

CITY OF VENTNOR CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

CITY OF VENTNOR CITY

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CITY OF SOMERS POINT

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
City of Ventnor City, New Jersey

We have audited the accompanying balance sheet - regulatory basis of the various funds and account groups of the City of Ventnor City, New Jersey, as of December 31, 2011, the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the City of Ventnor City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2010 were audited by other auditors whose report dated May 31, 2011 expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unqualified opinion under the regulatory basis of accounting.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Ventnor City, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Ventnor City as of December 31, 2011 and 2010 or the results of its operations for the years then ended.

However, in our opinion, except for the affects of the required disclosure, as described above, the financial statements referred to above, present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the City of Ventnor City, New Jersey as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012 on our consideration of the City of Ventnor City's internal control structure 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated in all material respects in relation to the financial statements as a whole.

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

Kenneth W. Moore
Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

May 14, 2012

EXHIBIT A - CURRENT FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 3,064,785	\$ 3,248,025
Change Fund	A-5	530	530
		<u>3,065,315</u>	<u>3,248,555</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	2,015,239	1,850,518
Tax Title Liens Receivable	A-7	-	-
Property Acquired / Assessed Valuation		267,200	267,200
Revenue Accounts Receivable	A-8	13,661	15,300
Due from Trust Assessment Fund	B	30,776	30,776
Due from Trust - Other Funds	B	-	85,819
Due from General Capital Fund	C	124,793	103,639
Due from Water and Sewer Utility Operating	D	612,238	612,238
Due from Animal Control Fund	B	7,125	4,471
	A	<u>3,071,032</u>	<u>2,969,961</u>
		<u>6,136,347</u>	<u>6,218,516</u>
Federal and State Grant Fund:			
Due from Current	A	178,321	170,790
Federal and State Grants Receivable	A-11	309,678	176,200
		<u>487,999</u>	<u>346,990</u>
		<u>\$ 6,624,346</u>	<u>\$ 6,565,506</u>

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 211,332	\$ 280,742
Encumbrances Payable	A-3	205,303	263,298
Prepaid Taxes		578,643	616,226
Tax Overpayments		128,945	73,303
Due County for Added and Omitted Taxes	A-6	4,386	10,818
Due to State of New Jersey:			
Marriage License and Domestic Partner Fees		350	350
State Training Fees		3,497	2,182
Veterans' and Senior Citizens' Deductions		9,175	7,143
Reserve for Judgements		92,500	100,000
Due to Federal and State Grant Fund	A	178,321	170,790
Due to Water and Sewer Utility Capital Fund	D	59,360	59,360
Due to Other Trust Funds	B	17,311	-
		<u>1,489,123</u>	<u>1,584,212</u>
Reserves for Receivables	A	3,071,032	2,969,961
Fund Balance	A-1	<u>1,576,192</u>	<u>1,664,343</u>
		<u>6,136,347</u>	<u>6,218,516</u>
Federal and State Grant Fund:			
Reserve for Encumbrances		138,900	86,339
Reserve for State Grants:			
Unappropriated Reserves	A-13	6,231	6,231
Appropriated Reserves	A-12	<u>342,868</u>	<u>254,420</u>
		<u>487,999</u>	<u>346,990</u>
		<u>\$ 6,624,346</u>	<u>\$ 6,565,506</u>

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

	Ref.	2011	2010
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,300,000	1,300,000
Miscellaneous Revenues Anticipated	A-2	3,275,694	3,775,934
Receipts from Delinquent Taxes	A-2	1,834,192	1,581,133
Receipts from Current Taxes	A-2	45,383,409	43,414,147
Nonbudget Revenues	A-2	103,767	156,999
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-9	335,940	448,511
Miscellaneous Credit		1	-
Interfunds Returned		85,820	-
		<u>52,318,823</u>	<u>50,676,724</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	11,193,186	10,737,676
Other Expenses	A-3	6,369,374	6,100,877
Deferred Charges and			
Statutory Expenditures	A-3	2,757,708	2,752,445
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	154,782	155,101
Other Expenses	A-3	210,303	157,522
Capital Improvements	A-3	-	340,000
Debt Service	A-3	1,904,499	1,628,396
Deferred Charges	A-3	-	555,474
Type I School Debt Service	A-3	1,461,567	1,407,879
County Taxes Payable	A-6	9,738,357	8,821,886
County Share of Added and Omitted Taxes	A-6	4,386	10,818
Local District School Tax	A-10	17,312,812	16,914,449
Interfunds Created			357,754
		<u>51,106,974</u>	<u>49,940,277</u>

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

	Ref.	2011	2010
Excess in Revenues		\$ 1,211,849	\$ 736,447
Adjustments to Income Before Fund Balance - Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		-	-
Statutory Excess to Fund Balance		1,211,849	736,447
Fund Balance January 1	A	1,664,343	2,227,896
Total		2,876,192	2,964,343
Decreased by:			
Utilization as Anticipated Revenue	A-2	1,300,000	1,300,000
Fund Balance December 31	A	\$ 1,576,192	\$ 1,664,343

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,300,000	\$	\$ 1,300,000	\$ -
		1,300,000	-	1,300,000	-
<u>Miscellaneous Revenues:</u>					
Licenses-Alcoholic Beverages	A-8	3,200		3,306	106
Licenses-Other	A-8	80,000		85,232	5,232
Fees and Permits	A-8	150,000		218,554	68,554
Municipal Court	A-8	230,000		230,502	502
Interest and Costs on Taxes	A-8	315,000		364,181	49,181
Parking Meters	A-8	40,000		41,990	1,990
Interest on Investments	A-8	50,000		16,311	(33,689)
Beach Control Fees	A-8	200,000		208,291	8,291
Land Rental	A-8	85,000		87,501	2,501
Viking Rowing Foundation, Inc. Lease Agreement	A-8	31,000		31,092	92
Payment in Lieu of Taxes	A-8	72,000		184,000	112,000
Cable Television Franchise Fees	A-8	55,000		53,075	(1,925)
City Lease Fees	A-8	38,000		41,096	3,096
Ambulance Service Fees	A-8	340,000		278,127	(61,873)
Recreation Fees	A-8	65,000		81,980	16,980
Consolidated Municipal Property Tax Relief Aid	A-8	20,805		20,805	-
Energy Receipts Tax	A-8	587,307		577,541	(9,766)
Uniform Construction Code Fees	A-8	150,000		160,025	10,025
Borough of Longport-Uniform Construction Code Office	A-8	39,000		39,000	-
FEMA Reimbursement	A-8	45,178		45,178	-
Utility Fund Allocation	A-8	253,822		253,822	-

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
(CONTINUED)**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Additional Revenues Offset With Appropriations:					
Body Armor	A-11	\$	\$ 3,738	\$ 3,738	\$ -
Recycling Tonnage Grant	A-11		14,488	14,488	-
Clean Communities	A-11		25,514	25,514	-
Alcohol Education, Rehabilitation and Enforcement	A-11		782	782	-
DWI Checkpoint	A-11		1,760	1,760	-
Safe and Secure Program	A-11	60,000		60,000	-
State Cooperative Housing	A-11		1,965	1,965	-
FEMA - Assistance for Firefighters	A-11		140,838	140,838	-
Emergency Management Grant	A-11		5,000	5,000	-
<hr/>					
Total Miscellaneous	A-2	2,910,312	194,085	3,275,694	171,297
Receipts from Delinquent Taxes	A-2	1,000,000		1,834,192	834,192
Subtotal General Revenues		5,210,312	194,085	6,409,886	1,005,489
Amount to be Raised by Taxes for					
Support to Municipal Budget -					
Local Tax for Municipal Purposes	A-2	19,420,939		19,068,683	(352,256)
Addition to Local District School Tax		1,461,568		1,461,568	-
Total Amount to be Raised by Taxation		20,882,507	-	20,530,251	(352,256)
Budget Totals		26,092,819	194,085	26,940,137	653,233
Nonbudget Revenues	A-1:A-2			103,767	103,767
		\$ 26,092,819	\$ 194,085	\$ 27,043,904	\$ 757,000
	Ref.	A-3	A-3		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

<u>Analysis of Realized Revenue:</u>	<u>Ref.</u>		
<u>Allocation of Current Tax Collections:</u>			
Revenue from Collections	A-1:A-6	\$	45,383,409
Allocated to:			
School and County Taxes	A-1:A-6		<u>27,055,555</u>
Balance for Support of Municipal Budget Revenues			18,327,854
Add:			
Appropriation: "Reserve for Uncollected Taxes"	A-3		<u>2,202,397</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>20,530,251</u></u>
 <u>Receipts from Delinquent Taxes:</u>			
Delinquent Tax Collections	A-6	\$	1,834,192
Tax Title Lien Collections	A-7		<u>-</u>
	A-2	\$	<u><u>1,834,192</u></u>

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
(CONTINUED)**

Ref.

Miscellaneous Revenue Not Anticipated:

Fire Enforcement Permits	\$ 2,557
Insurance Reimbursements	10,081
Mercantile Registrations	4,419
Auction	2,344
Sale of Property	17,232
Miscellaneous	19,644
Police Details	860
Rental Registrations	7,815
Miscellaneous Rentals	3,725
VBOE Fuel	23,553
AC Reimbursement	<u>11,537</u>

A-2:A-8

\$ 103,767

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
GENERAL GOVERNMENT:						
Mayor's Office						
Salaries and Wages	\$ 59,552	\$ 59,552	\$ 59,454	\$ 98	\$	\$
Other Expenses	8,625	8,625	7,103	1,522		
Police						
Salaries and Wages	3,687,496	3,667,496	3,645,223	22,273		
Other Expenses	106,520	121,520	120,950	570		
Fire						
Salaries and Wages	3,873,195	3,933,195	3,922,224	10,971		
Other Expenses	97,819	72,819	69,838	2,981		
Uniform Fire Safety Act						
Other Expenses	5,089	5,089	4,548	541		
Radio and Communications						
Salaries and Wages	461,353	463,453	462,014	1,439		
Other Expenses	19,605	19,605	19,605			
City Administrator						
Salaries and Wages	15,000	15,000	15,000			
Office of Emergency Management						
Salaries and Wages	84,279	93,779	91,736	2,043		
Other Expenses	7,775	4,375	4,189	186		
Dog Control						
Other Expenses	8,400	8,400	8,400			
Electrical Division						
Salaries and Wages	121,017	107,625	103,197	4,428		
Other Expenses	21,760	21,760	13,975	7,785		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>		<u>OVER EXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>		
<u>OPERATIONS WITHIN "CAPS"</u>						
GENERAL GOVERNMENT:						
Zoning Commission						
Salaries and Wages	\$ 3,000	\$ 3,000	\$ 3,000		\$	\$
Other Expenses	16,893	13,793	13,646	147		
Beach Patrol						
Salaries and Wages	412,757	412,757	412,192	565		
Other Expenses	20,431	20,431	20,320	111		
Beach Control						
Salaries and Wages	15,000	16,003	16,003			
Other Expenses	5,000	5,000	4,365	635		
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY:						
Director's Office						
Salaries and Wages	10,000	7,630	7,615	15		
Other Expenses	45	45	-	45		
Streets and Roads						
Salaries and Wages	414,532	401,532	391,978	9,554		
Other Expenses	52,050	65,050	47,771	17,279		
Motor Vehicle Maintenance						
Salaries and Wages	244,768	260,768	258,918	1,850		
Other Expenses	47,820	47,820	43,002	4,818		
Buildings and Grounds						
Salaries and Wages	154,923	194,923	188,951	5,972		
Other Expenses	122,750	112,750	111,418	1,332		
Recreation						
Salaries and Wages	176,046	185,246	183,810	1,436		
Other Expenses	98,235	119,735	86,373	275		33,087

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>		
<u>OPERATIONS WITHIN "CAPS"</u>						
City Engineer						
Other Expenses	\$ 25,475	\$ 50,475	\$ 50,151	\$ 324	\$	\$
Solid Waste/Recycling						
Salaries and Wages	39,162	49,162	48,558	604		
Other Expenses	1,066,500	1,016,500	990,958	25,542		
 DEPARTMENT OF REVENUE AND FINANCE:						
Director's Office						
Salaries and Wages	10,000	10,000	10,000			
Other Expenses	45	45		45		
Legal Services and Costs						
Other Expenses	231,500	196,500	192,101	4,399		
City Clerk						
Salaries and Wages	71,438	72,049	72,048	1		
Other Expenses	28,086	25,086	23,080	2,006		
Revision and Codification of Ordinances	7,300	2,300	2,223	77		
Elections						
Other Expenses	6,300	6,300	5,669	631		
Audit						
Other Expenses	50,000	50,000	50,000			
Planning Board						
Salaries and Wages	2,500	2,500	1,400	1,100		
Other Expenses	13,275	4,575	4,534	41		
Financial Administration						
Salaries and Wages	287,268	287,268	280,782	6,486		
Other Expenses	32,640	26,140	24,747	1,393		
Assessment of Taxes						
Salaries and Wages	77,120	77,120	74,477	2,643		
Other Expenses	9,662	7,162	7,113	49		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
Collection of Taxes						
Salaries and Wages	\$ 79,792	\$ 79,792	\$ 79,791	\$ 1	\$	\$
Other Expenses	13,555	11,555	11,466	89		
Information Technology						
Salaries and Wages	44,126	44,126	44,125	1		
Other Expenses	34,945	34,945	34,858	87		
Municipal Court						
Salaries and Wages	131,975	132,475	132,474	1		
Other Expenses	7,142	7,142	6,432	710		
Municipal Prosecutor						
Salaries and Wages	31,000	31,000	31,000			
Public Defender						
Other Expenses	9,000	9,000	9,000			
Insurance						
General Liability	128,000	113,000	111,600	1,400		
Workers Compensation	832,061	749,864	749,863	1		
Employee Group Health	2,178,930	2,411,575	2,411,575			
Health Waiver	123,500	123,500	119,677	3,823		
Inspection of Buildings						
Salaries and Wages	231,679	238,179	237,375	804		
Other Expenses	4,160	4,160	3,411	749		
Inspection of Housing						
Salaries and Wages	39,391	40,391	40,269	122		
Other Expenses	5,520	820	798	22		
Electrical and Plumbing Inspections						
Salaries and Wages	9,100	9,100	9,036	64		
Utilities						
Gasoline	150,000	180,000	167,472	12,528		
Electricity	615,000	525,000	525,000			
Telephone	100,000	70,000	57,206	12,794		
Natural Gas	120,000	130,000	115,418	14,582		
Terminal Leave	246,765	298,065	297,998	67		
Total Operations Within "CAPS"	17,465,647	17,595,647	17,370,503	192,057	-	33,087

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
Contingent						
Total Operations Incl. Contingent Within "CAPS"	\$ 17,465,647	\$ 17,595,647	\$ 17,370,503	\$ 192,057	\$ -	\$ 33,087
Detail:						
Salaries and Wages	11,034,234	11,193,186	11,120,648	72,538	-	-
Other Expenses	6,431,413	6,402,461	6,249,855	119,519	-	33,087
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	300,000	227,000	220,889	6,111		
Consolidated Police and Firemen's Pension	18,534	18,534	18,534			
Unemployment	120,000	60,000	54,721	5,279		
Medicare Insurance	140,000	143,000	140,842	2,158		
Police and Fire Retirement System	1,893,083	1,893,083	1,893,083			
Public Employees Retirement System	414,091	414,091	414,091			
Defined Contribution Retirement Plan	2,000	2,000	1,885	115		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	2,887,708	2,757,708	2,744,045	13,663	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	20,353,355	20,353,355	20,114,548	205,720	-	33,087

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>						
Borough of Longport-Uniform Construction Code Office						
Salaries and Wages	\$ 34,000	\$ 34,000	\$ 33,930	\$ 70	\$	\$
Other Expenses	5,000	5,000	4,046	954		
Alcohol Education and Rehabilitation Fund		782	782			
Body Armor Grant		3,738	3,738			
Recycling Tonnage Grant		14,488	14,488			
Emergency Management Assistance		5,000	5,000			
FEMA - Assistance to Firefighters		140,838	140,838			
FEMA - Assistance to Firefighters - Local Match		7,412	7,412			
Safe and Secure Communities Program						
State Share	60,000	60,000	60,000			
Local Share	60,000	60,000	60,000			
DWI Checkpoint		1,760	1,760			
State Housing Inspection Program		1,965	1,965			
Clean Communities Program		25,514	25,514			
Match for Grants	12,000	4,588		4,588		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	171,000	365,085	359,473	5,612	-	-
Detail:						
Salaries and Wages	154,000	154,782	154,712	70		
Other Expenses	17,000	210,303	204,761	5,542		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>	\$	\$	\$	\$	\$	\$
None		-				
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	-	-	-	-	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	1,415,000	1,415,000	1,415,000			
Interest on Bonds	458,407	458,407	458,407			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	31,092	31,092	31,092			
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,904,499	1,904,499	1,904,499	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,075,499	2,269,584	2,263,972	5,612	-	-

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES		OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"</u>						
Type I District School Debt Service						
Payment of Bond Principal	\$ 1,010,000	\$ 1,010,000	\$ 1,010,000			
Interest on Bonds	451,568	451,568	451,567			1
TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"	1,461,568	1,461,568	1,461,567	-	-	1
SUBTOTAL GENERAL APPROPRIATIONS	23,890,422	24,084,507	23,840,087	211,332	-	33,088
RESERVE FOR UNCOLLECTED TAXES	2,202,397	2,202,397	2,202,397			
TOTAL GENERAL APPROPRIATIONS	\$ 26,092,819	\$ 26,286,904	\$ 26,042,484	\$ 211,332	\$ -	\$ 33,088
	A-2	A-2		A	A	
	<u>Ref.</u>					
Budget		\$ 26,092,819				
N.J.S.A. 40A:4-87		194,085				
		\$ 26,286,904				
			<u>Ref.</u>	<u>PAID OR CHARGED</u>		
Encumbrances Payable			A	\$ 205,303		
Federal and State Grants			A-12	321,497		
Reserve for Uncollected Taxes			A-3	2,202,397		
Disbursed			A-4	23,313,287		
				\$ 26,042,484		

See Accompanying Notes to Financial Statements

EXHIBIT B - TRUST FUNDS

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

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Assessment Fund:			
Due from Trust - Other Fund	B	\$ 47,493	\$ 47,493
		<u>47,493</u>	<u>47,493</u>
Dog License Fund:			
Cash	B-1	12,507	10,074
Prepaid State Fees	B-1	-	22
		<u>12,507</u>	<u>10,096</u>
Other Funds:			
Cash - Treasurer	B-1	1,379,167	1,023,023
Cash Held in Trust		219,725	219,725
Due from Current Fund	A:B-7	17,311	-
		<u>1,616,203</u>	<u>1,242,748</u>
		\$ <u>1,628,710</u>	\$ <u>1,252,844</u>
 <u>Liabilities, Reserves, and Fund Balance</u>			
Assessment Fund:			
Due to Current Fund	A	\$ 30,776	\$ 30,776
Fund Balance		16,717	16,717
		<u>47,493</u>	<u>47,493</u>
Dog License Fund:			
Due to Current Fund	A:B-3	7,125	4,471
Prepaid Dog License Fees	B-1	150	192
Due to State of New Jersey	B-4	-	-
Reserve for Dog Fund Expenditures	B-2	5,232	5,433
		<u>12,507</u>	<u>10,096</u>
Other Funds:			
Due to Trust Assessment Fund	B	47,493	47,493
Due to Water and Sewer Utility Operating Fund	D	1,548	1,548
Payroll Deductions Payable	B-6	154,012	124,378
Due to Current Fund	A:B-7	-	85,820
Miscellaneous Reserves	B-8	1,413,150	983,509
		<u>1,616,203</u>	<u>1,242,748</u>
Total		\$ <u>1,628,710</u>	\$ <u>1,252,844</u>

See Accompanying Notes to Financial Statements

EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash	C-2	\$ 2,989,624	\$ 4,610,245
Receivable State of NJ - Green Acres Grant		285,000	285,000
Deferred Charges to Future Taxation:			
Funded	C-4	24,677,924	27,128,532
Unfunded	C-5	2,145,401	530,401
		<u>30,097,949</u>	<u>32,554,178</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Contracts Payable	C-6	808,948	1,220,040
Due to:			
Current Fund	A	124,793	103,639
Water and Sewer Utility Operating Fund	D	171,775	171,775
Water and Sewer Utility Capital Fund	D	38,000	38,000
Improvement Authorizations:			
Funded	C-7	2,393,211	3,627,460
Unfunded	C-7	953,566	-
Bond Anticipation Notes	C-8	750,000	-
General Serial Bonds Payable	C-9	12,260,000	13,675,000
School Serial Bonds - Type 1 Payable	C-10	12,163,000	13,173,000
Green Trust Loan Payable	C-11	254,924	280,532
Capital Improvement Fund	C-12	93,987	178,987
Reserve for Payment of Bonds		3,814	3,814
Fund Balance	C-1	81,931	81,931
		<u>\$ 30,097,949</u>	<u>\$ 32,554,178</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2011 and 2010 of \$1,395,401 and \$530,401 respectively (C-13)

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2010	C	\$	81,931
No Activity			-
Balance December 31, 2011	C	\$	<u>81,931</u>

See Accompanying Notes to Financial Statements

EXHIBIT D - SEWER UTILITY

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	Ref.	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	D-5	\$ 1,118,425	\$ 834,451
Change Fund		100	100
Due from Trust - Other Fund	B	1,548	1,548
Due from General Capital Fund	C	171,775	171,775
		<u>1,291,848</u>	<u>1,007,874</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	957,116	586,065
		<u>957,116</u>	<u>586,065</u>
Deferred Charge			
Emergency Authorization	D-4	-	400,000
Expenditure without Appropriation	D-4	-	400
Overexpenditure of Appropriations	D-4	264	37,585
		<u>264</u>	<u>437,985</u>
Total of Operating Fund		<u>2,249,228</u>	<u>2,031,924</u>
Capital Fund:			
Cash	D-6	7,270,875	9,755,999
Fixed Capital - Completed	D-12	9,960,918	9,960,918
Fixed Capital - Authorized and Uncompleted	D-13	14,222,400	11,922,400
Due from Current Fund	A	59,360	59,360
Due from General Capital Fund	C	38,000	38,000
Due from Utility Operating Fund	D	283,675	336,403
		<u>31,835,228</u>	<u>32,073,080</u>
Total of Capital Fund		<u>31,835,228</u>	<u>32,073,080</u>
Total Assets	D	<u>\$ 34,084,456</u>	<u>\$ 34,105,004</u>

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	Ref.	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$ 42,853	\$ 255,895
Encumbrances Payable	D-4	21,526	83,308
Water and Sewer Rent Overpayments	D-9	11,650	6,855
Due to Current Fund	A	612,238	612,238
Due to Utility Capital Fund	D	283,675	336,403
Accrued Interest on Bonds and Notes	D-11	40,904	40,620
		<u>1,012,846</u>	<u>1,335,319</u>
Reserve for Receivables	Res.	957,116	586,065
Fund Balance	D-1	279,266	110,540
Total of Operating Fund		<u>2,249,228</u>	<u>2,031,924</u>
Capital Fund:			
Contracts Payable	D-14	4,057,722	1,693,461
Improvement Authorizations:			
Funded	D-14	3,809,190	8,441,333
Unfunded	D-14	1,156,030	
Bond Anticipation Notes Payable	D-15	874,000	-
Water and Sewer Serial Bonds Payable	D-16	12,230,000	12,790,000
Reserves for Amortization	D-17	8,852,918	8,692,918
Deferred Reserve for Amortization	D-18	800,400	400,400
Fund Balance	D-2	54,968	54,968
Total of Capital Fund		<u>31,835,228</u>	<u>32,073,080</u>
Total Liabilities, Reserves and Fund Balance	D	\$ <u>34,084,456</u>	\$ <u>34,105,004</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2011 and 2010

**WATER AND SEWER OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Fund Balance Anticipated	D-1:D-3	\$	\$ 128,000
Rents	D-3	5,200,192	4,917,131
Miscellaneous Revenue	D-3	113,770	84,753
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	279,286	89,052
Total Income		<u>5,593,248</u>	<u>5,218,936</u>
 <u>Expenditures</u>			
Operating	D-4	3,895,191	4,084,013
Capital Improvements	D-4	-	400,000
Debt Service	D-4	1,010,188	258,347
Deferred Charges and Statutory Expenditures	D-4	519,408	821,662
Total Expenditures		<u>5,424,787</u>	<u>5,564,022</u>
Excess(Deficit) in Revenues		168,461	(345,086)
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred charges to budget of succeeding year	D	<u>264</u>	<u>433,085</u>
Statutory Excess to Fund Balance		168,725	87,999
Fund Balance January 1	D	<u>110,541</u>	<u>150,542</u>
Total		279,266	238,541
Decreased by:			
Utilization as Anticipated Revenue		-	128,000
Fund Balance December 31	D	<u>\$ 279,266</u>	<u>\$ 110,541</u>

See Accompanying Notes to Financial Statements

**WATER AND SEWER OPERATING FUND
STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Balance January 1,	D	\$ 54,968	\$ 54,968
No Activity in 2011 or 2010			
Balance December 31,	D	\$ <u>54,968</u>	\$ <u>54,968</u>

See Accompanying Notes to Financial Statements

**WATER AND SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents - Sewer	D-1:D-7	\$ 4,917,131	\$ 5,200,192	\$ 283,061
Miscellaneous Receipts	D-5	83,523	113,770	30,247
Additional Rents		423,869		(423,869)
		<u>\$ 5,424,523</u>	<u>\$ 5,313,962</u>	<u>\$ (110,561)</u>

Analysis of Realized Revenue

Rents

Consumer Accounts Receivable

D-7 \$ 5,200,192

Miscellaneous

Interest on Deposits

\$ 50,221

Interest on Delinquent Rents

60,447

Miscellaneous

3,102

D-5 \$ 113,770

See Accompanying Notes to Financial Statements

**WATER AND SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Appropriations		Expended			Unexpended Balance Canceled	Over-Expended
	Budget	Budget after Modification	Paid or Charged	Encumbered	Reserved		
Operating							
Salaries and Wages	\$ 966,305	\$ 1,021,305	\$ 1,018,654	\$	\$ 2,651	\$	\$
Other Expenses	1,201,170	1,139,670	1,079,882	21,526	38,262		
ACMUA- Treatment Costs	1,480,394	1,480,394	1,480,394		-		
Current Fund Allocation	253,822	253,822	253,822		-		
	<u>3,901,691</u>	<u>3,895,191</u>	<u>3,832,752</u>	<u>21,526</u>	<u>40,913</u>	<u>-</u>	<u>-</u>
Capital Improvement							
None					-		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service							
Principal	560,000	560,000	560,000			-	
Interest on Bonds	449,924	449,924	449,925				1
Interest on BAN's	-	-	263				263
	<u>1,009,924</u>	<u>1,009,924</u>	<u>1,010,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264</u>
Deferred Charges and Statutory Expenditures							
Deferred Charges							
Emergency Authorizations	400,000	400,000	400,000		-		
Overexpenditure of Appropriation	37,585	37,585	37,585		-		
Expenditure without Apropiations	400	400	400		-		
Contribution to:							
Social Security System (O.A.S.I.)	73,923	80,423	78,891		1,532		
Unemployment Compensation	1,000	1,000	592		408		
	<u>512,908</u>	<u>519,408</u>	<u>517,468</u>	<u>-</u>	<u>1,940</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,424,523</u>	<u>\$ 5,424,523</u>	<u>\$ 5,360,408</u>	<u>\$ 21,526</u>	<u>\$ 42,853</u>	<u>\$ -</u>	<u>\$ 264</u>
Ref.	D-3	D-3		D:D-1	D:D-1	D-1	D

Deferred Charge	\$ 437,985	
Accrued interest on Bonds 12/31/11	40,904	D-11
Accrued interest on Bonds 12/31/10	(40,620)	D-11
Disbursed	4,922,139	D-5
	<u>\$ 5,360,408</u>	

See Accompanying Notes to Financial Statements

EXHIBIT G - GENERAL FIXED ASSETS

**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2011</u>	<u>2010</u>
General Fixed Assets:		
Work in Progress	\$ -	701,472
Land and Buildings	18,374,183	17,560,612
Machinery and Equipment	860,613	468,217
Vehicles	<u>4,467,759</u>	<u>3,885,633</u>
Total General Fixed Assets	<u><u>23,702,555</u></u>	<u><u>22,615,934</u></u>
Investment in General Fixed Assets	\$ <u><u>23,702,555</u></u>	<u><u>22,615,934</u></u>

See Accompanying Notes to Financial Statements

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Ventnor City (hereafter referred to as the “City”) is a resort community in the County of Atlantic, State of New Jersey. The City covers an area of approximately 2.2 square miles with a population according to the 2000 census of 12,910. The City was incorporated by an Act of the New Jersey Legislature on March 17, 1903, from portions of Egg Harbor Township.

The City Commission is governed by the Walsh Act, and consists of a Mayor and two Commissioners.

The Commissioners serve a four-year term of office. Voters within the City choose three Commissioners to serve the four year term. The three elected commissioners then choose one of their members to serve as Mayor. Executive and administrative responsibility rests with the Mayor, who is assisted by the City Administrator.

Component Units – The financial statements of the component unit of the City are not presented in accordance with Government Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. If the provisions of GASB No. 14 and GASB No. 39 had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the City, the primary government:

Ventnor City School District
400 N. Lafayette Avenue
Ventnor City, New Jersey 08406

The annual financial report may be inspected directly at the office of the component unit during regular business hours.

B. Description of Funds

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

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

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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

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

Water and Sewer Utility Operating and Capital Fund -- 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.

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow. A modified accrual basis of accounting is followed with minor exceptions.

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital 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.

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

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land is foreclosed or donated. Land purchased by the City is valued at cost.

No depreciation has been provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital have been accounted for separately.

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar year ended December 31, 2011.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Balance as of 12/31/10	Additions	Disposals	Balance as of 12/31/11
Work in Progress	\$ 701,472	\$ 112,099	\$ 813,571	\$ -
Land and Buildings	17,560,612		(813,571)	18,374,183
Machinery and Equipment	468,217	392,396		860,613
Vehicles	3,885,663	582,126		4,467,789
	<u>\$ 22,615,964</u>	<u>\$ 1,086,621</u>	<u>\$ -</u>	<u>\$ 23,702,585</u>

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.

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

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

Capitalization of Interest -- It is the policy of the City of Ventnor City to treat interest on projects as a current expense and the interest is included in the current operating budget.

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

D. Comparative Data

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2011 and 2010 statutory budgets included a reserve for uncollected taxes in the amount of \$2,202,397 and \$2,104,490. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2011 and 2010 statutory budgets was \$1,300,000 and \$1,300,000.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2011 calendar year:

<u>Budget Category</u>	
Police	
Salaries & Wages	\$ (20,000)
Fire	
Salaries & Wages	60,000
Other Expenses	(25,000)
Solid Waste/Recycling	
Other Expenses	(50,000)
Recreation	
Other Expenses	21,500
Building and Grounds	
Salaries & Wages	40,000
City Engineer	
Other Expenses	25,000
Legal Services	
Other Expenses	(35,000)
Insurance	
Group Health	232,645
Workers Compensation	(82,197)
Gasoline	30,000
Electric	(90,000)
Telephone	(30,000)
Terminal Leave	51,300
Social Security System	(73,000)
Unemployment	(60,000)

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2011, there were the following budget insertions:

DWI Checkpoint	\$	1,760
Emergency Management		5,000
Clean Communities		25,514
FEMA - Firefigthers Assistance		140,838
State Cooperative Housing		1,965
Alcohol Education / Rehabilitation		782
Recycling Tonnage		14,488
Body Armor		3,738
	\$	<u>194,085</u>

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

Note 3: INVESTMENTS

As of December 31, 2011 and 2010, the municipality had no investments.

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011 and 2010, \$73,929 and \$73,921 of the municipality’s bank balance of \$16,576,645 and \$19,500,334, respectively were exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	Balance Beginning	Additions	Reductions	Balance Ending	Due in One Year
General	\$ 13,675,000	\$ -	\$ 1,415,000	\$ 12,260,000	\$ 1,440,000
Utility	12,790,000		560,000	12,230,000	570,000
School	13,173,000		1,010,000	12,163,000	1,040,000
Comp Absences	2,061,357	10,782	297,998	1,774,141	
Total	\$ 41,699,357	\$ 10,782	\$ 3,282,998	\$ 38,427,141	\$ 3,050,000

Paid by Current Fund:

\$6,365,000 General Improvement Bond dated 10/1/02 payable in annual installments through 10/1/13. \$800,000 of principal was paid on 10/1/11. Interest is paid semiannually at rates from 3.00% to 3.25% per annum. The balance remaining as of December 31, 2011 was \$1,640,000.

\$4,275,000 General Improvement Bond dated 8/1/04 payable in annual installments through 8/1/19. \$265,000 of principal was paid on 8/1/11. Interest is paid semiannually at rates from 3.50% to 4.00% per annum. The balance remaining as of December 31, 2011 was \$2,655,000.

\$8,315,000 General Improvement Bond dated 12/1/10 payable in annual installments through 12/1/25. \$350,000 of principal was paid 12/1/11. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2011 was \$7,965,000.

\$6,917,000 School Refunding Bonds dated 12/15/04 payable in annual installments through 10/01/20. \$520,000 of principal was paid on 10/1/11. Interest is paid semiannually at rates from 2.75% to 4.00% per annum. The balance remaining as of December 31, 2011 was \$5,540,000.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

\$4,345,000 School Refunding Bonds dated 5/15/09 payable in annual installments through 2/1/21. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. \$350,000 of principal was paid on 10/1/11. The balance remaining as of December 31, 2011 was \$3,940,000. The City will save \$289,374 in net present value savings. These savings represent 6.973% of the outstanding principal amount of the refunded bonds.

\$2,823,000 School Bonds dated 12/1/10 payable in annual installments through 12/1/25. \$140,000 of principal payment was paid on 12/1/11. Interest is paid semiannually at rates from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2011 was \$2,683,000.

\$500,000 Green Trust Loans Payable dated 4/30/01 payable in semiannual installments of \$15,546 through 10/30/20. The payment includes principal and interest. \$25,608 of principal was paid during 2011. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2011 was \$254,924.

Paid by Water and Sewer Utility Fund:

\$925,000 Water and Sewer Bonds dated 10/1/02 payable in annual installments through 10/01/11. \$100,000 of principal was paid on 10/1/11. Interest is paid semiannually at rates from 3.00% to 3.20% per annum. The balance remaining as of December 31, 2011 was \$200,000.

\$550,000 Water and Sewer Bonds dated 8/01/04 payable in annual installments through 8/01/14. \$60,000 of principal was paid on 8/01/11. Interest is paid semiannually at a rate of 3.50% per annum. The balance remaining as of December 31, 2011 was \$190,000.

\$12,240,000 Water and Sewer Bonds dated 12/1/10 payable in annual installments through 10/01/30. \$400,000 of principal payment was paid on 12/1/11. Interest is paid semiannually at rates from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2011 was \$11,840,000.

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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

Year	General		Water and Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2012	\$ 1,466,123	\$ 429,857	\$ 570,000	\$ 448,981	\$ 2,914,961
2013	1,531,648	383,932	590,000	431,481	2,937,061
2014	832,184	334,697	565,000	413,206	2,145,087
2015	862,730	308,475	510,000	395,931	2,077,136
2016	898,288	280,948	525,000	380,631	2,084,867
2017-2021	4,228,951	940,034	2,900,000	1,647,956	9,716,941
2022-2026	2,695,000	267,850	3,465,000	1,078,556	7,506,406
2027-2030			3,105,000	336,906	3,441,906
	<u>\$ 12,514,924</u>	<u>\$ 2,945,793</u>	<u>\$ 12,230,000</u>	<u>\$ 5,133,648</u>	<u>\$ 32,824,365</u>

Year	School		Total
	Principal	Interest	
2012	\$ 1,040,000	\$ 427,389	\$ 1,467,389
2013	1,070,000	395,840	1,465,840
2014	1,100,000	365,833	1,465,833
2015	1,130,000	331,348	1,461,348
2016	1,170,000	292,570	1,462,570
2017-2021	5,720,000	759,674	6,479,674
2022-2025	933,000	94,529	1,027,529
	<u>\$ 12,163,000</u>	<u>\$ 2,667,183</u>	<u>\$ 14,830,183</u>

As of December 31, 2011, the carrying value of the above bonds approximates the fair value of the bonds.

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Bond Anticipation Note	750,000	-	8,315,100
Water and Sewer:			
Bonds & Notes Issued	12,230,000	12,790,000	705,000
Bond Anticipation Note	874,000		3,640,400
Net Debt Issued	<u>38,531,924</u>	<u>39,918,532</u>	<u>30,751,136</u>

Authorized but not issued:

General:

Bonds & Notes	1,395,401	530,401	-
Loans	-	-	730,000

Water and Sewer:

Bonds & Notes	<u>1,426,000</u>	-	<u>1,001,319</u>
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Bonds & Notes Authorized But Not Issued

	<u>2,821,401</u>	<u>530,401</u>	<u>1,731,319</u>
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Net Bonds & Notes Issued and Authorized But Not Issued

	<u>41,353,325</u>	<u>40,448,933</u>	<u>32,482,455</u>
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Deductions:

Reserve for Payment of Bonds	3,814	3,814	3,813
School	12,163,000	13,173,000	11,370,000
Self-liquidating Debt	14,530,000	12,790,000	5,346,719

Total Deductions

	<u>26,696,814</u>	<u>25,966,814</u>	<u>16,720,532</u>
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Net Debt

	<u>\$ 14,656,511</u>	<u>\$ 14,482,119</u>	<u>\$ 15,761,923</u>
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Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.54%.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 12,163,000	\$ 12,163,000	\$ -
Self-Liquidating Purpose	14,530,000	14,530,000	-
General Debt	14,660,325	3,814	14,656,511
	<u>\$ 41,353,325</u>	<u>\$ 26,696,814</u>	<u>\$ 14,656,511</u>

Net Debt \$14,656,511 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$2,732,192,280= 0.54%.

The foregoing information is in agreement with the original Annual Debt Statement filed with the Division of Local Government Services.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 95,626,730
Net Debt	14,656,511
Remaining Borrowing Power	<u>\$ 80,970,219</u>

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

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

Cash Receipts from Fees, Fund Balance Anticipated Interest and Other Investment Income, and Other Charges for the Year	\$ 5,441,962
Deductions:	
Operating and Maintenance Costs	\$ 3,976,614
Debt Service per Water and Sewer Fund	<u>1,010,188</u>
Total Deductions	<u>4,986,802</u>
Excess in Revenues	<u>\$ 455,160</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 6: NOTES

Bond Anticipation Note

The City has outstanding at December 31, 2011 and 2010, a bond anticipation note in the amount of \$1,624,000 and \$0, respectively. At December 31, 2011 \$1,624,000 was payable to Colonial Bank. The current interest rate on this note is 1.10% and will mature on December 19, 2012. \$750,000 of the outstanding balance is a note in the General Capital Fund and \$874,000 is a note in the Water and Sewer Utility Capital Fund.

	<u>General Capital</u>	<u>Utility Capital</u>	<u>Total</u>
Balance 12/31/10	\$ -	\$ -	\$ -
Increase	750,000	874,000	1,624,000
Balance 12/31/11	<u>\$ 750,000</u>	<u>\$ 874,000</u>	<u>\$ 1,624,000</u>

Note 7: FUND BALANCES APPROPRIATED

The Current Fund balance at December 31, 2011, which was appropriated and included as anticipated revenue for the year ending December 31, 2012 is \$1,200,000.

Note 8: SCHOOL TAXES

Local District School Tax in the amount of \$17,312,811 and \$16,914,449 has been raised for the 2011 and 2010 calendar year, respectively and \$17,312,811 and \$16,914,449 were remitted to the school district leaving a zero balance payable.

Note 9: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance 12/31/11</u>	<u>Balance 12/31/10</u>
Prepaid Taxes	<u>\$ 578,643</u>	<u>\$ 616,226</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 578,643</u>	<u>\$ 616,226</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 10: PENSION FUNDS

Description of Plans

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Public Employees' Retirement System

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

Police and Fireman's Retirement System

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.9% of covered payroll and for PFRS a rate of 8.5% of covered payroll. The

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

City's contributions to PERS for the years ending December 31, 2011, 2010 and 2009 were \$401,659, \$356,923 and \$314,025 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2011, 2010 and 2009 were \$1602,759, \$1,586,815 and \$1,682,981 respectively, equal to the required contributions for each year.

NOTE 11: PENSION PLAN FOR LIFEGUARDS

The City of Ventnor City has established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary at the rate of 4.0% and contributed to the plan for his benefit. Retiree benefits are paid out of the current fund and charged to the current operating budget of the City. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his application.

The City's contributions to the Lifeguard Pension for the years ending December 31, 2011, 2010 and 2009 were \$0, \$0 and \$0, respectively. The City's trust for the Lifeguard Pension at December 31, 2011 was \$419,322. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the years ended December 31, 2011, 2010 and 2009 were \$17,028, \$17,022 and \$14,813, respectively.

NOTE 12: POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required PERS to fund postretirement medical benefits for those State employees who retire after reaching age 60. As of June 30, 2010, there were 87,288 employees Statewide eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by one half of 1% of payroll.

Note 13: DEFERRED COMPENSATION

Employees of the City of Ventnor City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

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

Note 14: LABOR CONTRACTS

As of December 31, 2011, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

Contract	Category	Expiration	Covers
Teamsters #929	Public Works	12/31/12	All employees public works employees and clerical employees. Supervisors are excluded.
PBA #97	Police	12/31/12	All uniformed police, detectives, and other special police units, excluding the chief.
Firemen's Mutual Benevolent Asso. #38	Firefighters	12/31/12	All uniformed firefighters, excluding the chief.

Note 15: ACCRUED SICK AND VACATION BENEFITS

The City has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2011 and 2010, the City estimates this liability to approximate \$1,774,141 and \$2,061,357, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has not established an accrual.

Note 16: ECONOMIC DEPENDENCY

The City of Ventnor City is not economically dependent on any one industry.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 17: LEASE OBLIGATIONS

At December 31, 2011, the City had lease agreements in effect for the following:

Operating:
 Postage Meters
 Copy Machines

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>
2012	\$ 7,872
2013	\$ 3,164

Rental payments under operating leases for the year 2011
 were \$9,650

Note 18: RISK MANAGEMENT

The City is a member of the Atlantic 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
 Boiler and Machinery
 Employee Dishonesty

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 publishes its own financial report for the year ended December 31, 2011, which can be obtained from:

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Atlantic County Municipal Joint Insurance Fund
P.O. Box 12
Hammonton, New Jersey 08037

The City has adopted a plan of self-insurance for employee health and medical care cost, which is accounted for in the Reserve for Self-Insurance Trust in the Trust – Other Funds. The self-insurance plan is utilized to account for and finance the City’s related uninsured risks of loss up to \$100,000 per any one employee. AmeriHealth Administrators acts as administrator of the plan. The City purchases commercial insurance for claims in excess of \$100,000. No IBNR calculation is required because the claims are paid as they become due.

At December 31, 2011, the balance of the reserve was \$219,725. Any additional funds required for claims in excess of the amounts reserved will be paid and charged to the 2012 or future budgets.

	Beginning Balance	Additions	Disbursements	Ending Balance
2009	\$ 219,725	\$ 2,864,929	\$ 2,864,929	\$ 219,725
2010	219,725	2,755,410	2,755,410	219,725
2011	219,725	2,644,220	2,644,220	219,725

Note 20: 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.

Note 21: COMMITMENTS

During the year ended December 31, 2011 two employees retired. The employees were entitled to Terminal Leave payments. The scheduled payments are as follows:

Year	
2011	\$ 38,065
2012	64,125
2013	64,125
2014	64,125
2015	64,125
2016	26,060

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 22: INTERFUND BALANCES

As of December 31, 2011, the following interfunds were included on the balance sheets of the various funds of the City of Ventnor City:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital	\$ 124,793	\$
Grant Fund		178,321
Utility Capital		59,360
Utility Operating	612,238	
Trust Fund - Dog Fund	7,125	
Assessment Trust	30,776	
Trust Funds - Other		17,311
Grant Fund:		
Current Fund	178,321	
Trust Fund - Other:		
Current -		
Dog Fund		7,125
Other Trusts	17,311	
Utility Operating		1,548
Assessment Trust		47,493
Trust Assessment Fund:		
Trust Other	47,493	
Current Fund		30,776
General Capital:		
Current Fund		124,793
Utility Operating		171,775
Utility Capital		38,000
Water and Sewer Utility Operating Fund:		
Current Fund		612,238
Utility Capital		283,675
General Capital	171,775	
Trust Fund - Other	1,548	
Water and Sewer Utility Capital Fund:		
Utility Operating	283,675	
General Capital	38,000	
Current Fund	59,360	
	<u>\$ 1,572,415</u>	<u>\$ 1,572,415</u>

Most Funds maintain separate bank accounts. However, all receipts and disbursements originate in the current fund. These amounts are not transferred to their respective accounts.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 23: SUBSEQUENT EVENTS

The City has evaluated events through May 14, 2012, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY INFORMATION

**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**

The Honorable Mayor and
City Commissioners
City of Ventnor City, New Jersey

We have audited the financial statements - regulatory basis of the City of Ventnor City, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated May 14, 2012. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the City of Ventnor City, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”).

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Ventnor City, New Jersey in a separate letter dated May 14, 2012.

This report is intended solely for the information and use of management, the Finance Committee and the State of New Jersey, Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

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

Kenneth W. Moore
Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

May 14, 2012

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Balance at 1/1/11	2011 Activity		Balance at 12/31/2011	Cumulative Expenditures
		From	To			Receipts or Revenue Recognized	Canceled/ Disbursements/ Expenditures		
STATE OF NEW JERSEY									
Department of Environmental Protection									
Clean Communities	4900-765-042-4900-004	01/01/11	12/31/11	\$ 25,514	\$ -	\$ 25,514	\$ -	\$ 25,514	\$ -
Clean Communities	4900-765-042-4900-004	01/01/10	12/31/10	33,533	22,133	-	11,746	10,387	11,746
Recycling Tonnage	4900-752-042-4900-001	01/01/11	12/31/11	14,488	-	14,488	-	14,488	-
Recycling Tonnage	4900-752-042-4900-001	01/01/10	12/31/10	13,286	13,286	-	-	13,286	-
Recycling Tonnage	4900-752-042-4900-001	01/01/09	12/31/09	3,293	3,293	-	-	3,293	-
Recycling Tonnage	4900-752-042-4900-001	01/01/07	12/31/07	1,206	1,206	-	-	1,206	-
Recycling Tonnage	4900-752-042-4900-001	01/01/06	12/31/06	895	550	-	-	550	345
Municipal Alliance Drug and Alcoholism	4250-760-050000-63-262	01/01/10	12/31/10	13,470	1,175	-	-	1,175	12,295
State Cooperative Housing		01/01/11	12/31/11	1,965	-	1,965	-	1,965	-
Department of Transportation									
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/08	12/31/08	145,000	6,474	-	-	6,474	138,526
Department of Law and Public Safety									
Drunk Driving Enforcement Fund		01/01/07	12/31/07	6,579	13	-	13	-	6,579
Drunk Driving Enforcement Fund		01/01/10	12/31/10	21,988	16,761	-	9,679	7,082	14,906
Body Armor Replacement Program		01/01/11	12/31/11	3,738	-	3,738	-	3,738	-
Body Armor Replacement Program		01/01/07	12/31/07	3,982	1,064	-	1,064	-	3,982
Body Armor Replacement Program		01/01/10	12/31/10	4,973	4,973	-	4,973	-	4,973
Safe and Secure		01/01/09	12/31/09	60,000	60,000	-	-	60,000	-
Safe and Secure		01/01/10	12/31/10	60,000	36,874	-	-	36,874	-
Safe and Secure		01/01/11	12/31/11	60,000	-	60,000	59,850	150	59,850
Click It Ticket		01/01/10	12/31/10	4,000	4,000	-	-	4,000	-
Buckle Up		01/01/09	12/31/09	4,000	4,000	-	-	4,000	-
Buckle Up		1/1/08	12/31/08	4,000	4,000	-	-	4,000	-
Highway Project Over The Limit		01/01/09	12/31/09	4,600	4,600	-	-	4,600	-
Highway Project Over The Limit		01/01/10	12/31/10	4,400	4,400	-	-	4,400	-
Pedestrian Safety Mobilization		01/01/09	12/31/09	4,000	3,200	-	-	3,200	-
State of New Jersey State Police									
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/11	12/31/11	782	-	782	-	782	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/10	12/31/10	2,601	2,601	-	-	2,601	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/09	12/31/09	1,526	575	-	284	859	667
Total State Assistance					\$ 195,178	\$ 106,487	\$ 87,041	\$ 214,624	\$ 253,869
FEDERAL:									
Department of Homeland Security									
FEMA		01/01/11	12/31/11	\$ 5,000	\$ -	\$ 5,000	\$ 4,748	\$ 252	\$ 4,748
FEMA - Assistance to Firefighters		01/01/11	12/31/11	148,250	-	148,250	139,500	8,750	139,500
Bulletproof Vest Partnership		01/01/10	12/31/10	3,150	3,150	-	-	3,150	-
Bulletproof Vest Partnership		01/01/09	12/31/09	5,400	5,400	-	-	5,400	-
Total Homeland Security					8,550	153,250	144,248	17,552	144,248
Housing and Urban Development									
Small Cities Community Development Block	14.218	01/01/09	12/31/09	139,429	50,692	-	-	50,692	88,737
Total Housing and Urban Development					50,692	-	-	50,692	88,737
Total Federal Assistance					\$ 59,242	\$ 153,250	\$ 144,248	\$ 68,244	\$ 232,985
Total Federal and State Awards					\$ 254,420	\$ 259,737	\$ 231,289	\$ 282,868	\$ 486,854
						Encumbrance Canceled	\$ (284)		
						Expended	105,073		
						Encumbered	126,500		
							<u>\$ 231,289</u>		

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

**Notes to the Schedules of Federal and State Financial Assistance
For the Year Ended December 31, 2011**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the City of Ventnor, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs.

NOTE 2. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule don agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

Expenditure per Schedule of Federal and State Assistance	\$ 105,073
Plus: Local Assistance	1,760
	<hr/>
Expenditure per Schedule of Federal and State Grants Appropriated	<u>\$ 106,833</u>

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Treasurer	
Balance December 31, 2010	A		\$ 3,248,025
Increased by Receipts:			
Taxes Receivable	A-6	\$ 46,545,138	
Tax Title Liens	A-7	-	
2012 Prepaid Taxes	A	578,643	
Due from State - Sr. Citizens and Veterans		123,165	
Miscellaneous Revenue Anticipated	A-2:A-8	3,021,609	
Miscellaneous Revenue Not Anticipated	A-2:A-8	103,767	
Due from Trust - Other Fund	B	103,131	
State DCA Fees		3,497	
Federal and State Grants Receivable	A-11	120,607	
		<hr/>	
			50,599,557
			<hr/> 53,847,582
Decreased by Disbursements:			
2011 Appropriations	A-3	23,313,287	
2010 Appropriation Reserves	A-9	208,101	
County Taxes Payable	A-6	9,738,357	
Due County for Added and Omitted Taxes	A-6	10,818	
Local District School Tax	A-10	17,312,812	
Refund of Tax Overpayments		9,252	
Federal and State Grant Expenditures	A-12	106,833	
State DCA Fees		2,182	
Reserve for Judgements	A	7,500	
Due to Federal and State Grant Fund	A	73,655	
		<hr/>	
			50,782,797
Balance December 31, 2011	A		<hr/> <hr/> \$ 3,064,785

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF CHANGE FUNDS**

<u>Office</u>	<u>Balance Dec. 31, 2010</u>	<u>Received From Treasurer</u>	<u>Returned to Treasurer</u>	<u>Balance Dec. 31, 2011</u>
Municipal Court	\$ 400	\$	\$	\$ 400
Collector	100			100
Police Department	30			30
	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530</u>
Ref.	A			A

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

Year	Balance		Added Taxes	Collections		Over-Payments Created(Applied)	(Transfers)/ Canceled	Transferred To Tax Title Liens	Balance Dec. 31, 2011
	Dec. 31, 2010	2011 Levy		2010	2011				
2009	\$ 3,583	\$	\$	\$	\$	\$	\$ 3,583	\$	\$ -
2010	<u>1,846,935</u>				<u>1,834,192</u>		<u>1</u>		<u>12,742</u>
	1,850,518	-	-	-	1,834,192	-	3,584	-	12,742
2011		<u>47,916,434</u>	<u>59,664</u>	<u>616,226</u>	<u>44,832,079</u>	<u>64,896</u>	<u>590,192</u>		<u>2,002,497</u>
	<u>\$ 1,850,518</u>	<u>\$ 47,916,434</u>	<u>\$ 59,664</u>	<u>\$ 616,226</u>	<u>\$ 46,666,271</u>	<u>\$ 64,896</u>	<u>\$ 593,776</u>	<u>\$ -</u>	<u>\$ 2,015,239</u>
Ref.	A							A-7	A

Taxes Receivable	Ref.		
Senior Citizens and Veterans	A-4	\$ 46,545,138	
		<u>121,133</u>	
		<u>\$ 46,666,271</u>	
Analysis of 2011 Property Tax Levy	Ref.		
Tax Yield:			
General Property Tax		\$ 47,916,434	
Added Taxes (54:4-63.1 et. seq.)		<u>59,664</u>	
	A-6		\$ <u>47,976,098</u>
Tax Levy:			
Local School District Tax (Abstract)	A-10		17,312,812
County Taxes:			
County Tax (Abstract)		\$ 8,268,243	
County Library Tax (Abstract)		826,732	
County Health Tax (Abstract)		507,633	
County Open Space (Abstract)		135,749	
Due County for Added Taxes (54:4-63.1 et. seq.)		<u>4,386</u>	
Total County Taxes			9,742,743
Local Tax for Municipal Purposes	A-2	20,882,507	
Add: Additional Tax Levied		<u>38,036</u>	
			<u>20,920,543</u>
	A-6		\$ <u>47,976,098</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ -
No Activity		
Balance December 31, 2011	A	\$ <u>-</u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2010	Accrued In 2011	Collected	Balance Dec. 31, 2011	
Miscellaneous Revenue Anticipated:						
Licenses-Alcoholic Beverages	A-2	\$	\$ 3,306	\$ 3,306	\$ -	
Licenses-Other	A-2		85,232	85,232	-	
Fees and Permits	A-2		218,554	218,554	-	
Municipal Court	A-2	15,300	228,863	230,502	13,661	Dec 2011
Interest and Costs on Taxes	A-2		364,181	364,181	-	
Parking Meters	A-2		41,990	41,990	-	
Interest on Investments	A-2		16,311	16,311	-	
Beach Control Fees	A-2		208,291	208,291	-	
Land Rental	A-2		87,501	87,501	-	
Viking Rowing Foundation, Inc. Lease Agreement	A-2		31,092	31,092	-	
Payment in Lieu of Taxes	A-2		184,000	184,000	-	
Cable Television Franchise Fees	A-2		53,075	53,075	-	
City Lease Fees	A-2		41,096	41,096	-	
Ambulance Service Fees	A-2		278,127	278,127	-	
Recreation Fees	A-2		81,980	81,980	-	
Consolidated Municipal Property Tax Relief Act	A-2		20,805	20,805	-	
Energy Receipts Tax	A-2		577,541	577,541	-	
Uniform Construction Code fees	A-2		160,025	160,025	-	
Borough of Longport-Uniform Construction Code	A-2		39,000	39,000	-	
FEMA Reimbursement	A-2		45,178	45,178	-	
Utility Fund Allocation	A-2		253,822	253,822	-	
Miscellaneous Revenue Not Anticipated:	A-2		103,767	103,767	-	
		\$ 15,300	\$ 3,123,737	\$ 3,125,376	\$ 13,661	
	Ref.	A		A-4	A	

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010**

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Overexpended</u>	<u>Balance Lapsed</u>
OPERATIONS WITHIN "CAPS"					
General Government Functions:					
Mayor's Office					
Other Expenses	\$ 1,762	\$ 1,762	\$ 260		\$ 1,502
Police					
Other Expenses	18,137	18,137	17,914		223
Fire					
Other Expenses	7,924	7,924	6,960		964
Office of Emergency Management					
Other Expenses	1,752	1,752	1,490		262
Radio and Communications					
Other Expenses	301	301	300		1
Zoning Commission					
Other Expenses	1,115	1,115	520		595
Uniform Fire Safety Act					
Other Expenses	660	660	640		20
Beach Patrol					
Other Expenses	905	905	28		877
Department of Public Works, Parks and Public Property:					
Streets and Roads					
Other Expenses	22,560	22,560	12,449		10,111
Motor Vehicle Maintenance					
Other Expenses	6,692	6,692	3,873		2,819
Buildings and Grounds					
Other Expenses	31,147	31,147	12,002		19,145
Recreation					
Other Expenses	26,151	26,151	6,023		20,128
City Engineer					
Other Expenses	4,805	4,805	3,407		1,398
Solid Waste/Recycling					
Other Expenses	75,247	75,247	61,532		13,715
Department of Revenue and Finance:					
City Clerk					
Other Expenses	5,375	5,375	416		4,959
Legal Services and Costs					
Other Expenses	24,123	24,123	63		24,060
Planning Board					
Other Expenses	943	943	500		443
Financial Administration					
Other Expenses	3,087	3,087	26		3,061
Audit					
Other Expenses	10,000	10,000	10,000		-
Assessment of Taxes					
Other Expenses	2,645	2,645	2,498		147
Collection of Taxes					
Other Expenses	2,370	2,370	2,021		349
Information Technology					
Other Expenses	2,003	2,003	2,000		3
Municipal Court					
Other Expenses	1,354	1,354	660		694
Inspection of Housing					
Other Expenses	301	301	57		244
Insurance					
Employee Group Health	67,737	67,737	41,108		26,629
General Liability	15,435	15,435	9,334		6,101
UNCLASSIFIED					
Telephone	16,165	16,165	4,657		11,508
Gasoline	16,213	16,213	7,328		8,885
OPERATIONS EXCLUDED FROM "CAPS"					
Borough of Longport - Uniform Construction Code Office					
Other Expenses	2,575	2,575	295		2,280
Accounts with no Transactions	176,319	176,319			176,319
Totals	\$ <u>544,041</u>	\$ <u>544,041</u>	\$ <u>208,101</u>	\$ <u>-</u>	\$ <u>335,940</u>
Ref.	A	A	A-4	A	A-1
		\$ 280,744			
		263,297			
		\$ <u>544,041</u>			

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2010			
School Tax Payable	A	\$	-
Increased by:			
Levy-Calendar Year January 1, 2011 to December 31, 2011	A-6		<u>17,312,812</u>
			17,312,812
Decreased by:			
Payments	A-4		<u>17,312,812</u>
Balance December 31, 2011			
School Tax Payable	A	\$	<u><u>-</u></u>
<u>2011 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10	\$	17,312,812
Tax Payable December 31, 2011	A-11		<u>-</u>
			17,312,812
Less:			
Tax Payable December 31, 2010	A:A-10		<u>-</u>
Amount Charged to 2011 Operations	A-1	\$	<u><u>17,312,812</u></u>

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - RECEIVABLE**

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2011</u>
New Jersey Transportation Trust Fund	\$ 54,504	\$	\$	\$	\$ 54,504
New Jersey Transportation Trust Fund 2010	95,776				95,776
Body Armor		3,738	3,738		-
Recycling Tonnage Grant		14,488	14,488		-
Clean Communities		25,514	25,514		-
Alliance for Prevention of Alcohol and Drug Abuse	13,470		8,600		4,870
Alcohol Education, Rehabilitation and Enforcement		782	782		-
Federal Bulletproof Vest Partnership	8,550				8,550
Special DWI		1,760	1,760		-
Safe and Secure Program		60,000	41,860		18,140
Pedestrian Safety Mobilization					-
FEMA Assistance to Firefighters		140,838	13,000		127,838
State Cooperative Housing	3,900	1,965	5,865		-
Emergency Management		5,000	5,000		-
	<u>\$ 176,200</u>	<u>\$ 254,085</u>	<u>\$ 120,607</u>	<u>\$ -</u>	<u>\$ 309,678</u>
<u>Ref.</u>	A	A-2		A-1	A
			A-13 \$ -		
			A-4 <u>120,607</u>		
			<u>\$ 120,607</u>		

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATED**

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Encumbrance Canceled</u>	<u>Balance Dec. 31, 2011</u>
NJ Transportation Trust Fund Authority Act	\$ 6,474	\$	\$	\$	\$	\$ 6,474
Community Development Block Grant	50,692					50,692
Recycling Tonnage Grant	18,335	14,488				32,823
Alliance for the Prevention of Alcohol and Drug Abuse	1,175					1,175
Alcohol Education, Rehabilitation and Enforcement	3,176	782			284	4,242
Clean Communities	22,133	25,514	11,746			35,901
Body Armor Replacement Program	6,037	3,738	6,037			3,738
Federal Bulletproof Vest Partnership	8,550					8,550
Drunk Driving Enforcement Fund	16,774		9,692			7,082
Emergency Management	-	5,000	4,748			252
FEMA Assistance to Firefighters	-	148,250	13,000	126,500		8,750
Highway Project Over The Limit	9,000					9,000
Special DWI		1,760	1,760			-
Click It Ticket	4,000					4,000
State Cooperative Housing		1,965				1,965
Safe and Secure Program	96,874	120,000	59,850			157,024
Pedestrian Safety Program	3,200					3,200
Buckle Up	8,000					8,000
	<u>\$ 254,420</u>	<u>\$ 321,497</u>	<u>\$ 106,833</u>	<u>\$ 126,500</u>	<u>\$ 284</u>	<u>\$ 342,868</u>
<u>Ref.</u>	A	A-3	A-4	A		A

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Grant</u>	Balance <u>Dec. 31, 2010</u>	<u>Received</u>	Transferred to 2011 Budget <u>Appropriations</u>	Balance <u>Dec. 31, 2011</u>
Recycling Tonnage Grant	\$ 5,926	\$	\$	\$ 5,926
DWI	305			305
	<u>\$ 6,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,231</u>
	A	A-4		A

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2010	B	\$ 10,074	\$ 1,023,023
Increased by Receipts:			
Dog License Fees 2011	B-2	\$ 2,762	\$
Due to State of New Jersey	B-4	889	
Prepaid Dog Licenses	B	150	
Payroll Deductions Payable	B-6		7,231,617
Miscellaneous Trust Reserves	B-8		1,294,905
Due from Current	B-7		1,727
		<u>3,801</u>	<u>8,528,249</u>
		13,875	9,551,272
Decreased by Disbursements			
Statutory Expenditures	B-2	452	
Due to State of New Jersey	B-4	889	
Prepaid Dog Licenses		27	
Payroll Deductions Payable	B-6		7,201,983
Miscellaneous Trust Reserves	B-8		866,991
Due to Current Fund	B-7		103,131
		<u>1,368</u>	<u>8,172,105</u>
Balance December 31, 2011	B	\$ <u><u>12,507</u></u>	\$ <u><u>1,379,167</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

	Ref.		
Balance December 31, 2010	B		\$ 5,433
Increased by:			
Dog License Fees Collected		\$ 2,887	
Prepaid Licenses		<u>(125)</u>	
	B-1		<u>2,762</u>
			8,195
Decreased by:			
Statutory Excess	B-3	2,511	
Expenditures under N.J.S. 4:19-15:11	B-1	<u>452</u>	
			<u>2,963</u>
Balance December 31, 2011	B		<u><u>\$ 5,232</u></u>

License Fees Collected:

Year	Amount
2009	\$ 2,774
2010	<u>2,458</u>
	<u><u>\$ 5,232</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND

	<u>Ref.</u>		
Balance December 31, 2010	A:B	\$	4,471
Increased by:			
Adjustment to Prepaid		\$	143
Statutory Excess			<u>2,511</u>
	B-1		<u>2,654</u>
			7,125
Decreased by:			
Payment	B-1		<u>-</u>
Balance December 31, 2011	A:B	\$	<u><u>7,125</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	-
Increased by:			
Prepaid License Fees		\$	(49)
2011 State License Fees			<u>938</u>
	B-1		<u>889</u>
			889
Decreased by:			
Disbursements to the State	B-1		<u>889</u>
Balance December 31, 2011	B	\$	<u><u>-</u></u>

**TRUST FUND
SCHEDULE OF DUE TO TRUST ASSESSMENT FUND**

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	47,493
No Activity			-
			<hr/>
Balance December 31, 2011	B	\$	<u><u>47,493</u></u>

**TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

Balance December 31, 2010	B		\$	124,378
Increased by:				
Receipts	B-1	\$	<u>7,231,617</u>	<u>7,231,617</u>
				7,355,995
Decreased by:				
Disbursements	B-1		<u>7,201,983</u>	<u>7,201,983</u>
				<u>154,012</u>
Balance December 31, 2011	B		\$	<u><u>154,012</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Reserve	Balance Dec 31, 2010	Increased by		Decreased by		Balance Dec 31, 2011	
		Receipts	Payments made by Current Fund	Disbursements	2011 Budget Appropriation		Collections made by Current Fund
Payroll Agency	\$ 6,394	\$ 452	\$	\$ 6	\$	\$ 6,840	
Law Enforcement Trust	3,109	20				3,129	
Parking Offense Adjudication Act	(1,453)		23,922			(3,180)	
Life Guard Pension Fund	(23,806)	82				(23,724)	
Unemployment Trust	103,124	786		103,125		785	
Self-Insurance	(1,548)					(1,548)	
Developer's Escrow		16				16	
Evidence Trust		14				14	
Uniform Fire		117				117	
Tax Title Lien Redemption		240				240	
	<u>\$ 85,820</u>	<u>\$ 1,727</u>	<u>\$ 23,922</u>	<u>\$ 103,131</u>	<u>\$ -</u>	<u>\$ 25,649</u>	<u>\$ (17,311)</u>
	B	B-1	B-8	B-1		B-8	B

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Reserve</u>	<u>Increased by</u>					<u>Decreased by</u>				<u>Balance Dec 31, 2011</u>
	<u>Balance Dec 31, 2010</u>	<u>Receipts</u>	<u>2011 Budget Appropriation</u>	<u>Collections made by Current Fund</u>	<u>Receipts Held in Trust</u>	<u>Disbursements</u>	<u>Due to State of New Jersey</u>	<u>Disbursements Held in Trust</u>	<u>Payments made by Current Fund</u>	
Small Cities Revolving Loan Fund	\$ 43,764	\$	\$	\$	\$	\$	\$	\$	\$	\$ 43,764
Developers Escrow	88,485	19,577				21,145				86,917
Law Enforcement Trust	789	2,829				2,180				1,438
Federal Forfeitures		296				148				148
Parking Offense Adjudication Act	1,453	244		25,649					23,922	3,424
Life Guard Pension Fund	417,522	18,828				17,028				419,322
Unemployment Trust	42,173	68,983				48,329				62,827
Evidence Trust	1,892	399				2				2,289
Tax Sale Premiums	136,700	547,700				131,400				553,000
Tax Title Lien Redemptions	2,232	632,549				634,781				-
Self-Insurance	219,725				2,644,220			2,644,220		219,725
Trust Other	7,919	2,100								10,019
Penalties Collected Under the Uniform Fire Code	20,855	1,400				11,978				10,277
	<u>\$ 983,509</u>	<u>\$ 1,294,905</u>	<u>\$ -</u>	<u>\$ 25,649</u>	<u>\$ 2,644,220</u>	<u>\$ 866,991</u>	<u>\$ -</u>	<u>\$ 2,644,220</u>	<u>\$ 23,922</u>	<u>\$ 1,413,150</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2010	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2011
		BAN Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Receivable State of NJ - Green Acres Grant	\$ (285,000)	\$	\$	\$	\$	\$	\$	\$ (285,000)
Due (from)/ to:								
Current Fund	103,639		21,154					124,793
Utility Operating Fund	171,775							171,775
Utility Capital Fund	38,000							38,000
Contracts Payable	1,220,040					1,220,040	808,948	808,948
Capital Improvement Fund	178,987					85,000		93,987
Reserve for Payment of Bonds	3,813							3,813
Fund Balance	81,931							81,931
<u>Improvement Authorizations:</u>								
<u>Ordinance</u>								
<u>Number</u>								
1997-02 Various Improvements	1,250							1,250
1998-19 Acquisition of Real Property	67,669							67,669
2002-03 Various Improvements	28,677			19,726		13,813	19,333	14,471
2006-02 Rehabilitation of Ventnor Fishing Pier	(224,151)							(224,151)
2007-06 Rehabilitation of Ventnor Fishing Pier	(306,250)							(306,250)
2007-09 Various Improvements	21,553			18,598				2,955
2009-14 Various Improvements	3,101,689			1,654,937		628,601	1,198,045	2,016,196
2009-22 Improvements to Schools	406,623			118,614			2,662	290,671
2011-11 Various Improvements		750,000		579,900		166,534	85,000	88,566
	<u>\$ 4,610,245</u>	<u>\$ 750,000</u>	<u>\$ 21,154</u>	<u>\$ 2,391,775</u>	<u>\$ -</u>	<u>\$ 2,113,988</u>	<u>\$ 2,113,988</u>	<u>\$ 2,989,624</u>
	C	C-8:C-13	C-3	C-6				C

**GENERAL CAPITAL FUND
AMOUNT DUE (TO)/FROM CURRENT FUND**

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ (103,639)
Decreased by:		
Interest on Investments	C-6	<div style="display: flex; justify-content: space-between; align-items: center;"> 21,154 21,154 </div>
Balance December 31, 2011	C	\$ <u><u>(124,793)</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 27,128,532
Decreased by:			
2011 Budget Appropriations:			
General Serial Bonds	C-9	\$ 1,415,000	
School Serial Bonds - Type 1	C-10	1,010,000	
Green Trust Loan	C-11	<u>25,608</u>	
			<u>2,450,608</u>
Balance December 31, 2011	C		<u>\$ 24,677,924</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011	Analysis of Balance Dec. 31, 2011		Unexpended Improvement Authorization
						Financed by Notes	Expended	
2006-02	Rehabilitation of Ventnor Fishing Pier	\$ 224,151	\$	\$	\$ 224,151	\$	\$ 224,151	\$
2007-06	Rehabilitation of Ventnor Fishing Pier	306,250			306,250		306,250	
2011-11	Various Improvements		1,615,000		1,615,000	750,000		865,000
		<u>\$ 530,401</u>	<u>\$ 1,615,000</u>	<u>\$ -</u>	<u>\$ 2,145,401</u>	<u>\$ 750,000</u>	<u>\$ 530,401</u>	<u>\$ 865,000</u>
		C	C-7		C:C-13	C-8	C-2	C-7
						Improvement Authorizations Unfunded		\$ 953,566
						Less:		
						Unexpended Proceeds of Bond		
						Anticipation Notes Issued:		
						2011-11	\$ 88,566	
								<u>88,566</u>
								<u>\$ 865,000</u>

**GENERAL CAPITAL FUND
STATEMENT OF CONTRACTS PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2010	C	\$	1,220,040
Increased by:			
Awarded in 2011:			
Improvement Authorizations:			
Ordinance No. 2002-03		\$	14,206
Ordinance No. 2007-09			18,598
Ordinance No. 2009-14			1,085,493
Ordinance No. 2009-22			115,952
Ordinance No. 2011-11			746,434
	C-7		<u>1,980,683</u>
			3,200,723
Decreased by:			
Payments			
	C-2		<u>2,391,775</u>
			<u>2,391,775</u>
Balance December 31, 2011	C	\$	<u><u>808,948</u></u>
Improvement Authorizations:			
Ordinance No. 2002-03		\$	13,813
Ordinance No. 2009-14			628,601
Ordinance No. 2011-11			166,534
			<u>808,948</u>
		\$	<u><u>808,948</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations		Expended	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charge to Future Taxation		Funded	Unfunded
1997-02	Various Improvements	02/13/97	\$ 3,299,500	\$ 1,250	\$	\$	\$		1,250	\$
1998-19	Acquisition of Real Property	09/10/98	1,000,000	67,668					67,668	
2002-03	Various Improvements	03/21/02	6,700,000	28,677				14,206	14,471	
2007-09	Various Improvements	08/02/07	450,000	21,553				18,598	2,955	
2009-14	Various Improvements	06/18/09	6,418,000	3,101,689				1,085,493	2,016,196	
2009-22	Improvements to School	10/15/09	2,823,000	406,623				115,952	290,671	
2011-11	Various Improvements		1,700,000			85,000	1,615,000	746,434		953,566
				<u>\$ 3,627,460</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 1,615,000</u>	<u>\$ 1,980,683</u>	<u>2,393,211</u>	<u>\$ 953,566</u>
				C	C	C-12	C-5	C-6	C	C:C-5

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Various Improvements Ord. 2011-11	12/20/2011	12/20/2011	\$ 750,000	1.10%	\$ -	\$ 750,000	\$ -	\$ 750,000
					<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>
					C	C-5:C-13		C:C-5

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
General Improvement Bonds of 2002	10/1/2002	\$ 6,365,000	10/01/12	\$ 800,000	3.100%	\$ 2,440,000		\$ 800,000	\$ 1,640,000
			10/01/13	840,000	3.250%				
General Improvement Bonds of 2004	8/1/2004	\$ 4,275,000	08/01/12	\$ 280,000	3.500%	2,920,000		265,000	2,655,000
			08/01/13	290,000	3.500%				
			08/01/14	305,000	3.500%				
			08/01/15	320,000	3.600%				
			08/01/16	340,000	3.750%				
			08/01/17	355,000	3.875%				
			08/01/18	375,000	4.000%				
			08/01/19	390,000	4.000%				
			General Improvement Bonds of 2010	12/1/2010	\$ 8,315,000				
12/01/13	375,000	3.000%							
12/01/14	500,000	3.000%							
12/01/15	515,000	3.000%							
12/01/16	530,000	3.000%							
12/01/17	550,000	3.000%							
12/01/18	575,000	3.000%							
12/01/19	600,000	3.500%							
12/01/20	625,000	3.500%							
12/01/21	640,000	3.750%							
12/01/22	650,000	3.750%							
12/01/23	665,000	3.750%							
12/01/24	680,000	4.000%							
12/01/25	700,000	4.000%							
						\$ 13,675,000	\$ -	\$ 1,415,000	\$ 12,260,000
						C		C-4	C

See Accompanying Auditors Report

**GENERAL CAPITAL FUND
SCHEDULE OF SCHOOL SERIAL BONDS PAYABLE -TYPE 1**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2011		Interest Rate	Balance				
			Date	Amount		Dec. 31, 2010	Increased	Decreased	Dec. 31, 2011	
School Refunding Bonds	12/15/2004	\$ 6,917,000	10/01/12	\$ 535,000	4.000%					
			10/01/13	555,000	3.500%					
			10/01/14	575,000	4.000%					
			10/01/15	590,000	4.000%					
			10/01/16	615,000	5.000%					
			10/01/17	640,000	4.000%					
			10/01/18	665,000	4.000%					
			10/01/19	685,000	4.000%					
			10/01/20	680,000	4.000%	6,060,000			520,000	5,540,000
			School Refunding Bonds	6/1/2009	\$ 4,345,000	02/01/12	360,000	2.000%		
02/01/13	365,000	2.000%								
02/01/14	370,000	2.125%								
02/01/15	375,000	2.375%								
02/01/16	385,000	3.000%								
02/01/17	395,000	3.000%								
02/01/18	405,000	3.000%								
02/01/19	420,000	4.000%								
02/01/20	435,000	4.000%								
02/01/21	430,000	4.000%				4,290,000			350,000	3,940,000
School Bonds	12/1/2010	\$ 2,823,000				12/01/12	145,000	2.000%		
			12/01/13	150,000	2.000%					
			12/01/14	155,000	2.000%					
			12/01/15	165,000	3.000%					
			12/01/16	170,000	3.000%					
			12/01/17	175,000	3.000%					
			12/01/18	185,000	3.000%					
			12/01/19	195,000	3.500%					
			12/01/20	200,000	3.500%					
			12/01/21	210,000	3.500%					
			12/01/22	220,000	3.750%					
			12/01/23	230,000	4.000%					
			12/01/24	235,000	4.000%					
			12/01/25	248,000	4.000%					
						2,823,000		140,000	2,683,000	
						\$ 13,173,000	\$ -	\$ 1,010,000	\$ 12,163,000	
						C		C-4	C	

See Accompanying Auditors Report

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Boathouse Renovations	4/30/2001	\$ 500,000	2012	\$ 26,123	2%				
			2013	26,648					
			2014	27,184					
			2015	27,730					
			2016	28,288					
			2017	28,856					
			2018	29,436					
			2019	30,028					
			2020	30,631					
					<u>\$ 280,532</u>	<u>\$ -</u>	<u>\$ 25,608</u>	<u>\$ 254,924</u>	
					C		C-4	C	

See Accompanying Auditors Report

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010	<u>Ref.</u> C	\$ 178,987
Increased by:		
2011 Budget Appropriation	C-3	-
		<u>178,987</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		85,000
		<u>85,000</u>
Balance December 31, 2011	C	<u>\$ 93,987</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorization</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
2006-02	Rehabilitation of Fishing Pier	\$ 224,151	\$	\$	\$ 224,151
2007-06	Rehabilitation of Fishing Pier	306,250			306,250
2011-11	Various Improvements		1,615,000	750,000	865,000
		<u>\$ 530,401</u>	<u>\$ 1,615,000</u>	<u>\$ 750,000</u>	<u>\$ 1,395,401</u>
		C	C-5	C-4:C-8	C

**WATER AND SEWER OPERATING FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2010		\$ 834,451
Increased by Receipts:		
Sewer Rents Receivable	D-7	\$ 5,204,988
Sewer Liens	D-8	-
Miscellaneous	D-3	113,770
		<u>5,318,758</u>
		6,153,209
Decreased by Disbursements:		
2011 Appropriations	D-4	4,922,139
2010 Appropriation Reserves	D-10	59,917
Due to Utility Capital	D-6	52,728
		<u>5,034,784</u>
Balance December 31, 2011	D	<u>\$ 1,118,425</u>

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2010	----- Receipts -----			----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2011	
		Budget Appropriation	BAN's Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 54,968	\$	\$	\$	\$	\$	\$	\$	\$ 54,968	
Due to Water and Sewer Operating Fund	(336,403)			52,727					(283,676)	
Due from General Capital Fund	(38,000)								(38,000)	
Due from Current Fund	(59,360)								(59,360)	
Contracts Payable	1,693,461						1,693,461	4,057,722	4,057,722	
<u>Improvement Authorizations:</u>										
<u>Ordinance</u>										
<u>Number</u>										
2006-14	Improvements to Water and Sewer	-			417,106		43,510	485,990	25,374	
2009-15a	Reconstruction of Sewer Lines	96,142			1,122,559		84,870	1,111,587	300	
2009-15b	Repainting the Water Tower	287,598			239		289,159	1,800	-	
2009-15c	Purchase of Water Meters	41,244			179,295		267,792	405,843	-	
2009-15f	Purchase of Equipment	90,000					90,000		-	
2010-14a	Replacement of sanitary sewer mains	4,566,160			951,334		2,563,921	66,926	1,117,831	
2010-14b	Replacement of well and well house #8	1,824,170			36,285		23,575		1,764,310	
2010-14c	Improve and upgrade electrical at wells 5	729,330			9,492		121,330		598,508	
2010-14d	Installation of water main inter-connects	145,934			142,160		3,774		-	
2010-14e	Acquistion of vehicles	253,357			22,337				231,020	
2010-14f	Acquistion of equipment	72,967			1,119				71,848	
2010-14g	Installation of pumps etc. at Lily Park	334,431			323,311		11,120		-	
2011-9a	Replacement of Meter Batteries		475,000		193,985		5,601		275,414	
2011-9b	Rehab Water Tower				6,734		583,500		(590,234)	
2011-9f	Purchase Directional Drill		399,000		5,895		348,255		44,850	
		<u>\$ 9,755,999</u>	<u>\$ -</u>	<u>\$ 874,000</u>	<u>\$ 52,727</u>	<u>\$ 3,411,851</u>	<u>\$ -</u>	<u>\$ 6,129,868</u>	<u>\$ 6,129,868</u>	<u>\$ 7,270,875</u>
		D		D-15	D-5	D-14				D

**WATER AND SEWER OPERATING FUND
SCHEDULE OF SEWER CONSUMER ACCOUNTS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2010	D	\$	586,065
Increased by:			
Utility Rents Levied	Res.	\$	<u>5,575,835</u>
			<u>5,575,835</u>
			6,161,900
Decreased by:			
Collections	D-5	5,204,988	
Overpayments Created	D-9	(4,796)	
Transferred to Liens	D-8	-	
Canceled	Res.	4,592	
			<u>5,204,784</u>
Balance December 31, 2011	D	\$	<u><u>957,116</u></u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF SEWER CONSUMER LIENS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2010	D	\$	-
No Activity			<u> </u>
Balance December 31, 2011	D	\$	<u><u> </u></u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF WATER AND SEWER RENT OVERPAYMENTS**

	<u>Ref.</u>		
Balance December 31, 2010	D	\$	6,854
Increase by:			
Overpayments created	D-7		4,796
			<hr/>
Balance December 31, 2011	D	\$	<u><u>11,650</u></u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES**

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Over-Expended</u>
Operating:					
Other Expenses	\$ 271,737	\$ 271,737	\$ 59,917	\$ 211,820	\$
Other Accounts No Change	67,466	67,466		67,466	
	<u>\$ 339,203</u>	<u>\$ 339,203</u>	<u>\$ 59,917</u>	<u>\$ 279,286</u>	<u>\$ -</u>
Ref.	D	D	D-5	D-1	D

See Accompanying Auditor's Report

**WATER AND SEWER OPERATING UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES - ANALYSIS OF BALANCE**

Balance December 31, 2010	<u>Ref.</u> D		\$	40,620
Increased by:				
Accrued interest charged to 2011 budget appropriation - Interest on bonds	D-4			<u>450,188</u>
				490,808
Decreased by:				
Disbursements				<u>449,904</u>
Balance December 31, 2011	D		\$	<u><u>40,904</u></u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2011

Description	Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	# of Days	Amount
Water and Sewer Bonds of 2002	\$ 200,000	3.0% to 3.2%	10/01/11	12/31/11	90	\$ 1,663
Water and Sewer Bonds of 2004	\$ 190,000	3.50%	08/01/11	12/31/11	150	2,646
Water and Sewer Bonds of 2010	\$ 11,840,000	3.0% to 4.375%	12/01/11	12/31/11	30	36,332
Water and Sewer BAN's	\$ 874,000	1.10%	12/20/11	12/31/11	10	263
						<u><u>\$ 40,904</u></u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2010	Additions		Balance Dec. 31, 2011
		Budget Capital Outlay	Ordinance	
Office Equipment	\$ 72,997	\$	\$	\$ 72,997
Other Equipment	931,954			931,954
Building and Improvements	792,974			792,974
Water System Improvements	2,285,761			2,285,761
Sewer System Improvements	2,379,307			2,379,307
Combined Improvements	3,497,925			3,497,925
	<u>\$ 9,960,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,960,918</u>
Ref.	D			D

**WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010	2011 Authorizations		Costs to Fixed Capital	Canceled	Balance Dec. 31, 2011
		Date	Amount		Deferred Reserve for Amortization	Deferred Charge to Future Revenue			
2009-06	Reconstruction of Sewer Lines	03/19/09	\$ 1,000,000	\$ 1,000,000	\$	\$	\$	\$	\$ 1,000,000
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	1,700,000					1,700,000
2009-15b	Repainting the Water Tower	06/18/09	290,000	290,000					290,000
2009-15c	Purchase of Water Meters	06/18/09	617,400	617,400					617,400
2009-15d	Purchase of Vehicles	06/18/09	65,000	65,000					65,000
2009-15e	Purchase of Vehicles	06/18/09	70,000	70,000					70,000
2009-15f	Purchase of Equipment	06/18/09	180,000	180,000					180,000
2010-14a	Replacement of sanitary sewer mai	10/06/10	4,639,473	4,639,473					4,639,473
2010-14b	Replacement of well and well house	10/06/10	1,824,170	1,824,170					1,824,170
2010-14c	Improve and upgrade electrical at w	10/06/10	729,668	729,668					729,668
2010-14d	Installation of water main inter-conn	10/06/10	145,934	145,934					145,934
2010-14e.	Acquistion of vehicles	10/06/10	253,357	253,357					253,357
2010-14f	Acquistion of equipment	10/06/10	72,967	72,967					72,967
2010-14g	Installation of pumps etc. at Lily Par	10/06/10	334,431	334,431					334,431
2011-9a	Replacement of Meter Batteries	06/16/11	500,000			500,000			500,000
2011-9b	Rehab Water Tower	06/16/11	950,000			950,000			950,000
2011-9c	Rehab Well House # 10	06/16/11	150,000			150,000			150,000
2011-9d	Purchase of Generator	06/16/11	100,000			100,000			100,000
2011-9e	Remote Reader Antenna	06/16/11	180,000			180,000			180,000
2011-9f	Purchase Directional Drill	06/16/11	420,000			420,000			420,000
				<u>\$ 11,922,400</u>	<u>\$ -</u>	<u>\$ 2,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,222,400</u>

D

D-14

D

**WATER AND SEWER CAPITAL UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Authorization	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2010		2011 Authorizations		Prior Year Encumbrance	Paid or Charged	Transfers or Canceled	Balance Dec. 31, 2011	
				Funded	Unfunded	Down Payment or Capital Improvement Fund	Deferred Charges to Future Revenue				Funded	Unfunded
2009-06	Reconstruction of Sewer Lines	03/19/09	\$ 1,000,000	\$	\$	\$	\$	\$ 485,990	\$ 460,616	\$	\$ 25,374	\$
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	96,142				1,111,587	1,206,103	(1,326)	300	
2009-15b	Repainting the Water Tower	06/18/09	290,000	287,598				1,800	2,039	(287,359)	-	
2009-15c	Purchase of Water Meters	06/18/09	617,400	41,244				27,158	447,087	378,685	-	
2009-15f	Purchase of Equipment	06/18/09	180,000	90,000						(90,000)	-	
2010-14a	Replacement of sanitary sewer mains	10/06/10	4,639,473	4,566,160				66,926	3,515,255		1,117,831	
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170	1,824,170					59,860		1,764,310	
2010-14c	Improve and upgrade electrical at wells	10/06/10	729,668	729,330					130,822		598,508	
2010-14d	Installation of water main inter-connects	10/06/10	145,934	145,934					145,934		-	
2010-14e	Acquisition of vehicles	10/06/10	253,357	253,357					22,337		231,020	
2010-14f	Acquisition of equipment	10/06/10	72,967	72,967					1,120		71,847	
2010-14g	Installation of pumps etc. at Lily Park	10/06/10	334,431	334,431					334,431		-	
2011-9a	Replacement of Meter Batteries	06/16/11	500,000							500,000		300,414
2011-9b	Rehab Water Tower	06/16/11	950,000							950,000		359,766
2011-9c	Rehab Well House # 10	06/16/11	150,000							150,000		150,000
2011-9d	Purchase of Generator	06/16/11	100,000							100,000		100,000
2011-9e	Remote Reader Antenna	06/16/11	180,000							180,000		180,000
2011-9f	Purchase Directional Drill	06/16/11	420,000							420,000		65,850
				<u>\$ 8,441,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300,000</u>	<u>\$ 1,693,461</u>	<u>\$ 7,469,574</u>	<u>\$ -</u>	<u>\$ 3,809,190</u>	<u>\$ 1,156,030</u>
Ref.				D	D		D-13; D-19				D	D
								Disbursed D-6	\$ 3,411,852			
								Encumbered D	<u>4,057,222</u>			
									<u>\$ 7,469,074</u>			

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2011-09	12/20/2011	12/20/2011	\$ 864,000	1.10%	\$ -	\$ 874,000	\$ -	\$ 874,000
					<u>\$ -</u>	<u>\$ 874,000</u>	<u>\$ -</u>	<u>\$ 874,000</u>
					D	D-19		D

**WATER AND SEWER CAPITAL UTILITY FUND
STATEMENT OF WATER AND SEWER SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Water and Sewer Bonds of 2002	10/01/02	\$ 925,000	10/01/12	\$ 100,000	3.10%	\$ 300,000		\$ 100,000	\$ 200,000
			10/01/13	100,000	3.20%				
Water and Sewer Bonds of 2004	08/01/04	\$ 550,000	08/01/12	60,000	3.50%	250,000		60,000	190,000
			08/01/13	65,000	3.50%				
			08/01/14	65,000	3.50%				
Water and Sewer Bonds of 2010	12/01/10	\$ 12,240,000	12/01/12	410,000	3.00%	12,240,000		400,000	11,840,000
			12/01/13	425,000	3.00%				
			12/01/14	500,000	3.00%				
			12/01/15	510,000	3.00%				
			12/01/16	525,000	3.00%				
			12/01/17	540,000	3.00%				
			12/01/18	560,000	3.00%				
			12/01/19	575,000	3.50%				
			12/01/20	600,000	3.50%				
			12/01/21	625,000	3.75%				
			12/01/22	650,000	3.75%				
			12/01/23	675,000	3.75%				
			12/01/24	700,000	4.00%				
			12/01/25	715,000	4.00%				
			12/01/26	725,000	4.00%				
			12/01/27	745,000	4.13%				
12/01/28	770,000	4.25%							
12/01/29	790,000	4.25%							
12/01/30	800,000	4.38%							
						<u>\$ 12,790,000</u>	<u>\$ -</u>	<u>\$ 560,000</u>	<u>\$ 12,230,000</u>
Ref.						D	D-4	D	

See Accompanying Auditor's Report

**WATER AND SEWER CAPITAL UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION**

	Ref.		
Balance December 31, 2010	D		\$ 8,692,918
Increased by:			
Serial Bonds Paid by Operating Budget	D-16	\$ <u>160,000</u>	<u>160,000</u>
Balance December 31, 2011	D		<u><u>\$ 8,852,918</u></u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2010	Fixed Capital Authorized	To Reserve for Amortization	Bond Paid	Balance Dec. 31, 2011
2006-14	Various Capital Improvements		\$	\$	\$	\$ 23,464	\$ 23,464
2009-15c	Purchase of water meters	6/18/09	400			128,170	128,570
2010-14a	Various Capital Improvements	10/06/10	400,000			248,366	648,366
			<u>\$ 400,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 800,400</u>
			D			D-16	D

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorizations</u>	<u>BAN's Issued</u>	<u>Raised in Budget</u>	<u>Balance Dec. 31, 2011</u>
2011-9a	Replacement of Meter Batteries	\$	\$ 500,000	\$ 475,000	\$	\$ 25,000
2011-9b	Rehab Water Tower		950,000			950,000
2011-9c	Rehab Well House # 10		150,000			150,000
2011-9d	Purchase of Generator		100,000			100,000
2011-9e	Remote Reader Antenna		180,000			180,000
2011-9f	Purchase Directional Drill		420,000	399,000		21,000
		<u>\$ -</u>	<u>\$ 2,300,000</u>	<u>\$ 874,000</u>	<u>\$ -</u>	<u>\$ 1,426,000</u>
		D	D-14	D-15		D

See Accompanying Auditor's Report

CITY OF SOMERS POINT

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$29,000 except by contract or agreement."

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$29,000. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Committee's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of \$29,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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

- Utility Body Truck
- Towing
- Emergency Repairs
- Cleaning and Video of Sewer
- Fire Hydrants
- Bulkheads
- Lily Park
- Various Road Projects
- Firemen Uniforms
- Sewer Improvements
- Water Meter Transceivers
- Alarm and Sprinkler System

Contracts and Agreements Requiring Solicitation of Quotations

N.J.S. 40A:11-6.1 states, "Prior to the award of any other purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practical, on any such purchase, contract or agreement the estimated cost or price of which is 15% of bid amount or more."

Our examination of expenditures did reveal purchases made in excess of 15% of bid amount without obtaining quotes as required by statute.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 1, 2009, adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Committee of the City of Ventnor, County of Atlantic and state of New Jersey, as follows:

The Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency.

There will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 9, 2011 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2011	0
2010	0
2009	0

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type:</u>	<u>Number Mailed</u>
Payment of 2012 and 2011 Taxes	10
Payment of 2012 and 2011 Utility Bills	8
Delinquent Taxes	10
Delinquent Utility	10
Municipal Court	5

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes, utilities or municipal court.

Deposit of Municipal Funds

N.J.S. 40A:5-15 states, "All municipal funds shall be deposited within 48 hours upon receipt."

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

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 47,976,098	\$ 45,383,409	94.60%
2010	45,932,918	43,414,147	94.52%
2009	44,743,535	42,690,239	95.41%
2008	43,417,628	41,792,809	96.26%
2007	42,620,119	41,179,558	96.62%

Comparative Schedule of Tax Rate Information

	2011	2010	2009	2008	2007
Tax Rate	\$ 1.83	\$ 1.73	\$ 1.67	\$ 1.62	\$ 1.59
Apportionment of Tax Rate:					
Municipal	0.797	0.754	0.665	0.664	0.669
County	0.375	0.334	0.333	0.310	0.280
School	0.661	0.639	0.671	0.642	0.641
Assessed Valuation	2,616,184,272	2,646,525,345	2,671,641,219	2,674,012,188	2,674,012,188

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2011	\$ -	\$ 2,015,239	\$ 2,015,239	4.20%
2010	-	1,850,518	1,850,518	4.03%
2009	-	1,595,054	1,595,054	3.67%
2008	25,965	1,257,151	1,283,116	2.96%
2007	20,447	1,232,434	1,252,881	2.94%

Uniform Construction Code

The City of Ventnor construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b)2 and NJAC 5:23.4.17(b)3.

Schedule of Financial Statement Findings

11-1. Criteria

A fixed asset ledger is required to be maintained to track the City's assets.

Condition

A complete centralized fixed asset listing was unavailable for audit.

Cause

Numerous departments within the City maintain fixed asset listings for different equipment.

Effect

A centralized record of the City's fixed assets and equipment is not available.

Recommendation

That the City centralize the maintenance of the fixed asset listing. An inventory of fixed assets currently in use by each department should be documented and updated at least annually for all purchases and sales.

Management Response

A centralized fixed asset ledger will be established and maintained.

11-2. Criteria

All interfund accounts should be liquidated by year end.

Condition

Current year transfers and prior balances were not all liquidated.

Cause

The City does not maintain a general ledger to determine interfunds.

Effect

Interfunds have an impact on the Fund Balance of the Current Fund.

Recommendation

That all interfunds be liquidated at year end.

Management Response

Every attempt will be made to clear interfunds prior to year end.

11-3. Criteria

Bank reconciliations are required to be prepared for all accounts on a monthly basis.

Condition

Bank reconciliations were not prepared for the general bank account.

Cause

Finance personnel were unable to properly identify and properly post reconciling items.

Effect

The staff was unable to provide an accurate available cash balance for the general account.

Recommendation

Reconciliations should be prepared monthly and all reconciling items should be identified and cleared in a timely manner.

Management Response

Bank reconciliations are being prepared monthly for the current year.

STATUS OF PRIOR RECOMMENDATIONS

Finding 10-1

That a fixed asset ledger is required to be maintained to track the City's fixed assets.

This finding was partially cleared in 2011.

A fixed asset ledger will be created and maintained on a go-forward basis.

Finding 10-2

That all interfunds be liquidated by year end.

This finding was not cleared in 2011.

Finding 10-3

The City is required to have an actuarial determination of post retirement benefit costs.

This finding was cleared in 2011.

RECOMMENDATIONS

1. That the City create and maintain a centralized fixed asset ledger and ensure it is updated annually for all purchases and sales.
2. That all interfunds be liquidated by year end.
3. That all bank accounts be reconciled on a monthly basis.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,

FORD, SCOTT & ASSOCIATES, L.L.C

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

Kenneth W. Moore

**Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231**

May 14, 2012