00	
		807.60		5,511,166.61
Balance Dec. 31, 2016		$ 1,597.80		$ 1,729,059.67

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Investments - Length of Service Awards Program
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		$ 314,317.00
Increased by:		
City Contributions	$ 12,594.12	
Unrealized Gain on Investments	20,261.66	
		32,855.78
		347,172.78
Decreased by:		
Benefits Paid to Participants	37,715.46	
Administration Expenses	1,150.00	
		38,865.46
Balance Dec. 31, 2016		$ 308,307.32

CITY OF ABSECON
ANIMAL CONTROL TRUST FUND
Statement of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 1,567.40
Increased by:	
Dog License Fees Collected	687.40
	2,254.80
Decreased by:	
Expenditures under R.S. 4:19-15.11:	
Disbursements	657.00
Balance Dec. 31, 2016	$ 1,597.80

License Fees Collected:

Year	
2014	$ 934.00
2015	790.40
	$ 1,724.40

CITY OF ABSECON
ANIMAL CONTROL TRUST FUND
Statement of Due to State of New Jersey
For the Year Ended December 31, 2016

Increased by:		
Receipts	$	150.60
Decreased by:		
Disbursements		150.60
Balance Dec. 31, 2016	$	-

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Small Cities Revolving Loan Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 115,274.20
Increased by:	
Receipts	-
Balance Dec. 31, 2016	$ 115,274.20

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Reserve for Payroll Deductions Payable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 25,276.09
Increased by:	
Receipts	1,834,763.25
	1,860,039.34
Decreased by:	
Disbursements	1,831,464.98
Balance Dec. 31, 2016	$ 28,574.36

CITY OF ABSECON
TRUST - OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased by Receipts	Decreased by Disbursements	Balance Dec. 31, 2016
Reserve for Length of Service Awards Program	$ 314,317.00	$ 32,855.78	$ 38,865.46	$ 308,307.32
Reserve for Recreation Trust	67,992.25	20,430.00	38,674.65	49,747.60
Reserve for Tax Title Lien Redemption	104,369.30	331,820.04	430,534.00	5,655.34
Reserve for Tax Sale Premiums	728,025.95	201,500.00	351,725.95	577,800.00
Reserve for Uniform Fire Safety Act Penalty Monies	3,526.18			3,526.18
Reserve for Planning and Zoning	337,934.69	115,678.38	269,817.61	183,795.46
Reserve for Parking Offense Adjudication Act	188.64	110.00		298.64
Reserve for Small Cities Revolving Loan Fund	115,274.20			115,274.20
Reserve for Disposal of Forfeited Property	45,062.79	6,237.00	60.00	51,239.79
Reserve for Accumulated Absences	192,921.30	75,000.00	76,221.81	191,699.49
Reserve for Small Cities Grant	8,224.85	16.51		8,241.36
Reserve for Cat Licenses	332.70	33.00	9.02	356.68
Reserve for Performance Bond	647,424.16	1,297.62	24,597.01	624,124.77
Reserve for Security Deposits	3,500.00	5,500.00	5,000.00	4,000.00
Reserve for Security Bond	1,900.00		1,900.00	
	$ 2,570,994.01	$ 790,478.33	$ 1,237,405.51	$ 2,124,066.83

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of General Capital Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2016

Balance December 31, 2015		$ 579,615.63
Increased by Receipts:		
Premium Collected on Bond Anticipation Note	$ 30,645.00	
Capital Improvement Fund	84,000.00	
Bond Anticipation Notes	3,759,530.00	
		3,874,175.00
		4,453,790.63
Decreased by Disbursements:		
Improvement Authorizations	1,543,587.82	
Bond Anticipation Notes	2,100,355.00	
		3,643,942.82
Balance Dec. 31, 2016		$ 809,847.81

CITY OF ABSECON
GENERAL CAPITAL FUND
Analysis of General Capital Cash
For the Year Ended December 31, 2016

			Receipts		Disbursements				
		Balance Dec. 31, 2015	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Bond Anticipation Notes	Transfers From	Transfers To	Balance Dec. 31, 2016
Capital Improvement Fund		$ 12,455.00	$ 84,000.00				$ 84,000.00		$ 12,455.00
Contracts Payable		310,297.96					310,297.96	$ 185,030.00	185,030.00
Fund Balance		22,782.10	30,645.00						53,427.10
Note Renewals				$ 2,100,355.00		$ 2,100,355.00			
Ordinance Number	Improvement Authorizations:								
5-13	Various Capital Improvements	12,091.02			$ 16,037.90		1,795.00	7,100.00	1,358.12
16-13	Various Road Improvements	20,712.45			20,712.45				
7-14	Various Capital Improvements	1,322.10							1,322.10
8-14	Various Capital Improvements	130,000.00			23,015.94		82,490.00	15,105.94	39,600.00
25-14	Pitney Park Improvements	(63,175.00)		63,175.00					
5-15	Various Capital Improvements	133,130.00			403,650.01			288,092.02	17,572.01
9-16	Various Capital Improvements			1,596,000.00	1,080,171.52		100,745.00	84,000.00	499,083.48
		$ 579,615.63	$ 114,645.00	$ 3,759,530.00	$ 1,543,587.82	$ 2,100,355.00	$ 579,327.96	$ 579,327.96	$ 809,847.81

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 1,740,000.00
Decreased by:	
Budget Appropriation to Pay Serial Bonds	560,000.00
Balance Dec. 31, 2016	$ 1,180,000.00

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Unfunded
For the Year Ended December 31, 2016

			Increased by		Analysis of Balance Dec. 31, 2016		
Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Balance Dec. 31, 2016	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
	General Improvements:						
8-14	Various Capital Improvements	$ 1,197,000.00		$ 1,197,000.00	$ 1,197,000.00		
25-14	Pitney Park Improvements	63,175.00		63,175.00	63,175.00		
5-15	Various Capital Improvements	903,355.00		903,355.00	903,355.00		
9-16	Various Capital Improvements		$ 1,596,000.00	1,596,000.00	1,596,000.00		
		$ 2,163,530.00	$ 1,596,000.00	$ 3,759,530.00	$ 3,759,530.00	$ -	$ -

Improvement Authorizations - Unfunded		$ 556,255.49
Less:		
Unexpended proceeds of Bond Anticipation Notes:		
Ordinance - 8-14	$ 39,600.00	
Ordinance - 5-15	17,572.01	
Ordinance - 9-16	499,083.48	
		556,255.49
		$ -

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2016

Ordinance Number	Improvement Descriptions	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2015 Funded	Balance Dec. 31, 2015 Unfunded	2016 Authorizations Capital Improvement Fund	2016 Authorizations Deferred Charges to Future Taxation Unfunded	Transfer from Contracts Payable	Paid or Charged	Balance Dec. 31, 2016 Funded	Balance Dec. 31, 2016 Unfunded
	General Improvements:										
5-13	Various Capital Improvements	5/16/13	$ 514,000.00	$ 12,091.02				$ 7,100.00	$ 17,832.90	$ 1,358.12	
16-13	Various Road Improvements	11/21/13	42,000.00	20,712.45					20,712.45		
7-14	Various Capital Improvements	4/3/14	79,115.00	1,322.10						1,322.10	
8-14	Various Capital Improvements	4/17/14	1,260,000.00		$ 130,000.00			15,105.94	105,505.94		$ 39,600.00
5-15	Various Capital Improvements	5/7/15	950,900.00		133,130.00			288,092.02	403,650.01		17,572.01
9-16/14-16	Various Capital Improvements	4/21/16;8/18/16	1,680,000.00			$ 84,000.00	$ 1,596,000.00		1,180,916.52		499,083.48
				$ 34,125.57	$ 263,130.00	$ 84,000.00	$ 1,596,000.00	$ 310,297.96	$ 1,728,617.82	$ 2,680.22	$ 556,255.49

Contracts Payable	$ 185,030.00
Disbursements	1,543,587.82
	$ 1,728,617.82

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$	12,455.00
Increased by:		
2016 Budget Appropriation		84,000.00
		96,455.00
Decreased by:		
Appropriation to Finance Improvement Authorizations		84,000.00
Balance Dec. 31, 2016	$	12,455.00

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of General Serial Bonds
For the Year Ended December 31, 2016

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016 Date	Maturities of Bonds Outstanding Dec. 31, 2016 Amount	Rate	Balance Dec. 31, 2015	Paid by Budget Appropriation	Balance Dec. 31, 2016
General Obligation Bonds	5/29/2008	$ 4,400,000.00	8/1/2017	$ 580,000.00	3.50%			
			8/1/2018	600,000.00	3.50%	$ 1,740,000.00	$ 560,000.00	$ 1,180,000.00

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Bonds Anticipation Notes
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Original Amount of Issue	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
General Improvements:										
25-14	Pitney Park Improvements	$ 63,175.00	8/3/2016	8/3/2016	8/3/2017	2.00%		$ 63,175.00		$ 63,175.00
8-14	Various Capital Improvements	1,197,000.00	8/6/2014	8/4/2015	8/4/2016	0.77%	$ 1,197,000.00		$ 1,197,000.00	
				8/3/2016	8/3/2017	2.00%		1,197,000.00		1,197,000.00
5-15	Various Capital Improvements	903,355.00	8/4/2015	8/4/2015	8/4/2016	0.77%	903,355.00		903,355.00	
				8/3/2016	8/3/2017	2.00%		903,355.00		903,355.00
9-16	Various Capital Improvements	1,596,000.00	8/3/2016	8/3/2016	8/3/2017	2.00%		1,596,000.00		1,596,000.00
							$ 2,100,355.00	$ 3,759,530.00	$ 2,100,355.00	$ 3,759,530.00
					Issued for Cash			$ 1,659,175.00		
					Renewals			2,100,355.00	$ 2,100,355.00	
					Renewals			$ 3,759,530.00	$ 2,100,355.00	

CITY OF ABSECON
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized but not Issued
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	Increased by 2016 Authorizations	Decreased by Notes Issued	Balance Dec. 31, 2016
General Improvements:					
25-14	Pitney Park Improvements	$ 63,175.00		$ 63,175.00	
9-16	Various Capital Improvements		$ 1,596,000.00	1,596,000.00	
		$ 63,175.00	$ 1,596,000.00	$ 1,659,175.00	$ -

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

CITY OF ABSECON
SEWER UTILITY FUND
Statement of Sewer Utility Cash
Per N.J.S.A. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2016

		Operating		Capital
Balance Dec. 31, 2015		$ 1,203,569.10		$ 29,917.40
Increased by Receipts:				
Due Current Fund	$ 5,282.08			
Collector	1,673,714.28			
Miscellaneous	200.00			
Interest Earned on Deposits and Investments	2,614.10			
		1,681,810.46		
		2,885,379.56		29,917.40
Decreased by Disbursements:				
2016 Appropriations	1,545,197.16			
2015 Appropriation Reserves	11,642.73			
		1,556,839.89		
Balance Dec. 31, 2016		$ 1,328,539.67		$ 29,917.40

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Sewer Utility Cash
Per N.J.S.A. 40A:5-5 Collector
For the Year Ended December 31, 2016

Receipts:		
Sewer Consumer Accounts Receivable	$ 1,369,194.59	
Sewer Rent Overpayments	7,453.97	
Prepaid Sewer Rents	265,714.52	
Sewer Liens Receivable	3,527.00	
Miscellaneous Revenue:		
Interest and Costs on Delinquent Rents	27,824.20	
		$ 1,673,714.28
Decreased by:		
Payments to Treasurer		$ 1,673,714.28

CITY OF ABSECON
SEWER UTILITY CAPITAL FUND
Analysis of Sewer Utility Capital Cash
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Receipts Miscellaneous	Disbursements Miscellaneous	Balance Dec. 31, 2016
Capital Improvement Fund	$ 27,814.11			$ 27,814.11
Fund Balance	2,103.29			2,103.29
	$ 29,917.40	$ -	$ -	$ 29,917.40

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Sewer Consumer Accounts Receivable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		$ 102,982.12
Increased by:		
Sewer Rents Levied		1,625,491.97
		1,728,474.09
Decreased by:		
Receipts -- Collector	$ 1,369,194.59	
Prepaid Rents -- Applied	274,569.50	
Overpayments -- Applied	7,875.97	
		1,651,640.06
Balance Dec. 31, 2016		$ 76,834.03

Exhibit SD-5

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Sewer Liens Receivable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 5,483.00
Decreased by:	
Receipts -- Collector	3,527.00
Balance Dec. 31, 2016	$ 1,956.00

CITY OF ABSECON
SEWER UTILITY CAPITAL FUND
Statement of Fixed Capital
For the Year Ended December 31, 2016

Description	Balance Dec. 31, 2015	Additions 2016 Budget Appropriation	Balance Dec. 31, 2016
General Improvements	$ 3,513,106.35	$ 11,219.23	$ 3,524,325.58

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2016

	Balance December 31, 2015 Encumbered	Balance December 31, 2015 Reserved	Balance After Modification	Disbursed	Lapsed
Operating:					
Salary and Wages		$ 10,544.94	$ 10,544.94		$ 10,544.94
Other Expenses	$ 1,115.24	51,867.22	52,982.46	$ 11,642.73	41,339.73
Total Operating	1,115.24	62,412.16	63,527.40	11,642.73	51,884.67
Capital Improvements:					
Capital Outlay		12,564.07	12,564.07		12,564.07
Deferred Charges and Regulatory Expenditures:					
Regulatory Expenditures:					
Contribution to:					
Public Employees Retirement System		28,000.00	28,000.00		28,000.00
Social Security System (O.A.S.I.)		2,389.64	2,389.64		2,389.64
Unemployment Compensation		151.95	151.95		151.95
		30,541.59	30,541.59		30,541.59
	$ 1,115.24	$ 105,517.82	$ 106,633.06	$ 11,642.73	$ 94,990.33

Exhibit SD-8

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Sewer Rent Overpayments
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 736.00
Increased by:	
Receipts -- Collector	7,453.97
	8,189.97
Decreased by:	
Application to Sewer Rents Receivable	7,875.97
Balance Dec. 31, 2016	$ 314.00

Exhibit SD-9

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 5,282.08
Decreased by:	
Receipts	$ 5,282.08

CITY OF ABSECON
SEWER UTILITY OPERATING FUND
Statement of Prepaid Sewer Rents
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$ 274,569.50
Increased by:	
Receipts -- Collector	265,714.52
	540,284.02
Decreased by:	
Prepayments Applied	274,569.50
Balance Dec. 31, 2016	$ 265,714.52

CITY OF ABSECON
SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	$	3,513,106.35
Increased by:		
2016 Utility Budget Appropriation:		
Equipment Purchase		11,219.23
Balance Dec. 31, 2016	$	3,524,325.58

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

CITY OF ABSECON
Schedule of Findings and Recommendations
For the Year Ended December 31, 2016

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

CITY OF ABSECON
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

None.

CITY OF ABSECON

Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

Name	Title	Amount of Surety Bond
John Armstrong	Mayor	(A)
Chris Seher	President of Council	(A)
Sandy Cain	Member of Council	(A)
Kimberly Horton	Member of Council	(A)
Frank Phillips	Member of Council	(A)
Michael Ring	Member of Council	(A)
Patrick Sheeran	Member of Council	(A)
Jim Vizthum	Member of Council	(A)
Jessica Thompson	City Administrator, Chief Financial Officer	(A)
Carie A. Crone	Municipal Clerk	(A)
Jessica Snyder	Tax Collector	(A)
John Rosenberger	Judge of the Municipal Court	(A)
Merrilee Carlson	Municipal Court Administrator	(A)
Timothy Maguire, Esq.	Solicitor	

(A) Covered by $1,000,000, either with a $1,000 deductible or for the amount the employee or official is required by law to be individually bonded, by a Public Employees Dishonesty Bond from the Atlantic County Municipal Joint Insurance Fund and Municipal Excess Joint Insurance Fund.

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the City officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Michael D. Cesaro

Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant