

**BOROUGH OF LONGPORT**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2011**

**BOROUGH OF LONGPORT**  
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**BOROUGH OF LONGPORT**

**PART I**

**REPORT ON AUDIT OF**

**FINANCIAL STATEMENTS - REGULATORY BASIS**

**DECEMBER 31, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Longport, State of New Jersey, as of December 31, 2011 and 2010 and the related statements 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 for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements – regulatory basis are the responsibility of the Borough of Longport, State of New Jersey's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with 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 and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the Borough of Longport, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Borough of Longport's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Borough of

Longport, as of December 31, 2011 and 2010 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough of Longport, as of December 31, 2011 and 2010 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2012 on our consideration of the Borough of Longport's internal control structure over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*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 9, 2012**

**EXHIBIT - A  
CURRENT FUND**

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 1,586,653.06	\$ 2,082,183.20
Change and Petty Cash Funds		375.00	375.00
		<u>1,587,028.06</u>	<u>2,082,558.20</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	193,273.94	259,149.12
Property Acquired for Taxes - Assessed Valuation		17,695.00	17,695.00
Due from Dog Trust Fund		225.29	48.53
Due from General Capital		45,851.73	-
Revenue Accounts Receivable	A-9	4,948.32	4,034.30
		<u>261,994.28</u>	<u>280,926.95</u>
Deferred Charges:			
Emergency Authorization		61,000.00	37,959.00
		<u>61,000.00</u>	<u>37,959.00</u>
		<u>1,910,022.34</u>	<u>2,401,444.15</u>
Federal and State Grant Fund:			
Cash	A-4	-	-
Due from Current Fund		48,688.15	53,321.86
Grants Receivable	A-11	237,189.43	226,297.13
		<u>285,877.58</u>	<u>279,618.99</u>
		<u>\$ 2,195,899.92</u>	<u>\$ 2,681,063.14</u>



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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 299,512.73	\$ 260,396.81
Reserve for Encumbrances	A-3	36,275.04	35,799.45
Prepaid Taxes		291,402.35	242,016.07
Tax Overpayments		33,936.50	11,379.93
Local School District Tax Payable		143,535.40	147,830.10
Payroll Taxes Payable		27,169.14	26,201.83
Deferred Revenue			
Prepaid Ice Cream License		-	25,100.00
JIF Insurance		16,672.00	25,464.00
Beach Fees		2,881.00	2,235.00
Due to County - Added Taxes		11,497.00	32,761.98
Due to Trust Other		1,802.51	1,938.46
Due to Grant Fund		48,688.15	53,321.86
Due to General Capital		-	653,609.23
Due to State:			
DCA Fees		-	1,783.00
Senior Citizens & Veterans		18,968.88	17,586.00
Reserve for Reassessment		8,766.77	-
Reserve for Tax Sale Premiums		141,300.00	4,400.00
		<u>1,082,407.47</u>	<u>1,541,823.72</u>
Reserve for Receivables and Other Assets		261,994.28	280,926.95
Fund Balance	A-1	<u>565,620.59</u>	<u>578,693.48</u>
		<u>1,910,022.34</u>	<u>2,401,444.15</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	16,155.67	15,314.43
Appropriated Reserves	A-13	264,721.91	254,845.95
Due to Utility Operating Fund		4,000.00	4,000.00
Encumbrance Payable		1,000.00	5,458.61
		<u>285,877.58</u>	<u>279,618.99</u>
		<u>\$ 2,195,899.92</u>	<u>\$ 2,681,063.14</u>

See Accompanying Notes to Financial Statements – Regulatory Basis

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Fund Balance Utilized	\$	450,000.00	\$ 350,000.00
Miscellaneous Revenue Anticipated		998,441.87	994,519.92
Receipts from Delinquent Taxes		259,908.83	125,926.99
Receipts from Current Taxes		14,218,081.33	13,519,708.16
Non-Budget Revenue		146,309.62	190,954.53
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		194,180.64	255,340.16
Interfund Returned		-	217,791.00
Total Income		<u>16,266,922.29</u>	<u>15,654,240.76</u>
 <u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		2,847,454.00	2,840,645.00
Other Expenses		1,961,357.00	1,811,681.00
Deferred Charges & Statutory Expenditures		695,858.00	596,330.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		-	-
Other Expenses		37,291.74	102,853.88
Capital Improvements		20,000.00	37,959.00
Municipal Debt Service		1,509,660.10	1,512,794.25
Deferred Charges		45,459.00	7,500.00
County Taxes		7,817,323.25	7,282,367.73
County Added and Omitted Taxes		11,496.86	32,761.86
Local District School Tax		899,243.50	969,284.00
Interfund Created		45,851.73	-
Total Expenditures		<u>15,890,995.18</u>	<u>15,194,176.72</u>

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

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess In Revenue		\$ <u>375,927.11</u>	\$ <u>460,064.04</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		<u>61,000.00</u>	<u>37,959.00</u>
		<u>61,000.00</u>	<u>37,959.00</u>
Statutory Excess to Fund Balance		436,927.11	498,023.04
Fund Balance January 1	A	<u>578,693.48</u>	<u>430,670.44</u>
		1,015,620.59	928,693.48
Decreased by:			
Utilization as Anticipated Revenue		<u>450,000.00</u>	<u>350,000.00</u>
Fund Balance December 31	A	<u><u>\$ 565,620.59</u></u>	<u><u>\$ 578,693.48</u></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		\$ 450,000.00	\$ -	\$ 450,000.00	\$ -
		450,000.00	-	450,000.00	-
Miscellaneous Revenues:					
Fees and Permits		3,800.00		4,050.00	250.00
Fines and Costs:					
Municipal Court		80,000.00		91,435.21	11,435.21
Interest and Costs on Taxes		35,000.00		61,321.52	26,321.52
Interest on Investments and Deposits		17,500.00		14,094.16	(3,405.84)
Anticipated Utility Operating Surplus		262,000.00		262,000.00	-
Beach Fees		195,000.00		202,163.00	7,163.00
Ice Cream Vendor Bid		25,100.00		25,100.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		122,345.00		122,345.00	-
Uniform Construction Code Fees		85,000.00		141,225.00	56,225.00
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Drunk Driving Enforcement Fund		-	9,181.01	9,181.01	-
Clean Communities Grant		-	6,423.30	6,423.30	-
Recycling Tonnage Grant		2,137.26		2,137.26	
CDBG		15,000.00		15,000.00	
Municipal Alcohol Education/Rehabilitation		-	1,510.17	1,510.17	-
Optional Safety Budget		1,800.00		1,800.00	
Special Items of General Revenue Anticipated with Prior Written Consent of DLGS:					
JIF Insurance Refund		25,464.00		25,464.00	
Comcast Franchise Fee		13,000.00		13,192.24	192.24
Total Miscellaneous Revenues	A-1	883,146.26	17,114.48	998,441.87	98,181.13

See Accompanying Notes to Financial Statements – Regulatory Basis

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

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or</u>
			<u>N.J.S. 40A:4-87</u>		<u>(Deficit)</u>
Receipts from Delinquent Taxes	A-1:A-2	\$ 255,000.00	\$	\$ 259,908.83	\$ 4,908.83
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		5,758,740.17		5,813,072.39	54,332.22
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>5,758,740.17</u>	<u>-</u>	<u>5,813,072.39</u>	<u>54,332.22</u>
Budget Totals		7,346,886.43	17,114.48	7,521,423.09	157,422.18
Non-Budget Revenues				146,309.62	146,309.62
		<u>\$ 7,346,886.43</u>	<u>\$ 17,114.48</u>	<u>\$ 7,667,732.71</u>	<u>\$ 303,731.80</u>

Amount to be Raised by Taxes for Support of Municipal Budget:

Local Tax for Municipal Purposes  
 Total Amount to be Raised by Taxes for Support of Municipal Budget

Budget Totals  
 Non-Budget Revenues

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

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 14,218,081.33
Allocated to:	
School, County and Other Taxes	<u>8,706,590.11</u>
Balance for Support of Municipal Budget Appropriations	5,511,491.22
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>301,581.17</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 5,813,072.39</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>259,908.83</u>
	<u>\$ 259,908.83</u>

Analysis of Non-Budget Revenues:

## Miscellaneous Revenue Not Anticipated:

Library Rental	\$ 9,500.00
Zoning Approvals	30,900.00
Tennis Court Fees	5,721.00
Land Use	16,400.00
Rental Approval	8,325.00
Police Reports	654.12
Street Opening	6,741.25
Dumpster	5,900.00
Vital Statistics	513.00
Sale or Lease of Borough Owned Property	11,981.92
DMV Fines	1,050.00
Premium on Note Sale	2,343.00
Mother's Club Summer Program	9,500.00
Safety Permit	130.00
Uniform Fire Safety Act	1,179.00
Senior and Veteran Administrative Fee	447.44
Atlantic County Snow Reimbursement	32,758.78
Police/Traffic Safety	450.00
Liquor License	200.00
Boat License	150.00
Miscellaneous	<u>1,465.11</u>
	<u>\$ 146,309.62</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	
\$	13,500.00	\$ 13,500.00	\$ 12,456.90	\$ 292.96	\$ 750.14	\$
General Administration						
Other Expenses						
Human Resources						
Salaries and Wages	24,000.00	24,000.00	23,053.42		946.58	
Other Expenses	13,000.00	13,000.00	11,730.64	1,254.80	14.56	
Mayor and Commissioners						
Salaries and Wages	25,200.00	25,200.00	24,073.92		1,126.08	
Other Expenses	3,000.00	3,000.00	1,337.22		1,662.78	
Borough Clerk						
Salaries and Wages	64,500.00	64,500.00	64,017.70		482.30	
Other Expenses	20,000.00	18,500.00	13,177.49	2,840.00	2,482.51	
Finance Department						
Salaries and Wages	24,000.00	24,000.00	23,053.42		946.58	
Other Expenses	5,700.00	5,700.00	3,819.22	371.00	1,509.78	
Audit Services						
Other Expenses	27,500.00	27,500.00	27,500.00		-	
Data Processing						
Other Expenses	10,500.00	12,000.00	11,729.00		271.00	
Collection of Taxes						
Salaries and Wages	31,500.00	31,500.00	29,382.03		2,117.97	
Other Expenses	3,500.00	3,500.00	3,483.52		16.48	
Assessment of Taxes						
Salaries and Wages	12,000.00	12,000.00	11,694.02		305.98	
Other Expenses	5,500.00	66,500.00	65,402.65	30.00	1,067.35	
Legal Services and Costs						
Other Expenses	150,000.00	150,000.00	132,551.06	2,491.81	14,957.13	
Engineering						
Other Expenses	60,000.00	60,000.00	60,000.00		-	
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	2,800.00	2,850.00	2,842.00		8.00	
Other Expenses	4,900.00	4,850.00	4,406.12	428.09	15.79	
PUBLIC SAFETY:						
Police						
Salaries and Wages	1,410,952.00	1,419,952.00	1,419,045.08		906.92	
Other Expenses	65,177.00	65,177.00	60,382.92	250.12	4,543.96	

See Accompanying Notes to Financial Statements – Regulatory Basis

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
Emergency Management	\$ 1,260.00	\$	1,260.00	1,257.00	\$	3.00	\$
Salaries and Wages	1,900.00		1,900.00	646.18		1,253.82	
Other Expenses							
Dispatch							
Salaries and Wages	218,527.00		209,527.00	205,866.65		3,660.35	
Community Rating System							
Salaries and Wages	1,150.00		1,150.00	1,008.96		141.04	
Other Expenses	1,100.00		1,100.00	486.61		613.39	
Fire							
Salaries and Wages	38,760.00		33,760.00	33,431.90		328.10	
Other Expenses	30,850.00		35,850.00	24,610.53	10,955.40	284.07	
Prosecutor							
Salaries and Wages	7,125.00		7,125.00	7,102.15		22.85	
Beach Guards							
Salaries and Wages	368,700.00		368,700.00	368,237.58		462.42	
Other Expenses	21,250.00		22,250.00	21,670.16	400.00	179.84	
Beach Control							
Salaries and Wages	22,500.00		21,500.00	17,982.03		3,517.97	
Other Expenses	7,800.00		7,800.00	7,723.68		76.32	
<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	285,630.00		285,630.00	240,708.28		44,921.72	
Other Expenses	72,000.00		72,000.00	55,299.91	4,384.09	12,316.00	
Garbage and Trash Removal							
Other Expenses:							
Solid Waste Collection							
Tipping Fees	84,000.00		84,000.00	76,896.26	6,909.66	194.08	
Public Buildings and Grounds	52,000.00		52,000.00	39,333.26	2,000.00	10,666.74	
Other Expenses	47,600.00		47,600.00	35,048.40	2,101.02	10,450.58	
<b>PARKS AND RECREATION FUNCTIONS:</b>							
Parks and Recreation							
Salaries and Wages	27,000.00		27,000.00	23,951.46		3,048.54	
Other Expenses	20,000.00		20,000.00	8,733.28		11,266.72	
Maintenance of Parks							
Other Expenses	22,000.00		22,000.00	15,503.96	100.00	6,396.04	

See Accompanying Notes to Financial Statements – Regulatory Basis



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

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification			Encumbered	Reserved	
Municipal Court	\$ 129,000.00	\$ 129,000.00	\$ 127,752.50	\$ 149.00	\$ 1,247.50	\$ 739.73	
Salaries and Wages	3,000.00	3,000.00	2,111.27				
Other Expenses							
Public Defender	2,100.00	2,100.00	2,076.00		24.00		
Salaries and Wages							
<b>INSURANCE:</b>							
Salaries and Wages	8,650.00	8,650.00	8,631.22		18.78		
Employee Group Health	461,760.00	461,760.00	382,514.45	244.00	79,001.55		
Employee Group Health Opt Out	34,000.00	34,000.00	22,473.07		11,526.93		
Liability Insurance	95,000.00	95,000.00	86,763.45		8,236.55		
Workers Compensation	161,020.00	161,020.00	161,020.00		-		
<b>UNIFORM CONSTRUCTION CODE:</b>							
Construction Code Official	148,100.00	147,500.00	145,713.01		1,786.99		
Salaries and Wages	42,000.00	42,600.00	42,568.23	31.77	-		
Other Expenses							
Other Code Enforcement	550.00	550.00	504.96		45.04		
Salaries and Wages	750.00	750.00	664.63	16.47	68.90		
Other Expenses							
<b>Unclassified</b>							
Celebration of Public Events	3,000.00	3,000.00	300.00		2,700.00		
Other Expenses	10,000.00	10,000.00	10,000.00		-		
Accumulated Sick Time							
<b>Utility Expenses and Bulk Purchases</b>							
Electricity	147,000.00	147,000.00	134,086.01		12,913.99		
Street Lighting	61,000.00	61,000.00	56,297.95		4,702.05		
Telephone	25,000.00	25,000.00	23,652.80		1,347.20		
Natural Gas	32,000.00	32,000.00	24,238.26		7,761.74		
Gasoline	70,000.00	70,000.00	67,390.99	1,024.85	1,584.16		
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>4,747,811.00</b>	<b>4,808,811.00</b>	<b>4,494,795.37</b>	<b>36,275.04</b>	<b>277,740.59</b>	<b>-</b>	
Contingent							
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>4,747,811.00</b>	<b>4,808,811.00</b>	<b>4,494,795.37</b>	<b>36,275.04</b>	<b>277,740.59</b>	<b>\$ -</b>	
Detail:							
Salaries and Wages	2,854,004.00	2,847,454.00	2,781,385.29	-	66,068.71		
Other Expenses	1,893,807.00	1,961,357.00	1,713,410.08	36,275.04	211,671.88		

See Accompanying Notes to Financial Statements - Regulatory Basis

**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>DEFERRED CHARGES:</b>						
None	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>STATUTORY EXPENDITURES:</b>						
Contributions to:						
Social Security System (O.A.S.I.)	225,000.00	225,000.00	217,877.86		7,122.14	
Public Employees' Retirement System	123,692.00	123,692.00	123,692.00		-	
Police and Firemen's Retirement System	330,516.00	330,516.00	330,516.00		-	
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00		-	
Lifeguard Pension	14,650.00	14,650.00			14,650.00	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	<b>695,858.00</b>	<b>695,858.00</b>	<b>674,085.86</b>	<b>-</b>	<b>21,772.14</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>5,443,669.00</b>	<b>5,504,669.00</b>	<b>5,168,881.23</b>	<b>36,275.04</b>	<b>299,512.73</b>	<b>-</b>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
Employee Group Health	1,240.00	1,240.00	1,240.00		-	
<b>TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>1,240.00</b>	<b>1,240.00</b>	<b>1,240.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
Drunk Driving Enforcement Fund	-	9,181.01	9,181.01		-	
Clean Communities Grant	-	6,423.30	6,423.30		-	
Municipal Alcohol Education/Rehabilitation	-	1,510.17	1,510.17		-	
Optional Safety Budget	1,800.00	1,800.00	1,800.00		-	
Recycling Tonnage	2,137.26	2,137.26	2,137.26		-	
CDBG	15,000.00	15,000.00	15,000.00		-	
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	<b>18,937.26</b>	<b>36,051.74</b>	<b>36,051.74</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>20,177.26</b>	<b>37,291.74</b>	<b>37,291.74</b>	<b>-</b>	<b>-</b>	<b>-</b>
Detail:						
Salaries and Wages	-	-	-		-	-
Other Expenses	20,177.26	37,291.74	37,291.74		-	-

See Accompanying Notes to Financial Statements - Regulatory Basis



**EXHIBIT - B  
TRUST FUND**

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 484.09	\$ 339.73
		<u>484.09</u>	<u>339.73</u>
<u>Other Funds</u>			
Cash and Investments	B-2	395,462.96	422,905.65
Due from Current Fund		1,802.51	1,938.46
		<u>397,265.47</u>	<u>424,844.11</u>
		<u>\$ 397,749.56</u>	<u>\$ 425,183.84</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Animal Control Fund</u>			
Reserve for Dog Expenditures	B-3	\$ 255.20	\$ 290.00
Due to Current Fund		225.29	48.53
Due to State of New Jersey		3.60	1.20
		<u>484.09</u>	<u>339.73</u>
<u>Other Funds</u>			
Reserve for Unemployment Compensation		26,563.07	37,878.67
Reserve for Lifeguard Pension		283,420.11	269,895.49
Reserve for Parking Offense Adjudication Act		1,522.00	1,490.00
Reserve for Developers Escrow		569.69	25,624.11
Reserve for Accumulated Sick Leave Fund		82,484.19	87,349.58
Reserve for Recreation		575.45	2,133.80
Reserve for Donations for Municipal Equipment & Building Improvements		304.51	472.46
Reserve for Disposal of Forfeited Property		1,677.41	-
Reserve for Flexible Spending Account		149.04	-
		<u>397,265.47</u>	<u>424,844.11</u>
		<u>\$ 397,749.56</u>	<u>\$ 425,183.84</u>

See Accompanying Notes to Financial Statements – Regulatory Basis

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

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
Cash and Investments	C-2,C-3	\$ 309,163.49	\$ 309,163.49
Due from Current Fund		-	653,609.23
Deferred Charges to Future Taxation:			
Funded	C-5	4,718,155.00	5,721,037.00
Unfunded	C-6	982,268.34	1,254,768.34
Federal Aid Receivable - FEMA		5,780.00	5,780.00
		<u>\$ 6,015,366.83</u>	<u>\$ 7,944,358.06</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Note Payable	C-9	\$ 941,500.00	\$ 1,206,500.00
Serial Bonds Payable	C-8	3,020,000.00	3,820,000.00
Loans Payable	C-8a	1,698,155.00	1,901,037.00
Due to Current Fund		45,851.73	-
Improvement Authorizations:			
Funded	C-7	5,788.83	5,788.83
Unfunded	C-7	269,771.55	921,820.94
Encumbrances Payable		14,027.75	88,939.32
Capital Improvement Fund	C-4	20,000.00	-
Fund Balance	C-1	271.97	271.97
		<u>\$ 6,015,366.83</u>	<u>\$ 7,944,358.06</u>

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

Balance December 31, 2010	<u>Ref.</u> C		\$	271.97
Increased By:				
None		\$		-
				-
				271.97
Decreased By:				
None				
				-
Balance December 31, 2011	C		\$	271.97



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

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 688,488.20	\$ 800,845.19
		<u>688,488.20</u>	<u>800,845.19</u>
Receivables With Full Reserves			
Water & Sewer Rents Receivable	D-7	24,389.42	18,086.60
		<u>24,389.42</u>	<u>18,086.60</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>716,877.62</u>	<u>822,931.79</u>
Capital Fund:			
Cash and Investments	D-5	37,786.85	37,786.85
Due from Water and Sewer Operating Fund		452,732.63	630,403.99
Fixed Capital:			
Completed		5,668,123.27	5,668,123.27
Authorized and Uncompleted		1,398,619.50	998,619.50
Total Capital Fund		<u>7,557,262.25</u>	<u>7,334,933.61</u>
		<u>\$ 8,274,139.87</u>	<u>\$ 8,157,865.40</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, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<b>Operating Fund:</b>			
Appropriation Reserves	D-4	\$ 97,892.78	\$ 36,396.53
Encumbrances Payable		5,809.55	6,276.98
Utility Rent Overpayments		10,869.73	20,722.31
Accrued Interest on Bonds and Notes	D-11	1,200.00	1,200.00
Due to Water Sewer Capital		452,732.63	630,403.99
		<u>568,504.69</u>	<u>694,999.81</u>
Reserve for Receivables	D	24,389.42	18,086.60
Fund Balance	D-1	123,983.51	109,845.38
<b>Total Operating Fund</b>		<u>716,877.62</u>	<u>822,931.79</u>
<b>Capital Fund:</b>			
Bond Anticipation Notes Payable	D-14	1,295,000.00	960,000.00
Encumbrances Payable		342,635.50	183,690.26
Improvement Authorizations			
Funded	D-12	-	-
Unfunded	D-12	129,597.13	466,213.73
Reserve for Amortization		5,686,002.00	5,621,002.00
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>7,557,262.25</u>	<u>7,334,933.61</u>
		<u>\$ 8,274,139.87</u>	<u>\$ 8,157,865.40</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 2011</u>	<u>Year 2010</u>	
Revenue and Other Income Realized:				
Fund Balance Utilized	\$	75,750.00	\$	34,566.00
Water and Sewer Rents		969,510.03		976,979.24
Miscellaneous		39,291.64		45,833.03
Other Credits to Income:				
Unexpended Balance of Appropriation				
Reserves		36,086.46		4,418.92
 Total Income		<u>1,120,638.13</u>		<u>1,061,797.19</u>
 Expenditures:				
Operations:				
Salaries and Wages		296,000.00		289,509.00
Other Expenses		369,750.00		372,000.00
Debt Service		77,000.00		50,040.00
Deferred Charges and Statutory Expenditures		288,000.00		244,440.00
 Total Expenditures		<u>1,030,750.00</u>		<u>955,989.00</u>
Excess in Revenue		89,888.13		105,808.19
 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>109,845.38</u>		<u>38,603.19</u>
		109,845.38		38,603.19
 Decreased By:				
Utilization as Anticipated Revenue		<u>75,750.00</u>		<u>34,566.00</u>
Balance December 31	D	<u>\$ 123,983.51</u>	\$	<u>109,845.38</u>

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

Balance December 31, 2010	<u>Ref.</u> D		\$ 60,827.62
Increased By:			
None		\$	
		_____	
			-
			<u>60,827.62</u>
Decreased By:			
None			
		_____	
			-
Balance December 31, 2011	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)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating Fund Balance Anticipated	\$ 75,750.00	\$ 75,750.00	\$ -
Anticipated Revenue:			
Water Rents	380,000.00	392,348.58	12,348.58
Sewer Rents	575,000.00	577,161.45	2,161.45
	<u>955,000.00</u>	<u>969,510.03</u>	<u>14,510.03</u>
Total Revenue	<u>\$ 1,030,750.00</u>	<u>\$ 1,045,260.03</u>	<u>\$ 14,510.03</u>

Analysis of Realized Revenue:

Miscellaneous Revenue			
Interest	\$ 6,225.62		
Connection Fees	15,276.00		
Hydrants	2,100.00		
Miscellaneous	2,300.19		
Pool Permits	6,400.00		
Bond Anticipation Note Premium	2,229.89		
FEMA Reimbursement	4,559.94		
Shut Off Fees	200.00		
Total Miscellaneous	<u>                    </u>	<u>\$ 39,291.64</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	\$ 296,000.00	\$ 296,000.00	\$ 238,821.42	\$ 57,178.58	\$ -
Other Expenses	369,750.00	369,750.00	334,765.90	34,984.10	-
Capital Improvements:					
None	665,750.00	665,750.00	573,587.32	92,162.68	-
Debt Service:					
Payment on Bond Anticipation Notes and Capital Notes	65,000.00	65,000.00	65,000.00	-	-
Interest on Notes	12,000.00	12,000.00	12,000.00	-	-
	77,000.00	77,000.00	77,000.00	-	-
Deferred Charges and Statutory Expenditures					
Social Security System (O.A.S.I.)	24,000.00	24,000.00	18,269.90	5,730.10	-
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00	-	-
Surplus (General Budget)	262,000.00	262,000.00	262,000.00	-	-
	288,000.00	288,000.00	282,269.90	5,730.10	-
	\$ 1,030,750.00	\$ 1,030,750.00	\$ 932,857.22	\$ 97,892.78	\$ -
Ref.	D				D
		Cash Disbursed	\$ 915,047.67	D-5	
		Encumbered	5,809.55	D	
		Accrued Interest	12,000.00	D-11	
			\$ 932,857.22		

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



**BOROUGH OF LONGPORT**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**DECEMBER 31, 2011**

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 1,583,048.65	\$ 1,438,203.65
Machinery and Equipment	<u>2,821,851.92</u>	<u>2,781,898.19</u>
Total General Fixed Assets	<u>\$ 4,404,900.57</u>	<u>\$ 4,220,101.84</u>
Investment in General Fixed Assets	<u>\$ 4,404,900.57</u>	<u>\$ 4,220,101.84</u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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 2000 census is 1,054.

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, 2011 AND 2010**  
**(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 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, 2011 AND 2010**  
**(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 Technical Accounting Directive No. 2 as issued 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 –**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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 –**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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>12/31/2011</u>	<u>12/31/2010</u>
School Tax Payable	\$ 143,535.40	\$ 147,830.10
School Tax Deferred	438,885.00	460,358.50
	<u>\$ 582,420.40</u>	<u>\$ 608,188.60</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.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

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

**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.

**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.

**NOTE 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>Year</u> <u>2011</u>	<u>Year</u> <u>2010</u>	<u>Year</u> <u>2009</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 5,659,655.00	\$ 6,927,537.00	\$ 7,408,068.00
Water and Sewer Utility:			
Bonds, Notes and Loans	<u>1,295,000.00</u>	<u>960,000.00</u>	<u>998,000.00</u>
Total Issued	<u>6,954,655.00</u>	<u>7,887,537.00</u>	<u>8,406,068.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	40,768.34	48,268.34	55,768.34
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>83,309.11</u>	<u>90,809.11</u>	<u>98,309.11</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ <u>7,037,964.11</u></u>	<u>\$ <u>7,978,346.11</u></u>	<u>\$ <u>8,504,377.11</u></u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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 .26%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ -	\$ -	\$ -
Water Sewer Utility Debt	1,337,540.77	1,337,540.77	-
General Debt	5,700,423.34	-	5,700,423.34
	\$ 7,037,964.11	\$ 1,337,540.77	\$ 5,700,423.34

Net debt \$5,700,423.34 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,162,582,777.00 = 0.26%.

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

3 - 1/2 % of Equalized Valuation Basis	\$ 75,690,397.20
Net Debt	5,700,423.34
Remaining Borrowing Power	\$ 69,989,973.86

**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		\$ 1,045,260.03
Deductions:		
Operating & Maintenance Costs	\$ 691,750.00	
Debt Service per Water and Sewer Funds	77,000.00	
Total Deductions		768,750.00
Excess in Revenue		\$ 276,510.03

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, 2011, 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, 2011, is \$1,600,000.00.



**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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, 2011, is \$1,420,000.00.

\$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, 2011, is \$522,576.00.

\$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, 2011, is \$1,175,579.00.

**Changes in Long-Term Debt**

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

	<u>Outstanding</u> <u>12/31/10</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/11</u>
General Capital Fund:			
Bonds Payable	\$ 3,820,000.00	\$ 800,000.00	\$ 3,020,000.00
Loans Payable	1,901,037.00	202,882.00	1,698,155.00
Total General Capital Fund	<u>5,721,037.00</u>	<u>1,002,882.00</u>	<u>4,718,155.00</u>
Utility Capital Fund:			
Bonds Payable	-	-	-
Total Utility Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 5,721,037.00</u>	<u>\$ 1,002,882.00</u>	<u>\$ 4,718,155.00</u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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
2012	\$ 1,035,617.00	\$ 186,890.00
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
2017-2019	570,486.00	35,632.00
	<u>\$ 4,718,155.00</u>	<u>\$ 543,883.00</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, 2011, the Borough estimates this liability to approximate \$645,029.28 based on 2011 pay rates and compensated absence balances. The Borough has established a reserve in the amount of \$82,484.19 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, 2011	Balance December 31, 2010
Prepaid Taxes - Cash Liability	\$ <u>291,402.35</u>	\$ <u>242,016.07</u>

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
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**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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 5.5% of employees' annual compensation, and PFRS provides for employee contributions of 8.5% 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 –**  
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**(CONTINUED)**

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

For the Public Employees' Retirement System, the Borough's contribution was \$123,692.00 and \$97,678.00 for 2011 and 2010.

For the Police and Firemen's Retirement System, the Borough's contribution was \$330,516.00 and \$278,586.00 for 2011 and 2010.

For the Defined Contribution Retirement Plan, the Borough's contribution was \$1,106.50 and \$990.48 for 2011 and 2010.

<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>
12/31/11	\$ 123,692.00	100%	\$ -
12/31/10	97,678.00	100%	-
12/31/09	82,357.00	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>
12/31/11	\$ 330,516.00	100%	\$ -
12/31/10	278,586.00	100%	-
12/31/09	260,329.00	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>
12/31/11	\$ 1,106.50	100%	\$ -
12/31/10	990.48	100%	-
12/31/09	957.94	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, 2011, the carrying amount of the Borough's deposits was \$3,018,038.65 and the bank balance was \$3,105,752.94. Of the bank balance, \$250,000.00 was insured with Federal Deposit Insurance Corporation, \$2,762,883.19 was insured under the Governmental Unit Deposit Protection Act (GUDPA), and \$92,869.75 was uninsured.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
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**(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, 2011, 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 –**  
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**(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.

**Comparative Schedule of Tax Rates**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 0.923	\$ 0.867	\$ 0.780
Apportionment of Tax Rate:			
Municipal	0.367	0.349	0.331
County	0.500	0.460	0.384
Local School	0.056	0.058	0.065

**Assessed Valuation**

2011	\$ 1,566,962,391.00
2010	1,586,103,057.00
2009	1,572,254,519.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$ 14,484,992.48	\$ 14,218,081.33	98.16%
2010	13,814,609.95	13,519,708.16	97.87%
2009	12,327,506.75	12,201,675.17	98.98%

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**NOTES TO FINANCIAL STATEMENTS –**  
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**(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>
2011	\$ -	\$ 193,273.94	\$ 193,273.94	1.33%
2010	-	259,149.12	259,149.12	1.88%
2009	-	126,129.35	126,129.35	1.02%

**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>
2011	\$ 17,695.00
2010	17,695.00
2009	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 –**  
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**(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	2011	\$	565,620.59	\$	*		
	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%
	2007		915,227.85		520,000.00		56.82%
Water and Sewer Utility Fund	2011	\$	123,983.51	\$	*		
	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%
	2007		186,328.44		96,803.00		51.95%

\* As of the date of the Audit Report, the 2012 Budget has been introduced but has not been adopted.

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

Receivables and payables at December 31, 2011 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 1,802.51	Other Trust Funds	Current Fund
225.29	Current Fund	Dog Fund
4,000.00	Water and Sewer Operating Fund	Federal and State Grant Fund
452,732.63	Water and Sewer Capital Fund	Water and Sewer Operating Fund
45,851.73	Current Fund	General Capital
48,688.15	Federal and State Grant	Current Fund
\$ 553,300.31		



**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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, 2011:

	<b>Balance as of December 31, 2010</b>		<b>Additions</b>		<b>Disposals</b>		<b>Balance as of December 31, 2011</b>
	<u>                    </u>		<u>                    </u>		<u>                    </u>		<u>                    </u>
Land Buildings & Improvements	\$ 1,438,203.65	\$	144,845.00	\$		\$	1,583,048.65
Machinery & Equipment	2,781,898.19		114,584.55		74,630.82		2,821,851.92
Total	\$ <u>4,220,101.84</u>	\$	<u>259,429.55</u>	\$	<u>74,630.82</u>	\$	<u>4,404,900.57</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 commercial insurance coverage for property, liability and surety bonds.

**BOROUGH OF LONGPORT**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**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, 2011 and 2010 were \$368,237.58 and \$341,967.64 respectively. The Borough's contribution to the Lifeguard Pension Fund for 2010 was transferred to the Lifeguard Pension Fund in 2011. The Borough's contribution for 2011 was transferred in 2012. The following table details the activity for this fund for the year ended December 31, 2011.

<u>Balance</u> <u>12/31/2010</u>	<u>Interest</u> <u>Earned</u>	<u>Borough</u> <u>Share</u>	<u>Employee</u> <u>Withholdings</u>	<u>Pension</u> <u>Payments</u>	<u>Balance</u> <u>12/31/2011</u>
\$ 269,895.49	\$ 534.94	\$ 14,104.32	\$ 14,368.55	\$ (15,483.19)	\$ 283,420.11

**NOTE 17: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2011 and April 9, 2012, 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, 2010	\$ 2,082,183.20	\$ -
Increased By Receipts:		
Taxes Receivable	14,214,985.05	
Due from State - Senior Citizens and Veterans	22,371.92	
Prepaid Taxes	291,402.35	
Tax Overpayments	33,936.50	
Federal and State Grants Receivable		25,159.44
Federal and State Grants - Unappropriated		841.24
Miscellaneous Revenue Anticipated	911,826.13	
Miscellaneous Revenue Not Anticipated	146,309.62	
Tax Sale Premiums	142,400.00	
Deferred JIF Refund	16,672.00	
Prepaid Beach Fees	2,881.00	
Payroll Payable	3,387,275.14	
Due to General Capital	1,234,000.00	
Due from Current Fund		4,633.71
Due to State Marriage License Fees	275.00	
Due State - DCA Fees	5,101.00	
	20,409,435.71	30,634.39
	22,491,618.91	30,634.39

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

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2011 Appropriations	\$ 6,699,781.33	\$
2010 Appropriation Reserves	102,015.62	
County Taxes	7,817,323.11	
Due to the County Added and Omitted	32,761.98	
Local District School Tax	903,538.20	
Tax Overpayments	11,379.93	
Payroll Payable	3,387,412.01	
Tax Sale Premiums	5,500.00	
Due to General Capital	1,933,460.96	
Due to Federal and State Grant Fund	4,633.71	30,634.39
Grant Expenditures		
Due to State Marriage License Fees	275.00	
Due State - DCA Fees	6,884.00	
	20,904,965.85	30,634.39
Balance December 31, 2011	\$ 1,586,653.06	\$ -

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

Year	Balance Dec. 31, 2010	2011 Levy	Added Taxes	2010	2011	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2011
2009	\$ 8.89	\$ -	\$ -	\$ -	\$ 198.36	\$ (194.52)	\$ -	\$ 5.05
2010	259,140.23	-	-	259,710.47	259,908.83	(780.93)	-	210.69
	259,149.12	-	-	-	259,908.83	(975.45)	-	215.74
2011	14,463,724.48	14,463,724.48	21,268.00	242,016.07	13,976,065.26	73,852.95	-	193,058.20
	259,149.12	14,463,724.48	21,268.00	242,016.07	14,235,974.09	72,877.50	-	193,273.94
Ref.	A							A

\$ 14,214,985.05 Taxes Receivable  
 \$ 20,989.04 Senior Citizens and Veterans  
\$ 14,235,974.09

Analysis of 2011 Property Tax Levy  
 Tax Yield:  
 General Property Tax  
 Added Taxes (54:4-63.1 et seq.)

\$ 14,463,724.48  
21,268.00

\$ 14,484,992.48

Tax Levy:  
 School Tax Levy  
 County Taxes  
 County Taxes Added and Omitted  
 Local Tax for Municipal Purposes  
 Add: Additional Tax Levied

877,770.00  
 7,817,323.25  
 11,496.86  
 5,758,740.17  
19,662.20

\$ 14,484,992.48

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

<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Accrued In 2011</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>
<u>Miscellaneous Revenue Anticipated:</u>				
	\$	\$	\$	\$
Fees and Permits	-	4,050.00	4,050.00	-
Ice Cream Vendors	-	25,100.00	25,100.00	-
Municipal Court - Fines and Costs	4,034.30	92,349.23	91,435.21	4,948.32
Interest and Costs on Taxes	-	61,321.52	61,321.52	-
Interest on Investments and Deposits	-	14,094.16	14,094.16	-
Beach Fees	-	202,163.00	202,163.00	-
Comcast Franchise Fee	-	13,192.24	13,192.24	-
Uniform Construction Code Fees	-	141,225.00	141,225.00	-
Energy Receipts Tax	-	122,345.00	122,345.00	-
Anticipated Utility Operating Surplus	-	262,000.00	262,000.00	-
JIF Insurance Refund	-	25,464.00	25,464.00	-
<u>Miscellaneous Revenue Not Anticipated:</u>				
Miscellaneous Non-Budget Revenue	-	146,309.62	146,309.62	-
<b>TOTALS</b>	<u>\$ 4,034.30</u>	<u>\$ 1,109,613.77</u>	<u>\$ 1,108,699.75</u>	<u>\$ 4,948.32</u>
Ref.	A		A-4	A

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

	<u>Balance</u> Dec. 31, 2010	<u>Balance</u> After Transfers	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration				
Other Expenses	\$ 1,396.91	\$ 1,396.91	\$ 398.24	\$ 998.67
Human Resources				
Salaries and Wages	1,163.13	1,163.13		1,163.13
Other Expenses	4,229.28	4,229.28	1,204.05	3,025.23
Mayor and Commissioners				
Salaries and Wages	200.16	200.16		200.16
Other Expenses	668.65	668.65		668.65
Clerk's Office				
Other Expenses	703.94	703.94	141.26	562.68
Finance Department				
Salaries and Wages	1,041.90	1,041.90		1,041.90
Other Expenses	1,579.82	1,579.82	149.50	1,430.32
Data Processing				
Other Expenses	171.00	171.00		171.00
Tax Collection				
Salaries and Wages	815.16	815.16		815.16
Other Expenses	1,331.16	1,331.16	772.70	558.46
Tax Assessment				
Salaries and Wages	959.62	959.62		959.62
Other Expenses	983.52	983.52	258.55	724.97
Legal Services and Costs				
Other Expenses	11,223.03	11,223.03	7,979.84	3,243.19
Planning Board				
Salaries and Wages	14.00	14.00		14.00
Other Expenses	1,904.14	1,904.14	813.63	1,090.51
Police				
Salaries and Wages	18,207.42	18,207.42	8,002.39	10,205.03
Other Expenses	3,421.94	3,421.94	3,421.94	-
Emergency Management				
Salaries and Wages	18.00	18.00		18.00
Other Expenses	531.04	531.04		531.04
Dispatch				
Salaries and Wages	9,693.71	9,693.71	931.41	8,762.30
Community Rating System				
Salaries and Wages	78.00	78.00		78.00
Other Expenses	1,147.80	1,147.80		1,147.80
Fire				
Salaries and Wages	4,068.69	4,068.69		4,068.69
Other Expenses	6,701.66	6,701.66	6,507.56	194.10
Prosecutor				
Salaries and Wages	36.97	36.97		36.97
Beach Guards				
Salaries and Wages	2,032.36	2,032.36		2,032.36
Other Expenses	3,200.79	3,200.79	3,159.77	41.02



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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Beach Control				
Salaries and Wages	\$ 5,337.75	\$ 5,337.75		\$ 5,337.75
Other Expenses	818.63	818.63	441.80	376.83
Dog Regulation				
Other Expenses	100.00	100.00		100.00
Streets and Roads				
Salaries and Wages	17,237.36	17,237.36		17,237.36
Other Expenses	31,989.30	31,989.30	9,028.73	22,960.57
Garbage and Trash Removal				
Other Expenses				
Solid Waste Collection	9,016.70	9,016.70	5,983.33	3,033.37
Tipping Fees	13,686.09	13,686.09	1,251.44	12,434.65
Buildings and Grounds				
Other Expenses	3,340.03	3,340.03	2,419.46	920.57
Parks and Recreation				
Other Expenses	13,013.16	13,013.16	248.76	12,764.40
Maintenance of Parks				
Other Expenses	6,538.89	6,538.89	681.24	5,857.65
Municipal Court				
Salaries and Wages	1,832.33	1,832.33		1,832.33
Other Expenses	330.90	330.90	162.80	168.10
Public Defender				
Salaries and Wages	15.00	15.00		15.00
Construction Code				
Salaries and Wages	2,547.65	2,547.65		2,547.65
Other Expenses	181.91	181.91		181.91
Other Code Enforcement				
Salaries and Wages	14.00	14.00		14.00
Other Expenses	612.16	612.16	437.58	174.58
Insurance				
Salaries and Wages	27.09	27.09		27.09
Celebration of Public Events				
Other Expenses	3,000.00	3,000.00		3,000.00
Unclassified:				
Electricity	9,722.33	9,722.33		9,722.33
Street Lighting	3,544.82	3,544.82		3,544.82
Telephone	2,375.80	2,375.80	190.06	2,185.74
Natural Gas	3,011.78	3,011.78		3,011.78
Gasoline	9,206.20	9,206.20	3,714.98	5,491.22
Contribution to:				
Social Security	13,029.86	13,029.86		13,029.86
Lifeguard Pension	14,650.00	14,650.00	13,697.00	953.00
Insurance				
Group Insurance for Employees	47,195.12	47,195.12	30,017.60	17,177.52
Liability Insurance	6,258.60	6,258.60		6,258.60
Workers Compensation	39.00	39.00		39.00
<b>TOTALS</b>	<b>\$ 296,196.26</b>	<b>\$ 296,196.26</b>	<b>\$ 102,015.62</b>	<b>\$ 194,180.64</b>
Ref.	A			A-1
		Cash Disbursed	\$ 102,015.62	
		Accounts Payable	-	
			<u>\$ 102,015.62</u>	

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

<u>Purpose</u>	<u>Balance Dec. 31, 2010</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2011</u>
State:				
NJ Transportation Trust Fund	\$ 71,315.83	\$	\$	71,315.83
Recycling Tonnage	-	2,137.26	2,137.26	-
Clean Communities	5,785.85	6,423.30	6,423.30	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	9,181.01	9,181.01	11,505.12
Municipal Alcohol Education/Rehabilitation	7.63	1,510.17	1,510.17	7.63
Pedestrian Safety Grant	2,560.96		2,500.00	60.96
Optional Safety Budget	2,300.00	1,800.00	1,800.00	2,300.00
Over the Limit - Under Arrest	8,677.70			8,677.70
ACIA - CDBG	15,000.00	15,000.00		30,000.00
Body Armor Replacement	4,424.61		1,607.70	2,816.91
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
Federal:				
None	-			-
Other:				
None	-			-
<b>TOTALS</b>	<b>\$ 226,297.13</b>	<b>\$ 36,051.74</b>	<b>\$ 25,159.44</b>	<b>\$ 237,189.43</b>
Ref.	A			A

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

<u>Purpose</u>	<u>Balance Dec. 31, 2010</u>	<u>Received</u>	<u>Cancelled</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2011</u>
State:					
Body Armor Replacement	\$ 3,599.27	\$	\$	\$	3,599.27
Recycling Tonnage Grant	455.16	841.24			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
TOTALS	<u>\$ 15,314.43</u>	<u>\$ 841.24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,155.67</u>
Ref.	A				A



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

	<u>Ref.</u>		
Balance December 31, 2010	B		\$ 339.73
Increased By Receipts:			
Dog License Fees		\$ 197.20	
State License Fees		55.80	
Other		4.20	
		257.20	
			596.93
Decreased By Disbursements:			
State of New Jersey		53.40	
Animal Control Expenditures		59.44	
		112.84	
Balance December 31, 2011	B		\$ <u><u>484.09</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	B		\$ 422,905.65
Increased By Receipts:			
Lifeguard Pension Contributions		\$ 27,639.40	
Accumulated Sick Leave Fund		10,000.00	
Unemployment Contributions		8,673.21	
Recreation Deposits		13,089.00	
Disposal of Forfeited Property		1,690.00	
Flexible Spending Account		150.00	
Interest Earned:			
Lifeguard Pension		534.94	
Unemployment Trust		186.37	
Developers Escrow		14.18	
Accumulated Sick Leave Fund		478.97	
Recreation		8.99	
Flexible Spending Account		0.04	
Disposal of Forfeited Property		0.91	
		62,466.01	
			485,371.66
Decreased By Disbursements:			
Lifeguard Pensions Paid		14,649.72	
Unemployment Claims		20,175.18	
Recreation		14,656.34	
Developer's Escrow		25,068.60	
Flexible Spending Account		1.00	
Disposal of Forfeited Property		13.50	
Accumulated Sick Leave		15,344.36	
		89,908.70	
Balance December 31, 2011	B		\$ <u><u>395,462.96</u></u>

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

Balance December 31, 2010	<u>Ref.</u> B		\$	290.00
Increased By:				
Dog Licenses Fees Collected		\$		197.20
Other				4.20
				201.40
				491.40
Decreased By:				
Statutory Excess Due to Current Fund				176.76
Animal Control Expenditures				59.44
				236.20
Balance December 31, 2011	B		\$	255.20

License Fees Collected	<u>Year</u>		\$	
	2010			139.20
	2009			116.00
				255.20

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

Balance December 31, 2010	<u>Ref.</u> C		\$	309,163.49
Increased By Receipts:				
Current Fund Disbursements		\$ 1,933,460.96		
		1,933,460.96		2,242,624.45
Decreased By Disbursements:				
Improvement Authorizations		726,960.96		
Bond Anticipation Note Payment		1,206,500.00		
		1,933,460.96		309,163.49
Balance December 31, 2011	C		\$	309,163.49



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

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	
Fund Balance	\$ 271.97	\$	\$	\$	\$	\$	271.97
Capital Improvement Fund	-						20,000.00
Due to (from) Current Fund	(653,609.23)		1,925,960.96		1,206,500.00	20,000.00	45,851.73
FEMA Receivable	(5,780.00)						(5,780.00)
Encumbrance Payable	88,939.32					88,939.32	14,027.75
<b>Improvement Authorizations</b>							
Ord.							
Number							
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	(42,631.00)		7,500.00				(35,131.00)
08-01 Public Safety Software Upgrade	(234.42)						(234.42)
08-18 Various General Improvements	297,911.38	181,500.00	265,000.00	231,409.94	446,500.00	9,630.25	101,572.89
10-07 Various General Improvements	621,300.56	760,000.00		495,551.02	760,000.00	4,397.50	165,589.66
	\$ 309,163.49	\$ 941,500.00	\$ 2,198,460.96	\$ 726,960.96	\$ 2,413,000.00	\$ 122,967.07	\$ 309,163.49
	C						C

Ref.

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

Balance December 31, 2010	<u>Ref.</u> C		\$ -
Increased By:			
Budget Appropriation		\$ 20,000.00	
		<hr/>	<hr/>
			20,000.00
			<hr/>
			20,000.00
Decreased By:			
None		-	
		<hr/>	<hr/>
			-
Balance December 31, 2011	C		\$ <u><u>20,000.00</u></u>

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

Balance December 31, 2010	<u>Ref.</u> C		\$ 5,721,037.00
Increased By:			
None		\$ -	
		<hr/>	<hr/>
			-
			<hr/>
			5,721,037.00
Decreased By:			
Serial Bonds and Loans Paid		1,002,882.00	
		<hr/>	<hr/>
			1,002,882.00
Balance December 31, 2011	C		\$ <u><u>4,718,155.00</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				Decreased	Balance Dec. 31, 2011
			Date	Outstanding December 31, 2011 Amount	Interest Rate	Balance Dec. 31, 2010		
General Improvement Bonds of 2001	7/15/2001	\$ 4,800,000	7/15/2012	\$ 400,000	4.375%	\$ 2,000,000.00	\$ 1,600,000.00	
			7/15/2013	400,000	4.375%			
			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	8/15/2012	\$ 420,000	4.375%	1,820,000.00	1,420,000.00	
			8/15/2013	500,000	4.375%			
			8/15/2014	500,000	4.375%			
					4.500%			
						Ref. \$		
						<u>\$ 3,820,000.00</u>	<u>\$ 3,020,000.00</u>	
						<u>C</u>	<u>C</u>	
						<u>\$ 800,000.00</u>		



**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, 2010	Increased	Decreased	Balance Dec. 31, 2011
08-18	Various General Improvements	12/10/2008	12/9/2010	10/21/2011	1.25%	\$ 446,500.00	\$ 181,500.00	\$ 446,500.00	\$ -
08-18	Various General Improvements	12/10/2008	10/19/2011	10/19/2012	1.50%				181,500.00
10-07	Various General Improvements	10/21/2010	10/21/2010	10/21/2011	1.25%	760,000.00	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
						\$ 1,206,500.00	\$ 941,500.00	\$ 1,206,500.00	\$ 941,500.00
					Ref.	C			C

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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorizations</u>	<u>Bond, Notes or Grants Issued</u>	<u>Current Fund Appropriation</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2011</u>
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	45,000.00			7,500.00		37,500.00
08-01	Public Safety Software Upgrade	234.42					234.42
08-18	Various General Improvements	240.00					240.00
		<u>\$ 48,268.34</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,500.00</u>	<u>\$ -</u>	<u>\$ 40,768.34</u>
	Ref.	C					C



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

	Ref.	Operating	Capital
	D	\$	\$
Balance December 31, 2010		800,845.19	37,786.85
Increased by Receipts:			
Water and Sewer Rent Collected	\$	948,787.72	
Bond Anticipation Note Proceeds			1,295,000.00
Prepaid Water and Sewer Rents		10,869.73	
Miscellaneous Revenues		39,291.64	
Due To/From Utility Capital/Utility Operating		998,949.09	1,537,671.36
		1,799,794.28	1,575,458.21
Decreased by Disbursements:			
Current Appropriations		915,047.67	
Appropriation Reserves		6,587.05	
Improvement Authorizations			577,671.36
Encumbrances Payable		12,000.00	
Accrued Interest			960,000.00
Bond Anticipation Note Payment		177,671.36	
Due To/From Utility Capital/Utility Operating			
Refunds			
		1,111,306.08	1,537,671.36
Balance December 31, 2011	D	688,488.20	37,786.85

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

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	
Due to (from) Utility Operating	\$ (630,403.99)	\$	\$ 1,472,671.36	\$	\$ 1,295,000.00	\$ 183,690.26	\$ (452,732.63)
Encumbrances Payable	183,690.26						342,635.50
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	466,213.73	895,000.00	65,000.00	391,728.86	960,000.00	128,578.00	129,597.13
11-10 Water and Sewer Improvements	-	400,000.00		185,942.50		214,057.50	-
	\$ 37,786.85	\$ 1,295,000.00	\$ 1,537,671.36	\$ 577,671.36	\$ 2,255,000.00	\$ 526,325.76	\$ 37,786.85
	D						D

Ref.

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

Balance December 31, 2010	<u>Ref.</u> D		\$ 18,086.60
Increased By:			
Rents Levied		\$ 975,812.85	
		<hr/>	<hr/>
			975,812.85
			993,899.45
Decreased By:			
Collections		948,787.72	
Prepayments Applied		20,722.31	
		<hr/>	<hr/>
			969,510.03
Balance December 31, 2011	D		\$ <u><u>24,389.42</u></u>

**SCHEDULE OF UTILITY LIENS**

Balance December 31, 2010	<u>Ref.</u> D		\$ -
Increased By:			
None		\$ -	
		<hr/>	<hr/>
			-
			-
Decreased By:			
None		-	
		<hr/>	<hr/>
			-
Balance December 31, 2011	D		\$ <u><u>-</u></u>

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

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 18,233.41	\$ 18,233.41	\$	\$ 18,233.41
Other Expenses	21,752.71	21,752.71	6,587.05	15,165.66
Statutory Expenditures:				
Social Security System	2,687.39	2,687.39		2,687.39
 TOTALS	 <u>\$ 42,673.51</u>	 <u>\$ 42,673.51</u>	 <u>\$ 6,587.05</u>	 <u>\$ 36,086.46</u>
	D			

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

Balance December 31, 2010	<u>Ref.</u> D		\$ 1,200.00
Increased By:			
Budget Appropriation:			
Interest on Bonds		\$ 12,000.00	
		12,000.00	12,000.00
			13,200.00
Decreased By:			
Cash Disbursed		12,000.00	
		12,000.00	12,000.00
Balance December 31, 2011	D		\$ 1,200.00

**Analysis of Accrued Interest December 31, 2011**

	Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days		Amount
\$	895,000.00	1.25%	12/10/11	12/31/11	22	\$	684.00
	400,000.00	0.90%	8/17/11	12/31/11	137		516.00
	1,295,000.00					\$	1,200.00



**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, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
08-19	Water and Sewer Improvements	12/10/08	12/10/10	12/10/11	1.25%	\$ 960,000.00	\$	\$ 960,000.00	\$ -
08-19	Water and Sewer Improvements	12/10/08	12/10/11	12/10/12	1.50%		895,000.00		895,000.00
11-10	Water and Sewer Improvements	12/10/11	8/17/11	8/17/12	0.90%		400,000.00		400,000.00
						\$ <u>960,000.00</u>	\$ <u>1,295,000.00</u>	\$ <u>960,000.00</u>	\$ <u>1,295,000.00</u>
					Ref.	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, 2010	2011 Authorizations	Bond, Notes or Grants Issued	Cancelled	Balance Dec. 31, 2011
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
11-10	Water and Sewer Improvements		400,000.00	400,000.00		-
		\$ 42,540.77	\$ 400,000.00	\$ 400,000.00	-	\$ 42,540.77
	Ref.	D				D



**BOROUGH OF LONGPORT**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2011**

1535 HAVEN AVENUE • PO BOX 538  
OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548  
MAYS LANDING, NJ 08330  
PHONE 609.625.0999 • FAX 609.625.2421

**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 the financial statements – regulatory basis of the Borough of Longport, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated April 9, 2012. 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, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

**Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Longport’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Longport’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Longport’s internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the Borough's management in a separate letter dated April 9, 2012.

This report is intended solely for the information and use of management, the Borough of Longport's Commissioners, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*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 9, 2012**

**BOROUGH OF LONGPORT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2011**

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

**Financial Statements**

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting” dated April 9, 2012.**

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:

- Re-roofing of the Fire House
- Beach Cleaning Machine
- Replacement of Fire Hydrants
- Roofing Replacement of Well Houses
- Installation of Pumping Equipment Well #3
- Installation of Waterfront Bulkhead
- Municipal Hall Façade Restore and Window Replacement
- Painting and Structural Repairs to the Municipal Water Tower
- Winchester Ave. Roadway & Drainage Improvements

#### **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.

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)**

**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 2011 This Resolution shall take effect January 1, 2011.

**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
2011	0
2010	0
2009	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 2011 and 2012 Taxes	25
Delinquent Taxes	25
Payment of Water and Sewer Rents	25
Delinquent Water and Sewer Rents	25
Total	<u>100</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

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April 9, 2012