

**BOROUGH OF LONGPORT**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2012**

**BOROUGH OF LONGPORT**  
**TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page No.</u>
	<b><u>PART I</u></b>	
	Independent Auditor's Report	1 - 3
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 10
A - 3	Statement of Expenditures - Regulatory Basis	11 - 15
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	16
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	17
C - 1	Statement of Fund Balance - Regulatory Basis	18
	<b><u>WATER AND SEWER UTILITY FUND</u></b>	
D	Comparative Balance Sheet - Regulatory Basis	19 - 20
D - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	21
D - 2	Statement of Capital Fund Balance - Regulatory Basis	22
D - 3	Statement of Revenues - Regulatory Basis	23
D - 4	Statement of Expenditures - Regulatory Basis	24
	<b><u>GENERAL FIXED ASSET ACCOUNT GROUP</u></b>	
E	Comparative Balance Sheet - Regulatory Basis	25
	<b>NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS</b>	26 - 44
	<b><u>SUPPLEMENTAL SCHEDULES</u></b>	
	<b><u>CURRENT FUND</u></b>	
A - 4	Schedule of Cash - Treasurer	45 - 46
A - 5	Schedule of Cash - Collector	n/a
A - 6	Schedule of Cash - Clerk	n/a
A - 7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	47
A - 8	Schedule of Tax Title Liens	n/a
A - 9	Schedule of Revenue Accounts Receivable	48
A - 10	Schedule of Appropriation Reserves - Prior Year	49 - 51
A - 11	Schedule of Federal and State Grants Receivable	52
A - 12	Schedule of Reserves for Federal and State Grants - Unappropriated	53
A - 13	Schedule of Appropriated Reserves for Federal and State Grants	54

**BOROUGH OF LONGPORT**  
**TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page No.</u>
<b><u>TRUST FUND</u></b>		
B - 1	Schedule of Animal Control Cash - Treasurer	55
B - 2	Schedule of Other Trust Cash - Treasurer	56
B - 3	Schedule of Reserve for Animal Control Expenditures	57
<b><u>GENERAL CAPITAL FUND</u></b>		
C - 2	Schedule of Cash - Treasurer	58
C - 3	Analysis of Cash	59
C - 4	Schedule of Capital Improvement Fund	60
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	60
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	61
C - 7	Schedule of Improvement Authorizations	62
C - 8	Schedule of General Serial Bonds	63
C - 8a	Schedule of Loans Payable	64
C - 9	Schedule of Bond Anticipation Notes	65
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	66
<b><u>WATER AND SEWER UTILITY FUND</u></b>		
D - 5	Schedule of Cash - Treasurer	67
D - 6	Analysis of Cash	68
D - 7	Schedule of Consumer Accounts Receivable	69
D - 8	Schedule of Utility Liens	69
D - 9	Schedule of Appropriation Reserves - Prior Year	70
D - 10	Schedule of Capital Improvement Fund	n/a
D - 11	Schedule of Accrued Interest on Bonds	71
D - 12	Schedule of Improvement Authorizations	72
D - 13	Schedule of Serial Bonds	n/a
D - 14	Schedule of Bond Anticipation Notes	73
D - 15	Schedule of Bonds and Notes Authorized But Not Issued	74
<b><u>PART II</u></b>		
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Regulatory Basis Performed in Accordance with Government Auditing Standards	75 - 76
	Schedule of Findings and Responses	77
	General Comments	78 - 79
	Findings and Recommendations	80

**BOROUGH OF LONGPORT**

**PART I**

**REPORT ON AUDIT OF**

**FINANCIAL STATEMENTS - REGULATORY BASIS**

**DECEMBER 31, 2012**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of Borough Commission  
Borough of Longport  
County of Atlantic, New Jersey

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

*Other Information*

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

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2013 on our consideration of the Borough of Longport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Longport's internal control over financial reporting and compliance.

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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

April 12, 2013

**EXHIBIT - A  
CURRENT FUND**



**BOROUGH OF LONGPORT**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 1,684,854.81	\$ 1,586,653.06
Change and Petty Cash Funds		375.00	375.00
		<u>1,685,229.81</u>	<u>1,587,028.06</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	226,406.80	193,273.94
Property Acquired for Taxes - Assessed Valuation		17,695.00	17,695.00
Due from Dog Trust Fund		262.22	225.29
Due from General Capital		-	45,851.73
Revenue Accounts Receivable	A-9	4,454.98	4,948.32
		<u>248,819.00</u>	<u>261,994.28</u>
Deferred Charges:			
Emergency Authorization		78,500.00	-
Special Emergency Authorization		473,800.00	61,000.00
		<u>552,300.00</u>	<u>61,000.00</u>
		<u>2,486,348.81</u>	<u>1,910,022.34</u>
Federal and State Grant Fund:			
Cash	A-4	-	-
Due from Current Fund		72,089.98	48,688.15
Grants Receivable	A-11	271,670.01	237,189.43
		<u>343,759.99</u>	<u>285,877.58</u>
		<u>\$ 2,830,108.80</u>	<u>\$ 2,195,899.92</u>

**BOROUGH OF LONGPORT**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 348,329.95	\$ 299,512.73
Reserve for Encumbrances	A-3	103,081.82	36,275.04
Prepaid Taxes		290,565.38	291,402.35
Tax Overpayments		11,173.47	33,936.50
Local School District Tax Payable		199,722.40	143,535.40
Payroll Taxes Payable		27,199.34	27,169.14
Deferred Revenue			
Prepaid Ice Cream License		27,148.16	-
JIF Insurance		9,012.00	16,672.00
Beach Fees		-	2,881.00
Due to County - Added Taxes		16,003.38	11,497.00
Due to Trust Other		1,802.51	1,802.51
Due to Grant Fund		72,089.98	48,688.15
Due to General Capital		36,926.92	-
Due to State:			
Senior Citizens & Veterans		750.00	18,968.88
Reserve for Reassessment		468.22	8,766.77
Reserve for Tax Sale Premiums		300.00	141,300.00
Special Emergency Note Payable		425,000.00	-
		<u>1,569,573.53</u>	<u>1,082,407.47</u>
Reserve for Receivables and Other Assets		248,819.00	261,994.28
Fund Balance	A-1	<u>667,956.28</u>	<u>565,620.59</u>
		<u>2,486,348.81</u>	<u>1,910,022.34</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	38,155.67	16,155.67
Appropriated Reserves	A-13	301,604.32	264,721.91
Due to Utility Operating Fund		4,000.00	4,000.00
Encumbrance Payable		-	1,000.00
		<u>343,759.99</u>	<u>285,877.58</u>
		<u>\$ 2,830,108.80</u>	<u>\$ 2,195,899.92</u>

**BOROUGH OF LONGPORT**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>	
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$	473,860.00	\$	450,000.00
Miscellaneous Revenue Anticipated		1,071,790.35		998,441.87
Receipts from Delinquent Taxes		165,981.56		259,908.83
Receipts from Current Taxes		13,656,211.46		14,218,081.33
Non-Budget Revenue		158,940.39		146,309.62
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves		235,522.32		194,180.64
Cancellation of Prior Year Liability		18,718.88		-
Interfund Returned		45,851.73		-
Total Income		<u>15,826,876.69</u>		<u>16,266,922.29</u>
<u>Expenditures</u>				
Budget and Emergency Appropriations:				
Appropriations Within "CAP"				
Operations:				
Salaries and Wages		2,908,204.00		2,847,454.00
Other Expenses		2,380,198.00		1,961,357.00
Deferred Charges & Statutory Expenditures		680,658.00		695,858.00
Appropriations Excluded from "CAP"				
Operations:				
Other Expenses		102,301.67		37,291.74
Capital Improvements		103,500.00		20,000.00
Municipal Debt Service		1,415,884.50		1,509,660.10
Deferred Charges		19,700.00		45,459.00
County Taxes		7,193,524.59		7,817,323.25
County Added and Omitted Taxes		16,003.24		11,496.86
Local District School Tax		933,957.00		899,243.50
Prior Year's Deduction Disallowed		250.00		-
Interfund Created		-		45,851.73
Total Expenditures		<u>15,754,181.00</u>		<u>15,890,995.18</u>

**BOROUGH OF LONGPORT**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess In Revenue		\$ 72,695.69	\$ 375,927.11
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		503,500.00	61,000.00
		<u>503,500.00</u>	<u>61,000.00</u>
Statutory Excess to Fund Balance		576,195.69	436,927.11
Fund Balance January 1	A	565,620.59	578,693.48
		1,141,816.28	1,015,620.59
Decreased by:			
Utilization as Anticipated Revenue		473,860.00	450,000.00
Fund Balance December 31	A	<u>\$ 667,956.28</u>	<u>\$ 565,620.59</u>

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 473,860.00	\$ -	\$ 473,860.00	\$ -
Miscellaneous Revenues:					
Fees and Permits		3,800.00		5,200.00	1,400.00
Fines and Costs:					
Municipal Court		85,000.00		94,697.18	9,697.18
Interest and Costs on Taxes		35,000.00		41,068.80	6,068.80
Interest on Investments and Deposits		6,000.00		4,798.96	(1,201.04)
Anticipated Utility Operating Surplus		268,000.00		268,000.00	-
Beach Fees		200,000.00		210,780.00	10,780.00
Ice Cream Vendor Bid		26,104.00		26,104.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		122,345.00		122,345.00	-
Uniform Construction Code Fees		105,000.00		166,429.75	61,429.75
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Drunk Driving Enforcement Fund			12,556.18	12,556.18	-
Clean Communities Grant			6,316.43	6,316.43	-
Body Armor Grant		1,607.70	1,638.35	3,246.05	-
Recycling Tonnage Grant		1,076.24	1,831.17	2,907.41	-
Hazard Mitigation Grant			74,100.00	74,100.00	-
Municipal Alcohol Education/Rehabilitation			2,050.60	2,050.60	-
Optional Safety Budget		1,125.00		1,125.00	-
Special Items of General Revenue Anticipated with Prior Written Consent of DLGS:					
JIF Insurance Refund		16,672.00		16,672.00	-
Comcast Franchise Fee		13,000.00		13,392.99	392.99
Total Miscellaneous Revenues	A-1	884,729.94	98,492.73	1,071,790.35	88,567.68

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

	Ref.	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Receipts from Delinquent Taxes	A-1:A-2	\$ 190,000.00	\$	\$ 165,981.56	\$ (24,018.44)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		5,758,740.17		5,809,212.80	50,472.63
Total Amount to be Raised by Taxes for Support of Municipal Budget		5,758,740.17	-	5,809,212.80	50,472.63
Budget Totals		7,307,330.11	98,492.73	7,520,844.71	115,021.87
Non-Budget Revenues				158,940.39	158,940.39
		\$ 7,307,330.11	\$ 98,492.73	\$ 7,679,785.10	\$ 273,962.26

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

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 13,656,211.46
Allocated to:	
School, County and Other Taxes	<u>8,143,484.83</u>
Balance for Support of Municipal Budget Appropriations	5,512,726.63
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>296,486.17</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 5,809,212.80</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>165,981.56</u>
	<u>\$ 165,981.56</u>

Analysis of Non-Budget Revenues:

## Miscellaneous Revenue Not Anticipated:

Library Rental	\$ 6,900.00
Zoning Approvals	44,575.00
Tennis Court Fees	6,498.00
Land Use	15,400.00
Rental Approval	7,500.00
Police Reports	601.90
Street Opening	6,432.00
Dumpster	11,781.50
Vital Statistics	332.00
Sale or Lease of Borough Owned Property	7,353.04
DMV Fines	1,400.00
FEMA Storm Reimbursement	36,298.87
Senior and Veteran Administrative Fee	435.00
Police/Traffic Safety	450.00
Liquor License	220.00
Boat License	300.00
Miscellaneous	<u>12,463.08</u>
	<u>\$ 158,940.39</u>

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
\$	14,000.00	14,000.00	13,121.61	199.46	678.93	\$
General Administration						
Other Expenses						
Human Resources						
Salaries and Wages	24,000.00	24,000.00	23,583.04	-	416.96	
Other Expenses	13,000.00	13,000.00	7,380.63		5,619.37	
Mayor and Commissioners						
Salaries and Wages	25,200.00	25,200.00	25,000.30	-	199.70	
Other Expenses	3,000.00	3,000.00	2,170.01	-	829.99	
Borough Clerk						
Salaries and Wages	65,200.00	65,200.00	60,080.40	-	5,119.60	
Other Expenses	26,500.00	26,500.00	22,162.25		4,337.75	
Finance Department						
Salaries and Wages	24,000.00	24,000.00	23,583.04	-	416.96	
Other Expenses	5,500.00	5,500.00	2,859.91	-	2,640.09	
Audit Services						
Other Expenses	28,000.00	28,000.00	28,000.00	-	-	
Data Processing						
Other Expenses	25,500.00	25,500.00	18,123.79	-	7,376.21	
Collection of Taxes						
Salaries and Wages	39,400.00	39,400.00	39,365.54	-	34.46	
Other Expenses	3,500.00	6,500.00	4,260.43	1,377.66	861.91	
Assessment of Taxes						
Salaries and Wages	12,000.00	12,000.00	11,887.48	-	112.52	
Other Expenses	5,350.00	5,850.00	4,855.73	250.00	744.27	
Legal Services and Costs						
Other Expenses	160,000.00	113,650.00	82,417.26	-	31,232.74	
Engineering						
Other Expenses	72,000.00	72,000.00	72,000.00	-	-	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	2,900.00	2,900.00	2,900.00	-	-	
Other Expenses	5,000.00	5,700.00	3,488.58	700.00	1,511.42	



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

	Appropriations		Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved		
<b>PUBLIC SAFETY:</b>							
Police							
Salaries and Wages	\$ 1,429,621.00	\$ 1,450,721.00	\$ 1,449,893.92	\$ -	\$ 827.08	\$	
Other Expenses	96,951.00	99,451.00	95,309.38	3,014.27	1,127.35		
Emergency Management							
Salaries and Wages	1,300.00	2,500.00	2,476.00	-	24.00		
Other Expenses	1,900.00	1,900.00	555.12	1,000.00	344.88		
Dispatch							
Salaries and Wages	207,075.00	210,075.00	210,029.54	-	45.46		
Community Rating System							
Salaries and Wages	1,200.00	1,150.00	1,108.90	-	41.10		
Other Expenses	2,100.00	2,150.00	1,143.45	1,000.00	6.55		
Fire							
Salaries and Wages	39,154.00	39,154.00	18,430.61	-	20,723.39		
Other Expenses	31,467.00	31,467.00	25,272.27	4,142.44	2,052.29		
Prosecutor							
Salaries and Wages	7,250.00	7,250.00	7,209.02	-	40.98		
Beach Guards							
Salaries and Wages	380,525.00	384,025.00	381,619.96	-	2,405.04		
Other Expenses	21,830.00	21,830.00	21,382.84	45.86	401.30		
Beach Control							
Salaries and Wages	24,000.00	22,500.00	22,218.29	-	281.71		
Other Expenses	8,000.00	8,000.00	7,516.26	-	483.74		
<b>HEALTH AND HUMAN SAFETY:</b>							
Animal Control							
Other Expenses	5,500.00	5,500.00	5,400.00	-	100.00		
<b>PUBLIC WORKS FUNCTIONS:</b>							
Streets and Roads							
Salaries and Wages	289,914.00	289,914.00	243,760.86	-	46,153.14		
Other Expenses	70,000.00	70,000.00	61,655.65	4,263.02	4,081.33		
Other Expenses-Storm Damage		425,000.00	375,540.05	38,193.37	11,266.58		
Garbage and Trash Removal							
Other Expenses:							
Solid Waste Collection	87,000.00	87,000.00	72,150.10	7,254.02	7,595.88		
Tipping Fees	50,000.00	50,000.00	44,248.24	-	5,751.76		
Public Buildings and Grounds							
Other Expenses	47,200.00	47,200.00	36,539.38	1,459.00	9,201.62		

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>PARKS AND RECREATION FUNCTIONS:</b>						
Parks and Recreation						
Salaries and Wages	\$ 14,500.00	\$ 14,500.00	\$ 14,339.00	\$ -	\$ 161.00	\$
Other Expenses	10,000.00	11,000.00	9,993.75	67.47	938.78	
Maintenance of Parks						
Other Expenses	23,000.00	24,000.00	22,933.21	400.00	666.79	
Municipal Court						
Salaries and Wages	131,000.00	131,000.00	114,332.90	-	16,667.10	
Other Expenses	3,100.00	3,600.00	3,422.55	-	177.45	
Public Defender						
Salaries and Wages	2,150.00	2,150.00	2,107.00	-	43.00	
<b>INSURANCE:</b>						
Salaries and Wages	8,765.00	8,765.00	8,759.92	-	5.08	
Employee Group Health	479,000.00	479,000.00	390,125.23	-	88,874.77	
Employee Group Health Opt Out	7,200.00	7,200.00	6,380.65	-	819.35	
Liability Insurance	95,000.00	95,000.00	86,828.90	-	8,171.10	
Workers Compensation	172,600.00	172,600.00	172,289.00	-	311.00	
<b>UNIFORM CONSTRUCTION CODE:</b>						
Construction Code Official						
Salaries and Wages	149,200.00	151,200.00	151,200.00	-	-	
Other Expenses	43,000.00	45,000.00	5,287.86	39,460.25	251.89	
Other Code Enforcement						
Salaries and Wages	550.00	600.00	555.10	-	44.90	
Other Expenses	1,100.00	1,100.00	747.98	-	352.02	
<b>Unclassified</b>						
Celebration of Public Events						
Other Expenses	3,000.00	3,000.00	747.52	-	2,252.48	
Accumulated Sick Time	20,000.00	20,000.00	20,000.00	-	-	
<b>Utility Expenses and Bulk Purchases</b>						
Electricity	147,000.00	155,600.00	155,415.97	-	184.03	
Street Lighting	61,000.00	57,400.00	55,627.97	-	1,772.03	
Telephone	25,000.00	25,000.00	24,367.29	255.00	377.71	
Natural Gas	32,000.00	32,000.00	16,779.38	-	15,220.62	
Gasoline	80,000.00	80,000.00	69,982.36	-	10,017.64	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>4,864,202.00</b>	<b>5,288,402.00</b>	<b>4,862,923.38</b>	<b>103,081.82</b>	<b>322,396.80</b>	<b>-</b>

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
\$	\$	\$	\$	\$	\$	\$
Contingent						
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	4,864,202.00	5,288,402.00	4,862,923.38	103,081.82	322,396.80	-
Detail:						
Salaries and Wages	2,878,904.00	2,908,204.00	2,814,440.82	-	93,763.18	-
Other Expenses	1,985,298.00	2,380,198.00	2,048,482.56	103,081.82	228,633.62	-
<b>DEFERRED CHARGES:</b>						
None						
<b>STATUTORY EXPENDITURES:</b>						
Contributions to:						
Social Security System (O.A.S.I.)	225,000.00	225,000.00	214,431.19	-	10,568.81	
Public Employees' Retirement System	124,852.00	124,852.00	124,852.00	-	-	
Police and Firemen's Retirement System	311,606.00	311,606.00	311,606.00	-	-	
DCRP (Defined Contribution Retirement Program)	1,100.00	1,900.00	1,835.66	-	64.34	
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00	-	-	
Lifeguard Pension	15,300.00	15,300.00	-	-	15,300.00	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	679,858.00	680,658.00	654,724.85	-	25,933.15	-
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	5,544,060.00	5,969,060.00	5,517,648.23	103,081.82	348,329.95	-
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
Drunk Driving Enforcement Fund		12,556.18	12,556.18	-	-	
Clean Communities Grant		6,316.43	6,316.43	-	-	
Body Armor Grant	1,607.70	3,246.05	3,246.05	-	-	
Municipal Alcohol Education/Rehabilitation		2,050.60	2,050.60	-	-	
Optional Safety Budget	1,125.00	1,125.00	1,125.00	-	-	
Recycling Tonnage	1,076.24	2,907.41	2,907.41	-	-	
Hazard Mitigation Grant		74,100.00	74,100.00	-	-	
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	3,808.94	102,301.67	102,301.67	-	-	-
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	3,808.94	102,301.67	102,301.67	-	-	-
Detail:						
Salaries and Wages						
Other Expenses	3,808.94	102,301.67	102,301.67	-	-	-



**EXHIBIT - B  
TRUST FUND**

**BOROUGH OF LONGPORT**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 606.42	\$ 484.09
		<u>606.42</u>	<u>484.09</u>
<u>Other Funds</u>			
Cash and Investments	B-2	368,159.60	395,462.96
Due from Current Fund		1,802.51	1,802.51
		<u>369,962.11</u>	<u>397,265.47</u>
		<u>\$ 370,568.53</u>	<u>\$ 397,749.56</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Animal Control Fund</u>			
Reserve for Dog Expenditures	B-3	\$ 340.60	\$ 255.20
Due to Current Fund		262.22	225.29
Due to State of New Jersey		3.60	3.60
		<u>606.42</u>	<u>484.09</u>
<u>Other Funds</u>			
Reserve for Unemployment Compensation		3,839.12	26,563.07
Reserve for Lifeguard Pension		304,057.22	283,420.11
Reserve for Parking Offense Adjudication Act		1,522.00	1,522.00
Reserve for Developers Escrow		570.97	569.69
Reserve for Accumulated Sick Leave Fund		56,345.63	82,484.19
Reserve for Recreation		1,641.46	575.45
Reserve for Donations for Municipal Equipment & Building Improvements		304.51	304.51
Reserve for Disposal of Forfeited Property		1,681.19	1,677.41
Reserve for Flexible Spending Account		0.01	149.04
		<u>369,962.11</u>	<u>397,265.47</u>
		<u>\$ 370,568.53</u>	<u>\$ 397,749.56</u>

**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

**BOROUGH OF LONGPORT**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Cash and Investments	C-2,C-3	\$ 309,163.49	\$ 309,163.49
Due from Current Fund		36,926.92	-
Deferred Charges to Future Taxation:			
Funded	C-5	3,682,538.00	4,718,155.00
Unfunded	C-6	2,664,768.34	982,268.34
Federal Aid Receivable - FEMA		5,780.00	5,780.00
		<u>\$ 6,699,176.75</u>	<u>\$ 6,015,366.83</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Note Payable	C-9	\$ 760,000.00	\$ 941,500.00
Serial Bonds Payable	C-8	2,200,000.00	3,020,000.00
Loans Payable	C-8a	1,482,538.00	1,698,155.00
Due to Current Fund		-	45,851.73
Improvement Authorizations:			
Funded	C-7	179,709.85	5,788.83
Unfunded	C-7	2,021,280.21	269,771.55
Encumbrances Payable		18,037.75	14,027.75
Reserve to Pay Notes		12,212.48	-
Capital Improvement Fund	C-4	-	20,000.00
Fund Balance	C-1	25,398.46	271.97
		<u>\$ 6,699,176.75</u>	<u>\$ 6,015,366.83</u>



**BOROUGH OF LONGPORT**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2011	<u>Ref.</u> C		\$	271.97
Increased By:				
Funded Improvement Authorization Canceled		\$		25,126.49
				25,126.49
				25,398.46
Decreased By:				
None				-
				-
Balance December 31, 2012	C		\$	25,398.46

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

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 444,000.96	\$ 688,488.20
		<u>444,000.96</u>	<u>688,488.20</u>
Receivables With Full Reserves			
Water & Sewer Rents Receivable	D-7	43,771.42	24,389.42
		<u>43,771.42</u>	<u>24,389.42</u>
Other Receivables			
Due From Grant Fund		4,000.00	4,000.00
		<u>4,000.00</u>	<u>4,000.00</u>
Total Operating Fund		<u>491,772.38</u>	<u>716,877.62</u>
Capital Fund:			
Cash and Investments	D-5	37,786.85	37,786.85
Due from Water and Sewer Operating Fund		194,409.15	452,732.63
Fixed Capital:			
Completed		6,953,504.52	5,668,123.27
Authorized and Uncompleted		113,238.25	1,398,619.50
Total Capital Fund		<u>7,298,938.77</u>	<u>7,557,262.25</u>
		<u>\$ 7,790,711.15</u>	<u>\$ 8,274,139.87</u>

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<b>Operating Fund:</b>			
Appropriation Reserves	D-4	\$ 37,531.57	\$ 97,892.78
Encumbrances Payable		9,980.51	5,809.55
Utility Rent Overpayments		48,282.68	10,869.73
Accrued Interest on Bonds and Notes	D-11	2,175.00	1,200.00
Due to Water Sewer Capital		194,409.15	452,732.63
		<u>292,378.91</u>	<u>568,504.69</u>
Reserve for Receivables	D	43,771.42	24,389.42
Fund Balance	D-1	<u>155,622.05</u>	<u>123,983.51</u>
<b>Total Operating Fund</b>		<u>491,772.38</u>	<u>716,877.62</u>
<b>Capital Fund:</b>			
Bond Anticipation Notes Payable	D-14	1,195,000.00	1,295,000.00
Encumbrances Payable		100,670.90	342,635.50
Improvement Authorizations			
Funded	D-12	-	-
Unfunded	D-12	113,238.25	129,597.13
Reserve for Amortization		5,786,002.00	5,686,002.00
Deferred Reserve for Amortization		43,200.00	43,200.00
Fund Balance	D-2	60,827.62	60,827.62
<b>Total Capital Fund</b>		<u>7,298,938.77</u>	<u>7,557,262.25</u>
		<u>\$ 7,790,711.15</u>	<u>\$ 8,274,139.87</u>

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>	
Revenue and Other Income Realized:				
Fund Balance Utilized	\$	96,320.00	\$	75,750.00
Water and Sewer Rents		963,110.83		969,510.03
Miscellaneous		23,041.24		39,291.64
Other Credits to Income:				
Unexpended Balance of Appropriation				
Reserves		92,806.47		36,086.46
Total Income		<u>1,175,278.54</u>		<u>1,120,638.13</u>
Expenditures:				
Operations:				
Salaries and Wages		267,000.00		296,000.00
Other Expenses		368,320.00		369,750.00
Debt Service		118,000.00		77,000.00
Deferred Charges and Statutory Expenditures		294,000.00		288,000.00
Total Expenditures		<u>1,047,320.00</u>		<u>1,030,750.00</u>
Excess in Revenue		127,958.54		89,888.13
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by				
Statute Deferred Charges to Budgets of				
Succeeding Years		-		-
		<u>-</u>		<u>-</u>
Fund Balance January 1	D	<u>123,983.51</u>		<u>109,845.38</u>
		123,983.51		109,845.38
Decreased By:				
Utilization as Anticipated Revenue		<u>96,320.00</u>		<u>75,750.00</u>
Balance December 31	D	<u>\$ 155,622.05</u>	\$	<u>123,983.51</u>

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE**

Balance December 31, 2011	<u>Ref.</u> D		\$	60,827.62
Increased By:				
None		\$		
		_____		-
				<u>60,827.62</u>
Decreased By:				
None				
		_____		-
Balance December 31, 2012	D		\$	<u><u>60,827.62</u></u>

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Anticipated Budget	Realized	Excess or (Deficit)
Operating Fund Balance Anticipated	\$ 96,320.00	\$ 96,320.00	\$ -
Anticipated Revenue:			
Water Rents	385,000.00	413,235.71	28,235.71
Sewer Rents	566,000.00	549,875.12	(16,124.88)
	<u>951,000.00</u>	<u>963,110.83</u>	<u>12,110.83</u>
Total Revenue	<u>\$ 1,047,320.00</u>	<u>\$ 1,059,430.83</u>	<u>\$ 12,110.83</u>

Analysis of Realized Revenue:

Miscellaneous Revenue			
Interest	\$ 2,365.89		
Connection Fees	2,580.00		
Hydrants	1,600.00		
Miscellaneous	9,070.35		
Meters	7,175.00		
Shut Off Fees	250.00		
Total Miscellaneous		<u>\$ 23,041.24</u>	

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 267,000.00	\$ 267,000.00	\$ 266,038.98	\$ 961.02	\$
Other Expenses	368,320.00	368,320.00	335,397.47	32,922.53	
Capital Improvements:					
None	635,320.00	635,320.00	601,436.45	33,883.55	-
Debt Service:					
Payment on Bond Anticipation Notes and Capital Notes	100,000.00	100,000.00	100,000.00	-	-
Interest on Notes	18,000.00	18,000.00	18,000.00	-	-
	<u>118,000.00</u>	<u>118,000.00</u>	<u>118,000.00</u>	<u>-</u>	<u>-</u>
Deferred Charges and Statutory Expenditures					
Social Security System (O.A.S.I.)	24,000.00	24,000.00	20,351.98	3,648.02	
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00	-	
Surplus (General Budget)	268,000.00	268,000.00	268,000.00	-	
	<u>294,000.00</u>	<u>294,000.00</u>	<u>290,351.98</u>	<u>3,648.02</u>	<u>-</u>
	<u>\$ 1,047,320.00</u>	<u>\$ 1,047,320.00</u>	<u>\$ 1,009,788.43</u>	<u>\$ 37,531.57</u>	<u>\$</u>
Ref.	D				D
		Cash Disbursed	\$ 981,807.92		D-5
		Encumbered	9,980.51		D
		Accrued Interest	18,000.00		D-11
			<u>1,009,788.43</u>		



**EXHIBIT - E**  
**GENERAL FIXED ASSET ACCOUNT GROUP**

**BOROUGH OF LONGPORT**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**DECEMBER 31, 2012**

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 1,583,048.65	\$ 1,583,048.65
Machinery and Equipment	<u>2,849,417.18</u>	<u>2,821,851.92</u>
Total General Fixed Assets	<u>\$ 4,432,465.83</u>	<u>\$ 4,404,900.57</u>
Investment in General Fixed Assets	<u>\$ 4,432,465.83</u>	<u>\$ 4,404,900.57</u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements – regulatory basis of the Borough of Longport have been prepared in conformity with an “Other Comprehensive Basis of Accounting” (OCBOA) as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from Accounting Principles Generally Accepted in the United States of America (GAAP). The more significant of the Borough’s accounting policies are described below.

**Description of Financial Reporting Entity**

The Borough of Longport is a well-developed residential community located in Atlantic County at the south end of Absecon Island. The island runs north and south and is comprised of Longport on the south and, proceeding north, the cities of Margate, Ventnor and Atlantic City. The Borough itself comprises approximately one-half mile. Its eastern boundary is a mile and one-half long beach fronting on the Atlantic Ocean. The Borough is approximately one-half mile wide at its widest point. The population according to the 2010 census is 895.

Longport was incorporated as a Borough in 1898. The Borough is governed by a three-member Board of Commissioners elected at-large for four-year terms. The Mayor is elected by the Commissioners from among their members. Each commissioner is responsible for a certain function of government and serves as a Director. The functions are: Public Affairs and Safety, Revenue and Finance, Public Works, Public Property, and Water/Sewer Utility.

The Board of Commissioners exercises the legislative power of the Borough by adopting ordinances and resolutions. In addition, the Board is responsible for the approval of the Borough budget, the establishment of financial controls and setting of all salaries of elected and appointed officers and employees.

**Component Units**

There are no component units of the Borough of Longport.

**Basis of Presentation, Fund Accounting**

The financial statements – regulatory basis of the Borough of Longport contain all funds and account groups in accordance with the “Requirements of Audit” as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Longport accounts for its financial transactions through the following separate funds that differ from the funds required by GAAP.

**Current Fund**

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

**Trust Funds**

The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each fund was created.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Capital Funds**

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

**Water and Sewer Utility Operating and Capital Funds**

The Water and Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water and Sewer utility.

**Budgets and Budgetary Accounting**

The Borough of Longport must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> 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 of introduction. 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.

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

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

**Cash and Investments**

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under laws of the United States or the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Borough of Longport requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and federal), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Investments (Continued)**

Generally, the Borough considers all investments that mature in one year or less to be cash equivalents.

All certificates of deposit are recorded as cash regardless of date of maturity.

**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 Fund Balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

**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 balance sheets.

**General Fixed Assets**

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed Assets used in governmental operations (“general fixed assets”) are accounted for in the General Fixed Assets Account Group. Public Domain (“Infrastructure”) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available.

No depreciation on general fixed assets is recorded in the financial statements – regulatory basis.

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

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

**Utility Fixed Assets**

Property and equipment purchased by a utility fund are recorded in the utility capital fund at cost and are adjusted for disposition or abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. 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, equipment and improvements. GAAP does not require the establishment of a Reserve for Amortization of Fixed Capital, but GAAP does require the recognition of depreciation of property by the utility fund.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 by returning 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 municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

**Deferred Charges**

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

**Appropriation Reserves**

Appropriation Reserves covering unexpended appropriation balance 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 fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

**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 other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

**Fund Balance**

Fund Balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues**

Revenues are recorded as received in cash except for certain amounts that are due from other governmental units. Revenue from Federal and State Grants is realized as revenue when anticipated as such in the Borough's budget. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Tax Revenues**

Property tax revenues are collected in quarterly installments due February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>. Property taxes unpaid on April 1, of the year following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

**School Taxes**

The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Longport School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the school districts from January 1<sup>st</sup> through December 31<sup>st</sup>.

<u>Category</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
School Tax Payable	\$ 199,722.40	\$ 143,535.40
School Tax Deferred	438,885.00	438,885.00
	<u>\$ 638,607.40</u>	<u>\$ 582,420.40</u>

**County Taxes**

The Borough is responsible for levying, collecting and remitting county taxes for the County of Atlantic. Fund Balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition Fund Balance is charged for the County Share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**Reserve for Uncollected Taxes**

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

**Expenditures**

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance system. Outstanding encumbrances at December 31<sup>st</sup> are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis; interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long – term debt, which is recognized when due.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences and Post – Employment 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 post employment benefits, if any, which are also funded on a “pay as you go” basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long – term obligations.

**Required Financial Statements**

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

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough’s financial position. However, comparative data has not been presented in the Statement of Revenue-Regulatory Basis and the Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**Recent Accounting Pronouncements Not Yet Effective**

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

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

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



**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent Accounting Pronouncements Not Yet Effective**

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

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

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

**NOTE 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 4,442,538.00	\$ 5,659,655.00	\$ 6,927,537.00
Water and Sewer Utility:			
Bonds, Notes and Loans	<u>1,195,000.00</u>	<u>1,295,000.00</u>	<u>960,000.00</u>
Total Issued	<u>5,637,538.00</u>	<u>6,954,655.00</u>	<u>7,887,537.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	1,904,768.34	40,768.34	48,268.34
Water and Sewer Utility:			
Bonds and Notes	<u>42,540.77</u>	<u>42,540.77</u>	<u>42,540.77</u>
Total Authorized But Not Issued	<u>1,947,309.11</u>	<u>83,309.11</u>	<u>90,809.11</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,584,847.11</u>	<u>\$ 7,037,964.11</u>	<u>\$ 7,978,346.11</u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 2: LONG-TERM DEBT (Continued)**

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .306%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ -	\$ -	\$ -
Water Sewer Utility Debt	1,237,540.77	1,237,540.77	-
General Debt	<u>6,347,306.34</u>	<u>12,212.48</u>	<u>6,335,093.86</u>
	<u>\$ 7,584,847.11</u>	<u>\$ 1,249,753.25</u>	<u>\$ 6,335,093.86</u>

Net debt \$6,335,093.86 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,068,634,423.00 = 0.306%.

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

3 - 1/2 % of Equalized Valuation Basis	\$ 72,402,204.81
Net Debt	<u>6,335,093.86</u>
Remaining Borrowing Power	<u>\$ 66,067,110.95</u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year		\$ 1,175,278.54
Deductions:		
Operating & Maintenance Costs	\$ 661,320.00	
Debt Service per Water and Sewer Funds	<u>118,000.00</u>	
Total Deductions		<u>779,320.00</u>
Excess in Revenue		<u>\$ 395,958.54</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

**Description of Bonds and Loans Payable**

At December 31, 2012, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$4,800,000.00 General Improvement Bonds dated July 15, 2001, due in annual installments through July 15, 2015, bearing interest at various rates from 4.375% to 4.60% per annum. The balance remaining as of December 31, 2012, is \$1,200,000.00.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 2: LONG-TERM DEBT (Continued)**

**Description of Bonds and Loans Payable (Continued)**

\$3,920,000.00 General Improvement Bonds dated August 15, 2003, due in annual installments through August 15, 2014, bearing interest at various rates from 4.375% to 4.50% per annum. The balance remaining as of December 31, 2012, is \$1,000,000.00.

\$1,417,300.00 New Jersey Wastewater Trust Loan dated October 15, 1997, due in annual installments through October 15, 2017. Interest is paid semiannually at various rates. The balance remaining as of December 31, 2012, is \$440,888.00.

\$2,920,000.00 New Jersey Wastewater Trust Loan dated November 1, 1999, due in annual installments through November 1, 2019. Interest is paid semiannually at various rates. The balance remaining as of December 31, 2012, is \$1,041,650.00.

**Changes in Long-Term Debt**

The following schedule represents the changes in the Long-Term Debt:

	<u>Outstanding 12/31/11</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/12</u>
General Capital Fund:			
Bonds Payable	\$ 3,020,000.00	\$ 820,000.00	\$ 2,200,000.00
Loans Payable	1,698,155.00	215,617.00	1,482,538.00
Total General Capital Fund	<u>4,718,155.00</u>	<u>1,035,617.00</u>	<u>3,682,538.00</u>
Utility Capital Fund:			
Bonds Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Utility Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 4,718,155.00</u>	<u>\$ 1,035,617.00</u>	<u>\$ 3,682,538.00</u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 2: LONG-TERM DEBT (Continued)**

**Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Loans Issued and Outstanding**

Year Ending December 31	General Capital Fund	
	Principal	Interest
2013	\$ 1,119,967.00	\$ 144,915.00
2014	1,124,043.00	98,666.00
2015	628,068.00	51,540.00
2016	239,974.00	26,240.00
2017	249,312.00	18,816.00
2018-2019	321,174.00	16,816.00
	<u>\$ 3,682,538.00</u>	<u>\$ 356,993.00</u>

**NOTE 3: COMPENSATED ABSENCES**

The Borough has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2012, the Borough estimates this liability to approximate \$508,101.94 based on 2012 pay rates and compensated absence balances. The Borough has established a reserve in the amount of \$56,345.63 to offset this liability.

**NOTE 4: DEFERRED COMPENSATION ACCOUNT**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan complies with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in Trust under the beneficial ownership of the Trustee, (Borough of Longport) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is Nationwide Financial Company

**NOTE 5: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2012	Balance December 31, 2011
Prepaid Taxes - Cash Liability	\$ <u>290,565.38</u>	\$ <u>291,402.35</u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 6: RETIREMENT PLANS**

**Plan Descriptions**

All eligible employees participate in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) contributory defined benefit public employee retirement systems that have been established by State Statute. These systems are sponsored and administered by the State of New Jersey.

The Public Employees' Retirement System was established in January 1955, under the provisions of N.J.S.A. 43:14A, to provide coverage including post-retirement health care to substantially all full-time employees of the State or any County, Municipality, School district or public agency, provided the employee is not a member of another state-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60, with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service.

Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above – mentioned formula but at a reduced rate (one-quarter of one percent for each month the member lacks of attaining the age 55).

The Police and Firemen's Retirement System was established in July 1944, under the provisions of N.J.S.A. 43:16A, to provide coverage to substantially all full-time County and Municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

**Significant Legislation**

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority"), to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation, and \$241,106,642 from the proceeds of the Bonds were deposited into the investment accounts of PERS.

As a result of additional legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996.

**Funding Policy**

The Contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.64% of employees' annual compensation, and PFRS provides for employee contributions of 10.00% of base compensation, as defined. DCRP provides for employee contributions of 5.5% of employees' annual compensation. Employers are required to contribute 3.0% of employees' annual compensation. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 6: RETIREMENT PLANS (Continued)**

For the Public Employees' Retirement System, the Borough's contribution was \$124,852.00 and \$123,692.00 for 2012 and 2011.

For the Police and Firemen's Retirement System, the Borough's contribution was \$311,606.00 and \$330,516.00 for 2012 and 2011.

For the Defined Contribution Retirement Plan, the Borough's contribution was \$1,835.66 and \$1,106.50 for 2012 and 2011.

<b>Three Year Trend Information for PERS</b>			
<b>Funding Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/12	\$ 124,852.00	100%	\$ -
12/31/11	123,692.00	100%	-
12/31/10	97,678.00	100%	-

<b>Three Year Trend Information for PFRS</b>			
<b>Funding Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/12	\$ 311,606.00	100%	\$ -
12/31/11	330,516.00	100%	-
12/31/10	278,586.00	100%	-

<b>Three Year Trend Information for DCRP</b>			
<b>Funding Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/12	\$ 1,835.66	100%	\$ -
12/31/11	1,106.50	100%	-
12/31/10	990.48	100%	-

**NOTE 7: CASH AND INVESTMENTS**

**Cash**

Operating cash, in the form of checking, savings and money market savings accounts, is held in the Borough's name by several commercial banking institutions. At December 31, 2012, the carrying amount of the Borough's deposits was \$2,844,947.13 and the bank balance was \$2,969,911.25. Of the bank balance, \$250,000.00 was insured with Federal Deposit Insurance Corporation, \$2,522,446.21 was insured under the Governmental Unit Deposit Protection Act (GUDPA), and \$197,465.04 was uninsured.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 7: CASH AND INVESTMENTS (Continued)**

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Borough's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Borough would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The Borough does not have a policy for custodial credit risk.

**Investments**

Pursuant to the Enabling Act, the funds of the Borough may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Borough may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2012, the Borough had no investments.

**NOTE 8: PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the school district, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1 and May 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey statutes.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 8: PROPERTY TAXES (Continued)**

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition; appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collection from prior years are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

<b>Comparative Schedule of Tax Rates</b>			
	2012 (R)	2011	2010
Tax Rate	\$ 0.772	\$ 0.923	\$ 0.867
Apportionment of Tax Rate:			
Municipal	0.319	0.367	0.349
County	0.402	0.500	0.460
Local School	0.051	0.056	0.058

**Assessed Valuation**

2012 (R)	\$ 1,800,937,584.00
2011	1,566,962,391.00
2010	1,586,103,057.00

R = Revaluation

<b>Comparison of Tax Levies and Collections</b>			
Year	Tax Levy	Collections	Percentage of Collections
2012	\$ 13,933,854.21	\$ 13,656,211.46	98.01%
2011	14,484,992.48	14,218,081.33	98.16%
2010	13,814,609.95	13,519,708.16	97.87%



**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 8: PROPERTY TAXES (Continued)**

<b>Delinquent Taxes and Tax Title Liens</b>				
<b>Year</b>	<b>Tax Title Liens</b>	<b>Delinquent Taxes</b>	<b>Total Delinquent</b>	<b>Percentage of Tax Levy</b>
2012	\$ -	\$ 226,406.80	\$ 226,406.80	1.62%
2011	-	193,273.94	193,273.94	1.33%
2010	-	259,149.12	259,149.12	1.88%

**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, was as follows:

<b>Year</b>	<b>Amount</b>
2012	\$ 17,695.00
2011	17,695.00
2010	17,695.00

**NOTE 9: ECONOMIC DEPENDENCY**

The Borough of Longport is not economically dependent on any one funding agency within the Borough or the State of New Jersey.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 10: FUND BALANCES APPROPRIATED**

The following schedule details the amount of Fund Balances available at the end of each year and the amounts utilized in the subsequent year's budgets.

	<u>Year</u>		<u>Balance December 31st</u>		<u>Utilized in Budget of Succeeding Year</u>		<u>Percent Utilized</u>
Current Fund	2012	\$	667,956.28	\$	495,000.00	*	74.11%
	2011		565,620.59		473,860.00		83.78%
	2010		578,693.48		450,000.00		77.76%
	2009		430,670.44		350,000.00		81.27%
	2008		727,570.26		570,500.00		78.41%
Water and Sewer Utility Fund	2012	\$	155,622.05	\$	76,165.38	*	48.94%
	2011		123,983.51		96,320.00		77.69%
	2010		109,845.38		75,750.00		68.96%
	2009		38,603.19		34,566.00		89.54%
	2008		135,599.42		134,000.00		98.82%

\* As of the date of the Audit Report, the 2013 Budget has been introduced, but not yet adopted.

**NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

Receivables and payables at December 31, 2012 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 1,802.51	Other Trust Fund	Current Fund
262.22	Current Fund	Dog Trust Fund
4,000.00	Water and Sewer Operating Fund	Federal and State Grant Fund
194,409.15	Water and Sewer Capital Fund	Water and Sewer Operating Fund
36,926.92	General Capital Fund	Current Fund
72,089.98	Federal and State Grant Fund	Current Fund
\$ 309,490.78		

The balances are primarily the result of disbursements made from the various funds which were not reimbursed prior to year end.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 12: BUDGETARY DATA**

Annually, Borough's Board of Commissioners adopts the annual appropriation budgets for the Current Fund and the Capital Improvement Plan. Once approved, the Borough's Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The Borough's Board of Commissioners approves the transfers by Resolution. Budgetary transfers during the year were not significant.

**NOTE 13: FEDERAL AND STATE GRANTS**

In the normal course of operations, the Borough receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**NOTE 14: GENERAL FIXED ASSETS**

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2012:

	<b>Balance as of December 31, 2011</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance as of December 31, 2012</b>
Land Buildings & Improvements	\$ 1,583,048.65	\$	\$	\$ 1,583,048.65
Machinery & Equipment	2,821,851.92	130,042.93	102,477.67	2,849,417.18
Total	\$ <u>4,404,900.57</u>	\$ <u>130,042.93</u>	\$ <u>102,477.67</u>	\$ <u>4,432,465.83</u>

**NOTE 15: RISK MANAGEMENT**

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

**Property and Liability Insurance**

The Borough maintains insurance coverage for property, liability and surety bonds. During the year ended December 31, 2012, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 15: RISK MANAGEMENT (Continued)**

**New Jersey Unemployment Compensation Insurance** – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of the Borough’s contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the Borough’s trust fund for the current year and the prior two years:

<u>Calendar Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 4,000.00	\$ 5,057.76	\$ 30.21	\$ 31,811.92	\$ 3,839.12
2011	4,000.00	4,673.21	186.37	20,175.18	26,563.07
2010	4,000.00	4,658.46	380.03	19,625.23	37,878.67

**NOTE 16: LIFEGUARD PENSION**

Effective January 1, 1987 the Borough of Longport established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the Borough’s lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member’s salary at a rate of 4% and contributed to the plan. Each year the Borough shall contribute to the plan 4% of the aggregate compensation paid to the plan members for such year. The contributions will be paid to the pension fund, which is a segregated account maintained by the Borough Chief Financial Officer and is to be used solely for the accumulating and disbursing of monies for benefits provided under the plan. The funds contributed to the plan are to be invested by the Pension Committee.

A plan member may retire with a pension only after their 45<sup>th</sup> birthday and the completion of 20 years of service, the last 10 years of which must have been completed immediately preceding their application. This pension shall be known as their normal pension. It shall commence no earlier than their 45<sup>th</sup> birthday, but it shall vest after twenty (20) Years of Service the last ten (10) years of which are continuous.

A Plan Member’s annual Normal Pension shall be equal to 50% of his Average Compensation. It shall be paid in monthly installments starting on the later of the Member’s 45<sup>th</sup> birthday or his actual retirement date and ending with the payment for the month in which their death occurs. However, post-retirement death benefits may be available which provide for the continuation of such pension after the death of the Plan Member. If the commencement of a plan Member’s Normal Pension is deferred by his continued employment (as an employee) after his 45<sup>th</sup> birthday, the amount of his Normal Pension will not change except to reflect changes in his Average Compensation. No optional or alternate payment arrangements are available for pensions described in this Section or for Disability Survivor Pensions.

Total salaries paid to lifeguards for the years ended December 31, 2012 and 2011 were \$381,619.96 and \$368,237.58 respectively. The Borough’s contribution to the Lifeguard Pension Fund for 2011 was transferred to the Lifeguard Pension Fund in 2012. The Borough’s contribution for 2012 was transferred in 2013. The following table details the activity for this fund for the year ended December 31, 2012.

<u>Balance 12/31/2011</u>	<u>Interest Earned</u>	<u>Borough Share</u>	<u>Employee Withholdings</u>	<u>Pension Payments</u>	<u>Balance 12/31/2012</u>
\$ 283,420.11	\$ 4,072.45	\$ 14,663.00	\$ 16,551.43	\$ (14,649.77)	\$ 304,057.22

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**NOTE 17: SHORT TERM DEBT**

At December 31, 2012 temporary financing in the form of bond anticipation notes payable consisted of the following issues:

\$400,000.00 Bond Anticipation Note dated August 17, 2012, due August 16, 2013, bearing interest at 2.00% per annum. The Borough anticipates refunding this note with permanent financing through a 2014 Bond Sale.

\$1,555,000.00 Bond Anticipation Note dated October 18, 2012, due August 16, 2013, bearing interest at 1.25% per annum. The Borough anticipates refunding this note with permanent financing through a 2014 Bond Sale.

**NOTE 18: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and April 12, 2013 the date the financial statements were issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the Borough that would require disclosure.

## **SUPPLEMENTARY INFORMATION**

**BOROUGH OF LONGPORT**  
**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**

Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2011	\$ 1,586,653.06	\$ -
Increased By Receipts:		
Taxes Receivable		
Due from State - Senior Citizens and Veterans	13,509,290.67	
Prepaid Taxes	21,750.00	
Federal and State Grants Receivable	290,565.38	67,821.09
Federal and State Grants - Unappropriated		22,000.00
Miscellaneous Revenue Anticipated	949,935.68	
Miscellaneous Revenue Not Anticipated	158,940.39	
Deferred JIF Refund	9,012.00	
Prepaid Ice Cream Vendor License	27,148.16	
Payroll Payable	3,407,420.38	
Special Emergency Note Proceeds	425,000.00	
Due to General Capital	760,000.00	
Due to Federal and State Grant Fund	23,401.83	
Due to State Marriage License Fees	200.00	
Due State - DCA Fees	6,349.00	
	19,589,013.49	89,821.09
	21,175,666.55	89,821.09

**BOROUGH OF LONGPORT**  
**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2012 Appropriations	\$ 7,037,032.73	\$
2011 Appropriation Reserves	63,990.41	
Encumbrances	36,275.04	
County Taxes	7,193,524.59	1,000.00
Due to the County Added and Omitted	11,496.86	
Local District School Tax	877,770.00	
Tax Overpayments	22,763.03	
Payroll Payable	3,407,390.18	
Tax Sale Premiums	141,000.00	
Reserve for Revaluation	8,298.55	
Due to General Capital	684,721.35	
Due to Federal and State Grant Fund		23,401.83
Grant Expenditures		65,419.26
Due to State Marriage License Fees	200.00	
Due State - DCA Fees	6,349.00	
	19,490,811.74	
Balance December 31, 2012	\$ 1,684,854.81	\$ 89,821.09
		-



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

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
2010	\$ 210.69	\$ -	\$ -	\$ -	\$ (33,022.44)	\$ 33,233.13	\$ -	\$ -
2011	193,058.20	-	-	199,004.00	165,981.56	(5,946.39)	-	0.59
	193,268.89	-	-	-	165,981.56	27,286.74	-	0.59
2012	193,268.89	13,903,238.08	30,616.13	291,402.35	13,364,809.11	51,236.54	-	226,406.21
	\$ 13,903,238.08	\$ 30,616.13	\$ 30,616.13	\$ 291,402.35	\$ 13,530,790.67	\$ 78,523.28	\$ -	\$ 226,406.80
Ref.	A							A

Cash Receipts \$ 13,509,290.67  
Senior Citizens and Veterans 21,500.00  
13,530,790.67

Analysis of 2012 Property Tax Levy  
Tax Yield:  
General Property Tax \$ 13,903,238.08  
Added Taxes (54:4-63.1 et seq.) 30,616.13  
\$ 13,933,854.21

Tax Levy:  
School Tax Levy 933,957.00  
County Taxes 7,193,524.59  
County Taxes Added and Omitted 16,003.24  
Local Tax for Municipal Purposes 5,758,740.17  
Add: Additional Tax Levied 31,629.21  
\$ 13,933,854.21

**BOROUGH OF LONGPORT**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued</u> <u>In 2012</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Miscellaneous Revenue Anticipated:</u>				
	\$			
Fees and Permits		5,200.00	\$ 5,200.00	\$ -
Municipal Court - Fines and Costs	4,948.32	94,203.84	94,697.18	4,454.98
Interest and Costs on Taxes	-	41,068.80	41,068.80	-
Interest on Investments and Deposits	-	4,798.96	4,798.96	-
Beach Fees	-	207,899.00	207,899.00	-
Comcast Franchise Fee	-	13,392.99	13,392.99	-
Uniform Construction Code Fees	-	166,429.75	166,429.75	-
Energy Receipts Tax	-	122,345.00	122,345.00	-
Anticipated Utility Operating Surplus	-	268,000.00	268,000.00	-
Ice Cream Vendor Bid	-	26,104.00	26,104.00	-
<u>Miscellaneous Revenue Not Anticipated:</u>				
Miscellaneous Non-Budget Revenue	-	158,940.39	158,940.39	-
<b>TOTALS</b>	<u>\$ 4,948.32</u>	<u>\$ 1,108,382.73</u>	<u>\$ 1,108,876.07</u>	<u>\$ 4,454.98</u>
Ref.	A		A-4	A

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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration				
Other Expenses	\$ 1,043.10	\$ 1,043.10	\$ 356.51	\$ 686.59
Human Resources				
Salaries and Wages	946.58	946.58	-	946.58
Other Expenses	1,269.36	1,269.36	1,254.80	14.56
Mayor and Commissioners				
Salaries and Wages	1,126.08	1,126.08	1,111.11	14.97
Other Expenses	1,662.78	1,662.78	24.74	1,638.04
Clerk's Office				
Salaries and Wages	482.30	482.30	-	482.30
Other Expenses	5,322.51	5,322.51	3,039.06	2,283.45
Finance Department				
Salaries and Wages	946.58	946.58	-	946.58
Other Expenses	1,880.78	1,880.78	399.75	1,481.03
Data Processing				
Other Expenses	271.00	271.00	-	271.00
Tax Collection				
Salaries and Wages	2,117.97	2,117.97	-	2,117.97
Other Expenses	16.48	16.48	-	16.48
Tax Assessment				
Salaries and Wages	305.98	305.98	-	305.98
Other Expenses	1,097.35	1,097.35	30.00	1,067.35
Legal Services and Costs				
Other Expenses	17,448.94	17,448.94	4,223.84	13,225.10
Planning Board				
Salaries and Wages	8.00	8.00	-	8.00
Other Expenses	443.88	443.88	428.09	15.79
Police				
Salaries and Wages	906.92	906.92	-	906.92
Other Expenses	4,794.08	4,794.08	2,304.72	2,489.36
Emergency Management				
Salaries and Wages	3.00	3.00	-	3.00
Other Expenses	1,253.82	1,253.82	-	1,253.82
Dispatch				
Salaries and Wages	3,660.35	3,660.35	-	3,660.35
Community Rating System				
Salaries and Wages	141.04	141.04	-	141.04
Other Expenses	613.39	613.39	-	613.39

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Fire				
Salaries and Wages	\$ 328.10	\$ 78.10	\$ -	\$ 78.10
Other Expenses	11,239.47	11,489.47	11,413.17	76.30
Prosecutor				
Salaries and Wages	22.85	22.85	-	22.85
Beach Guards				
Salaries and Wages	462.42	462.42	-	462.42
Other Expenses	579.84	529.84	400.00	129.84
Beach Control				
Salaries and Wages	3,517.97	3,517.97	-	3,517.97
Other Expenses	76.32	76.32	-	76.32
Dog Regulation				
Other Expenses	100.00	100.00	-	100.00
Streets and Roads				
Salaries and Wages	44,921.72	44,921.72	-	44,921.72
Other Expenses	16,700.09	16,700.09	7,365.67	9,334.42
Garbage and Trash Removal				
Other Expenses				
Solid Waste Collection	7,103.74	7,103.74	6,909.66	194.08
Tipping Fees	12,666.74	12,666.74	1,493.45	11,173.29
Buildings and Grounds				
Other Expenses	12,551.60	12,551.60	2,922.02	9,629.58
Parks and Recreation				
Salaries and Wages	3,048.54	3,048.54	-	3,048.54
Other Expenses	11,266.72	11,266.72	-	11,266.72
Maintenance of Parks				
Other Expenses	6,496.04	6,496.04	100.00	6,396.04
Municipal Court				
Salaries and Wages	1,247.50	1,247.50	-	1,247.50
Other Expenses	888.73	888.73	149.00	739.73
Public Defender				
Salaries and Wages	24.00	24.00	-	24.00
Construction Code				
Salaries and Wages	1,786.99	1,786.99	551.98	1,235.01
Other Expenses	31.77	31.77	31.77	-
Other Code Enforcement				
Salaries and Wages	45.04	45.04	-	45.04
Other Expenses	85.37	85.37	16.47	68.90
Insurance				
Salaries and Wages	18.78	18.78	-	18.78

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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Celebration of Public Events				
Other Expenses	\$ 2,700.00	\$ 2,700.00	\$ -	\$ 2,700.00
Unclassified:				
Electricity	12,913.99	12,913.99	-	12,913.99
Street Lighting	4,702.05	4,702.05	-	4,702.05
Telephone	1,347.20	1,347.20	-	1,347.20
Natural Gas	7,761.74	7,761.74	-	7,761.74
Gasoline	2,609.01	2,609.01	1,506.51	1,102.50
Contribution to:				
Social Security	7,122.14	7,122.14	-	7,122.14
Lifeguard Pension	14,650.00	14,700.00	14,663.00	37.00
Insurance				
Group Insurance for Employees	79,245.55	79,245.55	39,570.13	39,675.42
Liability Insurance	8,236.55	8,236.55	-	8,236.55
Employee Group Health Opt-Out	11,526.93	11,526.93	-	11,526.93
Workers Compensation	-	-	-	-
<b>TOTALS</b>	<b>\$ <u>335,787.77</u></b>	<b>\$ <u>335,787.77</u></b>	<b>\$ <u>100,265.45</u></b>	<b>\$ <u>235,522.32</u></b>
Ref. A				A-1
		Cash Disbursed	\$ 100,265.45	
		Accounts Payable	-	
			<u>\$ 100,265.45</u>	

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

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2012</u>
State:				
NJ Transportation Trust Fund	\$ 71,315.83	\$		\$ 71,315.83
Recycling Tonnage		2,907.41	2,907.41	-
Clean Communities	5,785.85	6,316.43	6,316.43	5,785.85
Green Communities	3,000.00			3,000.00
Atlantic County JIF	4,387.00			4,387.00
Atlantic County DWI Traffic Enforcement Grant	197.32			197.32
Atlantic County Open Spaces Grant	39,935.00			39,935.00
Life Hazard Use Fees	2,190.95			2,190.95
NJ Click it or Ticket	1,176.00			1,176.00
Drunk Driving Enforcement Fund	11,505.12	12,556.18	15,856.18	8,205.12
Municipal Alcohol Education/Rehabilitation	7.63	2,050.60	2,050.60	7.63
Pedestrian Safety Grant	60.96			60.96
Optional Safety Budget	2,300.00	1,125.00	1,125.00	2,300.00
Over the Limit - Under Arrest	8,677.70			8,677.70
ACIA - CDBG	30,000.00			30,000.00
Body Armor Replacement	2,816.91	3,246.05	1,638.35	4,424.61
NJ DEP Municipal Stormwater	1,705.00			1,705.00
2007 NJ DEP Municipal Stormwater	6,822.00			6,822.00
Sustainability	306.16			306.16
CDBG	45,000.00			45,000.00
Hazard Mitigation Grant		74,100.00	37,927.12	36,172.88
Federal:				
None	-			-
Other:				
None	-			-
<b>TOTALS</b>	<u>\$ 237,189.43</u>	<u>\$ 102,301.67</u>	<u>\$ 67,821.09</u>	<u>\$ 271,670.01</u>
Ref.	A			A

**BOROUGH OF LONGPORT  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Purpose</u>	Balance Dec. 31, 2011	Received	Cancelled	Anticipated Revenues	Balance Dec. 31, 2012
State:					
Body Armor Replacement	\$ 3,599.27	\$	\$	\$	3,599.27
Recycling Tonnage Grant	1,296.40				1,296.40
Drunk Driving Enforcement Fund	4,743.07				4,743.07
Over the Limit Under Arrest	4,761.34				4,761.34
Buckle Up South Jersey	1,755.59				1,755.59
FEMA - June 2012 Storm		22,000.00			22,000.00
<b>TOTALS</b>	<u>\$ 16,155.67</u>	<u>\$ 22,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,155.67</u>
Ref.	A				A

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

Purpose	Balance	Budget	Expended	Balance
	Dec. 31, 2011	Appropriations		Dec. 31, 2012
State:				
Municipal Alcohol Education/Rehabilitation	\$ 22,359.17	\$ 2,050.60	\$ 3,813.80	\$ 20,595.97
Drunk Driving Enforcement		12,556.18	10,807.65	1,748.53
Atlantic County DWI Traffic Enforcement Grant	197.32			197.32
NJ DEP Municipal Stormwater	6,822.00			6,822.00
NJ Click it or Ticket	3,257.47			3,257.47
Pedestrian Safety Grant	11,813.60			11,813.60
Clean Communities Program	10,064.94	6,316.43	9,401.32	6,980.05
2007 Municipal Stormwater	6,822.00			6,822.00
Optional Safety Budget	893.89	1,125.00	429.68	1,589.21
ACIA - CDBG	3,690.00			3,690.00
Atlantic County Open Space Grant	43,706.47			43,706.47
Life Hazard Use Fees	3,497.45			3,497.45
Green Communities	3,000.00			3,000.00
Recycling Tonnage	4,996.68			7,904.09
Over the Limit - Under Arrest	2,113.44	2,907.41	2,113.44	-
Sustainability	306.16			306.16
Body Armor Replacement	1,289.38			3,609.18
Bullet Proof Vest Grant - 2008	665.38	3,246.05	926.25	665.38
Bullet Proof Vest Grant - 2010	219.73			219.73
Hazard Mitigation Grant		74,100.00	37,927.12	36,172.88
CDBG	60,000.00			60,000.00
N.J. Transportation Trust Fund Authority Act	71,315.83			71,315.83
Federal:				
COPS Fast	5,058.00			5,058.00
COPS Universal	2,133.00			2,133.00
Other:				
Haas Trust	500.00			500.00
TOTALS	\$ 264,721.91	\$ 102,301.67	\$ 65,419.26	\$ 301,604.32
	A		A-4	A

Ref.



**BOROUGH OF LONGPORT**  
**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

	<u>Ref.</u>		
Balance December 31, 2011	<u>B</u>		\$ 484.09
Increased By Receipts:			
Dog License Fees		\$ 214.60	
State License Fees		53.40	
Interest		1.32	
			269.32
			753.41
Decreased By Disbursements:			
State of New Jersey		53.40	
Animal Control Expenditures		93.59	
			146.99
Balance December 31, 2012	B		\$ <u><u>606.42</u></u>

**BOROUGH OF LONGPORT**  
**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2011	<u>Ref.</u> B		\$	395,462.96
Increased By Receipts:				
Lifeguard Pension Contributions		\$ 31,214.43		
Accumulated Sick Leave Fund		20,000.00		
Unemployment Contributions		9,057.76		
Recreation Deposits		2,348.00		
Flexible Spending Account		49.96		
Interest Earned:				
Lifeguard Pension		4,072.45		
Unemployment Trust		30.21		
Developers Escrow		1.28		
Accumulated Sick Leave Fund		108.96		
Recreation		1.72		
Flexible Spending Account		0.01		
Disposal of Forfeited Property		<u>3.78</u>		
				<u>66,888.56</u>
				462,351.52
Decreased By Disbursements:				
Lifeguard Pensions Paid		14,649.77		
Unemployment Claims		31,811.92		
Recreation		1,283.71		
Flexible Spending Account		199.00		
Accumulated Sick Leave		<u>46,247.52</u>		
				<u>94,191.92</u>
Balance December 31, 2012	B		\$	<u><u>368,159.60</u></u>

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

Balance December 31, 2011	<u>Ref.</u> B		\$	255.20
Increased By:				
Dog Licenses Fees Collected		\$		214.60
				<u>214.60</u>
Decreased By:				
Statutory Excess Due to Current Fund				35.61
Animal Control Expenditures				93.59
				<u>129.20</u>
Balance December 31, 2012	B		\$	<u><u>340.60</u></u>

License Fees Collected	<u>Year</u>			
	2011	\$		201.40
	2010			139.20
		\$		<u><u>340.60</u></u>

**BOROUGH OF LONGPORT**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH - TREASURER**

Balance December 31, 2011	<u>Ref.</u> C		\$	309,163.49
Increased By Receipts:				
None		\$		-
				-
				309,163.49
Decreased By Disbursements:				
None		\$		-
				-
Balance December 31, 2012	C		\$	309,163.49

**BOROUGH OF LONGPORT**  
**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH**

	Balance Dec. 31, 2011	Transfers		Balance Dec. 31, 2012
		From	To	
Fund Balance	\$ 271.97	\$	\$ 25,126.49	\$ 25,398.46
Capital Improvement Fund	20,000.00	20,000.00		-
Down Payment on Improvements		78,500.00	78,500.00	-
Reserve to Pay Notes			12,212.48	12,212.48
Due to (from) Current Fund	45,851.73	86,000.00	3,221.35	(36,926.92)
FEMA Receivable	(5,780.00)			(5,780.00)
Encumbrance Payable	14,027.75	14,027.75	18,037.75	18,037.75
<b><u>Improvement Authorizations</u></b>				
Ord.				
<u>Number</u>				
01-04 Various Improvements	(960.00)			(960.00)
03-03 Various Improvements	(715.00)			(715.00)
02-17 Various Improvements	(1,118.92)			(1,118.92)
03-08 Various Improvements	5,788.83			5,788.83
06-14 Ambulance	(35,131.00)		7,500.00	(27,631.00)
08-01 Public Safety Software Upgrade	(234.42)			(234.42)
08-18 Various General Improvements	101,572.89	35,782.12	9,630.25	75,421.02
10-07 Various General Improvements	165,589.66	22,335.95	3,917.50	147,171.21
12-20 Various General Improvements			98,500.00	98,500.00
	<u>\$ 309,163.49</u>	<u>\$ 256,645.82</u>	<u>\$ 256,645.82</u>	<u>\$ 309,163.49</u>
Ref.	C			C

**BOROUGH OF LONGPORT**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2011	<u>Ref.</u> C		\$ 20,000.00
Increased By:			
Budget Appropriation		\$	
		_____	-
			<u>20,000.00</u>
Decreased By:			
Utilized to Fund Improvement Authorizations		20,000.00	
		_____	<u>20,000.00</u>
Balance December 31, 2012	C		\$ <u><u>-</u></u>

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2011	<u>Ref.</u> C		\$ 4,718,155.00
Increased By:			
None		\$	-
		_____	-
			<u>4,718,155.00</u>
Decreased By:			
Serial Bonds and Loans Paid		1,035,617.00	
		_____	<u>1,035,617.00</u>
Balance December 31, 2012	C		\$ <u><u>3,682,538.00</u></u>







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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Outstanding December 31, 2012	Amount				
General Improvement Bonds of 2001	7/15/2001	\$ 4,800,000	7/15/2013	\$ 400,000	4.375%	\$ 1,600,000.00	\$ 400,000.00	\$ 1,200,000.00	
			7/15/2014	400,000	4.500%				
			7/15/2015	400,000	4.600%				
General Improvement Bonds of 2003	8/15/2003	3,920,000	8/15/2013	\$ 500,000	4.375%	1,420,000.00	420,000.00	1,000,000.00	
			8/15/2014	500,000	4.500%				
						Ref. \$	<u>3,020,000.00</u>	<u>\$ 820,000.00</u>	<u>2,200,000.00</u>
							<u>C</u>		<u>C</u>

**BOROUGH OF LONGPORT**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF LOANS PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
New Jersey Wastewater Trust Loan: Infrastructure Improvements	10/15/97	\$ 1,417,300	2013	\$ 80,312	Var.	\$ 522,576.00	\$ 81,688.00	\$ 440,888.00
			2014	86,993				
			2015	85,465				
			2016	91,993				
			2017	96,125				
New Jersey Environmental Infrastructure Trust Fund Loan: Water and Sewer Improvements	11/01/99	2,920,000	2013	\$ 139,655	Var.	1,175,579.00	133,929.00	1,041,650.00
			2014	137,050				
			2015	142,603				
			2016	147,981				
			2017	153,187				
		2018	158,218					
		2019	162,956					
					Ref.	\$ 1,698,155.00	\$ 215,617.00	\$ 1,482,538.00
						D		D

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
08-18	Various General Improvements	12/10/2008	10/19/2011	10/19/2012	1.50%	\$ 181,500.00	\$	\$ 181,500.00	\$ -
10-07	Various General Improvements	10/21/2010	10/18/2012	8/16/2013	1.25%		760,000.00		760,000.00
10-07	Various General Improvements	10/21/2010	10/19/2011	10/19/2012	1.50%	760,000.00		760,000.00	-
					Ref.	\$ 941,500.00	\$ 760,000.00	\$ 941,500.00	\$ 760,000.00
						C			C

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bond, Notes or Grants Issued	Current Fund Appropriation	Balance Dec. 31, 2012
01-04	Various General Improvements	\$ 960.00	\$	\$	\$	960.00
02-07/						
03-03	Various General Improvements	715.00				715.00
02-17	Various General Improvements	1,118.92				1,118.92
06-14	Ambulance	37,500.00			7,500.00	30,000.00
08-01	Public Safety Software Upgrade	234.42				234.42
08-18	Various General Improvements	240.00				240.00
12-20	Various General Improvements	-	1,871,500.00			1,871,500.00
		\$ 40,768.34	\$ 1,871,500.00	\$ -	\$ 7,500.00	\$ 1,904,768.34
		C				C

Ref.

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY FUNDS**  
**SCHEDULE OF CASH**

	Ref.	Operating	Capital
	D	\$	\$
Balance December 31, 2011		688,488.20	37,786.85
Increased by Receipts:			
Water and Sewer Rent Collected	\$	952,241.10	\$
Prepaid Water and Sewer Rents		48,282.68	
Miscellaneous Revenues		23,041.24	
Due To/From Utility Capital/Utility Operating			258,323.48
		1,023,565.02	258,323.48
		1,712,053.22	296,110.33
Decreased by Disbursements:			
Current Appropriations		981,807.92	
Appropriation Reserves		10,895.86	
Improvement Authorizations			
Encumbrances Payable			258,323.48
Accrued Interest		17,025.00	
Due To/From Utility Capital/Utility Operating		258,323.48	
Refunds			
		1,268,052.26	258,323.48
Balance December 31, 2012	D	\$ 444,000.96	\$ 37,786.85

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
	Misc.	Improvement Authorizations	Misc.	Improvement Authorizations	From	To	
Balance Dec. 31, 2011							
Due to (from) Utility Operating	\$ (452,732.63)	\$	\$ 258,323.48	\$	\$ 84,312.02	\$	\$ (194,409.15)
Encumbrances Payable	342,635.50					100,670.90	100,670.90
Fund Balance	60,827.62						60,827.62
<u>Improvement Authorizations</u>							
Ord. Number							
93-07 Purchase of Equipment		(7,869.00)					(7,869.00)
97-02 Infrastructure Improvements		(29,829.77)					(29,829.77)
99-4/00-3 Water and Sewer Improvements		(4,842.00)					(4,842.00)
08-19 Water and Sewer Improvements		129,597.13			22,145.90	5,787.02	113,238.25
11-10 Water and Sewer Improvements		-			78,525.00	78,525.00	-
	\$ 37,786.85	\$	\$ 258,323.48	\$	\$ 184,982.92	\$ 184,982.92	\$ 37,786.85
Ref.	D						D

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2011	<u>Ref.</u> D		\$ 24,389.42
Increased By:			
Rents Levied		\$ 982,492.83	
		<hr/>	<hr/>
			982,492.83
			<hr/>
			1,006,882.25
Decreased By:			
Collections		952,241.10	
Overpayments Applied		10,869.73	
		<hr/>	<hr/>
			963,110.83
Balance December 31, 2012	D		\$ <u><u>43,771.42</u></u>

**SCHEDULE OF UTILITY LIENS**

Balance December 31, 2011	<u>Ref.</u> D		\$ -
Increased By:			
None		\$ -	
		<hr/>	<hr/>
			-
			<hr/>
			-
Decreased By:			
None		-	
		<hr/>	<hr/>
			-
Balance December 31, 2012	D		\$ <u><u>-</u></u>

**BOROUGH OF LONGPORT**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 57,178.58	\$ 57,178.58	\$	\$ 57,178.58
Other Expenses	40,793.65	40,793.65	10,895.86	29,897.79
Statutory Expenditures:				
Social Security System	5,730.10	5,730.10		5,730.10
<b>TOTALS</b>	\$ 103,702.33	\$ 103,702.33	\$ 10,895.86	\$ 92,806.47
	D			



**BOROUGH OF LONGPORT**  
**WATER AND SEWER OPERATING FUND**  
**SCHEDULE OF ACCRUED INTEREST ON BONDS**  
**AND NOTES AND ANALYSIS OF BALANCE**

Balance December 31, 2011	<u>Ref.</u> D		\$ 1,200.00
Increased By:			
Budget Appropriation:			
Interest on Bonds		\$ 18,000.00	
			18,000.00
			19,200.00
Decreased By:			
Cash Disbursed		17,025.00	
			17,025.00
Balance December 31, 2012	D		\$ 2,175.00

**Analysis of Accrued Interest December 31, 2012**

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
\$ 795,000.00	1.50%	10/18/12	12/31/12	74	\$ 652.78
\$ 400,000.00	2.00%	8/17/12	12/31/12	137	1,522.22
\$ 1,195,000.00					\$ 2,175.00



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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
08-19	Water and Sewer Improvements	12/10/08 12/10/08	12/10/11 10/18/12	12/10/12 8/16/13	1.50% 1.25%	\$ 895,000.00	\$ 795,000.00	\$ 895,000.00	\$ - 795,000.00
11-10	Water and Sewer Improvements	12/10/11 12/10/11	8/17/11 8/17/2012	8/17/12 8/16/2013	0.90% 2.00%	400,000.00	400,000.00	400,000.00	- 400,000.00
					Ref.	\$ 1,295,000.00	\$ 1,195,000.00	\$ 1,295,000.00	\$ 1,195,000.00
						D			D

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bond, Notes or Grants Issued	Cancelled	Balance Dec. 31, 2012
93-7	Purchase of Equipment	\$ 7,869.00	\$	\$		7,869.00
97-02/ 99-14	Infrastructure Improvements	29,829.77				29,829.77
99-4/00-3	Water and Sewer Improvements	4,842.00				4,842.00
		<u>\$ 42,540.77</u>	<u>\$ -</u>	<u>\$ -</u>		<u>42,540.77</u>
	Ref.	D				D

**BOROUGH OF LONGPORT**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2012**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

**INDEPENDENT AUDITOR'S REPORT**  
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND**  
**OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS – REGULATORY BASIS**  
**PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the Borough Commission  
Borough of Longport  
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, financial statements – regulatory basis of the Borough of Longport, State of New Jersey, as of and for the year ended December 31, 2012, and have issued our report thereon dated April 12, 2013 which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Longport prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

April 12, 2013

**BOROUGH OF LONGPORT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2012**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis.**

Internal control over financial reporting:

- |                                  |                      |
|----------------------------------|----------------------|
| 1) Material Weakness identified? | <b>No</b>            |
| 2) Significant Deficiencies?     | <b>None Reported</b> |

Non-Compliance material to Financial Statements – Regulatory Basis noted? **No**

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported.

**MANAGEMENT RESPONSES**

Not Applicable.

**STATUS OF PRIOR YEAR FINDINGS**

There were no prior year findings.



## BOROUGH OF LONGPORT

### GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2010, the bid threshold was increased from \$29,000 to \$36,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

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

None

#### **Collection of Interest on Delinquent Taxes and Assessments**

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

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

**BE IT RESOLVED** by the Borough Commission of the Borough of Longport, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of Longport, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

**BE IT FURTHER RESOLVED** by the Borough Commission of the Borough of Longport, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2012 This Resolution shall take effect January 1, 2012.

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

**BOROUGH OF LONGPORT**

**GENERAL COMMENTS (Continued)**

**Delinquent Taxes and Tax Title Liens**

The tax sale was held and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31<sup>st</sup> of the last three years:

Year	Number
2012	0
2011	0
2010	0

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2012 and 2013 Taxes	5
Delinquent Taxes	5
Payment of Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	<u>20</u>

**Deposit of Municipal Funds**

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

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

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

**BOROUGH OF LONGPORT**

**FINDINGS AND RECOMMENDATIONS**

NONE

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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

April 12, 2013