

**CITY OF GLOUCESTER CITY
COUNTY OF CAMDEN**

**REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2013**



75 YEARS OF SERVICE
1939-2014

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CITY OF GLOUCESTER CITY
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CITY OF GLOUCESTER CITY
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Gloucester City
Gloucester City, NJ 08030

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2013 and 2012, 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, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2014 on our consideration of the City of Gloucester City's, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Gloucester City's internal control over financial reporting.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 5, 2014

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Gloucester City
Gloucester City, NJ 08030

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the City of Gloucester City, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 5, 2014. That report indicated that the City of Gloucester City's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding Nos. 2013-1 and 2013-2 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Gloucester City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding No. 2013-1.

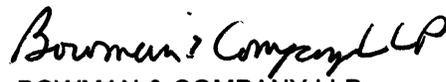
The City of Gloucester City's Response to Findings

The City of Gloucester City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,


BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants


Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 5, 2014

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
 As of December 31, 2013 and 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Regular Fund:			
Cash- Treasurer	SA-1	\$ 4,553,690.30	\$ 4,789,392.73
Cash- Collector	SA-2	474.69	514.91
Change Funds	SA-3	1,925.00	2,125.00
		<hr/>	<hr/>
		4,556,089.99	4,792,032.64
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-5	387,679.07	347,065.62
Tax Title Liens Receivable	SA-6	3,063.88	71,207.71
Property Acquired for Taxes- Assessed Valuation	SA-7	1,533,700.00	1,705,600.00
Clean-up Charges Receivable	SA-8	58,605.26	38,008.88
Revenue Accounts Receivable	SA-12	110,369.42	121,453.36
Due from Bank	SA-1	83.18	226.47
Due from Library	SA-9	27.26	3.00
Due from Federal and State Grant Fund	SA-10	65,376.69	152,645.39
Due from Animal Control Trust Fund	SB-4	3.80	
Due from General Capital Fund	SC-6	81.71	69.29
		<hr/>	<hr/>
		2,158,990.27	2,436,279.72
Deferred Charges:			
Special Emergency - Master Plan	SA-13	315,460.00	30,920.00
		<hr/>	<hr/>
		7,030,540.26	7,259,232.36
Federal and State Grant Fund:			
Federal and State Grants Receivable	SA-25	2,423,477.84	2,789,795.37
		<hr/>	<hr/>
		\$ 9,454,018.10	\$ 10,049,027.73
		<hr/> <hr/>	<hr/> <hr/>

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CITY OF GLOUCESTER CITY
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2013 and 2012

LIABILITIES, RESERVES

AND FUND BALANCE

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3 & SA-16	\$ 394,904.10	\$ 712,320.86
Reserve for Encumbrances	SA-15	450,292.87	150,319.57
Payroll Taxes Payable	SA-14	159,014.37	115,201.06
Prepaid Taxes	SA-17	107,368.95	120,355.18
Tax Overpayments	SA-18	6,533.12	5,704.13
Accounts Payable	SA-19	2,594.57	897.04
Due to State of New Jersey			
Veterans' and Senior Citizens' Deductions	SA-4	85,135.98	78,296.25
DCA Training Fees	SA-20	3,477.00	1,252.00
Due to County for Added and Omitted Taxes	SA-21	3,560.29	1,977.12
Local School Taxes Payable	SA-22	290,906.53	291,267.53
Due To Animal Control Trust Fund	SB-4		466.22
Due to Trust Other	SB-5	89,940.53	91,999.00
Due to Trust - Community Development Fund	SB-15	149,696.04	71,282.78
Due to CCMUA	A	1,239.76	1,239.76
Reserve for			
Deposits on Sale of Property	A	20.00	20.00
Master Plan	A	18,302.72	18,302.72
Revaluation	SA-11	13,978.00	
Contract Settlements	SA-24		244,500.00
		1,776,964.83	1,905,401.22
Reserve for Receivables and Other Assets	A	2,158,990.27	2,436,279.72
Fund Balance	A-1	3,094,585.16	2,917,551.42
		7,030,540.26	7,259,232.36
Federal and State Grant Fund:			
Due to Current Fund	SA-10	65,376.69	152,645.39
Reserve for Encumbrances	SA-28	807,940.06	202,956.19
Reserve for Federal and State Grants:			
Unappropriated	SA-26	24,983.93	17,678.21
Appropriated	SA-27	1,525,177.16	2,416,515.58
		2,423,477.84	2,789,795.37
		\$ 9,454,018.10	\$ 10,049,027.73

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

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statements of Operations and Changes in Fund Balance--
 Regulatory Basis
 For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Revenue and Other</u>		
<u>Income Realized</u>		
Fund Balance Utilized	\$ 2,012,500.00	\$ 1,800,000.00
Miscellaneous Revenue Anticipated	5,296,590.77	6,071,061.53
Receipts from Delinquent Taxes and Tax Title Liens	359,014.20	524,887.59
Receipts from Current Taxes	17,918,351.88	17,857,847.74
Non-Budget Revenues	454,544.64	632,737.51
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	412,924.98	195,498.14
Reserve for Contract Settlements - Canceled	17,704.47	
Accounts Payable - Canceled		1,695.41
Refund of Prior Year Expenditures		658.42
Reserves Liquidated:		
Due from Bank	143.29	
Due from Library		10.05
Due Federal and State Grant Fund	87,268.70	579,593.10
Due General Capital Fund		102.37
	<hr/>	<hr/>
Total Income	26,559,042.93	27,664,091.86
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	7,135,037.00	5,952,236.00
Other Expenses	5,900,212.00	6,565,572.20
Deferred Charges and Statutory Expenditures Within "CAPS"	1,526,223.00	1,651,800.59
Operations--Excluded from "CAPS":		
Other Expenses	919,814.56	1,650,760.62
Capital Improvements--Excluded from "CAPS"		211,500.00
Municipal Debt Service--Excluded from "CAPS"	780,028.91	776,778.56
Special Emergency Authorization	32,393.84	22,960.00
Judgments	36,000.00	50,000.00
Transferred to Board of Education	24,774.00	24,050.00
County Taxes	4,329,079.11	4,506,315.16
County Share of Added and Omitted Taxes	3,560.29	1,977.12
Local District School Tax	3,973,346.00	3,901,528.50
Deductions Disallowed by Tax Collector (Net)--Prior Year	9,000.00	7,106.85
Refund of Prior Year Revenues		826.42
Cancellation of Federal and State Grants Receivable		89,761.00

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statements of Operations and Changes in Fund Balance--
 Regulatory Basis
 For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Expenditures (Cont'd)</u>		
Reserves Created:		
Due from Bank		\$ 143.79
Due from Library	\$ 24.26	
Due from Animal Control Trust Fund	3.80	
Due from General Capital Fund	12.42	
	<hr/>	
Total Expenditures	24,669,509.19	25,413,316.81
	<hr/>	
Statutory Excess to Fund Balance	1,889,533.74	2,250,775.05
Adjustments to Income before Fund Balance		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	300,000.00	
	<hr/>	
Statutory Excess of Fund Balance	2,189,533.74	2,250,775.05
<u>Fund Balance</u>		
Balance Jan. 1	2,917,551.42	2,466,776.37
	<hr/>	
	5,107,085.16	4,717,551.42
Utilized as Revenue	2,012,500.00	1,800,000.00
	<hr/>	
Balance Dec. 31	\$ 3,094,585.16	\$ 2,917,551.42
	<hr/> <hr/>	

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

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013

	Anticipated		Realized	Excess or (Deficit)
	Budget	Special N.J.S.A 40A:4-87		
Fund Balance Anticipated	\$ 2,012,500.00	---	\$ 2,012,500.00	---
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	33,500.00		36,877.00	\$ 3,377.00
Other	6,500.00		6,174.00	(326.00)
Fees and Permits	310,000.00		372,334.43	62,334.43
Fines and Costs: Municipal Court	301,000.00		303,804.01	2,804.01
Interest and Costs on Taxes	120,966.31		112,562.57	(8,403.74)
Interest on Investments and Deposits	2,000.00		3,394.05	1,394.05
State Aid without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	254,720.00		254,720.00	
Energy Receipts Tax	2,423,776.00		2,423,776.06	0.06
Uniform Construction Code Fees	100,000.00		285,043.00	185,043.00
Special Items of General Revenue Anticipated with Prior Written				
Consent of Director of Local Government Services:				
Recycling Tonnage Grant	14,813.94		14,813.94	
Clean Communities Program		\$ 19,653.99	19,653.99	
Small Cities Grant	200,000.00		200,000.00	
Municipal Court Alcohol Ed & Rehabilitation Fund		7,177.36	7,177.36	
Municipal Alliance on Alcohol & Drug Abuse		15,041.00	15,041.00	
Body Armor Replacement Fund	2,864.27		2,864.27	
County of Camden - Recreation Facilities Enhancement				
Nicholson Road Courts		25,000.00	25,000.00	
Drive Sober or Get Pulled Over		8,800.00	8,800.00	
Other Items of Revenue				
Uniform Fire Safety Act	23,378.03		48,845.01	25,466.98
Cable TV Franchise Fee	40,000.00		43,755.59	3,755.59
School District for Police Svs	62,885.00		62,885.00	
Rental Revenue-Chatham Square Apartments	75,000.00		92,489.99	17,489.99
Rental Revenue-Lay Down Yard in Southport Area	43,750.00		43,750.00	
General Capital Surplus	12,346.45		12,346.45	
Hotel Occupancy Taxes	48,000.00		54,705.99	6,705.99
Payment in Lieu of Taxes	840,000.00		845,777.06	5,777.06
Total Miscellaneous Revenues	4,915,500.00	75,672.35	5,296,590.77	305,418.42
Receipts from Delinquent Taxes	351,000.00		359,014.20	8,014.20
Subtotal General Revenues	7,279,000.00	75,672.35	7,668,104.97	313,432.62
Amount to be Raised for Support of Municipal Budget:				
Local Tax for Municipal Purpose	9,829,611.04		9,940,585.67	110,974.63
Minimum Library Tax	180,388.96		180,388.96	
	10,010,000.00		10,120,974.63	110,974.63
Budget Totals	17,289,000.00	75,672.35	17,789,079.60	424,407.25
Non-Budget Revenues			454,544.64	454,544.64
	\$ 17,289,000.00	\$ 75,672.35	\$ 18,243,624.24	\$ 878,951.89

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013

Allocation of Current Tax Collections:		
Revenue from Collections		\$ 17,918,351.88
Allocated to:		
School and County Taxes		<u>8,305,985.40</u>
Balance for Support of Municipal Budget Appropriations		9,612,366.48
Add: Appropriation "Reserve for Uncollected Taxes"		<u>508,608.15</u>
Amount for Support of Municipal Budget Appropriations		<u><u>\$ 10,120,974.63</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	\$ 336,481.06	
Tax Title Liens	<u>22,533.14</u>	
		<u><u>\$ 359,014.20</u></u>
Fees and Permits--Other:		
Clerk--Other	5,299.86	
Trailer Rental Fees	33,326.57	
Planning and Zoning Board Fees	1,705.00	
Housing Fees	83,500.00	
Tax Search Office	160.00	
Rental Registration Fees	227,210.00	
Registrar of Vital Statistics	<u>21,133.00</u>	
		<u><u>\$ 372,334.43</u></u>

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013

Analysis of Non Budget Revenues:
Revenue Accounts Receivable:

Sale of Recycling Buckets	\$ 44.00	
Sale of Compost Machines	120.00	
Sale of Scrap Metal	2,486.99	
Marina Rentals and Fees	28,581.00	
Rentals and Fees - Polling Place	70.00	
Rentals and Fees - Community Center	<u>14,050.00</u>	
		\$ 45,351.99

Treasurer:

Administrative Fee - Off-Duty Employment of Police Officers	24,105.00	
Ambulance Service	3,488.38	
Cancellation of Prior Year Outstanding Checks - Municipal Court	292.00	
Coin Operated Laundry Commissions	1,491.59	
FEMA - Hurricane Sandy Reimbursement	59,680.47	
Lapsed Premiums on Tax Sale Certificates	3,500.00	
Legal Fee Reimbursements	3,486.32	
N.J. Division of Motor Vehicles - Inspection Fines	1,277.00	
Prior Year Refund	2,737.55	
Recycling Refunds	20,269.09	
Rental of Coast Guard Station	151,999.96	
Safety Award - Joint Insurance Fund	1,000.00	
Sale of Fire Wood	1,580.00	
Sale of Used Equipment and Vehicles	888.00	
State of N.J. - Admin Fee - Senior & Vet Deduction Reimbursement	3,218.07	
Trash Removal Fees	625.00	
Fire Violations	2,513.10	
Settlement - Nationwide Retirement	<u>13.03</u>	
		282,164.56

Tax Collector:

Clean-Up Charges	112,176.76	
Certificates of Redemption	650.00	
Dishonored Check Fees	155.00	
Miscellaneous	<u>14,046.33</u>	
		<u>127,028.09</u>
		<u>\$ 454,544.64</u>

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

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Expenditures--Regulatory Basis
 For the Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
				<u>Encumbered</u>	<u>Reserved</u>	
OPERATIONS--WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive Salaries and Wages	\$ 35,870.00	\$ 37,870.00	\$ 37,740.12	\$	129.88	
City Administrator's Office	9,500.00	9,500.00	9,124.96		375.04	
Mayor and Common Council	142,276.00	144,276.00	144,111.20		164.80	
City Clerk's Office						
Other Expenses:						
City Administrator's Office	5,250.00	5,250.00	3,339.24	405.00	505.76	1,000.00
City Clerk's Office	89,120.00	89,120.00	77,839.55	4,418.05	1,862.40	5,000.00
Financial Administration						
Salaries and Wages	62,157.00	66,457.00	66,157.02		299.98	
Other Expenses	18,530.00	18,530.00	16,863.26	1,181.96	484.78	
Audit Services						
Other Expenses	57,000.00	57,000.00	52,100.00		400	4,500.00
Collection of Taxes						
Salaries and Wages	74,438.00	83,438.00	82,504.81		933.19	
Other Expenses	16,690.00	16,690.00	12,437.92	516.29	735.79	3,000.00
Assessment of Taxes						
Salaries and Wages	40,946.00	46,446.00	45,445.15		0.85	1,000.00
Other Expenses (N.J.S.A. 40A:4-55 \$300,000):	10,260.00	310,260.00	304,639.31		620.69	5,000.00
Legal Services and Costs						
Salaries and Wages	37,716.00	37,716.00	37,716.00			
Other Expenses	140,000.00	140,000.00	93,470.56	2,134.63	44,394.81	
Municipal Court						
Salaries and Wages	286,358.00	291,358.00	284,230.86		2,127.14	5,000.00
Other Expenses	20,657.00	20,657.00	18,763.45	650.00	1,243.55	
Public Defender (P.L. 1997, C.256)						
Salaries and Wages	1.00	1.00			1.00	
Engineering Services and Costs						
Other Expenses	40,000.00	40,000.00	34,243.55		5,756.45	
Community Development						
Salaries and Wages	26,622.00	26,622.00	26,613.15		8.85	
Other Expenses	35,010.00	35,010.00	25,784.35	1,864.50	361.15	7,000.00
Urban Enterprise Zone						
Salaries and Wages	59,658.00	60,758.00	60,737.24		20.76	

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Expenditures--Regulatory Basis
 For the Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
				<u>Encumbered</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (CONT'D)						
Municipal Land Use Law (N.J.S.40:55D-1)						
Combined Planning and Zoning Boards						
Salaries and Wages	\$ 10,685.00	\$ 10,835.00	\$ 10,797.16	\$	\$ 37.84	
Other Expenses	2,860.00	2,860.00	1,808.99	56.70	994.31	
INSURANCE						
General Liability	281,000.00	281,000.00	277,003.42		496.58	\$ 3,500.00
Workers Compensation Insurance	297,519.00	297,519.00	297,518.58		0.42	
Group Insurance for Employees	2,568,536.00	2,568,536.00	2,450,770.18	806.35	1,959.47	115,000.00
Health Benefit Waiver	74,837.00	80,387.00	80,384.75		2.25	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	2,881,660.00	2,866,660.00	2,652,952.79		98,707.21	115,000.00
Other Expenses	100,580.00	115,580.00	94,078.15	20,481.49	1,020.36	
Crossing Guards						
Salaries and Wages	147,286.00	147,286.00	106,914.36		371.64	40,000.00
Other Expenses	500.00	500.00			500.00	
Office of Emergency Management						
Salaries and Wages	32,249.00	32,249.00	29,994.00		255.00	2,000.00
Other Expenses	8,000.00	8,000.00	4,995.50	284.00	220.50	2,500.00
Fire						
Salaries and Wages	1,993,443.00	2,013,443.00	1,981,207.93		22,235.07	10,000.00
Other Expenses	146,150.00	146,150.00	103,827.46	16,875.90	5,446.64	20,000.00
Uniform Fire Safety Act (PL 1983, C383)						
Salaries and Wages	81,714.00	93,114.00	85,955.14		158.86	7,000.00
Other Expenses	9,500.00	9,500.00	2,759.67		1,740.33	5,000.00
PUBLIC WORKS FUNCTIONS						
Streets and Road Maintenance						
Salaries and Wages	657,693.00	712,693.00	704,055.64		8,637.36	
Other Expenses	162,850.00	162,850.00	118,981.92	12,401.32	11,466.76	20,000.00
Public Buildings and Grounds						
Salaries and Wages	256,229.00	256,229.00	176,443.29		29,785.71	50,000.00
Other Expenses	132,500.00	132,500.00	93,435.32	2,171.94	6,892.74	30,000.00
Solid Waste Collection						
Other Expenses	485,000.00	485,000.00	484,650.00		350.00	

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Expenditures--Regulatory Basis
 For the Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
				<u>Encumbered</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (CONT'D)						
PUBLIC WORKS FUNCTIONS (CONT'D)						
Animal Control Services						
Other Expenses	\$ 55,000.00	\$ 55,000.00	\$ 53,450.48	\$ 1,544.10	\$ 5.42	
PARKS & RECREATION FUNCTIONS						
Recreation Services and Programs						
Other Expenses	10,000.00	10,000.00	8,958.68		41.32	\$ 1,000.00
UTILITY EXPENSES AND BULK PURCHASES						
Gasoline	155,000.00	155,000.00	125,821.78	16,000.00	3,178.22	10,000.00
Street Lighting	290,000.00	290,000.00	246,195.37		28,804.63	15,000.00
Electricity	190,000.00	190,000.00	156,378.33		33,621.67	
Telephone	97,000.00	97,000.00	89,900.59	3,759.79	3,339.62	
Fuel-Oil	40,000.00	40,000.00	25,291.40	6,000.00	3,708.60	5,000.00
Sewerage Disposal	5,000.00	8,500.00	3,330.00	1,101.75	1,068.25	3,000.00
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Landfill Costs						
Other Expenses	350,000.00	350,000.00	239,973.64	64,000.00	1,026.36	45,000.00
UNIFORM CONSTRUCTION CODE						
Construction Officials						
Salaries and Wages	93,535.00	98,035.00	97,656.59		378.41	
Other Expenses	75,700.00	75,700.00	28,917.81	500.25	6,281.94	40,000.00
Other Code Enforcement						
Salaries and Wages	218,664.00	218,664.00	194,591.99		4,072.01	20,000.00
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events or Holidays						
Other Expenses	22,000.00	22,000.00	9,876.58	8,214.85	3,908.57	
Total Operations--Within "CAPS"	13,140,749.00	13,569,749.00	12,472,739.19	165,368.87	341,140.94	590,500.00
Salary Adjustment	380,000.00	251,000.00			51,000.00	200,000.00
Contingent	5,000.00	5,000.00	4,304.97		695.03	
Total Operations Including Contingent--Within "CAPS"	13,525,749.00	13,825,749.00	12,477,044.16	165,368.87	392,835.97	790,500.00
Detail:						
Salaries and Wages	7,603,537.00	7,585,037.00	6,915,334.15		219,702.85	450,000.00
Other Expenses	5,922,212.00	6,240,712.00	5,561,710.01	165,368.87	173,133.12	340,500.00

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Expenditures--Regulatory Basis
 For the Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES--MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 275,000.00	\$ 275,000.00	\$ 262,932.87		\$ 10,000.00
Public Employees Retirement System	255,048.00	255,048.00	255,048.00		
Unemployment Compensation	1.00	1.00			1.00
Police and Firemen's Retirement System	1,006,174.00	1,006,174.00	1,006,174.00		
Total Deferred Charges and Statutory Expenditures Municipal--Within "CAPS"	1,536,223.00	1,536,223.00	1,524,154.87	2,068.13	10,000.00
Total General Appropriations for Municipal Purposes Within "CAPS"	15,061,972.00	15,361,972.00	14,001,199.03	\$ 165,368.87	800,500.00
OPERATIONS--EXCLUDED FROM "CAPS"					
Employee Group Health Insurance	126,464.00	126,464.00	126,464.00		
Maintenance of Free Public Library	500,000.00	500,000.00	500,000.00		
Total Other Operations Excluded from "CAPS"	626,464.00	626,464.00	626,464.00	-	-
Public and Private Programs Off-Set by Revenues:					
Clean Communities (40A:4-87 \$19,653.99)		19,653.99	19,653.99		
Recycling Tonnage Grant	14,813.94	14,813.94	14,813.94		
Municipal Alliance on Alcohol and Drug Abuse (40A:4-87 \$15,041.00)		15,041.00	15,041.00		
Body Armor Replacement Fund	2,864.27	2,864.27	2,864.27		
Rehabilitation Fund (40A:4-87 \$7,117.36)		7,177.36	7,177.36		
County of Camden - Recreation Facilities Enhancement		25,000.00	25,000.00		
Nicholson Road Courts (40A:4-87 \$25,000.00)		8,800.00	8,800.00		
Drive Sober or Get Pulled Over (40A:4-87 \$8,800.00)		200,000.00	200,000.00		
Small Cities Grant - No. 08-2126-00		293,350.56	293,350.56		
Total Public and Private Programs Offset by Revenues	217,678.21	293,350.56	293,350.56	-	-
Total Operations--Excluded from "CAPS"	844,142.21	919,814.56	919,814.56	-	-
Detail:					
Other Expenses	844,142.21	919,814.56	919,814.56		

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Expenditures--Regulatory Basis
 For the Year Ended December 31, 2013

	Budget	Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
				Encumbered	Reserved	
MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 380,000.00	\$ 380,000.00	\$ 380,000.00			
Payment of Bond Anticipation Notes and Capital Notes	60,000.00	60,000.00	60,000.00			
Interest on Notes	99,000.00	99,000.00	98,702.65			\$ 297.35
Interest on Bonds	85,637.50	85,637.50	85,637.50			
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	145,600.00	145,600.00	145,599.32			0.68
NJ Municipal and County Infrastructure Loan Program:						
Loan Payments for Principal and Interest	10,872.30	10,872.30	10,089.44			782.86
Total Municipal Debt Service--Excluded from "CAPS"	781,109.80	781,109.80	780,028.91	-	-	1,080.89
DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	15,460.00	15,460.00	15,460.00			
Deferred Charges to Future Taxation Unfunded Ord. 19-01 - Acquisition of Real Property on the Riverfront	16,933.84	16,933.84	16,933.84			
Total Deferred Charges--Excluded from "CAPS"	32,393.84	32,393.84	32,393.84	-	-	-
GENERAL APPROPRIATIONS - EXCLUDED FROM "CAPS"						
Judgments	36,000.00	36,000.00	36,000.00			
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	24,774.00	24,774.00	24,774.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,718,419.85	1,794,092.20	1,793,011.31	-	-	1,080.89
Subtotal General Appropriations	16,780,391.85	17,156,064.20	15,794,210.34	\$ 165,368.87	\$ 394,904.10	801,580.89
Reserve for Uncollected Taxes	508,608.15	508,608.15	508,608.15			
\$ 17,289,000.00	\$ 17,664,672.35	\$ 16,302,818.49	\$ 165,368.87	\$ 394,904.10	\$ 801,580.89	
Budget	\$ 17,289,000.00					
Special Emergency Authorization N.J.S.A. 40A:4-55	300,000.00					
Appropriation by N.J.S.40A:4-87	75,672.35					
	<u>\$ 17,664,672.35</u>					

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2013

<u>Analysis of Paid or Charged</u>	
Reserve for Federal and State Grants--Appropriated	\$ 293,350.56
Payroll Deductions Payable	3,474,737.71
Reserve for Uncollected Taxes	508,608.15
Reserve for Revaluation	300,000.00
Special Emergency Authorization -- 5 Years (NJSA 40A:4-55)	15,460.00
Refunds	(123,286.88)
Disbursed - Current Fund	<u>11,833,948.95</u>
	<u><u>\$ 16,302,818.49</u></u>

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

CITY OF GLOUCESTER CITY
TRUST FUND
 Statements of Assets, Liabilities and Reserves -- Regulatory Basis
 As of December 31, 2013 and 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>Restated 2012</u>
Animal Control Trust Fund			
Cash - Treasurer	SB-1	\$ 2,546.52	\$ 4,770.46
Due From Current Fund	SB-4		466.22
Accounts Receivable - Due From Clerk	SB-3	12.00	
Total Animal Control Fund		<u>2,558.52</u>	<u>5,236.68</u>
Trust Other Fund:			
Cash - Treasurer	SB-1	476,690.35	891,593.38
Cash - Collector	SB-2	79,533.90	56,041.35
Regional Contribution Agreement Loans Receivable	SB-6	1,845,269.00	1,911,949.00
Due From Current Fund	SB-5	89,940.53	91,999.00
Total Trust Other Funds		<u>2,491,433.78</u>	<u>2,951,582.73</u>
Community Development Fund:			
Cash - Treasurer	SB-1	1,765,076.28	2,437,944.04
Mortgages & Loans Receivable	SB-13	2,591,987.43	2,650,605.19
Due from Current Fund	SB-15	149,696.04	71,282.78
Total Community Development Fund		<u>4,506,759.75</u>	<u>5,159,832.01</u>
		<u>\$ 7,000,752.05</u>	<u>\$ 8,116,651.42</u>

(Continued)

CITY OF GLOUCESTER CITY
TRUST FUND
 Statements of Assets, Liabilities and Reserves -- Regulatory Basis
 As of December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>Restated 2012</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Trust Fund:			
Accounts Payable	SB-1 & 3	\$ 1,820.65	\$ 465.65
Due to Current Fund	SB-4	3.80	
Reserve for Animal Control Trust Fund Expenditures	SB-3	734.07	4,771.03
		<hr/>	<hr/>
Total Animal Control Fund		2,558.52	5,236.68
Trust Other Fund:			
Accounts Payable	SB-7	12,499.09	100,103.70
Reserve for Tax Title Lien Premiums and Redemptions	SB-12	78,480.50	55,002.18
Miscellaneous Trust Reserves:			
Reserve for Parking Offenses Adjudication Act Funds	SB-11	4,124.32	7,408.32
Disposal of Forfeited Property	SB-11	115,707.42	101,108.49
Reserve for Public Defender	SB-11	27,391.65	25,909.69
Community Playground	SB-11	3,196.60	196.60
Uniform Fire Safety Act Penalties	SB-11	2,269.55	2,269.55
Unemployment Compensation Insurance	SB-11	66,558.17	97,771.38
Reserve for Landlord Security Deposits	SB-11	12,607.06	10,522.92
Reserve for Escrow Deposits	SB-10	80,958.68	444,791.18
Due to New Jersey Unemployment Compensation Fund	SB-1 & SB-11	17,473.18	4,715.00
Reserve for Regional Contribution Agreements	SB-9	172,514.22	135,355.38
Reserve for Regional Contribution Agreement Loans Receivable	SB-6	1,845,269.00	1,911,949.00
Reserve for Off Duty Police Fees	SB-8	51,178.16	53,273.16
Unallocated Deposits	B	1,000.00	1,000.00
Interest Due To East Greenwich Township	B	206.18	206.18
		<hr/>	<hr/>
Total Trust Other Funds		2,491,433.78	2,951,582.73
Community Development Fund:			
Accounts Payable	SB-18	469,049.57	498,488.20
Reserve for Mortgages & Loans Receivable	SB-13	2,591,987.43	2,650,605.19
Reserve for UDAG Projects and Revolving Loan Fund	SB-17	1,296,026.71	1,528,951.93
Reserve for UEZ Grants - Projects	SB-16		358,847.89
Reserve for UEZ Second Generation Funds	SB-14		51,824.77
Reserve for CDBG Revolving Loan Fund	SB-19	149,696.04	71,114.03
		<hr/>	<hr/>
Total Community Development Fund		4,506,759.75	5,159,832.01
		<hr/>	<hr/>
		\$ 7,000,752.05	\$ 8,116,651.42
		<hr/>	<hr/>

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

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2013 and 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Cash- Treasurer	SC-1	\$ 2,217,133.20	\$ 1,865,510.66
Grants Receivable -Due from State of New Jersey- Green Acres	SC-3	163,527.71	214,329.22
Deferred Charges to Future Taxation:			
Funded	SC-4	4,672,349.46	5,181,344.66
Unfunded	SC-5	10,422,620.24	9,932,427.57
		<u>\$ 17,475,630.61</u>	<u>\$ 17,193,612.11</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
Serial Bonds Payable	SC-12	\$ 3,395,000.00	\$ 3,775,000.00
Bond Anticipation Notes Payable	SC-11	7,616,525.00	7,160,200.00
Green Trust Loan Payable	SC-10	1,277,349.46	1,395,625.36
EDA Infrastructure Loan Payable	SC-10		10,719.30
Improvement Authorizations:			
Funded	SC-8	1,477,732.78	1,467,668.28
Unfunded	SC-8	3,288,190.45	3,180,275.31
Reserve for Encumbrances	SC-9	350,989.00	101,068.91
Due Current Fund	SC-6	81.71	69.29
Capital Improvement Fund	SC-7	56,380.82	83,555.82
Reserve to Pay Green Loan	SC-2	7,083.39	7,083.39
Fund Balance	C-1	6,298.00	12,346.45
		<u>\$ 17,475,630.61</u>	<u>\$ 17,193,612.11</u>

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

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
Statement of General Capital Fund Balance --Regulatory Basis
For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$ 12,346.45
Increased by Receipts:	
Premium on Bond Anticipation Notes	<u>6,298.00</u>
	18,644.45
Decreased by Disbursements:	
Revenue Anticipated in Current Fund	<u>12,346.45</u>
Balance Dec. 31, 2013	<u><u>\$ 6,298.00</u></u>

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

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis
 As of December 31, 2013 and 2012

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Operating Fund:			
Cash--Treasurer	SD-1	\$ 774,491.13	\$ 899,984.27
Change Fund -- Collector	D	75.00	75.00
Due from Water/Sewer Capital Fund	SD-5		1,362.95
		<u>774,566.13</u>	<u>901,422.22</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	SD-4	184,731.51	178,208.59
		<u>959,297.64</u>	<u>1,079,630.81</u>
Capital Fund:			
Cash- Treasurer	SD-1	1,267,973.58	1,299,848.42
Due Water and Sewer Operating Fund	SD-5	10,947.26	
Fixed Capital	SD-6	18,849,252.15	18,849,252.15
Fixed Capital Authorized and Uncompleted	SD-7	17,154,014.00	12,665,800.00
		<u>37,282,186.99</u>	<u>32,814,900.57</u>
Total Capital Fund		<u>\$ 38,241,484.63</u>	<u>\$ 33,894,531.38</u>

(Continued)

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis
 As of December 31, 2013 and 2012

LIABILITIES, RESERVES
AND FUND BALANCES

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3 & SD-8	\$ 59,113.04	\$ 70,283.78
Encumbrances Payable	D-3 & SD-8	39,743.78	27,338.76
Accounts Payable	SD-8	366.75	
Reserve for Contract Settlements	SD-9		7,000.00
Due from Water/Sewer Capital Fund	SD-5	10,947.26	
Water & Sewer Rent Overpayments	SD-10	8,378.11	10,054.39
Accrued Interest on Bonds and Notes	SD-11	130,286.74	140,046.09
Unallocated	D-1		10.08
		<u>248,835.68</u>	<u>254,733.10</u>
Reserves for Receivables	D	184,731.51	178,208.59
Fund Balance	D-1	<u>525,730.45</u>	<u>646,689.12</u>
Total Operating Fund		<u>959,297.64</u>	<u>1,079,630.81</u>
Capital Fund:			
Serial Bonds Payable	SD-20	2,585,000.00	2,760,000.00
New Jersey Water Resource Loan	SD-19	227,040.79	418,378.98
New Jersey Environmental Infrastructure Loan	SD-18	9,044,950.30	9,715,510.94
Bond Anticipation Notes	SD-17	399,760.00	173,660.00
Improvement Authorizations:			
Funded	SD-12	537,504.02	557,273.45
Unfunded	SD-12	2,464,544.77	208,065.90
Capital Improvement Fund	SD-13	26,486.60	38,386.60
Reserve For Encumbrances	SD-14	2,121,441.43	115,601.50
Reserve For MTBE Settlement	D	61,074.89	61,074.89
Reserve to Pay Debt	SD-15	425,786.72	
Due Water and Sewer Operating Fund	SD-5		1,362.95
Reserve for Amortization	SD-15	17,380,849.06	16,769,736.95
Deferred Reserve for Amortization	SD-16	1,998,190.00	1,986,290.00
Fund Balance	D	<u>9,558.41</u>	<u>9,558.41</u>
Total Capital Fund		<u>37,282,186.99</u>	<u>32,814,900.57</u>
		<u>\$ 38,241,484.63</u>	<u>\$ 33,894,531.38</u>

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

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis
For the Years Ended December 31, 2013 and 2012

<u>Income Realized</u>	<u>2013</u>	<u>2012</u>
Fund Balance Utilized	\$ 415,000.00	\$ 300,000.00
Rents	3,397,964.06	3,523,282.32
Rents Additional		
Miscellaneous	325,747.79	317,708.21
Reserve for MTBE Settlement		200,000.00
Unexpended Balance of Appropriation Reserves	40,877.57	30,969.75
Unallocated Canceled	10.08	
Cancellation of Reserve for Contract Settlements	1,493.80	
Accounts Payable Canceled		339.88
	<hr/>	<hr/>
Total Income	4,181,093.30	4,372,300.16
	<hr/>	<hr/>
<u>Expenditures</u>		
Operating	2,391,245.00	2,296,000.00
Debt Service	1,327,651.97	1,341,151.16
Statutory Expenditures	168,155.00	180,000.00
	<hr/>	<hr/>
Total Expenditures	3,887,051.97	3,817,151.16
	<hr/>	<hr/>
Excess in Revenue	294,041.33	555,149.00
	<hr/>	<hr/>
<u>Fund Balance</u>		
Balance Jan. 1	646,689.12	391,540.12
	<hr/>	<hr/>
	940,730.45	946,689.12
Decreased by:		
Realized as Revenue	415,000.00	300,000.00
	<hr/>	<hr/>
Balance Dec. 31	\$ 525,730.45	\$ 646,689.12
	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2013

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Operating Surplus Anticipated	\$ 415,000.00	\$ 415,000.00	
Rents	3,370,000.00	3,397,964.06	\$ 27,964.06
Miscellaneous	300,000.00	325,747.79	25,747.79
	<u>\$ 4,085,000.00</u>	<u>\$ 4,138,711.85</u>	<u>\$ 53,711.85</u>

Analysis of Realized Revenue

Rents:

Consumer Accounts Receivable:

Collected	\$ 3,388,188.49
Overpayments Applied	9,775.57
	<u>\$ 3,397,964.06</u>

Analysis of Miscellaneous Revenue Anticipated:

Collector:

Penalties and Delinquent Fees	\$ 155,066.94	
Materials, Parts, Labor	15,815.05	
Turn on/ off Fees	2,964.04	
Final Readings	3,673.60	
Connection and Disconnect Fees	9,894.97	
Meter Fees and Replacements	6,530.00	
Missed Appointment Fees	175.00	
Tag Fees	711.91	
Account Review	280.00	
NSF Fees	300.00	
	<u>\$ 195,411.51</u>	

Treasurer:

Interest on Investments	301.80	
Refunds	6,380.07	
Sale of Brine	2,960.00	
Tower Lease	120,090.00	
	<u>129,731.87</u>	

Interest Due From Water Utility Capital Fund	<u>604.41</u>
	<u>\$ 325,747.79</u>

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

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
 Statement of Expenditures--Regulatory Basis
 For the Year Ended December 31, 2013

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Modification	Paid or Charged	Encumbered Reserved	
Operating:					
Salaries and Wages	\$ 1,105,000.00	\$ 1,105,000.00	\$ 1,079,957.67	\$ 25,042.33	
Other Expenses	1,426,245.00	1,426,245.00	1,213,148.87	33,352.35	\$ 140,000.00
Total Operating	2,531,245.00	2,531,245.00	2,293,106.54	58,394.68	140,000.00
Debt Service:					
Payment of Bonds	175,000.00	175,000.00	175,000.00		
Interest on Bonds	62,000.00	62,000.00	62,000.00		
Interest on Notes	6,600.00	6,600.00	2,251.31		4,348.69
NJDEP Environmental Trust/Water Supply Loans	1,140,000.00	1,140,000.00	1,088,400.66		51,599.34
Total Debt Service	1,383,600.00	1,383,600.00	1,327,651.97		55,948.03
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	85,016.00	85,016.00	85,016.00		
Social Security System (O.A.S.I.)	85,139.00	85,139.00	82,420.64	718.36	2,000.00
Total Statutory Expenditures	170,155.00	170,155.00	167,436.64	718.36	2,000.00
Total	\$ 4,085,000.00	\$ 4,085,000.00	\$ 3,788,195.15	\$ 39,743.78	\$ 197,948.03
Accrued Interest Adjustment on Bonds and Notes Disbursed			\$ 482,091.13		
			<u>3,306,104.02</u>		
			<u>\$ 3,788,195.15</u>		

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

CITY OF GLOUCESTER CITY
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of General Fixed Asset Groups of Accounts
For the Year Ended December 31, 2013

	Balance <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2013</u>
General Fixed Assets:				
Land & Land Improvements	\$ 11,913,664.28	\$ 104,291.00	\$ 92,600.00	\$ 11,925,355.28
Building	5,991,716.58			5,991,716.58
Equipment	5,607,610.72	219,488.50	393,032.00	5,434,067.22
Total General Fixed Assets	<u>\$ 23,512,991.58</u>	<u>\$ 323,779.50</u>	<u>\$ 485,632.00</u>	<u>\$ 23,351,139.08</u>
Total Investment in General Fixed Assets	<u>\$ 23,512,991.58</u>	<u>\$ 323,779.50</u>	<u>\$ 485,632.00</u>	<u>\$ 23,351,139.08</u>

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

CITY OF GLOUCESTER CITY
Notes to Financial Statements
For the Year Ended December 31, 2013

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

Description of Financial Reporting Entity – The City of Gloucester City was incorporated in 1868 and is located in Camden County, New Jersey. The population according to the 2010 census is 11,456.

The City has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the City Administrator.

Component Units - The financial statements of the component units of the City of Gloucester City are not presented in accordance with Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 39. If the provisions of GASBS No. 14, as amended by GASBS No. 39 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

Gloucester City Library
 50 North Railroad
 Gloucester City, New Jersey 08030

Gloucester City Economic Development Corporation
 P.O. Box 602
 Gloucester City, NJ 08030

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

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the City of Gloucester City contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

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

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 reserve was created.

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

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

Basis of Accounting, Measurement Focus and Basis of Presentation (Cont'd) –

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

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

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the City's basic financial statements.

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

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

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

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

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

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

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

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

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

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Camden. Operations 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 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes to the Gloucester City Library. Effective 2011, the amount of library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

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

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital and Utility Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

Note 2: **CASH AND CASH EQUIVALENTS**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2013, the City's bank balances of \$11,266,556.49 were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 1,142,146.28
Insured by GUDPA and Collateralized with Securities Held by Pledging Financial Institutions	<u>10,124,410.21</u>
	<u>\$ 11,266,556.49</u>

Note 3: **PROPERTY TAXES**

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

Comparative Schedule of Tax Rates

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$5.175	\$5.144	\$5.224	\$5.004	\$4.741
Apportionment of Tax Rate:					
Municipal	\$2.777	\$2.720	\$2.715	\$2.726	\$2.635
Municipal Library	.050	.057	.063		
County	1.193	1.233	1.322	1.226	1.090
County Open Space Preservation Trust Fund	.032	.036	0.041	0.000	0.040
Local School	1.123	1.098	1.083	1.052	0.976

Assessed Valuation

2013	\$353,883,358.00
2012	355,450,646.00
2011	356,975,717.00
2010	357,571,517.00
2009	358,333,549.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$18,327,596.64	\$17,918,351.88	97.77%
2012	18,292,395.65	17,857,847.74	97.62%
2011	18,667,317.64	18,108,916.04	97.01%
2010	17,909,421.11	17,451,327.45	97.44%
2009	17,015,464.04	16,599,662.10	97.56%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 3,063.88	\$387,679.07	\$390,742.95	2.13%
2012	71,207.71	347,065.62	418,273.33	2.29%
2011	117,900.69	452,615.86	570,516.55	3.06%
2010	57,326.14	396,637.22	453,963.36	2.53%
2009	23,019.39	396,183.48	419,202.87	2.46%

Note 3: **PROPERTY TAXES (CONT'D)**

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

<u>Year</u>	<u>Number</u>
2013	2
2012	8
2011	13
2010	8
2009	11

Note 4: **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2013	\$1,533,700.00
2012	1,705,600.00
2011	1,196,300.00
2010	1,125,800.00
2009	1,702,320.00

Note 5: **WATER & SEWER UTILITY SERVICE CHARGES**

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

<u>Year</u>	<u>Balance Beginning of Year Receivable</u>	<u>Levy</u>	<u>Total</u>	<u>Collections</u>
2013	\$178,208.59	\$3,404,486.98	\$3,582,695.57	\$3,397,964.06
2012	237,190.55	3,520,258.42	3,757,448.97	3,523,282.32
2011	54,475.27	3,419,304.09	3,473,779.36	3,215,490.17
2010	62,444.14	2,759,769.05	2,822,213.19	2,678,982.05
2009	19,694.64	2,649,120.90	2,668,815.54	2,579,437.96

Note 6: **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2013	\$3,094,585.16	\$2,000,000.00	64.63%
2012	2,917,551.42	2,012,500.00	68.98%
2011	2,466,776.37	1,800,000.00	72.97%
2010	2,061,838.22	1,580,000.00	76.63%
2009	1,492,441.60	1,250,000.00	83.76%
<u>Water & Sewer Utility Operating Fund</u>			
2013	\$525,730.45	\$300,000.00	57.06%
2012	646,689.12	415,000.00	64.17%
2011	391,540.11	300,000.00	76.62%
2010	501,098.80	350,000.00	69.85%
2009	232,305.74	200,000.00	86.09%

Note 7: **INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2013:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$65,462.20	\$239,636.57
Federal & State Grant Fund		65,376.69
Trust -- Other Funds	89,940.53	
Trust -- Animal Control Fund		3.80
Trust -- Community Development	149,696.04	
General Capital Fund		81.71
Water & Sewer Operating Fund		10,947.26
Water & Sewer Utility Capital Fund	10,947.26	
	<u>\$316,046.03</u>	<u>\$316,046.03</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2014, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: **PENSION PLANS**

The City of Gloucester City contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
 Division of Pensions and Benefits
 P.O. Box 295
 Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The City is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Paid by City</u>
2013	\$108,122.00	\$215,109.00	\$323,231.00	\$16,833.00	\$340,064.00
2012	136,896.00	229,857.00	366,753.00	16,617.00	383,370.00
2011	172,081.00	229,078.00	401,159.00	---	401,159.00

Police and Firemen's Retirement System - The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

The City is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Paid by City</u>
2013	\$425,224.00	\$513,458.00	\$938,682.00	\$67,492.00	\$1,006,174.00
2012	501,162.00	523,281.00	1,024,443.00	67,004.00	1,091,447.00
2011	684,310.00	508,827.00	1,193,137.00	---	1,193,137.00

Pension Deferral – Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allowed the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and PFRS obligations for payments due in the State fiscal year ending June 30, 2009. The payments were due on April 1, 2009 (with a grace period until April 30).

The amount will be repaid starting in April of 2012 over a 15 year period. The amount will fluctuate based on pension system investment earnings on the deferred amount.

The City applied for and received approval from the Local Finance Board to defer a portion of the 2009 liability due for both PERS and PFRS.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the City.

Note 9: **POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The financial statements of the City are not prepared in accordance with Governmental Accounting Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

Plan Description

The City Gloucester City's defined Postemployment Benefits Plan (the "City Plan") allows employees retiring with twenty-five (25) or more years of service with the City of Gloucester City to receive fully paid health, prescription, and dental benefits.

Funding Policy

The contribution requirement of the City is established by policy of the Council and reflected in the various union contracts. The Council may amend its policy, subject to contract inclusion, as deemed necessary. The required contribution is based on projected pay-as-you-go financing requirements. For the years 2013, 2012 and 2011, employee contributions to the plan were \$140,683.15, \$121,469.25 and \$120,447.50 respectively.

 Note 9: **POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**
Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Normal Cost	\$ 886,385.00
Unfunded Actuarial Liability	<u>1,601,774.00</u>
Annual Required Contribution (expense)	2,488,159.00
Contributions made	<u>(140,683.15)</u>
	2,347,475.85
Net OPEB Obligation (NOO) - Beginning of Year	14,649,621.25
Plus: Adjustment to NOO - Beginning of Year	<u>399,683.00</u>
	2,347,475.85
Net OPEB Obligation (NOO) - End of Year	<u>\$ 17,396,780.10</u>

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the City Plan was 0% funded. The actuarial accrued liability for benefits was \$26,091,124.00, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,091,124.00. The covered payroll (annual payroll of active employees covered by the plan) was not provided, therefore, the ratio of the UAAL to the covered payroll was 0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below as required supplementary information, compares the assets used for funding purposes to the comparable liabilities to determine how well the City Plan is funded. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability under GASB is determined assuming that the City Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 9: **POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)—Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b – a)	(a / b)	(c)	((b – a) / c)
12/31/11	\$-0-	\$26,091,124.00	\$26,091,124.00	0%	N/A	N/A

In the December 31, 2011 actuarial valuation, the projected unit credit funding method was used. The actuarial assumptions included a 4.50 percent annual discount rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9% initially, reducing by decrements to an ultimate rate of 5% after ten years. The actuarial assumptions also reflects per capita net premium costs based on actual 2012 medical, prescription drug and dental husband and spouse premiums and the plan option selected. Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits. Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating the actuarial accrued liability.

**REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for City Plan**

Schedule of Employer Contributions

Fiscal Year Ended December 31,	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$4,310,700.00	3.0%
2010	4,310,700.00	2.8%
2011	2,088,476.00	5.8%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2011
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Straight line basis
Remaining Amortization	Period 30 years
Asset Valuation Method	GASB accounting methodology
Actuarial Assumptions:	
Annual Discount Rate	4.50%
Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates
Assumed Retirement Age	At first eligibility after completing 25 years of service
Full Attribution Period	Service to Assumed Retirement Age
Medical Trend	9% in 2012, reducing by 0.5% per annum, leveling at 5% per annum in 2020
Medical Cost Aging Factor	NJSHBP Medical Morbidity Rates

Note 9: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

For determining the GASB ARC, the rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

Note 10: COMPENSATED ABSENCES

The City permits employees to carry over vacations days from year to year. Additionally, union contracts and personnel policy allows employees to accrue unused sick days. Compensated Absence packages differ according to the various union contracts.

The City does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2013, accrued benefits for compensated absences are valued at \$2,181,296.27.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 12: LENGTH OF SERVICE AWARDS PROGRAM

The City's Length of Service Awards Program (LOSAP) was created by a City Ordinance adopted on July 23, 2009 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the City of Gloucester approved the adoption of the LOSAP at the general election held on November 3, 2009, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2010. The LOSAP provides tax deferred income benefits to active volunteer firefighters.

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

As required by N.J.A.C. 5:30-14.49, the City must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. There have been no eligible participants since the inception of the program, including calendar year 2013, therefore, the review was not required for 2013.

Note 13: **LEASE OBLIGATIONS**

At December 31, 2013, the City had lease agreements in effect for the following:

Operating:
 Photocopier
 Mail Machine

The following is an analysis of operating leases.

Operating Leases - Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$3,325.74
2015	2,580.00
2016	2,580.00
2017	2,580.00
2018	2,580.00

Rental payments under operating leases for the year 2013 were \$2,982.96.

Note 14: **CAPITAL DEBT****Summary of Debt**

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$12,288,874.46	\$12,341,544.66	\$10,509,188.06
Bonds Issued to Another Public Body Guaranteed By Municipality			5,000,000.00
Water & Sewer Utility: Bonds, Notes and Loans	12,256,751.09	13,067,549.92	13,911,596.04
Total Issued	<u>24,545,625.55</u>	<u>25,409,094.58</u>	<u>29,420,784.10</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	2,806,095.64	2,935,755.28	29,727,57
Water & Sewer Utility: Bonds and Notes	4,367,476.00	117,262.00	4,164,718.89
Total Authorized but Not Issued	<u>7,173,571.64</u>	<u>3,053,017.28</u>	<u>4,194,446.46</u>
Total Issued and Authorized but Not Issued	<u>31,719,197.19</u>	<u>28,462,111.86</u>	<u>33,615,230.56</u>

Note 14: **CAPITAL DEBT (CONT'D)**

Deductions:			
Other	\$163,527.71	\$163,527.71	
Reserve to Pay Debt	7,083.39	7,083.39	\$554,247.68
General Bonds and Notes			5,000,000.00
Self-liquidating Debt	16,624,227.09	13,184,811.92	18,076,314.93
			<hr/>
Total Deductions	17,294,838.19	13,355,423.02	23,630,562.61
			<hr/>
Net Debt	\$14,924,359.00	\$15,106,688.84	\$9,984,667.95
			<hr/>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 2.65%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 9,090,000.00	\$9,090,000.00	
Water & Sewer Utility	16,624,227.09	16,624,227.09	
General	15,094,970.10	170,611.10	\$14,924,359.00
			<hr/>
	\$40,809,197.19	\$25,884,838.19	\$14,924,359.00
			<hr/>

Net Debt \$14,924,359.00 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$563,653,923.67 equals 2.65%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$19,727,887.33
Net Debt	<hr/> 14,924,359.00
Remaining Borrowing Power	<hr/> <hr/> \$4,803,528.33

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for Year	\$4,138,711.85
Deductions:	
Operating and Maintenance Cost	\$2,559,400.00
Debt Service per Water/Sewer Fund	<hr/> 1,327,651.97
Total Deductions	<hr/> 3,887,051.97
Excess in Revenue	<hr/> <hr/> \$251,659.88

Note 14: **CAPITAL DEBT (CONT'D)****Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding****Green Trust Loans**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$120,652.57	\$24,946.74	\$145,599.31
2015	123,077.70	22,521.64	145,599.34
2016	125,551.57	20,047.77	145,599.34
2017	128,075.13	17,524.18	145,599.31
2018	130,649.45	14,949.87	145,599.32
2019-2023	538,196.41	35,831.64	574,028.05
2024-2028	79,854.83	6,294.45	86,149.28
2029-2031	31,291.80	1,104.31	32,396.11
	<u>\$1,277,349.46</u>	<u>\$143,220.60</u>	<u>\$1,420,570.06</u>

General Obligation Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$385,000.00	\$78,037.50	\$463,037.50
2015	395,000.00	70,337.50	465,337.50
2016	405,000.00	62,437.50	467,437.50
2017	415,000.00	54,337.50	469,337.50
2018	425,000.00	45,000.00	470,000.00
2019-2021	1,370,000.00	72,937.50	1,442,937.50
	<u>\$ 3,395,000.00</u>	<u>\$ 383,087.50</u>	<u>\$ 3,778,087.50</u>

Water and Sewer Utility Capital Fund**Utility Bonds**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$175,000.00	\$59,575.00	\$234,575.00
2015	325,000.00	56,075.00	381,075.00
2016	335,000.00	49,575.00	384,575.00
2017	350,000.00	42,875.00	392,875.00
2018	350,000.00	35,000.00	385,000.00
2019-2021	1,050,000.00	55,125.00	1,105,125.00
	<u>\$ 2,585,000.00</u>	<u>\$ 298,225.00</u>	<u>\$ 2,883,225.00</u>

Note 14: **CAPITAL DEBT (CONT'D)****Water and Sewer Utility Capital Fund (Cont'd)****New Jersey Environmental Infrastructure Loans**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$685,656.29	\$265,887.50	\$951,543.79
2015	628,719.95	240,250.00	868,969.95
2016	642,095.22	221,000.00	863,095.22
2017	665,181.31	203,250.00	868,431.31
2018	587,235.93	184,500.00	771,735.93
2019-2023	2,910,927.42	681,665.00	3,592,592.42
2024-2028	2,925,134.19	267,250.00	3,192,384.19
	<u>\$ 9,044,950.30</u>	<u>\$ 2,063,802.50</u>	<u>\$ 11,108,752.80</u>

Water Resource Loans

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$154,895.66	\$6,104.81	\$161,000.47
2015	72,145.13	1,461.36	73,606.49
	<u>\$ 227,040.79</u>	<u>\$ 7,566.17</u>	<u>\$ 234,606.96</u>

The City entered into agreement with the New Jersey Environmental Infrastructure Loan program for loans to permanently fund improvements that were authorized in 2013. The loan repayments are not included in the balance of loans on the balance sheet or in the totals within this note as the loans were not received until subsequent to December 31, 2013.

Note 15: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

	<u>Balance Dec. 31, 2013</u>	<u>2014 Budget Appropriation</u>
Current Fund:		
Special Emergency	\$315,460.00	\$75,460.00

The appropriations in the 2014 Budget as adopted are not less than that required by the statutes.

Note 16: **CHANGE ORDERS**

During the year 2013, the City amended a contract by approving the following change order that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than 20 percent:

Project Description

Shane Chapman Memorial Park

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent limitation. The City has complied with all provisions of N.J.A.C. 5:30-11.9.

Note 17: **JOINT INSURANCE POOL**

The City of Gloucester City is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles
- Environmental Legal Liability
- Storage Tank System Third-Party Liability and Corrective Action
- Excess Crime Policy
- Excess Liability Policy
- Public Officials and Employment Liability

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

The Fund provides the City with the following coverage:

- Property - Blanket Building and Grounds
- General and Automobile Liability
- Workers' Compensation
- Environmental Liability
- Public Officials/Employment Practices Liability

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The City's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000 to \$200,000 based on the line of coverage for each insured event.

Note 17: **JOINT INSURANCE POOL (CONT'D)**

The Fund publishes its own financial report for the year ended December 31, 2013, which can be obtained from:

Camden County Municipal Joint Insurance Fund
 PERMA, Inc.
 Park 80 West – Plaza One
 Saddle Brook, New Jersey 07662

Note 18: **NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

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

<u>Year</u>	<u>City and Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 22,428.01	\$ 36,168.04	\$ 66,558.17
2012	19,350.23	43,837.96	97,771.38
2011	256,545.90	166,937.16	126,914.00

It is estimated that unreimbursed payments on behalf of the City at December 31, 2013 are \$17,473.18.

Note 19: **REDEVELOPMENT**

The Mayor and Common Council of the City of Gloucester City, acting as the Gloucester City Redevelopment Entity entered into an agreement with Southport Renewal, LLC ("the Redeveloper") for the purposes of the City facilitating the environmental remediation and redevelopment of the redevelopment area in accordance with the established redevelopment plan. The City is obligated to engage a Licensed Site Remediation Professional, obtain title to the Gloucester Titanium Property and pursue acquisition of additional properties with respect to the redevelopment area, including exercising its power of eminent domain. The Redeveloper will maintain a checking account for which the City will not have any control other than all disbursements from this account shall be approved by the City. Therefore, these funds are not included in the City's financial statements. The City did however, as a result of this agreement, turnover funds to the Redeveloper that were placed in Trust – Reserve for Escrow Deposits, as a result of settlement monies the City received in 2012.

Note 20: **PRIOR PERIOD ADJUSTMENT**

During 2013, the City received payment on a Regional Contribution Agreement loan that was previously unrecorded in the amount of \$24,280.00. As a result, the beginning balance of the Regional Contribution Loans Receivable and the corresponding Reserve has been restated as follows:

Balance December 31, 2012	\$ 1,887,669.00
Regional Contribution Agreement Loan Issued	<u>24,280.00</u>
Balance December 31, 2012 (Restated)	<u>\$ 1,911,949.00</u>

Note 21: **LITIGATION**

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements. Presently, the City is defending two cases, which if the potential loss occurs, could be material to the financial statements. However, these cases are still in discovery and pretrial status and, therefore, the potential losses have not been resolved.

Note 22: **SUBSEQUENT EVENTS**

As of December 31, 2013, there are two tax appeals on file against the City for three properties. The total current assessed value of the properties under appeal is \$2,095,000.00. The outcome of the appeals is currently unknown.

Subsequent to December 31, the City of Gloucester confirmed the sale of General Obligation Bonds to the New Jersey Infrastructure Trust through their loan program (See Note 14, herein) and authorized additional Bonds and Notes as follows:

	<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
General Capital:			
	Various Capital Improvements	June 26, 2014	\$ 602,300.00
Water and Sewer Utility:			
	Equipment for and Various Improvements to Water/Sewer Utility Systems	June 26, 2014	394,725.00

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5--Treasurer
For the Year Ended December 31, 2013

	Regular Fund	Grant Fund
Balance Dec. 31, 2012	\$ 4,789,392.73	---
Increased by Receipts:		
Collector	\$ 18,344,391.89	
Due St. of NJ- Senior Cit. & Vet. Deductions	160,903.43	
Revenue Accounts Receivable	4,936,029.63	
Miscellaneous Revenue Not Anticipated	282,164.56	
2013 Appropriations Refunded	123,286.88	
Petty Cash	1,100.00	
Change Funds	275.00	
Due from Bank	143.29	
Due Trust Other	128,902.50	
Due from Federal and State Grant Fund	87,268.70	
Due Community Development - CDBG	80,890.35	
Due General Capital Fund	69.29	
Due State of NJ- DCA Fees	17,497.00	
Deposits for Net Payroll	5,769,467.91	
Library	461,503.38	
Federal and State Grants Receivable		\$ 666,973.81
	<u>30,393,893.81</u>	<u>\$ 666,973.81</u>
	35,183,286.54	666,973.81
Decreased by Disbursements:		
2013 Appropriations	11,833,948.95	
2012 Appropriation Reserves	388,017.92	
Payroll Deductions Payable	3,430,924.40	
Net Payroll	5,769,467.91	
Petty Cash	1,100.00	
Change Funds	75.00	
Due State of NJ- DCA Fees	15,272.00	
County Taxes Payable	4,329,079.11	
Due County Added & Omitted Taxes	1,977.12	
Tax Overpayments	1,080.87	
Due Community Development	2,477.09	
Due Library	461,527.64	
Due Animal Control Trust Fund	466.22	
Due Trust Other	130,862.04	
Local School District Tax	3,973,707.00	
Reserve for Contract Settlements	286,795.53	
Reserve for Revaluation	1,098.00	
Refund of Prior Year Revenues	1,719.44	
Reserves for Grants - Appropriated		503,796.51
Reserve for Grant - Encumbrances		75,908.60
Due Current Fund		<u>87,268.70</u>
	<u>30,629,596.24</u>	<u>666,973.81</u>
Balance Dec. 31, 2013	<u>\$ 4,553,690.30</u>	<u>---</u>

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5--Collector
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$	514.91
Increased by Receipts:			
Taxes Receivable	\$ 17,971,414.06		
Tax Title Liens	22,533.14		
Foreclosed Property	1,535.00		
Prepaid Taxes	107,368.95		
Tax Overpayments	1,909.86		
Interest and Costs on Taxes	112,562.57		
Miscellaneous Revenue Not Anticipated	<u>127,028.09</u>		
			<u>18,344,351.67</u>
			18,344,866.58
Decreased by Disbursements:			
Payments to Treasurer			<u>18,344,391.89</u>
Balance Dec. 31, 2013		\$	<u><u>474.69</u></u>

All funds are deposited directly to the Treasurer's bank account.

CITY OF GLOUCESTER CITY
CURRENT FUND
 Schedule of Change Funds
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$ 2,125.00
Increased by:	
Disbursements	75.00
	2,200.00
Decreased by:	
Receipts	275.00
Balance Dec. 31, 2013	\$ 1,925.00

Analysis of Balance Dec. 31, 2013Amount

Tax Office	\$ 1,325.00
Municipal Court	400.00
Municipal Clerk	200.00
	\$ 1,925.00

Exhibit SA-4

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Due to State of New Jersey Veterans' and Senior Citizens' Deductions
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$ 78,296.25
Increased by:	
Receipts	160,903.43
	239,199.68
Decreased by:	
Accrued in 2013	
Senior Citizens' Deductions per Billings	\$ 71,500.00
Veterans' Deductions per Billings	94,000.00
	165,500.00
Deductions Allowed by Collector -- 2013 Taxes	2,750.00
Deduct:	
Deductions Disallowed by Collector -- 2013	(5,186.30)
	\$ 163,063.70
Deduct:	
Deductions Disallowed by Collector -- Prior Years Taxes	(9,000.00)
	154,063.70
Balance Dec. 31, 2013	\$ 85,135.98

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2013

Year	Balance Dec. 31, 2012	2013 Levy	Added Taxes	C o l l e c t i o n s		Due from State of New Jersey	Canceled	Transferred to Tax Title Liens	Property Acquired for Taxes	Balance Dec. 31, 2013
				2012	2013					
2007			\$ 500.00		\$ 500.00					
2008			250.00		250.00					
2009			500.00		500.00					
2010	\$ 870.50		1,000.00		1,870.50					\$ 131.50
2011	2,950.15				2,818.65					
2012	343,244.97		6,750.00		330,541.91		\$ 692.34	\$ 11,410.98		7,349.74
	347,065.62		9,000.00		336,481.06		692.34	11,410.98		7,481.24
2013		\$ 18,327,596.64		\$ 120,355.18	17,634,933.00	\$ 163,063.70	20,430.49	1,324.80	\$ 7,291.64	380,197.83
		<u>\$ 347,065.62</u>	<u>\$ 9,000.00</u>	<u>\$ 120,355.18</u>	<u>\$ 17,971,414.06</u>	<u>\$ 163,063.70</u>	<u>\$ 21,122.83</u>	<u>\$ 12,735.78</u>	<u>\$ 7,291.64</u>	<u>\$ 387,679.07</u>

Analysis of 2013 Property Tax Levy

Tax Yield	
General Property Tax	\$ 18,312,565.44
Added Taxes (54:4-63.1 et. seq.)	<u>15,031.20</u>
	<u>\$ 18,327,596.64</u>

Tax Levy	
Local School Tax	
County Taxes:	\$ 3,973,346.00
County Tax	\$ 4,329,079.11
Due County for Added and Omitted Taxes	<u>3,560.29</u>
Total County Taxes	4,332,639.40

Local Tax for Municipal Purposes	10,010,000.00
Add: Additional Tax Levied	<u>11,611.24</u>
Local Tax for Municipal Purposes Levied	<u>10,021,611.24</u>
	<u>\$ 18,327,596.64</u>

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Tax Title Liens Receivable
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 71,207.71
Increased by:		
Transfers from Taxes Receivable	\$ 12,735.78	
Transfers from City Charges	500.00	
Interest and Costs	<u>2,065.33</u>	
		<u>15,301.11</u>
		86,508.82
Decreased by:		
Transferred to Property Acquired For Taxes	23,977.94	
Canceled	36,933.86	
Receipts	<u>22,533.14</u>	
		<u>83,444.94</u>
Balance Dec. 31, 2013		<u><u>\$ 3,063.88</u></u>

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Property Acquired for Taxes- Assessed Valuation
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 1,705,600.00
Increased by:		
Transfer from Tax Title Liens	\$ 23,977.94	
Transfer from Taxes	7,291.64	
Adjustment to Assessed Valuation	<u>252,230.42</u>	
		<u>283,500.00</u>
		1,989,100.00
Decreased by:		
Property Sold	1,535.00	
Loss on Sale of Property	<u>453,865.00</u>	
		<u>455,400.00</u>
Balance Dec. 31, 2013		<u><u>\$ 1,533,700.00</u></u>

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Charges Receivable
For the Year Ended December 31, 2013

<hr/>	
Balance Dec. 31, 2012	\$ 38,008.88
Increased by:	
Charges Assessed	<u>133,619.68</u>
	171,628.56
Decreased by:	
Received -- Miscellaneous Revenue Not Anticipated	\$ 112,176.76
Transferred to Tax Title Liens	500.00
Canceled	<u>346.54</u>
	<u>113,023.30</u>
Balance Dec. 31, 2013	<u><u>\$ 58,605.26</u></u>

Exhibit SA-9

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Due from Library
For the Year Ended December 31, 2013

<hr/>	
Balance Dec. 31, 2012	\$ 3.00
Increased by:	
Disbursements	<u>461,527.64</u>
	461,530.64
Decreased by:	
Receipts	<u>461,503.38</u>
Balance Dec. 31, 2013	<u><u>\$ 27.26</u></u>

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Due from Federal and State Grant Fund
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$	152,645.39
Increased by:			
Disbursements:			
Prior Year Encumbrances Disbursed in Current Fund	\$		75,908.60
Grants Appropriated Disbursed in Current Fund			<u>503,796.51</u>
			<u>579,705.11</u>
			732,350.50
Decreased by:			
Receipts:			
Grants Receivable Received in the Current Fund			<u>666,973.81</u>
Balance Dec. 31, 2013		\$	<u><u>65,376.69</u></u>

Exhibit SA-11

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Reserve for Revaluation
For the Year Ended December 31, 2013

Charges to Budget Appropriations		\$	300,000.00
Decreased by:			
Disbursements	\$		1,098.00
Encumbrances			<u>284,924.00</u>
			<u>286,022.00</u>
Balance Dec. 31, 2013		\$	<u><u>13,978.00</u></u>

CITY OF GLOUCESTER CITY
CURRENT FUND

Statement of Revenue Accounts Receivable
 For the Year Ended December 31, 2013

	Balance Dec. 31, 2012	Accrued In 2013	Collected By		Balance Dec. 31, 2013
			Treasurer	Collector	
<u>Miscellaneous Revenue Anticipated:</u>					
Licenses:					
Alcoholic Beverages		\$ 36,877.00	\$ 36,877.00		
Other	\$ 20.00	6,239.00	6,174.00		\$ 85.00
Fees and Permits	87,511.80	361,642.08	372,334.43		76,819.45
Fines and Costs					
Municipal Court	20,236.38	298,922.53	303,804.01		15,354.90
Interest on Costs and Taxes		112,562.57		\$ 112,562.57	
Interest on Investments	7.38	3,389.74	3,394.05		3.07
Consolidated Municipal Property Tax Relief		254,720.00	254,720.00		
Energy Receipts Tax		2,423,776.06	2,423,776.06		
Uniform Construction Code Official	6,577.00	288,729.00	285,043.00		10,263.00
Uniform Fire Safety Act		47,693.01	48,845.01		
Cable TV Franchise Fee		43,755.59	43,755.59		
School District for Police Svs		62,885.00	62,885.00		
Rentals and Fees - Chatham Square Apartments		92,603.19	92,489.99		7,144.00
Rentals and Fees - Lay Down Yard in Southport Area	7,030.80	43,750.00	43,750.00		
General Capital Surplus		12,346.45	12,346.45		
Hotel Occupancy		54,705.99	54,705.99		
Payments in Lieu of Taxes on Real Property		845,777.06	845,777.06		
<u>Miscellaneous Revenue Not Anticipated:</u>					
Sale of Recycling Buckets		44.00	44.00		
Sale of Compost Machines		120.00	120.00		
Sale of Scrap Metal		2,486.99	2,486.99		
Marina Rentals and Fees		28,581.00	28,581.00		
Polling Place Fees	70.00		70.00		
Rentals and Fees - Community Center		14,750.00	14,050.00		700.00
	\$ 121,453.36	\$ 5,036,356.26	\$ 4,936,029.63	\$ 112,562.57	\$ 110,369.42

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Special Emergency - N.J.S.A. 40A:4-55
 For the Year Ended December 31, 2013

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2012</u>	<u>Authorized in 2013</u>	<u>Raised in 2013</u>	<u>Balance Dec. 31, 2013</u>
01/22/09	Master Plan	\$ 77,300.00	\$ 15,460.00	\$ 30,920.00	\$	\$ 15,460.00	\$ 15,460.00
06/27/13	Revaluation	300,000.00	60,000.00	\$ 300,000.00	\$ 300,000.00		300,000.00
				<u>\$ 30,920.00</u>	<u>\$ 300,000.00</u>	<u>\$ 15,460.00</u>	<u>\$ 315,460.00</u>

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 115,201.06
Increased by:		
Payroll Deductions Charged to Budget		<u>3,474,737.71</u>
		3,589,938.77
Decreased by:		
Disbursements		<u>3,430,924.40</u>
Balance Dec. 31, 2013		<u><u>\$ 159,014.37</u></u>

Exhibit SA-15

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Encumbrances
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 150,319.57
Increased by:		
Charges to Budget Appropriations	\$ 165,368.87	
Charges to Reserve for Revaluation	<u>284,924.00</u>	
		<u>450,292.87</u>
		600,612.44
Decreased by:		
Lapsed to Appropriation Reserves		<u>150,319.57</u>
Balance Dec. 31, 2013		<u><u>\$ 450,292.87</u></u>

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of 2012 Appropriation Reserves and Encumbrances
For the Year Ended December 31, 2013

	<u>Balance Dec. 31, 2012</u>				
	<u>Reserve for</u>	<u>Appropriation</u>	<u>Balance After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Encumbrances</u>	<u>Reserves</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries & Wages					
City Administrator's Office		\$ 26.11	\$ 26.11		\$ 26.11
Mayor and Common Council		250.04	250.04		250.04
City Clerk's Office		5,464.22	5,464.22	\$ 2,834.92	2,629.30
Other Expenses					
City Administrator's Office	\$ 319.20	502.07	821.27	383.20	438.07
City Clerk's Office	3,589.84	6,148.81	9,738.65	4,888.83	4,849.82
Financial Administration					
Salaries & Wages					
Other Expenses		984.87	4,984.87	3,293.71	1,691.16
Other Expenses		821.22	821.22	600.00	221.22
Collection of Taxes					
Salaries & Wages					
Other Expenses	69.95	2,275.15	5,275.15	3,194.30	2,080.85
Other Expenses		3,884.43	3,954.38	69.95	3,884.43
Assessment of Taxes					
Salaries and Wages					
Other Expenses:	69.95	9.92	1,509.92	1,382.93	126.99
Other Expenses:		1,345.07	1,415.02	69.95	1,345.07
Legal Services and Costs					
Other Expenses	4,299.50	27,273.83	31,573.33	10,356.15	21,217.18
Municipal Court					
Salaries & Wages					
Other Expenses	412.00	11,322.75	13,322.75	9,586.06	3,736.69
Other Expenses		1,507.92	1,919.92	329.10	1,590.82
Public Defender (P.L. 1997, C.256)					
Salaries & Wages					
		1.00	1.00		1.00
Engineering Services and Costs					
Other Expenses		23,817.50	23,817.50	980.00	22,837.50
Community Development					
Salaries & Wages					
Other Expenses	420.00	13.37	13.37		13.37
Other Expenses		2,966.14	3,386.14	3,386.14	
Urban Enterprise Zone					
Other Expenses					
		1,072.63	1,072.63		1,072.63
Municipal Land Use Law (N.J.S.40:55D-1)					
Combined Zoning and Planning Boards					
Salaries & Wages					
Other Expenses		182.17	182.17		182.17
Other Expenses		846.22	846.22		846.22
INSURANCE					
General Liability					
Other Insurance Miscellaneous		4,406.28	4,406.28		4,406.28
Other Insurance Miscellaneous		463.40	463.40		463.40
Workers Compensation Insurance		0.31	0.31		0.31
Group Insurance for Employees	711.40	4,808.77	5,520.17	2,843.40	2,676.77
Health Benefit Waiver		30.00	30.00		30.00
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages					
Other Expenses	10,500.88	39,315.32	39,315.32	6,028.37	33,286.95
Other Expenses		5,345.78	15,846.66	14,484.81	1,361.85
Crossing Guards					
Salaries and Wages					
Other Expenses		469.55	469.55		469.55
Other Expenses		250.00	250.00		250.00
Office of Emergency Management					
Salaries & Wages					
Other Expenses	2,290.00	1,098.00	1,098.00		1,098.00
Other Expenses		652.18	2,942.18	2,170.45	771.73

(Continued)

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of 2012 Appropriation Reserves and Encumbrances
For the Year Ended December 31, 2013

	<u>Balance Dec. 31, 2012</u>				
	<u>Reserve for</u>	<u>Appropriation</u>	<u>Balance After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Encumbrances</u>	<u>Reserves</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
PUBLIC SAFETY FUNCTIONS (Cont'd)					
Fire					
Salaries & Wages		\$ 121,806.71	\$ 241,806.71	\$ 225,724.19	\$ 16,082.52
Other Expenses	\$ 25,363.86	7,072.07	32,435.93	20,475.65	11,960.28
Uniform Fire Safety Act (PL 1983, CH 383)					
Salaries and Wages		196.61	10,196.61	7,682.06	2,514.55
Other Expenses	400.00	2,289.29	2,689.29	402.53	2,286.76
PUBLIC WORKS FUNCTIONS					
Streets and Roads					
Salaries and Wages		8,744.03	8,744.03	4,528.95	4,215.08
Other Expenses	14,840.00	12,215.78	27,055.78	10,705.72	16,350.06
Buildings and Grounds					
Salaries & Wages		4,846.17	4,846.17		4,846.17
Other Expenses	8,056.22	12,333.49	20,389.71	15,079.05	5,310.66
Solid Waste Collection					
Other Expenses		3,226.70	3,226.70	1,500.00	1,726.70
HEALTH & HUMAN SERVICES					
Animal Control					
Other Expenses	772.05	3.26	775.31	772.05	3.26
UTILITY EXPENSES AND BULK PURCHASES					
Gasoline	16,000.00	5,781.29	21,781.29	10,443.64	11,337.65
Street Lighting		51,382.18	51,382.18	24,726.23	26,655.95
Electricity		22,542.92	22,542.92	15,600.91	6,942.01
Telephone		8,701.07	8,701.07	2,836.82	5,864.25
Fuel Oil	5,000.00	7,000.00	12,000.00	4,841.27	7,158.73
Sewerage Disposal		2,563.15	2,563.15	825.00	1,738.15
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Landfill Costs					
Other Expenses	50,000.00	3,135.76	53,135.76	22,895.05	30,240.71
UNIFORM CONSTRUCTION CODE					
Construction Officials					
Salaries and Wages		5,691.05	5,691.05	2,821.28	2,869.77
Other Expenses	3,538.81	845.19	4,384.00	3,270.06	1,113.94
Other Code Enforcement					
Salaries and Wages		4,153.23	4,153.23	2,505.96	1,647.27
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	3,665.91	2,512.95	6,178.86	3,791.76	2,387.10
Salary Adjustment		260,314.20	119,814.20		119,814.20
Contingent		1,494.71	1,494.71	1,405.00	89.71
STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)		15,913.02	15,913.02		15,913.02
Unemployment Compensation		1.00	1.00		1.00
Grand Total	\$ 150,319.57	\$ 712,320.86	\$ 862,640.43	\$ 449,715.45	\$ 412,924.98

Accounts Payable	\$ 1,697.53
Reserved for Contract Settlements	60,000.00
Disbursed	<u>388,017.92</u>
	<u>\$ 449,715.45</u>

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2013

Balance Dec. 31, 2012 (2013 Taxes)	\$ 120,355.18
Increased by:	
Collections	<u>107,368.95</u>
	227,724.13
Decreased by:	
Application to 2013 Taxes	<u>120,355.18</u>
Balance Dec. 31, 2013 (2014 Taxes)	<u><u>\$ 107,368.95</u></u>

Exhibit SA-18

CITY OF GLOUCESTER CITY
CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$ 5,704.13
Increased by:	
Collections	<u>1,909.86</u>
	7,613.99
Decreased by:	
Refunds	<u>1,080.87</u>
Balance Dec. 31, 2013	<u><u>\$ 6,533.12</u></u>

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Accounts Payable
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$	897.04
Increased by:		
Transfer from Appropriation Reserves		1,697.53
Balance Dec. 31, 2013	\$	2,594.57

Exhibit SA-20

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Due to State of New Jersey -- DCA Training Fees
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$	1,252.00
Increased by:		
Receipts		17,497.00
		18,749.00
Decreased by:		
Disbursements		15,272.00
Balance Dec. 31, 2013	\$	3,477.00

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Due County for Added and Omitted Taxes
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 1,977.12
2012 Added Taxes (R.S. 54:4-63.1 et seq.)		\$ 1,977.12
Increased by:		
County Share of Levy:		
2013 Added Taxes (R.S. 54:4-63.1 et seq.)	\$ 3,506.99	
2012 Added Taxes (R.S. 54:4-63.1 et seq.)	<u>53.30</u>	
		<u>3,560.29</u>
		5,537.41
Decreased by:		
Payments		<u>1,977.12</u>
Balance Dec. 31, 2013		
2013 Added Taxes (R.S. 54:4-63.1 et seq.)	\$ 3,506.99	
2012 Added Taxes (R.S. 54:4-63.1 et seq.)	<u>53.30</u>	
		<u>\$ 3,560.29</u>

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Local District School Tax Payable
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 291,267.53
Increased by:		
Levy--Calendar Year		<u>3,973,346.00</u>
		4,264,613.53
Decreased by:		
Payments		<u>3,973,707.00</u>
Balance Dec. 31, 2013		<u>\$ 290,906.53</u>

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of County Taxes Payable
 For the Year Ended December 31, 2013

2013 Levy:		
County Tax		\$ 4,329,079.11
Decreased by:		
Payments		<u>\$ 4,329,079.11</u>

CITY OF GLOUCESTER CITY
CURRENT FUND
 Statement of Reserve for Contract Settlements
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 244,500.00
Increased by:		
Transferred from 2012 Appropriation Reserves		<u>60,000.00</u>
		304,500.00
Decreased by:		
Disbursements	\$ 286,795.53	
Cancelled	<u>17,704.47</u>	
		<u>\$ 304,500.00</u>

CITY OF GLOUCESTER CITY
FEDERAL AND STATE GRANT FUND
 Statement of Federal and State Grants Receivable
 For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Federal Grants:				
ARRA - Market Street Commons and Streetscape	\$ 8,518.23			\$ 8,518.23
ARRA - Burlington Street Streetscape	24,790.72			24,790.72
Brownfield Redevelopment Clean-up Grant	4,879.25			4,879.25
Drive Sober or Get Pulled Over Grant	4,400.00	\$ 8,800.00	8,800.00	4,400.00
F.E.M.A. - SAFER Grant	500,855.00		247,316.00	253,539.00
New Jersey Transportation Trust: Essex Street	9,000.00			9,000.00
New Jersey Transportation Enhancement Program: Broadway Streetscape	270,000.00		44,101.54	225,898.46
New Jersey Department of Transportation Municipal Aid Program: Centers of Place - Broadway Decorative Street Lighting Monmouth Street	200,000.00		117,523.13	82,476.87
Monmouth Street - Phase Two	52,347.75		52,347.75	
Monmouth Street - Phase Two	211,500.00			211,500.00
New Jersey Department of Environmental Protection: Licensed Operator Internship Program	35,000.00		11,727.49	23,272.51
Small Cities- Public Facilities	400,000.00		48,309.62	351,690.38
Small Cities- Housing Rehabilitation		200,000.00		200,000.00
You Drink, You Drive, You Lose Grant	3,000.00			3,000.00
Total Federal Grants	1,724,290.95	208,800.00	530,125.53	1,402,965.42
State Grants:				
Body Armor Replacement Grant		3,810.79	3,810.79	
Clean Communities Program		19,653.99	19,653.99	
Domestic Preparedness Grant- 2003	530.46			530.46
Drunk Driving Enforcement Fund		7,335.04	7,335.04	
Economic Development Site Fund	825,130.42			825,130.42

(Continued)

CITY OF GLOUCESTER CITY
FEDERAL AND STATE GRANT FUND
 Statement of Federal and State Grants Receivable
 For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
State Grants (Cont'd):				
Hazardous Discharge Site Remediation Grants:				
BP/ARCO Site	\$ 93,708.98	\$	53,539.00	\$ 40,169.98
Empire Vending INC Site	500.00			500.00
Former Amspec Chemical Site	17,646.00			17,646.00
Railroad & VA Property Site	114,923.00			114,923.00
Gloucester Point Site	370.06			370.06
Municipal Alliance on Alcohol & Drug Abuse	12,695.50	\$ 15,041.00	6,494.00	21,242.50
Municipal Court Alcohol Education & Rehabilitation Fund		7,177.36	7,177.36	
Recycling Tonnage Grant		13,838.10	13,838.10	
Total State Grants	1,065,504.42	66,856.28	111,848.28	1,020,512.42
Local Grants:				
County of Camden - Recreation Facilities Enhancement		25,000.00	25,000.00	
Nicholson Road Courts				
Total All Grants	\$ 2,789,795.37	\$ 300,656.28	\$ 666,973.81	\$ 2,423,477.84

CITY OF GLOUCESTER CITY
FEDERAL AND STATE GRANT FUND
 Statement of Reserve for Federal and State Grants--Unappropriated
 For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Grants</u> <u>Receivable</u>	<u>Realized as</u> <u>Miscellaneous</u> <u>Revenue in</u> <u>2013 Budget</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Federal Grants:				
Drive Sober or Get Pulled Over	\$ 8,800.00	\$ 8,800.00	\$ 8,800.00	
Small Cities - Housing Rehabilitation	200,000.00	200,000.00	200,000.00	
Total Federal Grants	-	208,800.00	208,800.00	-
State Grants:				
Body Armor Replacement Grant	\$ 2,864.27	3,810.79	2,864.27	\$ 3,810.79
Clean Communities Program		19,653.99	19,653.99	
Drunk Driving Enforcement Fund		7,335.04		7,335.04
Municipal Alliance on Alcohol & Drug Abuse		15,041.00	15,041.00	
Municipal Court Alcohol Education & Rehabilitation Fund		7,177.36	7,177.36	
Recycling Tonnage Grant	14,813.94	13,838.10	14,813.94	13,838.10
Total State Grants	17,678.21	66,856.28	59,550.56	24,983.93
Local Grants:				
County of Camden - Recreation Facilities Enhancement		25,000.00	25,000.00	
Nicholson Road Courts				
Total All Grants	\$ 17,678.21	\$ 300,656.28	\$ 293,350.56	\$ 24,983.93

CITY OF GLOUCESTER CITY
FEDERAL AND STATE GRANT FUND
 Statement of Reserve for Federal and State Grants--Appropriated
 For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Encumbrances</u> <u>Canceled</u>	<u>Transferred</u> <u>from 2013</u> <u>Budget</u> <u>Appropriation</u>	<u>Disbursed</u>	<u>Encumbered</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Federal Grants:						
ARRA - Burlington Street Streetscape	\$ 20,793.32				\$	20,793.32
ARRA - Market Street Commons and Streetscape	4,787.88					4,787.88
Brownfield Redevelopment Cleanup Project	19,713.22					19,713.22
Drive Sober or Get Pulled Over	2,550.00		\$ 8,800.00	6,950.00		4,400.00
Emergency Management Assistance Grant 2009	15.00				15.00	
Emergency Management Assistance Grant 2011	320.00				305.00	15.00
Emergency Management Assistance Grant 2012	5,000.00				5,000.00	
F.E.M.A. - SAFER Grant	501,872.36			244,671.48		257,200.88
New Jersey Department of Environmental Protection:						
Licensed Operator Internship Program	24,681.44					24,681.44
New Jersey Department of Transportation Enhancement Program:						
Broadway Streetscape	254,501.50			146,775.84	73,057.38	34,668.28
New Jersey Department of Transportation Municipal Aid Program:						
Centers of Place - Broadway Streetscape	24,787.22				156,697.50	24,787.22
Broadway Lighting Phase II	170,240.00				101,265.00	13,542.50
Monmouth Street Phase II	211,500.00				352,972.40	110,235.00
Small Cities 2012 (Public Facilities)	361,286.00		200,000.00	5,077.60	14,404.00	3,236.00
Small Cities 2013 (Housing Rehabilitation)				53,495.00		132,101.00
Total Federal Grants	1,602,047.94	-	208,800.00	456,969.92	703,716.28	650,161.74
State Grants:						
Body Armor Replacement Fund 2011	1,964.58			1,964.58		611.18
Body Armor Replacement Fund 2012	2,800.60			2,189.42		2,864.27
Body Armor Replacement Fund 2013			2,864.27			
Clean Communities 2001	842.80			842.80		1,041.61
Clean Communities 2010	1,041.61					
Clean Communities 2011	8.84			8.84		
Clean Communities 2012	8,282.29	\$ 260.00		8,542.29		
Clean Communities 2013			19,653.99	7,446.75		12,207.24

CITY OF GLOUCESTER CITY
FEDERAL AND STATE GRANT FUND
 Statement of Reserve for Federal and State Grants--Appropriated
 For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Encumbrances</u> <u>Canceled</u>	<u>Transferred</u> <u>from 2013</u> <u>Budget</u> <u>Appropriation</u>	<u>Disbursed</u>	<u>Encumbered</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
State Grants (Cont'd):						
Drunk Driving Enforcement Fund 2007	\$ 9.29		\$ 9.29	9.29		1,018.41
Drunk Driving Enforcement Fund 2008	1,182.41			164.00		12,927.52
Drunk Driving Enforcement Fund 2010	12,927.52					2,105.31
Drunk Driving Enforcement Fund 2011	2,105.31					445,978.68
Economic Development Site Fund	442,853.68	\$ 3,125.00				
Hazardous Discharge Site Remediation						
Sewer Treatment Plan	14,520.32					14,520.32
Empire Vending	30,093.20					30,093.20
Railroad & VA Property Site	122,798.00					122,798.00
Former Amspec Chemical Site	17,646.00	19,068.75				36,714.75
Gloucester Point Site		370.06				370.06
Municipal Alliance on Alcohol & Drug Abuse	43,756.90		\$ 15,041.00	10,520.50		48,277.40
Municipal Court Alcohol Education	6,468.52		7,177.36	12,067.69		1,578.19
Recycling Tonnage Grant 2010	39,869.87		14,813.94			54,683.81
Urban Enterprise Zone - Administration	26,233.90			3,070.43		\$ 23,163.47
Total State Grants	775,405.64	\$ 22,823.81	59,550.56	46,826.59	-	810,953.42
Local Grants:						
Delaware River Port Authority - Resheathing Freedom Pier Grant	39,062.00					39,062.00
County of Camden - Recreation Facilities Enhancement						
Nicholson Road Courts			25,000.00			25,000.00
Total Local Grants	39,062.00		25,000.00			64,062.00
Total Grants:	\$ 2,416,515.58	\$ 22,823.81	\$ 293,350.56	\$ 503,796.51	\$ 703,716.28	\$ 1,525,177.16

Budget Appropriation
 Chapter 159

\$ 217,678.21
<u>75,672.35</u>
<u>\$ 293,350.56</u>

CITY OF GLOUCESTER CITY
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 202,956.19
Increased by:		
Current Year Encumbrances		<u>703,716.28</u>
		906,672.47
Decreased by:		
Disbursements	\$ 75,908.60	
Canceled	<u>22,823.81</u>	
		<u>98,732.41</u>
Balance Dec. 31, 2013		<u><u>\$ 807,940.06</u></u>

SUPPLEMENTAL EXHIBITS

TRUST FUND

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
 Statement of Trust Cash
 Per N.J.S. 40A: 5-5 - Treasurer
 For the Year Ended December 31, 2013

	Animal Control	Community Development	Trust Other Funds
Balance Dec. 31, 2012	\$ 4,770.46	\$ 2,437,944.04	\$ 891,593.38
Increased by Receipts:			
Animal Control Licenses Issued	\$ 6,143.00		
Due Current Fund - Interest	3.80		
Due Current Fund - Other	466.22	\$ 960.51	\$ 84.70
Reserve for UDAG		124,030.32	
Reserve for Regional Contribution Agreement			59,230.00
Reserve for Escrow Deposits			36,848.60
Reserve for Miscellaneous Trust Reserves			42,974.75
	<u>6,613.02</u>	<u>124,990.83</u>	<u>139,138.05</u>
Decreased by Disbursements			
Animal Control Expenses	8,371.31		
Reserve for UEZ Grants Projects and Admin		2,562,934.87	1,030,731.43
Reserve for UDAG			
Reserve for UEZ Second Generation			
Accounts Payable	465.65		85,690.11
Reserve for Regional Contribution Agreement			22,071.16
Reserve for Escrow Deposits			400,395.60
Reserve for Miscellaneous Trust Reserves			41,169.21
Due to New Jersey Unemployment Compensation Insurance Fund			4,715.00
	<u>8,836.96</u>	<u>797,858.59</u>	<u>554,041.08</u>
Balance Dec. 31, 2013	<u>\$ 2,546.52</u>	<u>\$ 1,765,076.28</u>	<u>\$ 476,690.35</u>

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Trust Cash
Per N.J.S. 40A:5-5 - Collector
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 56,041.35
Increased by Receipts:		
Interest - Due Current Fund	\$ 38.54	
Redemption of Tax Certificates	762,661.65	
Premiums Received for Tax Sale	58,700.00	
		821,400.19
		877,441.54
Decreased by Disbursements:		
Due Current Fund	24.31	
Redemption of Tax Certificates	751,483.33	
Premiums Received for Tax Sale	46,400.00	
		797,907.64
Balance Dec. 31, 2013		\$ 79,533.90

CITY OF GLOUCESTER CITY
ANIMAL CONTROL TRUST FUND
Statement of Reserve for Animal Control Trust Fund Expenditures
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 4,771.03
Increased by:		
Due from City Clerk	\$ 12.00	
Receipts	6,143.00	
		6,155.00
		10,926.03
Decreased by:		
Disbursed	8,371.31	
Accounts Payable	1,820.65	
		10,191.96
Balance Dec. 31, 2013		\$ 734.07
 <u>License Fees Collected</u>		
<u>Year</u>		<u>Amount</u>
2012		\$ 6,864.00
2011		7,710.00
		\$ 14,574.00

CITY OF GLOUCESTER CITY
ANIMAL CONTROL TRUST FUND
Statement of Due To/From Current Fund
For the Year Ended December 31, 2013

Balance Dec. 31, 2012 (Due From)		\$ 466.22
Decreased by:		
Receipts - Interfund Returned	\$ 466.22	
Interest Received	<u>3.80</u>	
		<u>470.02</u>
Balance Dec. 31, 2013 (Due To)		<u><u>\$ 3.80</u></u>

Exhibit SB-5

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Due From Current Fund
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 91,999.00
Increased by:		
Disbursed to Current Fund - From Collector Cash	\$ 24.31	
Receipts by:		
Trust Receipts Collected by Current Fund Treasurer	<u>128,902.50</u>	
		<u>128,926.81</u>
		220,925.81
Decreased by:		
Interest Earned - Treasurer Cash	84.70	
Interest Earned - Collector Cash	38.54	
Disbursed by:		
Paid by Current Fund on Behalf of Trust Other Fund	<u>130,862.04</u>	
		<u>130,985.28</u>
Balance Dec. 31, 2013		<u><u>\$ 89,940.53</u></u>
<u>Analysis of Balance Dec. 31, 2013</u>		
Tax Sale Premium		\$ (35.17)
Redemption		(18.23)
Off-Duty Police		51,178.16
POAA		4,124.32
Public Defender		28,191.65
Community Playground		3,196.60
Uniform Fire Code		2,269.55
Unemployment		1,137.50
Escrow		<u>(103.85)</u>
		<u><u>\$ 89,940.53</u></u>

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Regional Contribution Agreement Loans Receivable
For the Year Ended December 31, 2013

Balance Dec. 31, 2012 (Restated)		\$ 1,911,949.00
Decreased by:		
Receipts for Payment of Loans	\$ 59,230.00	
Loans Canceled	7,450.00	
		66,680.00
Balance Dec. 31, 2013		\$ 1,845,269.00
 <u>Analysis of Balance December 31, 2013</u>		
Loans made by:		
Evesham Township Contributions		\$ 723,721.00
Washington Township Contributions		510,341.00
East Greenwich Contributions		611,207.00
		\$ 1,845,269.00

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Accounts Payable
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 100,103.70
Increased by:		
Accounts Payable Created		
Transfer from Reserve for Public Defender	\$ 800.00	
Transfer from Reserve for Developers' Escrow	400.00	
	1,200.00	
		101,303.70
Decreased by:		
Disbursements	85,690.11	
Canceled to Reserve for Community Playgrounds	3,000.00	
Canceled to Reserve for Developers' Escrow	114.50	
	88,804.61	
		\$ 12,499.09

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Reserve for Off-Duty Police
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 53,273.16
Increased by:		
Off-Duty Police Fees Received By Current Fund		111,365.00
		164,638.16
Decreased by:		
Off-Duty Police Fees Disbursed By Current Fund		113,460.00
		\$ 51,178.16

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Reserve for Regional Contribution Agreements
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 135,355.38
Increased by:		
Receipts:		
Loans Receivable Collected	59,230.00	<u>59,230.00</u>
		194,585.38
Decreased by:		
Disbursements:		
Administrative and Other Expenses	22,071.16	<u>22,071.16</u>
Balance Dec. 31, 2013		<u><u>\$ 172,514.22</u></u>

Exhibit SB-10

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Reserve for Escrow Deposits
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 444,791.18
Increased by:		
Receipts	\$ 36,703.07	
Interest Earned	<u>145.53</u>	
		\$ 36,848.60
Cancellation of Prior Year Accounts Payable		<u>114.50</u>
		<u>36,963.10</u>
		481,754.28
Decreased by:		
Disbursements	400,395.60	
Accounts Payable	<u>400.00</u>	
		<u>400,795.60</u>
Balance Dec. 31, 2013		<u><u>\$ 80,958.68</u></u>
<u>Analysis of Balance Dec. 31, 2013</u>		
Escrow Deposits		\$ 80,955.01
Remediation Escrow		<u>3.67</u>
		<u><u>\$ 80,958.68</u></u>

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
 Statement of Miscellaneous Trust Reserves
 For the Year Ended December 31, 2013

	Balance Dec. 31, 2012	Increased	Disbursements	Accounts Payable	Due To New Jersey Unemployment Compensation Fund	Due From Current Fund	Due To Current Fund	Balance Dec. 31, 2013
Reserve for Parking Offenses Adjudication Act Funds	\$ 7,408.32					\$ 1,386.00	\$ 4,670.00	\$ 4,124.32
Disposal of Forfeited Property	101,108.49	\$ 19,598.93	\$ 5,000.00					115,707.42
Reserve for Public Defender	25,909.69			\$ 800.00		15,014.00	12,732.04	27,391.65
Community Playground	196.60	3,000.00						3,196.60
Uniform Fire Safety Act Penalties	2,269.55							2,269.55
Unemployment Compensation Insurance	97,771.38	21,290.51	36,168.04		\$ 17,473.18	1,137.50		66,558.17
Landlord Security Deposits	10,522.92	2,085.31	1.17					12,607.06
	<u>\$ 245,186.95</u>	<u>\$ 45,974.75</u>	<u>\$ 41,169.21</u>	<u>\$ 800.00</u>	<u>\$ 17,473.18</u>	<u>\$ 17,537.50</u>	<u>\$ 17,402.04</u>	<u>\$ 231,854.77</u>

Receipts
 Prior Year Accounts Payable Canceled
\$ 42,974.75
3,000.00
\$ 45,974.75

CITY OF GLOUCESTER CITY
TRUST OTHER FUND
Statement of Reserve for Tax Title Lien Premiums and Redemptions
For the Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Collector</u>		<u>Balance</u> <u>Dec. 31, 2013</u>
		<u>Receipts</u>	<u>Disbursements</u>	
Premiums Received at Tax Sale	\$ 13,500.00	\$ 58,700.00	\$ 46,400.00	\$ 25,800.00
Tax Certificates	41,502.18	762,661.65	751,483.33	52,680.50
	<u>\$ 55,002.18</u>	<u>\$ 821,361.65</u>	<u>\$ 797,883.33</u>	<u>\$ 78,480.50</u>

CITY OF GLOUCESTER CITY
COMMUNITY DEVELOPMENT TRUST FUND
Statement of Loans & Mortgages Receivable
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 2,650,605.19
Increased by:		
Reserve for Small Cities Rehabilitation - Prior Year Adjustment	\$ 10,000.00	
Reserve for UDAG Revolving Loan Fund - Disbursements	212,227.73	
		222,227.73
		2,872,832.92
Decreased by:		
Reserve for Urban Enterprise Zone Loan - Canceled	98,006.43	
Reserve for Small Cities Rehabilitation - Receipts	80,890.35	
Reserve for UDAG Revolving Loan Fund - Receipts	101,948.71	
		280,845.49
Balance Dec. 31, 2013		\$ 2,591,987.43
<u>Analysis of Balance December 31, 2013</u>		
Loans Receivable:		
Urban Development Action Grant		\$ 1,379,257.78
Mortgages Receivable		
Small Cities Rehabilitation Grant		1,212,729.65
		\$ 2,591,987.43

Exhibit SB-14

CITY OF GLOUCESTER CITY
COMMUNITY DEVELOPMENT TRUST FUND
Statement of Reserve for Second Generation UEZ Funds
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 51,824.77
Decreased by:		
Disbursements		\$ 51,824.77

CITY OF GLOUCESTER CITY
COMMUNITY DEVELOPMENT TRUST FUND
Statement of Due From Current Fund
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 71,282.78
Increased by:		
CDBG Mortgage Payoffs Collected by Current Fund		<u>80,890.35</u>
		152,173.13
Decreased by:		
CDBG Revolving Loan Fund Expenses Paid by Current Fund	\$ 2,308.34	
Accounts Payable Paid by Current Fund	<u>168.75</u>	
		<u>2,477.09</u>
 Balance Dec. 31, 2013		 <u><u>\$ 149,696.04</u></u>

Exhibit SB-16

CITY OF GLOUCESTER CITY
COMMUNITY DEVELOPMENT TRUST FUND
Statement of Reserve for UEZ Grants - Projects
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 358,847.89
Increased by:		
Cancellation of Prior Year Accounts Payable		<u>1,000.00</u>
		359,847.89
Decreased by:		
Disbursements		<u><u>\$ 359,847.89</u></u>

CITY OF GLOUCESTER CITY
COMMUNITY DEVELOPMENT TRUST FUND
Statement of Reserve for Projects and Revolving Loan Fund - U.D.A.G.
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 1,528,951.93
Increased by:		
Receipts:		
Loans Receivable - Collected	\$ 101,948.71	
Interest and Late Fees	<u>22,081.61</u>	
Interest Earned on Investments	\$ 124,030.32	
	960.51	
Cancellation of Prior Year Accounts Payable	<u>17,757.48</u>	
		<u>142,748.31</u>
		1,671,700.24
Decreased by:		
Disbursements	343,989.53	
Transfer to Accounts Payable	<u>31,684.00</u>	
		<u>375,673.53</u>
Balance Dec. 31, 2013		<u><u>\$ 1,296,026.71</u></u>

Exhibit SB-18

CITY OF GLOUCESTER CITY
COMMUNITY DEVELOPMENT TRUST FUND
Statement of Accounts Payable
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 498,488.20
Increased by:		
Accounts Payable Created:		
Reserve for UDAG Revolving Loan Fund		<u>31,684.00</u>
		530,172.20
Decreased by:		
Disbursements	\$ 42,196.40	
Disbursed by Current Fund	168.75	
Canceled to Reserve for UEZ Grants	1,000.00	
Canceled to Reserve for UDAG Revolving Loan Fund	<u>17,757.48</u>	
		<u>61,122.63</u>
Balance Dec. 31, 2013		<u><u>\$ 469,049.57</u></u>

CITY OF GLOUCESTER CITY
COMMUNITY DEVELOPMENT TRUST FUND
Statement of Reserve for CDBG Revolving Loan Fund
For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$ 71,114.03
Increased by:	
Loan Receipts from Small Cities Mortgages - Due from Current Fund	<u>80,890.35</u>
	152,004.38
Decreased by:	
Disbursed by Current Fund	<u>2,308.34</u>
Balance Dec. 31, 2013	<u><u>\$ 149,696.04</u></u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
Statement of General Capital Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 1,865,510.66
Increased by Receipts:		
Due to Current Fund	\$ 825.43	
Budget Appropriation	16,933.84	
Donation	79,555.00	
Bond Anticipation Notes	7,616,525.00	
Premiums Received at Sale - Fund Balance	6,298.00	
Contra	561,838.96	
		8,281,976.23
		10,147,486.89
Decreased by Disbursements:		
Due Current Fund	\$ 813.01	
Due Current Fund - Anticipated Revenue	12,346.45	
Bond Anticipation Notes	7,100,200.00	
Improvement Authorizations	199,133.10	
Reserve for Encumbrances	56,022.17	
Contra	561,838.96	
		7,930,353.69
Balance Dec. 31, 2013		\$ 2,217,133.20

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Schedule of Accounts Receivable - Due From State of New Jersey - Green Acres
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 214,329.22
Decreased by:		
Cancellation of Receivable		50,801.51
Balance Dec. 31, 2013		\$ 163,527.71
<u>Analysis of Balance as of Dec. 31, 2013</u>	<u>Ordinance</u>	<u>Amount</u>
Walkway Along Freedom Pier	09-10	\$ 163,527.71

Exhibit SC-4

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation -- Funded
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 5,181,344.66
Decreased By:		
Loan Cancelled	\$ 778.96	
Budget Appropriations:		
Payment of Serial Bonds	380,000.00	
Payment of Loans Payable	128,216.24	
		508,995.20
Balance Dec. 31, 2013		\$ 4,672,349.46

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation -- Unfunded
 For the Year Ended December 31, 2013

Improvement Description	Ordinance Number	Balance Dec. 31, 2012	2013 Authorizations	Green Acres Receivable Canceled	Funded by Budget Appropriation	Balance Dec. 31, 2013	Analysis of Balance Dec. 31, 2013			
							Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorizations	
Various Improvements	14-96	\$ 4,504.99				\$ 4,504.99	\$	4,504.99	\$	405.74
Various Improvements	14-00	405.74				405.74				
Riverfront Park Project	19-01	16,933.84		\$ 50,801.51	\$ 16,933.84	50,801.51		50,801.51		
Acquisition of Apartments	05-08	4,230,000.00			60,000.00	4,170,000.00	\$ 4,170,000.00			
Various Improvements	06-11	383.00				383.00				383.00
Southport Redevelopment Project	03-12	5,000,000.00				5,000,000.00	2,250,000.00			2,750,000.00
Various Improvements	10-12	680,200.00				680,200.00	680,200.00			
Various Improvements	12-13		\$ 516,325.00			516,325.00	516,325.00			
		\$ 9,932,427.57	\$ 516,325.00	\$ 50,801.51	\$ 76,933.84	\$ 10,422,620.24	\$ 7,616,525.00	\$ 55,306.50	\$ 2,750,788.74	

Payment of Bond Anticipation Notes \$ 60,000.00
 Deferred Charges 16,933.84
\$ 76,933.84

Improvement Authorizations Unfunded
 Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

05-08	\$ 112,258.93
03-12	37,227.77
10-12	242,110.64
12-13	145,804.37
	<u>537,401.71</u>

\$ 3,288,190.45
\$ 2,750,788.74

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
Statement of Due To Current Fund
For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$	69.29
Increased by:		
Interest Earned on Deposits		825.43
		894.72
Decreased by:		
Disbursements		813.01
Balance Dec. 31, 2013	\$	81.71

Exhibit SC-7

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For Year Ended December 31, 2013

Balance Dec. 31, 2012	\$	83,555.82
Decreased by:		
Appropriations to Improvement Authorizations		27,175.00
Balance Dec. 31, 2013	\$	56,380.82

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2013

Improvement Description	Number	Date	Amount	Balance Dec. 31, 2012		Encumbrances Cancelled	Paid or Charged	Authorization Reappropriated	Balance Dec. 31, 2013	
				Funded	Unfunded				Funded	Unfunded
Various Improvements	15-95	6/1/95	\$ 902,500.00	\$ 138,248.82	\$ 4,504.99	\$ 30.00	\$ 27,180.00	\$ -	\$ 111,098.82	
Various Improvements	14-96	6/6/96	310,000.00				4,504.99			
Various Improvements:	14-00	7/6/00	486,000.00	87,087.85	405.74					
Various Improvements	20-05	2005	815,000.00	33,770.66				\$ (80,750.00)	6,337.85	\$ 405.74
Acquisition of Apartments	05-08	3/20/08	4,350,000.00		118,250.35		18,081.42	(33,770.66)		
Reconstruction of Various Streets	24-08	12/18/08	75,000.00	15,739.36		12,090.00			15,739.36	112,258.93
Walkway Along Freedom Pier	09-10	4/30/10	600,000.00	261,730.89			19,297.00		242,433.89	
Various Improvements	06-11	6/16/11	1,638,666.00	914,590.70	383.00		4,259.50		910,331.20	383.00
Improvements to City Clerk's Office	19-11	12/5/11	6,000.00	6,000.00					6,000.00	
Southport Redevelopment Project	03-12	2/16/12	5,000,000.00	2,789,227.87		32,926.74	2,000.10			2,787,227.77
Various Improvements	10-12	6/28/12	716,000.00	10,500.00	\$ 543,500.00		68,819.46		573.00	242,110.64
Various Improvements	12-13	7/25/13	543,500.00				397,122.63		33,770.66	145,804.37
Various Improvements to Nicholson Road Courts	13-13	7/25/13	33,770.66					33,770.66		
Repair and Replacement of Public Facilities Roofs	20-13	9/26/13	80,750.00				8,857.00	80,750.00		
Landscaping Improvements	21-13	9/26/13	79,555.00		79,555.00				79,555.00	
				\$ 1,467,668.28	\$ 3,180,275.31	\$ 45,046.74	\$ 550,122.10	\$ -	\$ 1,477,732.78	\$ 3,288,190.45

Disbursed
 Encumbrances

\$ 199,133.10
350,989.00

Deferred Charges to Future Taxation -- Unfunded
 Donation - Public Service Electric and Gas
 Capital Improvement Fund

\$ 516,325.00
79,555.00
27,175.00
\$ 623,055.00

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 101,068.91
Increased by:		
Charged to Improvement Authorizations		350,989.00
		452,057.91
Decreased by:		
Disbursed	\$ 56,022.17	
Canceled	45,046.74	
		101,068.91
Balance Dec. 31, 2013		\$ 350,989.00

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Statement of Loans Payable
 For the Year Ended December 31, 2013

	NJ Economic Development Authority	Green Trust Loan				Total
		Johnson Blvd	Point Riverfront	Riverfront	Freedom Pier	
Balance Dec. 31, 2012	\$ 10,719.30	\$ 133,896.03	\$ 750,192.02	\$ 341,537.31	\$ 170,000.00	\$ 1,406,344.66
Decreased by:						
Loans Cancelled	778.96					778.96
Loan Payments	9,940.34	12,932.88	72,456.56	25,450.56	7,435.90	128,216.24
	10,719.30	12,932.88	72,456.56	25,450.56	7,435.90	128,995.20
Balance Dec. 31, 2013	-	\$ 120,963.15	\$ 677,735.46	\$ 316,086.75	\$ 162,564.10	\$ 1,277,349.46

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Schedule of Bond Anticipation Notes Payable
 For the Year Ended December 31, 2013

	<u>Ordinance Number</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, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
Acquisition of Apartments	2008-05	4/29/2008 4/29/2008	4/21/2012 4/17/2013	4/18/2013 4/16/2014	1.20% 1.18%	\$ 4,230,000.00	\$ 4,170,000.00	\$ 4,230,000.00	\$ 4,170,000.00
Southport Redevelopment Project	2012-03	3/20/2012 3/20/2012	3/20/2012 3/18/2013	3/19/2013 3/17/2014	1.75% 1.25%	2,250,000.00	2,250,000.00	2,250,000.00	2,250,000.00
Various Improvements	2012-10	10/4/2012 10/4/2012	10/4/2012 10/2/2013	10/3/2013 10/1/2014	1.30% 1.25%	680,200.00	680,200.00	680,200.00	680,200.00
Various Improvements	2013-12	10/2/2013	10/2/2013	10/1/2014	1.25%	516,325.00	516,325.00		516,325.00
						<u>\$ 7,160,200.00</u>	<u>\$ 7,616,525.00</u>	<u>\$ 7,160,200.00</u>	<u>\$ 7,616,525.00</u>
Renewals Issued for Cash							\$ 7,100,200.00	\$ 7,100,200.00	
Paid by Budget Appropriation							516,325.00	60,000.00	
							<u>\$ 7,616,525.00</u>	<u>\$ 7,160,200.00</u>	<u>\$ 7,160,200.00</u>

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Year Ended December 31, 2013

Purpose	Date of Issue	Amount of Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
General Obligation Bonds	8-31-11	\$ 4,140,000.00	3-1-14	\$ 385,000.00	2.00%			
			3-1-15	395,000.00	2.00%			
			3-1-16	405,000.00	2.00%			
			3-1-17	415,000.00	2.25%			
			3-1-18	425,000.00	2.25%			
			3-1-19	440,000.00	2.50%			
			3-1-20	455,000.00	2.50%			
			3-1-21	475,000.00	2.75%			
						\$ 3,775,000.00	\$ 380,000.00	\$ 3,395,000.00

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
 Statement of Bonds and Notes Authorized But Not Issued
 For the Year Ended December 31, 2013

	Ordinance Number	Balance		2013 Authorization	Green Acres Receivable		Funded by Budget		Notes Issued	Balance Dec. 31, 2013
		Dec. 31, 2012			Canceled	Appropriation	Adjustment			
<u>General Improvements:</u>										
Various Improvements	14-96	\$ 4,504.99								\$ 4,504.99
Various Improvements	14-00	405.74								405.74
Acquisition of Real Property	19-01	16,933.84			\$ 50,801.91		\$ 16,933.84			50,801.91
Various Improvements	06-11	383.00								383.00
Walkway Along Freedom Pier	09-10	163,527.71					\$ 163,527.71			
Southport Redevelopment Project	12-03	2,750,000.00								2,750,000.00
Various Improvements	12-13			\$ 516,325.00					\$ 516,325.00	
		<u>\$ 2,935,755.28</u>		<u>\$ 516,325.00</u>	<u>\$ 50,801.91</u>		<u>\$ 16,933.84</u>	<u>\$ 163,527.71</u>	<u>\$ 516,325.00</u>	<u>\$ 2,806,095.64</u>

SUPPLEMENTAL EXHIBITS
WATER & SEWER UTILITY FUND

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY FUND
Statement of Water & Sewer Utility Cash
Per N.J.S. 40A:5-5--Water Treasurer
For the Year Ended December 31, 2013

	Operating	Capital
Balance Dec. 31, 2012	\$ 899,984.27	\$ 1,299,848.42
Increased by Receipts:		
Transfer from Collector	\$ 3,594,599.19	
Miscellaneous Revenues	129,731.87	
Bond Anticipation Note Proceeds		\$ 226,100.00
Due to Water and Sewer Utility Capital Fund	12,914.62	
Due to Water and Sewer Utility Operating Fund		604.41
	<u>3,737,245.68</u>	<u>226,704.41</u>
	4,637,229.95	1,526,552.83
Decreased by Disbursements:		
2013 Budget Appropriations	3,306,104.02	
2012 Appropriation Reserves	56,378.22	
Refund of Overpayments	2,899.90	
Reserve for Contract Settlements	5,506.20	
Improvement Authorizations		138,777.63
Encumbrances		106,887.00
Accrued Interest on Bonds, Loans and Notes	491,850.48	
Due Water and Sewer Utility Operating Fund		12,914.62
	<u>3,862,738.82</u>	<u>258,579.25</u>
Balance Dec. 31, 2013	<u>\$ 774,491.13</u>	<u>\$ 1,267,973.58</u>

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
 Statement of Water & Sewer Utility Cash
 Per N.J.S. 40A:5-5--Water Collector
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		
Increased by:		
Consumer Accounts Receivable	\$ 3,388,188.49	
Overpayments	10,999.19	
Miscellaneous Revenues	<u>195,411.51</u>	
		<u>\$ 3,594,599.19</u>
		3,594,599.19
Decreased by:		
Payments to Treasurer		<u><u>\$ 3,594,599.19</u></u>

All funds are deposited directly to the Treasurer's bank account.

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Analysis of Water & Sewer Utility Capital Cash
 For the Year Ended December 31, 2013

	Receipts		Disbursements			Transfers		Balance Dec. 31, 2013
	Balance Dec. 31, 2012	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 38,386.60					\$ 11,900.00		\$ 26,486.60
Fund Balance	9,558.41							9,558.41
Due Water Utility Operating Fund	1,362.95	\$ 604.41			\$ 12,914.62			(10,947.26)
Encumbrances Payable	115,601.50				106,887.00	6,714.50	2,119,441.43	2,121,441.43
Reserve to Pay Debt							425,786.72	425,786.72
Reserve for MTBE Settlement	61,074.89							61,074.89
Excess Proceeds								
Prior Ordinances	126,185.52					126,185.52		
24-06 Various Improvements - Part of Southport Redevelopment Project	229,824.81					229,824.81		
25-06 Various Improvements	69,776.39					69,776.39		
Improvement Authorizations:								
Ordinance Number:								
Water								
09-07 Replacement of Water Treatment Plant	101,230.98							101,230.98
03-09 Water Plant Supplement	64,785.90							64,785.90
24-10 Acquisition of Utility Vehicle	1,013.00							1,013.00
07-11 Improvements to the Broadway Water Tank	223,368.27							227,719.77
11-12 Replacement of Water Valves	23,415.84						4,351.50	23,415.84
11-12 Acquisition of Various Equipment	5,638.06							5,638.06
13-09a Water Mains				\$ 16,459.83		233,160.50		(249,620.33)
13-09b Automatic Water Meter Reading System						744,050.00		(744,050.00)
13-11b Well No. 42 Upgrades		\$ 85,500.00		3,987.33			4,500.00	86,012.67
Sewer								
07-11 Improvements to Chestnut Street Pumping Station	163,817.07					163,817.07	2,363.00	2,363.00
11-12 Improvements to Gravity Sewers	64,808.23							64,808.23
13-08a Main Systems - Cumberland, Monmouth & Hudson								
13-08b Sewer System - Water Street				65,169.93		1,089,448.95		(1,154,618.88)
13-11a Pump Station Improvements				1,125.00				(1,125.00)
13-11d SCADA Sewer System Upgrades		39,900.00		25,899.92			2,100.00	16,100.08
13-13 King Street Pumping Station		19,950.00		26,135.62		1,910.98	1,050.00	21,000.00
Equipment								
13-11c Back Hoe & Various Equipment		80,750.00				50,871.00	4,250.00	34,129.00
TOTAL	\$ 1,299,848.42	\$ 226,100.00	\$ 604.41	\$ 138,777.63	\$ 119,801.62	\$ 2,727,659.72	\$ 2,727,659.72	\$ 1,267,973.58

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
Statement of Consumer Accounts Receivable
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 178,208.59
Increased by:		
Utility Rents Levied		<u>3,404,486.98</u>
		3,582,695.57
Decreased by:		
Rent Collections	\$ 3,388,188.49	
Overpayments Applied	<u>9,775.57</u>	
		<u>3,397,964.06</u>
Balance Dec. 31, 2013		<u><u>\$ 184,731.51</u></u>

Exhibit SD-5

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
Statement of Due Water & Sewer Utility Operating Fund
For the Year Ended December 31, 2013

Balance Dec. 31, 2012 (Due to)		\$ 1,362.95
Increased by:		
Interest Earned on Investments		<u>604.41</u>
		1,967.36
Decreased by:		
Disbursements		<u>12,914.62</u>
Balance Dec. 31, 2013 (Due from)		<u><u>\$ 10,947.26</u></u>

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Schedule of Fixed Capital
 As of December 31, 2013

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
WATER:	
Distribution System Land	\$ 10,400.00
Springs and Wells	650,947.84
Collecting Reservoir	26,125.40
Settling Basins	3,425.00
Filters	161,484.13
Chemical Treatment Plant	2,051,657.24
Aerating Plant	41,772.47
Pumping Station Structures	158,880.03
Electric Power Pumping Equipment	140,738.19
Miscellaneous Pumping Equipment	20,170.80
Storage, Reservoirs, Tanks, and Standpipes	136,659.47
Distribution Mains and Accessories	4,708,536.94
Service Pipes & Stops	23,847.45
Meters	1,316,191.06
Fire Hydrants	26,772.28
General Equipment	24,910.70
Engineering and Superintendent	100,320.78
Expenditures During Construction	5,985.41
Interest During Construction	22,436.20
Miscellaneous Construction	11,682.21
Emergency Generator	28,820.05
Backwash System	184,000.00
Water Works Building	120,000.00
Rehab of Wells	50,000.00
Design Costs for Water Treatment Plant	460,000.00
Acquisition of Utility Vehicles	42,526.11
Southport Redevelopment Project	270,175.19
SEWER:	
Sewer Plant and Equipment	2,376,738.16
Distribution Mains and Accessories	2,780,139.39
Sewer System Improvements	1,007,373.61
Pumping Station Structures	1,886,536.04
	\$ 18,849,252.15
	\$ 18,849,252.15

The Fixed Capital reported is as Taken from the Municipal Records and Does not Necessarily Reflect the True Condition of Such Fixed Capital.

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of Fixed Capital Authorized and Uncompleted
 For the Year Ended December 31, 2013

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Transferred</u>	<u>Balance Dec. 31, 2013</u>
	<u>Number</u>	<u>Date</u>				
WATER:						
Various Improvements	21-05		\$ 555,000.00			\$ 555,000.00
Various Improvements - Part of Southport Redevelopment Project	24-06	11/20/06	2,750,000.00			
Replacement of Water Treatment Plant	09-07	5/24/07	9,445,000.00			9,445,000.00
Water Plant Supplement	03-09	2/19/09	1,500,000.00			1,500,000.00
Acquisition of Utility Vehicle	24-10	10/21/10	78,000.00			78,000.00
Improvements to Broadway Water Tank	07-11	6/6/11	625,000.00			625,000.00
Replacement of Water Valves	11-12a	6/28/12	37,000.00			37,000.00
Acquisition of Various Equipment	11-12c	6/28/12	80,800.00			80,800.00
Water Mains	13-09a	5/23/2013	1,155,774.00	\$ 1,155,774.00		1,155,774.00
Automatic Water Meter Reading System	13-09b	5/23/2013	936,923.00	936,923.00		936,923.00
Well No. 42 Upgrades	13-11b	7/25/2013	90,000.00	90,000.00		90,000.00
SEWER						
Improvements to Chestnut Street Pumping Station	07-11	6/6/11	280,000.00			116,182.93
Improvements to Gravity Sewers	11-12b	6/28/12	65,000.00		\$ (163,817.07)	65,000.00
Main Systems - Cumberland, Monmouth & Hudson	13-08a	5/23/2013	1,568,921.00	1,568,921.00		1,568,921.00
Sewer System - Water Street	13-08b	5/23/2013	588,596.00	588,596.00		588,596.00
Pump Station Improvements	13-11a	7/25/2013	42,000.00	42,000.00		42,000.00
SCADA Sewer System Upgrades	13-11d	7/25/2013	21,000.00	21,000.00		21,000.00
King Street Pumping Station	13-13	7/25/2013	163,817.07		163,817.07	163,817.07
EQUIPMENT:						
Improvements to Gravity Sewers	13-11c	7/25/2013	85,000.00	85,000.00		85,000.00
			\$ 12,665,800.00	\$ 4,488,214.00	\$ -	\$ 17,154,014.00

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
 Statement of 2012 Appropriation Reserves and Encumbrances
 For the Year Ended December 31, 2013

	Appropriations Balance Dec. 31, 2012			Modified Balance	Paid or Charged	Balance Lapsed
	Reserves	Encumbrances				
Operating:						
Salaries and Wages	\$ 23,749.94		\$	23,749.94	\$ 22,495.16	\$ 1,254.78
Other Expenses	42,779.57	\$ 27,338.76		70,118.33	34,249.81	35,868.52
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I)	3,754.27			3,754.27		3,754.27
	\$ 70,283.78	\$ 27,338.76	\$	\$ 97,622.54	\$ 56,744.97	\$ 40,877.57

Accounts Payable	\$ 366.75
Disbursed	56,378.22
	\$ 56,744.97

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
Statement of Reserve for Contract Settlements
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 7,000.00
Decreased by:		
Disbursed	\$ 5,506.20	
Canceled	<u>1,493.80</u>	
		<u>\$ 7,000.00</u>

Exhibit SD-10

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
Statement of Water and Sewer Rent Overpayments
For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 10,054.39
Increased by:		
Collections		<u>10,999.19</u>
		21,053.58
Decreased by:		
Disbursements	\$ 2,899.90	
Applied to 2013 Water Rents	<u>9,775.57</u>	
		<u>12,675.47</u>
Balance Dec. 31, 2013		<u>\$ 8,378.11</u>

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Bonds, Loans and Notes and Analysis of Balance
For the Year Ended December 31, 2013

Balance Dec. 31, 2012	\$ 140,046.09
Increased by:	
Budget Appropriation for:	
Loans	482,091.13
	622,137.22
Decreased by:	
Interest Paid	491,850.48
Balance Dec. 31, 2013	\$ 130,286.74

Analysis of Accrued Interest Dec. 31, 2013

Principal Outstanding Dec. 31, 2013	Interest Rate	From	To	Period	Amount
NJ Water Resource Loan:					
\$56,375.74	3.25%	09/22/13	12/31/13	100 days	\$ 508.95
\$42,388.02	3.50%	10/05/13	12/31/13	87 days	358.53
\$128,277.04	3.50%	09/25/13	12/31/13	97 days	1,209.72
Total NJ Water Resource Loans Accrued Interest					2,077.20
NJ Environmental Infrastructure Trust Loan:					
\$45,000.00	5.00%	09/01/13	12/31/13	121 days	983.13
\$370,000.00	5.00%	08/01/13	12/31/13	152 days	7,811.11
\$345,000.00	4.98%	08/01/13	12/31/13	152 days	7,177.78
\$160,000.00	4.99%	08/01/13	12/31/13	152 days	3,372.50
\$4,095,000.00	5.15%	08/01/13	12/31/13	152 days	87,785.20
Total NJ Environmental Infrastructure Trust Loan					107,129.72
Bonds					
\$835,000.00	2.00%	09/01/13	12/31/13	120 days	5,566.67
\$700,000.00	2.25%	09/01/13	12/31/13	120 days	5,250.00
\$700,000.00	2.50%	09/01/13	12/31/13	120 days	5,833.33
\$350,000.00	2.75%	09/01/13	12/31/13	120 days	3,208.33
Total Bond Accrued Interest:					19,858.33
Bond Anticipation Note					
\$399,760.00	1.25%	10/02/13	12/31/13	88 days	1,221.49
Total Accrued Interest:					\$ 130,286.74

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2013

Improvement Description	Ordinance Number	Date	Amount	Balance Dec. 31, 2012		2013 Authorizations	Reallocation	Reserve For Encumbrances Canceled	Paid or Charged	Balance Dec. 31, 2013			
				Funded	Unfunded					Funded	Unfunded		
General Improvements:													
WATER:													
Replacement of Water Treatment Plant	09-07	5/24/07	9,445,000.00	\$	101,230.98	\$				\$	101,230.98	\$	117,262.00
Water Plant Supplement	03-09	2/19/09	1,500,000.00		64,785.90						64,785.90		
Acquisition of Utility Vehicle	24-10	10/21/10	78,000.00		1,013.00						1,013.00		
Improvements to Broadway Water Tank	07-11b	6/16/11	625,000.00		223,368.27						227,719.77		
Replacement of Water Valves	11-12a	6/28/12	37,000.00					\$	4,351.50				23,415.84
Acquisition of Various Equipment	11-12c	6/28/12	80,800.00			\$	1,155,774.00						5,638.06
Water Mains	13-09a	5/23/13				936,923.00			\$	249,620.33			906,153.67
Automatic Water Meter Reading System	13-09b	5/23/13				90,000.00				744,050.00			192,873.00
Well No. 42 Upgrades	13-11b	7/25/13								3,987.33		512.67	85,500.00
SEWER:													
Improvements to Chestnut Street Pumping Station	07-11a	6/16/11	280,000.00		163,817.07		\$	(163,817.07)			2,363.00		61,750.00
Improvements to Gravity Sewers Main Systems - Cumberland, Monmouth & Hudson	11-12b	6/28/12	65,000.00		3,058.23						3,058.23		
Sewer System - Water Street	13-08a	5/23/13				1,568,921.00				1,154,618.88			414,302.12
Pump Station Improvements	13-08b	5/23/13				588,596.00				1,125.00			587,471.00
SCADA Sewer System Upgrades	13-11a	7/25/13				42,000.00				25,899.92			16,100.08
King Street Pumping Station	13-11d	7/25/13				21,000.00					1,050.00		19,950.00
	13-13	7/25/13										163,817.07	
EQUIPMENT:													
Back Hoe & Various Equipment	13-11c	7/25/13				85,000.00					50,871.00		34,129.00
				\$	557,273.45	\$	208,065.90	\$	4,488,214.00	\$	537,504.02	\$	2,464,544.77
Disbursed Reserve for Encumbrances								\$	6,714.50	\$	2,258,219.06	\$	2,119,441.43
										\$	138,777.63		
													2,258,219.06
Capital Improvement Fund Unfunded						\$	11,900.00						
							4,476,314.00						
							4,488,214.00						

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
Statement of Capital Improvement Fund
For Year Ended December 31, 2013

Balance Dec. 31, 2012	\$	38,386.60
Decreased by:		
Appropriation to Finance Improvement Authorizations		11,900.00
Balance Dec. 31, 2013	\$	26,486.60

Exhibit SD-14

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
Statement of Reserve for Encumbrances
For Year Ended December 31, 2013

Balance Dec. 31, 2012	\$	115,601.50
Increased by:		
Charged to Improvement Authorizations		2,119,441.43
		2,235,042.93
Decreased by:		
Disbursements	\$	106,887.00
Reserve for Encumbrances Cancelled		6,714.50
		113,601.50
Balance Dec. 31, 2013	\$	2,121,441.43

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of Reserve for Amortization
 For the Year Ended December 31, 2013

Balance Dec. 31, 2012		\$ 16,769,736.95
Increased by:		
NJ Wastewater Treatment Loan Paid by Operating Budget	\$ 191,338.19	
NJ Environmental Infrastructure Trust Paid by Operating Budget	670,560.64	
Serial Bonds Paid by Operating Budget	<u>175,000.00</u>	
		<u>1,036,898.83</u>
		17,806,635.78
Decreased by:		
Adjustment of Excess Cash Proceeds to Reserve to Pay Debt		<u>425,786.72</u>
Balance Dec. 31, 2013		<u><u>\$ 17,380,849.06</u></u>

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of Deferred Reserve for Amortization
 For the Year Ended December 31, 2013

	<u>Ordinance Number</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2012</u>	<u>Fixed Capital Authorized</u>	<u>Balance Dec. 31, 2013</u>
WATER:					
Various Improvements	21-05		\$ 305,000.00	\$	\$ 305,000.00
Preliminary Design Costs for Water Treatment Plant	02-07	2/22/07	99,617.00		99,617.00
Replacement of Water Treatment Plant	09-07	5/24/07	23,000.00		23,000.00
Water Plant Supplement	03-09	2/19/09	1,500,000.00		1,500,000.00
Acquisition of Utility Vehicle	24-10	10/21/10	3,900.00		3,900.00
Improvements to the Broadway Water Tank	07-11	6/16/11	31,250.00		31,250.00
Replacement of Water Valves	11-12	6/28/12	1,850.00		1,850.00
Acquisition of Various Equipment	11-12	6/28/12	4,040.00		4,040.00
Well No. 42 Upgrades	13-11b	7/25/13		\$ 4,500.00	4,500.00
SEWER:					
Various Improvements	25-06	11/20/2006	383.00		383.00
Improvements to Chestnut Street Pumping Station	07-11	6/16/11	14,000.00		14,000.00
Improvements to Gravity Sewers	11-12	6/28/12	3,250.00		3,250.00
Pump Station Improvements	13-11a	7/25/13		2,100.00	2,100.00
SCADA Sewer System Upgrades	13-11d	7/25/13		1,050.00	1,050.00
EQUIPMENT:					
Back Hoe and Various Equipment	13-11c	7/25/13		4,250.00	4,250.00
			\$ 1,986,290.00	\$ 11,900.00	\$ 1,998,190.00

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of Bond Anticipation Notes
 For Year Ended December 31, 2013

<u>Improvement Description</u>	<u>Ordinance Number</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, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
Various Improvements to the Sewer and Water Utility Systems	11-2012	10/04/12	10/04/12	10/03/13	1.30%	\$ 173,660.00	\$ 173,660.00		
Various Improvements to the Sewer and Water Utility Systems	11-2012	10/04/12	10/02/13	10/01/14	1.25%		\$ 173,660.00		\$ 173,660.00
Various Improvements to the Sewer and Water Utility Systems	11-2013	10/02/13	10/02/13	10/01/14	1.25%		226,100.00		226,100.00
						<u>\$ 173,660.00</u>	<u>\$ 399,760.00</u>	<u>\$ 173,660.00</u>	<u>\$ 399,760.00</u>
Issued for Cash							\$ 226,100.00		
Renewals							<u>173,660.00</u>	<u>\$ 173,660.00</u>	
							<u>\$ 399,760.00</u>	<u>\$ 173,660.00</u>	<u>\$ 173,660.00</u>

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of NJ Environmental Infrastructure Trust Loans
 For the Year Ended December 31, 2013

	Year Issued	Original Issue	Year	Maturities of Loans Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
				Amount	Year				
NJ Environmental Infrastructure Trust Loan	1994	\$ 525,000.00	2014	\$ 45,000.00	5.00%	\$ 85,000.00	\$ 40,000.00	\$ 45,000.00	
NJ Environmental Infrastructure Fund Loan	1994	512,597.00	2014	25,830.23		50,416.56	24,586.33	25,830.23	
NJ Environmental Infrastructure Trust Loan	1997	1,285,000.00	2014	85,000.00	5.00%				
			2015	90,000.00	5.00%				
			2016	95,000.00	5.00%				
			2017	100,000.00	5.00%	455,000.00	85,000.00	370,000.00	
NJ Environmental Infrastructure Trust Loan	2001	645,000.00	2014	35,000.00	4.93%				
			2015	40,000.00	4.92%				
			2016	40,000.00	4.91%				
			2017	40,000.00	4.89%				
			2018	45,000.00	4.87%				
			2019	45,000.00	4.83%				
			2020	50,000.00	4.75%				
			2021	50,000.00	4.63%	380,000.00	35,000.00	345,000.00	

(Continued)

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of NJ Environmental Infrastructure Trust Loans
 For the Year Ended December 31, 2013

	Year Issued	Original Issue	Maturities of Loans Outstanding December 31, 2013				Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Year	Amount	Interest Rate				
NJ Environmental Infrastructure Fund Loan	2001	\$ 678,128.00	2014	\$ 33,715.03					
			2015	35,822.22					
			2016	34,525.49					
			2017	35,228.75					
			2018	35,173.80					
			2019	33,715.04					
			2020	33,894.03					
			2021	33,562.44					
						\$	310,599.94	\$ 34,963.14	\$ 275,636.80
NJ Environmental Infrastructure Trust Loan	2002	275,000.00	2014	15,000.00	4.99%				
			2015	15,000.00	4.97%				
			2016	15,000.00	4.96%				
			2017	15,000.00	4.96%				
			2018	20,000.00	4.95%				
			2019	20,000.00	4.94%				
			2020	20,000.00	4.92%				
			2021	20,000.00	4.88%				
			2022	20,000.00	4.75%				
							175,000.00	15,000.00	160,000.00

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of NJ Environmental Infrastructure Trust Loans
 For the Year Ended December 31, 2013

	Year Issued	Original Issue	Maturities of Loans Outstanding December 31, 2013			Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Year	Amount					
NJ Environmental Infrastructure Fund Loan	2002	\$ 274,572.00	2014	\$ 14,668.61					
			2015	14,166.09					
			2016	13,687.51					
			2017	13,208.93					
			2018	15,920.90					
			2019	15,282.80					
			2020	14,644.68					
			2021	14,006.57					
			2022	13,368.63					
						\$	144,125.85	\$ 15,171.13	\$ 128,954.72
NJ Environmental Infrastructure Trust Loan	2008	4,765,000.00	2014	190,000.00	5.00%				
			2015	195,000.00	5.00%				
			2016	205,000.00	5.00%				
			2017	220,000.00	5.00%				
			2018	230,000.00	5.00%				
			2019	240,000.00	5.25%				
			2020	250,000.00	5.50%				
			2021	265,000.00	5.50%				
			2022	280,000.00	5.50%				
			2023	295,000.00	5.50%				
			2024	310,000.00	5.00%				
		2025	330,000.00	5.00%					
		2026	345,000.00	5.00%					
		2027	360,000.00	5.00%					
		2028	380,000.00	5.00%					
						4,275,000.00	180,000.00	4,095,000.00	

(Continued)

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of NJ Environmental Infrastructure Trust Loans
 For the Year Ended December 31, 2013

	Year Issued	Original Issue	Maturities of Loans Outstanding December 31, 2013			Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Year	Amount					
NJ Environmental Infrastructure Loan	2008	\$ 4,562,738.00	2014	\$ 241,442.43					
			2015	238,731.63					
			2016	238,882.22					
			2017	241,743.63					
			2018	241,141.23					
			2019	240,237.63					
			2020	238,671.38					
			2021	239,424.38					
			2022	239,680.40					
			2023	239,439.44					
			2024	238,701.50					
			2025	241,412.31					
			2026	240,508.71					
		2027	239,153.30						
		2028	240,358.31						
						\$ 3,840,368.59	\$ 240,840.04	\$ 3,599,528.55	
						\$ 9,715,510.94	\$ 670,560.64	\$ 9,044,950.30	

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
Statement of NJ Water Resource Loans Payable
For the Year Ended December 31, 2013

	Year Issued	Original Issue	Maturities of Loans Outstanding December 31, 2013		Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Year	Amount			
Water Resource Loan 90-2-06	1998	\$ 389,278.90	2014	\$ 27,733.53	\$ 83,229.43	\$ 26,853.69	\$ 56,375.74
			2015	28,642.21			
Water Resource Loan 95-2-04	1999	1,000,000.00	2014	42,388.01	124,989.38	82,601.37	42,388.01
Water Resource Loan 96-2-07	2001	1,000,000.00	2014	84,774.12			
			2015	43,502.92	210,160.17	81,883.13	128,277.04
					<u>\$ 418,378.98</u>	<u>\$ 191,338.19</u>	<u>\$ 227,040.79</u>

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
Statement of Water & Sewer Capital Serial Bonds Payable
For the Year Ended December 31, 2013

<u>Date Issued</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u> <u>December 31, 2013</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance</u>	
						<u>Dec. 31, 2012</u>	<u>Dec. 31, 2013</u>
Water and Sewer Obligation Bond	9/8/2011	\$ 2,935,000.00	2014	\$ 175,000.00	2.00%		
			2015	325,000.00	2.00%		
			2016	335,000.00	2.00%		
			2017	350,000.00	2.25%		
			2018	350,000.00	2.25%		
			2019	350,000.00	2.50%		
			2020	350,000.00	2.50%		
			2021	350,000.00	2.75%	\$ 2,760,000.00	\$ 2,585,000.00
						<u>\$ 2,760,000.00</u>	<u>\$ 2,585,000.00</u>

CITY OF GLOUCESTER CITY
WATER & SEWER UTILITY CAPITAL FUND
 Statement of Bonds and Notes Authorized but Not Issued
 For the Year Ended December 31, 2013

	Ordinance Number	Balance Dec. 31, 2012	2013 Authorizations	Notes Issued	Balance Dec. 31, 2013
General Improvements:					
WATER:					
Replacement of Water Treatment Plant	09-07	\$ 117,262.00			\$ 117,262.00
Water Mains	13-09a		\$ 1,155,774.00		1,155,774.00
Automatic Water Meter Reading System	13-09b		936,923.00		936,923.00
Well No. 42 Upgrades	13-11b		85,500.00	85,500.00	
SEWER:					
Main Systems - Cumberland, Monmouth & Hudson	13-08a		1,568,921.00		1,568,921.00
Sewer System - Water Street	13-08b		588,596.00		588,596.00
Pump Station Improvements	13-11a		39,900.00	39,900.00	
SCADA Sewer System Upgrades	13-11d		19,950.00	19,950.00	
EQUIPMENT:					
Back Hoe & Various Equipment	13-11c		80,750.00	80,750.00	
		\$ 117,262.00	\$ 4,476,314.00	\$ 226,100.00	\$ 4,367,476.00

CITY OF GLOUCESTER CITY
PART 2
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Gloucester City
Gloucester City, NJ 08030

Report on Compliance for Each Major Federal Program

We have audited the City of Gloucester City's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Gloucester City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the City of Gloucester City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gloucester City's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 5, 2014

CITY OF GLOUCESTER CITY
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2013

Federal Grantor/ Pass-through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	<u>Grant Number</u>	Program or Award <u>Amount</u>	<u>Grant Period</u> <u>From</u> <u>To</u>	
<u>U.S. Dept. of Housing and Urban Development</u>					
Program Income (CDBG Revolving Loan Fund)	14.228	N/A	N/A	N/A	N/A
Small Cities 2012 (Public Facilities)	14.228	2012-02292-0281-00	400,000.00	2/1/12	6/30/14
Small Cities 2013 (Housing Rehab)	14.228	2013-02292-0133-00	200,000.00	1/1/13	12/31/14
Total Housing and Urban Development					
<u>US Department of Homeland Security</u>					
Emergency Management Assistance Grant	97.042	N/A	5,000.00	1/1/09	12/31/09
Emergency Management Assistance Grant	97.042	N/A	5,000.00	1/1/11	12/31/11
Emergency Management Assistance Grant	97.042	N/A	5,000.00	1/1/12	12/31/12
Emergency Management Grant - Hurrigan Sandy	97.036	N/A	59,680.47	N/A	N/A
Staffing of Adequate Fire and Emergency Response (SAFER) Grant	97.083	N/A	598,038.00	6/11/12	6/10/14
Total U.S. Department of Homeland Security					
<u>Department of Environmental Protection</u>					
Brownfield Redevelopment Cleanup project	66.818	BF98291903	400,000.00	10/1/03	9/30/05
Licensed Operator Internship Program	66.471	03-100-042-4840-176	35,000.00	9/1/11	8/31/12
Total Department of Environmental Protection					
<u>Department of Transportation</u>					
Drive Sober or Get Pulled Over	20.607	N/A	4,400.00	12/7/12	1/2/13
Drive Sober or Get Pulled Over	20.607	N/A	8,800.00	12/6/13	1/2/14
Total Over the Limit Under Arrest					
ARRA NJ Transportation Trust - Market Street Commons & Streetscape	20.205	N/A	303,447.00	7/1/10	6/30/11
ARRA NJ Transportation Trust - Burlington Street Streetscape	20.205	N/A	359,234.00	7/1/10	6/30/11
NJ Transportation Enhancement Program-Broadway Streetscape	20.205	N/A	270,000.00	7/1/09	6/30/10
NJ Dept of Transportation Municipal Aid Program- Broadway Streetscape	20.205	N/A	150,000.00	7/1/09	6/30/10
NJ Dept of Transportation Municipal Aid Program- Broadway Lighting	20.205	N/A	200,000.00	7/1/11	6/30/12
NJ Dept of Transportation Municipal Aid Program- Monmouth Street II	20.205	N/A	211,500.00	7/1/12	6/30/13
Total NJ Transportation Grants					
Total Department of Transportation					
Total Federal Financial Assistance					

The accompanying Notes to the Financial Statements and the Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Balance <u>Dec. 31, 2012</u>	Receipts or Revenues <u>Recognized</u>	Encumbrances/ Contract <u>Awards</u>	Disbursed/ <u>Expended</u>	Balance <u>Dec. 31, 2013</u>	(Memo Only) <u>Culmulative</u>	
					Cash <u>Received</u>	<u>Expenditures</u>
\$ 71,114.03	\$ 80,890.35		\$ 2,308.34	\$ 149,696.04	N/A	N/A
361,286.00		\$ 352,972.40	5,077.60	3,236.00	\$ 48,309.62	\$ 396,764.00
	200,000.00	14,404.00	53,495.00	132,101.00		67,899.00
432,400.03	280,890.35	367,376.40	60,880.94	285,033.04	48,309.62	464,663.00
15.00		15.00			5,000.00	5,000.00
320.00		305.00		15.00	5,000.00	4,985.00
5,000.00		5,000.00			5,000.00	5,000.00
	59,680.47		59,680.47		59,680.47	59,680.47
501,872.36			244,671.48	257,200.88	344,499.00	340,837.12
507,207.36	---	5,320.00	304,351.95	257,215.88	419,179.47	415,502.59
19,713.22				19,713.22	395,120.75	380,286.78
24,681.44				24,681.44	11,727.49	10,318.56
44,394.66	---	---	---	44,394.66	406,848.24	390,605.34
2,550.00			2,550.00		4,400.00	4,400.00
	8,800.00		4,400.00	4,400.00	4,400.00	4,400.00
2,550.00	8,800.00	---	6,950.00	4,400.00	8,800.00	8,800.00
4,787.88				4,787.88	294,928.77	298,659.12
20,793.32				20,793.32	334,443.28	338,440.68
254,501.50		73,057.38	146,775.84	34,668.28	44,101.54	235,331.72
24,787.22				24,787.22	150,000.00	125,212.78
170,240.00		156,697.50		13,542.50	117,523.13	186,457.50
211,500.00		101,265.00		110,235.00		101,265.00
686,609.92	---	331,019.88	146,775.84	208,814.20	940,996.72	1,285,366.80
689,159.92	8,800.00	331,019.88	153,725.84	213,214.20	949,796.72	1,294,166.80
\$ 1,673,161.97	\$ 289,690.35	\$ 703,716.28	\$ 518,958.73	\$ 799,857.78	\$ 1,824,134.05	\$ 2,564,937.73

CITY OF GLOUCESTER CITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Note 1: **GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Gloucester City, County of Camden, State of New Jersey. The City is defined in the Notes to the Financial Statements, Note 1.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statements. Expenditures from awards are reported in the City's financial statements as follows:

<u>Fund</u>	<u>Federal</u>
Current Fund	\$ 516,650.39
Trust Other Fund	2,308.34
	<hr/>
	\$ 518,958.73
	<hr/> <hr/>

Note 4: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

CITY OF GLOUCESTER CITY
PART 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

**CITY OF GLOUCESTER CITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013**

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? x yes none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	New Jersey Department of Transportation
97.083	Staffing of Adequate Fire and Emergency Response

Dollar threshold used to determine Type A programs 300,000.00

Auditee qualified as low-risk auditee? yes x no

CITY OF GLOUCESTER CITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

N/A

Internal control over major programs:

Material weakness(es) identified? ___ yes ___ no

Significant deficiency(ies) identified? ___ yes ___ none reported

Type of auditor's report issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 04-04-OMB?

___ yes ___ no

Identification of major programs:

GMIS Number(s)

Name of State Program

Dollar threshold used to determine Type A programs

Auditee qualified as low-risk auditee?

___ yes ___ no

**CITY OF GLOUCESTER CITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013**

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-1

Criteria or Specific Requirement

Local Public Contracts Law requires publication of a notice in the contracting unit's official newspaper whenever a professional service or extraordinary unspecifiable service contract that exceeds the bid threshold is awarded.

Condition

The award of all professional service and extraordinary unspecifiable service contracts were not advertised in accordance with the statutes.

Context

Five professional service contracts and two extraordinary unspecifiable service contracts awarded were not advertised.

Effect

The City did not fully comply with the Local Public Contracts Law.

Cause

The City was relying on guidance they had received prior to the state issuing clarifying guidance that would require advertisement.

Recommendation

This condition has been resolved during 2014.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and have addressed the matter in 2014.

CITY OF GLOUCESTER CITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-2

Criteria or Specific Requirement

Regional Contribution Agreement and Small Cities Loan balances are to be collected when the original property owner sells the property, or no longer lives in the home.

Condition

Several properties with RCA and Small Cities loan balances outstanding appear to have been sold or foreclosed during 2013, however, the loan balances were not collected or canceled by City Council.

Context

Of the 148 balances that were reviewed, six properties with loan balances at year-end, appear to have been sold or foreclosed upon, however, no payments were made on outstanding RCA and Small Cities loan balances totaling \$45,125.00.

Effect

Future loans to property owners in need of assistance may be impacted as a result of not collecting the balances owed.

Cause

In consultation with loan program coordinator and chief financial officer, several properties may have been sold without the title search indicating a lien existed or the City was not notified that a sale of the property was occurring.

Recommendation

The City should implement procedures for identifying when RCA and Small Cities properties with loans are sold so that collections of outstanding loans are resolved.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address this matter as part of their corrective action plan.

CITY OF GLOUCESTER CITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.

CITY OF GLOUCESTER CITY
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards that are required to be reported in accordance with Government Auditing Standards and OMB Circular A-133.

FINANCIAL STATEMENT FINDINGS

Finding No. 2012-1

Condition

The City did not record the sale of one foreclosed property and did not receive the proceeds from the sale during the year of the sale.

Current Status

The condition has been resolved.

Finding No. 2012-2

Condition

The controls in place by the City over the monitoring and disbursing of Urban Development Action funds are not operating effectively. The City has not been fulfilling the expenditure allocation as stipulated by the self-enforced agreement.

Current Status

The condition has been resolved.

Finding No. 2012-3

Condition

The award of all professional services contracts were not advertised in accordance with the statutes.

Current Status

The condition continues to exist, see Finding No. 2013-1.

FEDERAL AWARD FINDINGS

None.

CITY OF GLOUCESTER CITY
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
William P. James	Mayor	
Daniel T. Spencer, Jr.	Councilperson	
John Hutchinson	Councilperson	
James Johnson	Councilperson	
Bruce Parry	Councilperson	
Nancy Baus	Councilperson	
Patrick Keating	Councilperson	
Joanne Eddy	Tax Collector	\$1,000,000.00(B)
Lois Riding	Tax Search Officer	(A)
Frank J. Robertson	Chief Financial Officer	1,000,000.00(B)
Kathleen Jentsch	Registered Municipal Clerk and Registrar of Vital Statistics	(A)
Jack Lipsett	Administrator	(A)
William Golden	Municipal Judge	1,000,000.00(B)
Betty Ann Rainwater	Municipal Court Administrator	1,000,000.00(B)
John Kearney	Solicitor	
John Dymond	Tax Assessor	(A)
George Berglund	Police Chief	(A)
Michael DePalma	Construction Code Official and Plumbing Sub Code Official	(A)
Brian Hagan	Fire Chief	(A)

(A) Covered by a Public Employee Bond of \$950,000.00, with Camden County Joint Insurance Fund as participants in the Municipal Excess Liability Joint Insurance Fund.

(B) Covered by a Public Employee Statutory Position Bond with Camden County Joint Insurance Fund as participants in the Municipal Excess Liability Joint Insurance Fund.

19700

APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, reading "Robert S. Marrone". The signature is written in a cursive style with a large, prominent initial "R".

Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

