

CITY OF VENTNOR CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

CITY OF VENTNOR CITY

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CITY OF VENTNOR CITY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the

Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ventnor City's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2013 on our consideration of the City of Ventnor City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ventnor City's internal control over financial reporting and compliance.

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

Kenneth Moore
Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

April 26, 2013

EXHIBIT A - CURRENT FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 6,360,326	\$ 3,064,785
Change Fund	A-5	530	530
		<u>6,360,856</u>	<u>3,065,315</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	2,090,962	2,015,239
Tax Title Liens Receivable	A-7	19,839	-
Property Acquired / Assessed Valuation		267,200	267,200
Revenue Accounts Receivable	A-8	14,767	13,661
Demolition Lien Receivable		54,521	-
Due from Trust Assessment Fund	B	-	30,776
Due from General Capital Fund	C	-	124,793
Due from Water and Sewer Utility Operating	D	4,353	612,238
Due from Animal Control Fund	B	9,558	7,125
	A	<u>2,461,200</u>	<u>3,071,032</u>
Deferred Charges:			
Special Emergency		3,000,000	-
		<u>3,000,000</u>	<u>-</u>
		<u>11,822,056</u>	<u>6,136,347</u>
Federal and State Grant Fund:			
Due from Current	A	209,243	178,321
Federal and State Grants Receivable	A-11	210,490	309,678
		<u>419,733</u>	<u>487,999</u>
		<u>\$ 12,241,789</u>	<u>\$ 6,624,346</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Appropriation Reserves	A-3	\$ 456,598	\$ 211,332
Encumbrances Payable	A-3	481,086	205,303
Accounts Payable		5,227	-
Prepaid Taxes		717,326	578,643
Tax Overpayments		193,687	128,945
Due County for Added and Omitted Taxes	A-6	3,902	4,386
Due to State of New Jersey:			
Marriage License and Domestic Partner Fees		-	350
State Training Fees		3,915	3,497
Veterans' and Senior Citizens' Deductions		11,122	9,175
Reserve for Judgements		92,500	92,500
Reserve for Hurricane Sandy		2,661,174	-
Special Emergency Note Payable		3,000,000	-
Due to Federal and State Grant Fund	A	209,243	178,321
Due to Water and Sewer Utility Capital Fund	D	-	59,360
Due to Other Trust Funds	B	9,229	17,311
		<u>7,845,009</u>	<u>1,489,123</u>
Reserves for Receivables	A	2,461,200	3,071,032
Fund Balance	A-1	1,515,847	1,576,192
		<u>11,822,056</u>	<u>6,136,347</u>
Federal and State Grant Fund:			
Reserve for Encumbrances		19,210	138,900
Reserve for State Grants:			
Unappropriated Reserves	A-13	24,533	6,231
Appropriated Reserves	A-12	375,990	342,868
		<u>419,733</u>	<u>487,999</u>
		<u>\$ 12,241,789</u>	<u>\$ 6,624,346</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,200,000	1,300,000
Miscellaneous Revenues Anticipated	A-2	3,344,542	3,275,694
Receipts from Delinquent Taxes	A-2	1,956,368	1,834,192
Receipts from Current Taxes	A-2	45,310,028	45,383,409
Nonbudget Revenues	A-2	104,256	103,767
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-9	245,557	335,940
Canceled Checks		36,978	-
Canceled Trust Assessment Fund Balance		16,717	-
Miscellaneous Credit		13,100	1
Interfunds Returned		614,454	85,820
		<u>52,842,000</u>	<u>52,318,823</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	11,497,802	11,193,186
Other Expenses	A-3	9,777,499	6,369,374
Deferred Charges and			
Statutory Expenditures	A-3	2,489,779	2,757,708
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	155,322	154,782
Other Expenses	A-3	57,172	210,303
Capital Improvements	A-3	150,000	-
Debt Service	A-3	1,904,182	1,904,499
Deferred Charges	A-3	-	-
Type I School Debt Service	A-3	1,467,389	1,461,567
County Taxes Payable	A-6	9,716,155	9,738,357
County Share of Added and Omitted Taxes	A-6	3,902	4,386
Local District School Tax	A-10	17,483,143	17,312,812
		<u>54,702,345</u>	<u>51,106,974</u>

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

	Ref.	2011	2011
Excess/(deficit) in Revenues		\$ (1,860,345)	\$ 1,211,849
Adjustments to Income Before Fund Balance - Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		3,000,000	-
Statutory Excess to Fund Balance		1,139,655	1,211,849
Fund Balance January 1	A	1,576,192	1,664,343
Total		2,715,847	2,876,192
Decreased by:			
Utilization as Anticipated Revenue	A-2	1,200,000	1,300,000
Fund Balance December 31	A	\$ 1,515,847	\$ 1,576,192

**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	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -
		<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>
<u>Miscellaneous Revenues:</u>					
Licenses-Alcoholic Beverages	A-8	3,200		3,312	112
Licenses-Other	A-8	83,800		81,050	(2,750)
Fees and Permits	A-8	185,000		161,972	(23,028)
Municipal Court	A-8	230,000		229,332	(668)
Interest and Costs on Taxes	A-8	315,000		375,973	60,973
Parking Meters	A-8	40,000		31,183	(8,817)
Interest on Investments	A-8	15,000		17,749	2,749
Beach Control Fees	A-8	200,000		198,380	(1,620)
Land Rental	A-8	85,000		87,800	2,800
Viking Rowing Foundation, Inc. Lease Agreement	A-8	31,000		31,092	92
Payment in Lieu of Taxes	A-8	128,000		135,000	7,000
Cable Television Franchise Fees	A-8	50,000		53,633	3,633
City Lease Fees	A-8	40,000		43,270	3,270
Ambulance Service Fees	A-8	275,000		330,999	55,999
Recreation Fees	A-8	75,000		70,767	(4,233)
Consolidated Municipal Property Tax Relief Aid	A-8	238		238	-
Energy Receipts Tax	A-8	607,874		607,874	-
Uniform Construction Code Fees	A-8	160,000		209,424	49,424
Borough of Longport-Uniform Construction Code Office	A-8	39,000		-	(39,000)
Interfund Utility Operating Fund	A-8	149,000		149,000	-
Utility Fund Allocation	A-8	275,000		275,000	-

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	\$	\$ 3,828	\$ 3,828	\$ -
Clean Communities	A-11		25,108	25,108	-
Alcohol Education, Rehabilitation and Enforcement	A-11		1,322	1,322	-
DWI Checkpoint	A-11		3,260	3,260	-
Safe and Secure Program	A-11	60,000		60,000	-
State Cooperative Housing	A-11		2,976	2,976	-
Emergency Management Grant	A-11		5,000	5,000	-
NJ DOT Transportation Trust			150,000	150,000	
Total Miscellaneous	A-2	3,047,112	191,494	3,344,542	105,936
Receipts from Delinquent Taxes	A-2	1,333,711		1,956,368	622,657
Subtotal General Revenues		5,580,823	191,494	6,500,910	728,593
Amount to be Raised by Taxes for Support to Municipal Budget -					
Local Tax for Municipal Purposes	A-2	19,831,044		19,183,238	(647,806)
Addition to Local District School Tax		1,467,389		1,467,389	-
Total Amount to be Raised by Taxation		21,298,433	-	20,650,627	(647,806)
Budget Totals		26,879,256	191,494	27,151,537	80,787
Nonbudget Revenues	A-1:A-2			104,256	104,256
		\$ 26,879,256	\$ 191,494	\$ 27,255,793	\$ 185,043
	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	\$	45,310,028
Allocated to:			
School and County Taxes	A-1:A-6		<u>27,203,200</u>
Balance for Support of Municipal Budget Revenues			18,106,828
Add:			
Appropriation: "Reserve for Uncollected Taxes"	A-3		<u>2,543,799</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>20,650,627</u></u>
 <u>Receipts from Delinquent Taxes:</u>			
Delinquent Tax Collections	A-6	\$	1,956,368
Tax Title Lien Collections	A-7		<u>-</u>
	A-2	\$	<u><u>1,956,368</u></u>

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

Ref.

Miscellaneous Revenue Not Anticipated:

Street Opening	\$	1,000
Insurance Reimbursements		7,940
Mercantile Registrations		5,050
Auction		1,486
Sale of Property		6,000
Police Detail		21,970
Miscellaneous		36,324
Police Reports		611
Rental Registrations		9,550
Miscellaneous Rentals		400
VBOE Fuel		303
Premium on Note Sale		<u>13,622</u>

A-2:A-8

\$ 104,256

**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	\$ 60,543	\$ 61,043	\$ 60,934	\$ 109	\$	\$
Other Expenses	9,175	9,175	8,105	1,070		
Police						
Salaries and Wages	3,963,977	3,813,977	3,812,580	1,397		
Other Expenses	124,700	131,800	131,625	175		
Fire						
Salaries and Wages	4,136,229	4,086,229	4,025,144	61,085		
Other Expenses	98,791	93,491	93,491			
Uniform Fire Safety Act						
Other Expenses	5,089	2,839	2,839			
Radio and Communications						
Salaries and Wages	472,085	482,085	460,726	21,359		
Other Expenses	20,635	22,618	22,173	445		
City Administrator						
Salaries and Wages	65,000	21,350	21,288	62		
Office of Emergency Management						
Salaries and Wages	91,000	103,000	91,504	11,496		
Other Expenses	7,775	6,475	6,426	49		
Dog Control						
Other Expenses	8,400	8,400	8,400			
Electrical Division						
Salaries and Wages	74,082	74,082	55,355	18,727		
Other Expenses	15,060	15,060	14,854	206		
Celebration of Public Events						
Other Expenses	10,000	3,000	2,975	25		

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	\$ 2,750	\$ 2,750		\$	\$
Other Expenses	10,650	9,950	9,879	71		
Beach Patrol						
Salaries and Wages	425,000	425,000	424,939	61		
Other Expenses	22,262	19,862	19,856	6		
Beach Control						
Salaries and Wages	16,000	16,420	16,417	3		
Other Expenses	5,000	5,000	5,000			
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY:						
Director's Office						
Salaries and Wages	10,000	10,000	9,846	154		
Other Expenses	45	45		45		
Streets and Roads						
Salaries and Wages	468,835	463,835	409,217	54,618		
Other Expenses	55,450	45,850	45,627	223		
Motor Vehicle Maintenance						
Salaries and Wages	268,026	278,026	275,378	2,648		
Other Expenses	45,570	57,070	57,070			
Buildings and Grounds						
Salaries and Wages	206,656	206,656	187,877	18,779		
Other Expenses	122,750	126,250	126,188	62		
Recreation						
Salaries and Wages	187,487	194,987	194,987			
Other Expenses	106,187	106,187	81,329	1		24,857

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>						
City Engineer						
Other Expenses	\$ 60,000	\$ 158,000	\$ 157,902	\$ 98	\$	\$
Solid Waste/Recycling						
Salaries and Wages	48,850	61,850	55,216	6,634		
Other Expenses	1,072,730	1,052,730	1,052,184	546		
 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	195,000	260,500	246,793	13,707		
City Clerk						
Salaries and Wages	78,700	78,700	78,648	52		
Other Expenses	29,761	20,761	20,180	581		
Revision and Codification of Ordinances	6,000	6,000	6,000			
Elections						
Other Expenses	34,750	25,581	25,581			
Audit						
Other Expenses	52,000	56,000	56,000			
Planning Board						
Salaries and Wages	2,500	2,000	2,000			
Other Expenses	10,450	11,040	10,371	669		
Financial Administration						
Salaries and Wages	261,819	260,619	258,844	1,775		
Other Expenses	30,100	23,100	23,080	20		
Assessment of Taxes						
Salaries and Wages	76,808	71,808	70,395	1,413		
Other Expenses	9,405	9,485	9,484	1		
Collection of Taxes						
Salaries and Wages	81,400	81,400	81,387	13		
Other Expenses	14,135	14,135	9,929	4,206		

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>						
Information Technology						
Salaries and Wages	\$ 45,009	\$ 47,529	\$ 47,525	\$ 4	\$	\$
Other Expenses	44,350	44,350	44,236	114		
Municipal Court						
Salaries and Wages	146,800	146,800	146,340	460		
Other Expenses	7,150	7,150	6,897	253		
Municipal Prosecutor						
Salaries and Wages	31,000	31,000	31,000			
Public Defender						
Other Expenses	9,000	9,000	9,000			
Insurance						
General Liability	122,363	92,363	91,676	687		
Workers Compensation	832,134	807,055	807,054	1		
Employee Group Health	2,401,060	2,501,060	2,455,288	45,772		
Health Waiver	107,349	102,649	102,552	97		
Inspection of Buildings						
Salaries and Wages	246,044	254,544	253,720	824		
Other Expenses	5,700	6,080	5,759	321		
Inspection of Housing						
Salaries and Wages	41,236	46,836	45,931	905		
Other Expenses	4,700	2,200	2,139	61		
Electrical and Plumbing Inspections						
Salaries and Wages	9,300	9,300	9,088	212		
Utilities						
Gasoline	175,000	183,000	172,659	10,341		
Electricity	550,000	547,000	498,102	48,898		
Telephone	60,000	80,000	64,560	15,440		
Natural Gas	120,000	120,000	114,936	5,064		
Hurricane Sandy	-	3,000,000	3,000,000			
Terminal Leave	153,551	155,976	155,974	2		
Total Operations Within "CAPS"	18,301,658	21,300,158	20,923,209	352,092	-	24,857

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"	\$ 18,301,658	\$ 21,300,158	\$ 20,923,209	\$ 352,092	\$ -	\$ 24,857
Detail:						
Salaries and Wages	11,680,937	11,497,802	11,295,010	202,792	-	-
Other Expenses	6,620,721	9,802,356	9,628,199	149,300	-	24,857
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	250,000	250,000	221,053	28,947		
Consolidated Police and Firemen's Pension	21,861	21,861	21,861			
Unemployment	60,000	60,000	4,831	55,169		
Medicare Insurance	150,000	151,500	149,907	1,593		
Police and Fire Retirement System	1,602,759	1,602,759	1,602,759			
Public Employees Retirement System	401,659	401,659	401,659			
Defined Contribution Retirement Plan	2,000	2,000	581	1,419		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	2,488,279	2,489,779	2,402,651	87,128	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	20,789,937	23,789,937	23,325,860	439,220	-	24,857

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	\$ 33,417	\$ 583	\$	\$
Other Expenses	5,000	5,000	205	4,795		
Alcohol Education and Rehabilitation Fund		1,322	1,322			
Body Armor Grant		3,828	3,828			
Recycling Tonnage Grant		-				
Emergency Management Assistance		5,000	5,000			
FEMA - Assistance to Firefighters		-				
FEMA - Assistance to Firefighters - Local Match		-				
Safe and Secure Communities Program						
State Share	60,000	60,000	60,000			
Local Share	60,000	60,000	60,000			
DWI Checkpoint		3,260	3,260			
State Housing Inspection Program		2,976	2,976			
Clean Communities Program		25,108	25,108			
Match for Grants	12,000	12,000		12,000		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	171,000	212,494	195,116	17,378	-	-
Detail:						
Salaries and Wages	154,000	155,322	154,739	583		
Other Expenses	17,000	57,172	40,377	16,795		

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>	\$	\$	\$	\$	\$	\$
NJ DOT Transportation Trust Fund		150,000	150,000			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	-	150,000	150,000	-	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	1,440,000	1,440,000	1,440,000			
Interest on Bonds	424,889	424,889	424,889			
Interest on Bond Anticipation Notes	8,250	8,250	8,202			48
Green Trust Loan Program: Loan Repayments for Principal and Interest	33,992	33,992	31,091			2,901
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,907,131	1,907,131	1,904,182	-	-	2,949
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,078,131	2,269,625	2,249,298	17,378	-	2,949

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	\$ 1,040,000	\$ 1,040,000	\$ 1,040,000			\$ -
Interest on Bonds	427,389	427,389	427,389			-
TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"	1,467,389	1,467,389	1,467,389	-	-	-
SUBTOTAL GENERAL APPROPRIATIONS	24,335,457	27,526,951	27,042,547	456,598	-	27,806
RESERVE FOR UNCOLLECTED TAXES	2,543,799	2,543,799	2,543,799	-		-
TOTAL GENERAL APPROPRIATIONS	\$ 26,879,256	\$ 30,070,750	\$ 29,586,346	\$ 456,598	\$ -	\$ 27,806
	A-2	A-2		A	A	
	<u>Ref.</u>					
Budget	A-2	\$ 26,879,256				
Special Emergency		3,000,000				
N.J.S.A. 40A:4-87	A-2	191,494				
		\$ 30,070,750				
			<u>Ref.</u>	PAID OR CHARGED		
Encumbrances Payable			A	\$ 481,086		
Special Emergency			A	3,000,000		
Federal and State Grants			A-12	311,494		
Reserve for Uncollected Taxes			A-3	2,543,799		
Disbursed			A-4	23,249,967		
				\$ 29,586,346		

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>2012</u>	<u>2011</u>
Assessment Fund:			
Due from Trust - Other Fund	B	\$ -	\$ 47,493
		<u>-</u>	<u>47,493</u>
Dog License Fund:			
Cash	B-1	14,976	12,507
Prepaid State Fees	B-1	<u>-</u>	<u>-</u>
		<u>14,976</u>	<u>12,507</u>
Other Funds:			
Cash - Treasurer	B-1	1,707,442	1,379,167
Cash Held in Trust		219,725	219,725
Due from Current Fund	A:B-7	<u>9,229</u>	<u>17,311</u>
		<u>1,936,396</u>	<u>1,616,203</u>
		\$ <u>1,951,372</u>	\$ <u>1,676,203</u>
 <u>Liabilities, Reserves, and Fund Balance</u>			
Assessment Fund:			
Due to Current Fund	A	\$ -	\$ 30,776
Fund Balance		<u>-</u>	<u>16,717</u>
		<u>-</u>	<u>47,493</u>
Dog License Fund:			
Due to Current Fund	A:B-3	9,558	7,125
Prepaid Dog License Fees	B-1	198	150
Due to State of New Jersey	B-4	-	-
Reserve for Dog Fund Expenditures	B-2	<u>5,220</u>	<u>5,232</u>
		<u>14,976</u>	<u>12,507</u>
Other Funds:			
Due to Trust Assessment Fund	B	-	47,493
Due to Water and Sewer Utility Operating Fund	D	-	1,548
Payroll Deductions Payable	B-6	171,528	154,012
Due to Current Fund	A:B-7	-	-
Miscellaneous Reserves	B-8	<u>1,764,868</u>	<u>1,413,150</u>
		<u>1,936,396</u>	<u>1,616,203</u>
Total		\$ <u>1,951,372</u>	\$ <u>1,676,203</u>

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EXHIBIT C - GENERAL CAPITAL FUND

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

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2	\$ 2,088,492	\$ 2,989,624
Receivable State of NJ - Green Acres Grant		285,000	285,000
Deferred Charges to Future Taxation:			
Funded	C-4	22,171,801	24,677,924
Unfunded	C-5	2,145,401	2,145,401
		<u>26,690,694</u>	<u>30,097,949</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Contracts Payable	C-6	437,185	808,948
Due to:			
Current Fund	A	-	124,793
Water and Sewer Utility Operating Fund	D	-	171,775
Water and Sewer Utility Capital Fund	D	-	38,000
Improvement Authorizations:			
Funded	C-7	1,327,033	2,393,211
Unfunded	C-7	652,928	953,566
Bond Anticipation Notes	C-8	1,615,000	750,000
General Serial Bonds Payable	C-9	10,820,000	12,260,000
School Serial Bonds - Type 1 Payable	C-10	11,123,000	12,163,000
Green Trust Loan Payable	C-11	228,801	254,924
Capital Improvement Fund	C-12	93,987	93,987
Reserve for Payment of Bonds		3,814	3,814
Reserve for Payment of School Bonds		290,671	-
Fund Balance	C-1	98,275	81,931
		<u>\$ 26,690,694</u>	<u>\$ 30,097,949</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 of \$530,401 and \$1,395,401 respectively (C-13)

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2011	C	\$	81,931
Increase by:			
Premium on issuance of BAN			16,344
			<hr/>
Balance December 31, 2012	C	\$	<u><u>98,275</u></u>

See Accompanying Notes to Financial Statements

EXHIBIT D - WATER AND SEWER UTILITY

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

	Ref.	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	D-5	\$ 1,006,129	\$ 1,118,425
Change Fund		100	100
Due from Trust - Other Fund	B	-	1,548
Due from General Capital Fund	C	-	171,775
		<u>1,006,229</u>	<u>1,291,848</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>950,351</u>	<u>957,116</u>
		950,351	957,116
Deferred Charge			
Overexpenditure of Appropriations	D-4	<u>-</u>	<u>264</u>
		-	264
Total of Operating Fund		<u>1,956,580</u>	<u>2,249,228</u>
Capital Fund:			
Cash	D-6	3,957,599	7,270,875
Fixed Capital - Completed	D-12	10,106,852	9,960,918
Fixed Capital - Authorized and Uncompleted	D-13	14,076,466	14,222,400
Due from Current Fund	A	-	59,360
Due from General Capital Fund	C	-	38,000
Due from Utility Operating Fund	D	-	283,675
Total of Capital Fund		<u>28,140,917</u>	<u>31,835,228</u>
Total Assets	D	<u>\$ 30,097,497</u>	<u>\$ 34,084,456</u>

See Accompanying Notes to Financial Statements

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

	Ref.	<u>2012</u>	<u>2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$ 185,248	\$ 42,853
Encumbrances Payable	D-4	89,134	21,526
Water and Sewer Rent Overpayments	D-9	14,551	11,650
Due to Current Fund	A	4,353	612,238
Due to Utility Capital Fund	D	-	283,675
Accrued Interest on Bonds and Notes	D-11	38,850	40,904
		<u>332,136</u>	<u>1,012,846</u>
 Reserve for Receivables	 Res.	 950,351	 957,116
Fund Balance	D-1	674,093	279,266
Total of Operating Fund		<u>1,956,580</u>	<u>2,249,228</u>
 Capital Fund:			
Contracts Payable	D-14	1,178,756	4,057,722
Improvement Authorizations:			
Funded	D-14	2,271,839	3,809,190
Unfunded	D-14	544,924	1,156,030
Bond Anticipation Notes Payable	D-15	2,185,000	874,000
Water and Sewer Serial Bonds Payable	D-16	11,660,000	12,230,000
Reserves for Amortization	D-17	9,029,389	8,852,918
Deferred Reserve for Amortization	D-18	1,193,929	800,400
Fund Balance	D-2	77,080	54,968
 Total of Capital Fund		<u>28,140,917</u>	<u>31,835,228</u>
 Total Liabilities, Reserves and Fund Balance	 D	 \$ <u>30,097,497</u>	 \$ <u>34,084,456</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 of \$115,000 and \$1,426,000 respectively (D-19)

**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>2012</u>	<u>2011</u>
Fund Balance Anticipated	D-1:D-3	\$	\$ -
Rents	D-3	5,516,442	5,200,192
Miscellaneous Revenue	D-3	92,185	113,770
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	46,331	279,286
Total Income		<u>5,654,958</u>	<u>5,593,248</u>
<u>Expenditures</u>			
Operating	D-4	4,151,328	3,895,191
Capital Improvements	D-4	-	-
Debt Service	D-4	1,026,539	1,010,188
Deferred Charges and Statutory Expenditures	D-4	82,264	519,408
Total Expenditures		<u>5,260,131</u>	<u>5,424,787</u>
Excess(Deficit) in Revenues		394,827	168,461
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred charges to budget of succeeding year	D	<u>-</u>	<u>264</u>
Statutory Excess to Fund Balance		394,827	168,725
Fund Balance January 1	D	<u>279,266</u>	<u>110,541</u>
Total		674,093	279,266
Decreased by:			
Utilization as Anticipated Revenue		-	-
Fund Balance December 31	D	<u>\$ 674,093</u>	<u>\$ 279,266</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>2012</u>	<u>2011</u>
Balance January 1,	D	\$ 54,968	\$ 54,968
Increased:			
Premium on Sale of Notes		22,112	-
Balance December 31,	D	<u>\$ 77,080</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, 2012**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents - Sewer	D-1:D-7	\$ 5,198,869	\$ 5,516,442	\$ 317,573
Miscellaneous Receipts	D-5	63,316	92,185	28,869
Additional Rents		-		-
		<u>\$ 5,262,185</u>	<u>\$ 5,608,627</u>	<u>\$ 346,442</u>

Analysis of Realized Revenue

Rents

Consumer Accounts Receivable

D-7 \$ 5,516,442

Miscellaneous

Interest on Deposits

\$ 2,007

Interest on Delinquent Rents

76,547

Miscellaneous

13,631

D-5 \$ 92,185

See Accompanying Notes to Financial Statements

**WATER AND SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Appropriations		Expended			Unexpended Balance Canceled	Over-Expended
	Budget	Budget after Modification	Paid or Charged	Encumbered	Reserved		
Operating							
Salaries and Wages	\$ 1,083,815	\$ 1,073,973	\$ 996,998	\$	\$ 76,975	\$	\$
Other Expenses	1,335,904	1,335,904	1,140,775	89,134	105,995		
ACMUA- Treatment Costs	1,466,451	1,466,451	1,466,451		-		
Current Fund Allocation	275,000	275,000	275,000		-		
	<u>4,161,170</u>	<u>4,151,328</u>	<u>3,879,224</u>	<u>89,134</u>	<u>182,970</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	570,000	570,000	570,000			-	
Interest on Bonds	446,139	448,030	445,976				
Interest on BAN's	9,612	10,563	10,563			-	
	<u>1,025,751</u>	<u>1,028,593</u>	<u>1,026,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Charges and Statutory Expenditures							
Deferred Charges							
Emergency Authorizations		-			-		
Overexpenditure of Appropriation	264	264	264		-		
Expenditure without Apropiations		-			-		
Contribution to:							
Social Security System (O.A.S.I.)	74,000	81,000	79,143		1,857		
Unemployment Compensation	1,000	1,000	579		421		
	<u>75,264</u>	<u>82,264</u>	<u>79,986</u>	<u>-</u>	<u>2,278</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,262,185</u>	<u>\$ 5,262,185</u>	<u>\$ 4,985,749</u>	<u>\$ 89,134</u>	<u>\$ 185,248</u>	<u>\$ -</u>	<u>\$ -</u>
Ref.	D-3	D-3		D:D-1	D:D-1	D-1	D

Deferred Charge	\$ 264	
Accrued interest on Bonds 12/31/12	38,850	D-11
Accrued interest on Bonds 12/31/11	(40,904)	D-11
Disbursed	4,987,539	D-5
	<u>\$ 4,985,749</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>2012</u>	<u>2011</u>
General Fixed Assets:		
Land and Buildings	\$ 27,402,480	\$ 18,374,183
Machinery and Equipment	2,585,312	860,613
Vehicles	<u>4,006,394</u>	<u>4,467,759</u>
Total General Fixed Assets	<u><u>33,994,186</u></u>	<u><u>23,702,555</u></u>
Investment in General Fixed Assets	\$ <u><u>33,994,186</u></u>	\$ <u><u>23,702,555</u></u>

See Accompanying Notes to Financial Statements

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 2010 census of 10,650. 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
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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
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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, 2012 and 2011.

**CITY OF VENTNOR CITY
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	Balance as of 12/31/11	Additions	Adjustment	Balance as of 12/31/12
Work in Progress	\$ -	\$	\$	\$ -
Land and Buildings	18,374,183		9,028,297	27,402,480
Machinery and Equipment	860,613		1,724,699	2,585,312
Vehicles	4,467,789		(461,395)	4,006,394
	<u>\$ 23,702,585</u>	<u>\$ -</u>	<u>\$ 10,291,601</u>	<u>\$ 33,994,186</u>

	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>

The City conducted a complete inventory and tagging of all fixed assets in the City. The adjustment represents the difference between the prior records of the City and the complete inventory. The largest adjustment is in Land and Buildings. This is a result of the inventory using current assessed values.

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.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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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.

F. Recent Accounting Pronouncements

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

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

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position". The statement, which is effective for periods beginning after December 15, 2011, amends

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District's financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District's financial reporting.

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 2012 and 2011 statutory budgets included a reserve for uncollected taxes in the amount of \$2,543,799 and \$2,202,397. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$1,200,000 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 2012 calendar year:

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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<u>Budget Category</u>	
Police	
Salaries & Wages	\$ (150,000)
Fire	
Salaries & Wages	(50,000)
Administrator	
Salaries & Wages	(43,650)
Solid Waste/Recycling	
Other Expenses	(20,000)
City Engineer	
Other Expenses	98,000
Legal Services	
Other Expenses	65,500
Insurance	
Group Health	100,000
Workers Compensation	(25,079)
General Liability	(30,000)
Telephone	20,000

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 2012, there were the following budget insertions:

DWI Checkpoint	\$ 3,260
Emergency Management	5,000
Clean Communities	25,108
NJ DOT Transportation Trust Fund	150,000
State Cooperative Housing	2,976
Alcohol Education / Rehabilitation	1,322
Body Armor	3,828
	<u>\$ 191,494</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

**CITY OF VENTNOR CITY
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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. The City approved a special emergency for \$3,000,000 as a result of Hurricane Sandy. The City is required to fund 1/5th of the amount each year in the subsequent budgets. The City has budgeted \$1,000,000 funding in the 2013 budget. This is off-set with \$1,000,000 storm related reimbursements.

Note 3: INVESTMENTS

As of December 31, 2012 and 2011, 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.

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, 2012 and 2011, \$73,936 and \$73,929 of the municipality's bank balance of \$14,098,620 and \$16,576,645, respectively were exposed to custodial credit risk.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	Balance Beginning	Additions	Reductions	Balance Ending	Due in One Year
General	\$ 12,514,924	\$ -	\$ 1,466,123	\$ 11,048,801	\$ 1,531,648
Utility	12,230,000		570,000	11,660,000	590,000
School	12,163,000		1,040,000	11,123,000	1,070,000
Comp Absences	1,774,141	218,986	155,974	1,837,153	
Total	\$ 38,682,065	\$ 218,986	\$ 3,232,097	\$ 35,668,954	\$ 3,191,648

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 10/1/12. Interest is paid semiannually at rates from 3.00% to 3.25% per annum. The balance remaining as of December 31, 2012 was \$840,000.

\$4,275,000 General Improvement Bond dated 8/1/04 payable in annual installments through 8/1/19. \$280,000 of principal was paid on 8/1/12. Interest is paid semiannually at rates from 3.50% to 4.00% per annum. The balance remaining as of December 31, 2012 was \$2,375,000.

\$8,315,000 General Improvement Bond dated 12/1/10 payable in annual installments through 12/1/25. \$360,000 of principal was paid 12/1/12. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2012 was \$7,605,000.

\$6,917,000 School Refunding Bonds dated 12/15/04 payable in annual installments through 10/01/20. \$535,000 of principal was paid on 10/1/12. Interest is paid semiannually at rates from 2.75% to 4.00% per annum. The balance remaining as of December 31, 2012 was \$5,005,000.

\$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. \$360,000 of principal was paid on 10/1/12. The balance remaining as of December 31, 2012 was \$3,580,000. 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. \$145,000 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, 2012 was \$2,538,000.

**CITY OF VENTNOR CITY
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\$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. \$26,123 of principal was paid during 2012. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2012 was \$228,801.

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 10/1/12. Interest is paid semiannually at rates from 3.00% to 3.20% per annum. The balance remaining as of December 31, 2012 was \$100,000.

\$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 8/01/12. Interest is paid semiannually at a rate of 3.50% per annum. The balance remaining as of December 31, 2012 was \$130,000.

\$12,240,000 Water and Sewer Bonds dated 12/1/10 payable in annual installments through 10/01/30. \$410,000 of principal payment was paid on 12/1/12. Interest is paid semiannually at rates from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2012 was \$11,430,000.

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	
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	933,856	251,729	540,000	364,881	2,090,466
2018-2022	3,945,095	792,817	3,010,000	1,550,394	9,298,306
2023-2027	2,045,000	163,338	3,560,000	943,269	6,711,607
2028-2030			2,360,000	204,875	2,564,875
	<u>\$ 11,048,801</u>	<u>\$ 2,515,936</u>	<u>\$ 11,660,000</u>	<u>\$ 4,684,668</u>	<u>\$ 29,909,405</u>

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NOTES TO FINANCIAL STATEMENTS
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Year	School		Total
	Principal	Interest	
2012	\$ 1,070,000	\$ 395,840	\$ 1,465,840
2013	1,100,000	365,833	1,465,833
2014	1,130,000	331,348	1,461,348
2015	1,170,000	292,570	1,462,570
2016	1,210,000	245,020	1,455,020
2017-2021	4,730,000	551,425	5,281,425
2022-2025	713,000	57,760	770,760
	\$ <u>\$ 11,123,000</u>	\$ <u>2,239,796</u>	\$ <u>13,362,796</u>

As of December 31, 2012, the carrying value of the above bonds approximates the fair value of the bonds.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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General:

Bonds & Notes Issued	\$ 10,820,000	\$ 12,260,000	\$ 13,675,000
School	11,123,000	12,163,000	13,173,000
Loans	228,801	254,924	280,532
Bond Anticipation Note	1,615,000	750,000	-

Water and Sewer:

Bonds & Notes Issued	12,230,000	12,230,000	12,790,000
Bond Anticipation Note	2,185,000	874,000	
Net Debt Issued	<u>38,201,801</u>	<u>38,531,924</u>	<u>39,918,532</u>

Authorized but not issued:

General:

Bonds & Notes	530,401	1,395,401	530,401
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Water and Sewer:

Bonds & Notes	115,000	1,426,000	-
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Bonds & Notes Authorized But Not Issued

	<u>645,401</u>	<u>2,821,401</u>	<u>530,401</u>
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Net Bonds & Notes Issued and Authorized But Not Issued

	<u>38,847,202</u>	<u>41,353,325</u>	<u>40,448,933</u>
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Deductions:

Reserve for Payment of Bonds	294,485	3,814	3,814
School	11,123,000	12,163,000	13,173,000
Self-liquidating Debt	14,530,000	14,530,000	12,790,000

Total Deductions

	<u>25,947,485</u>	<u>26,696,814</u>	<u>25,966,814</u>
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Net Debt

	<u>\$ 12,899,717</u>	<u>\$ 14,656,511</u>	<u>\$ 14,482,119</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 0.49%.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 11,123,000	\$ 11,123,000	\$ -
Self-Liquidating Purpose	13,960,000	13,960,000	-
General Debt	13,194,202	294,485	12,899,717
	<u>\$ 38,277,202</u>	<u>\$ 25,377,485</u>	<u>\$ 12,899,717</u>

Net Debt \$12,899,717 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$2,632,753,647= 0.49%.

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)	\$ 92,146,378
Net Debt	12,899,717
Remaining Borrowing Power	<u>\$ 79,246,661</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	\$ 5,608,627
Deductions:	
Operating and Maintenance Costs	\$ 4,233,328
Debt Service per Water and Sewer Fund	<u>1,026,539</u>
Total Deductions	<u>5,259,867</u>
Excess in Revenues	<u>\$ 348,760</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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Note 6: NOTES

Bond Anticipation Note

The City has outstanding at December 31, 2012 and 2011, a bond anticipation note in the amount of \$3,800,000 and \$1,624,000, respectively. At December 31, 2012 \$3,800,000 was payable to TD Securities. The current interest rate on this note is 2.00% and will mature on December 16, 2013. \$1,615,000 of the outstanding balance is a note in the General Capital Fund and \$12,185,000 is a note in the Water and Sewer Utility Capital Fund.

	<u>General Capital</u>	<u>Utility Capital</u>	<u>Total</u>
Balance 12/31/11	\$ 750,000	\$ 874,000	\$ 1,624,000
Increase	865,000	1,311,000	2,176,000
Balance 12/31/12	<u>\$ 1,615,000</u>	<u>\$ 2,185,000</u>	<u>\$ 3,800,000</u>

Special Emergency Note

The City has \$3,000,000 in outstanding emergency notes as of December 31, 2012 payable to Jefferies & Co., Inc. at a rate of 1.50% interest. The note payable will mature on December 16, 2013.

Note 7: FUND BALANCES APPROPRIATED

The Current Fund balance at December 31, 2012, which was appropriated and included as anticipated revenue for the year ending December 31, 2013 is \$1,200,000. As of the date of the audit the budget has not been adopted.

Note 8: SCHOOL TAXES

Local District School Tax in the amount of \$17,483,811 and \$17,312,811 has been raised for the 2012 and 2011 calendar year, respectively and \$17,483,811 and \$17,312,811 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 12/31/12</u>	<u>Balance 12/31/11</u>
Prepaid Taxes	<u>\$ 717,326</u>	<u>\$ 578,643</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 717,326</u>	<u>\$ 578,643</u>

**CITY OF VENTNOR CITY
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YEARS ENDED DECEMBER 31, 2012 AND 2011**

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.shtml.

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 6.5% through September 30, 2012 and 6.6% thereafter 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 10.0% of covered payroll. The City's contributions to PERS for the years ending December 31, 2012, 2011 and 2010 were \$401,659, \$414,091 and \$356,923 respectively,

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
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equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2012, 2011 and 2010 were \$1,602,759, \$1,893,083 and \$1,586,815 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, 2012, 2011 and 2010 were \$0, \$0 and \$0, respectively. The City's trust for the Lifeguard Pension at December 31, 2012 was \$394,657. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the years ended December 31, 2012, 2011 and 2010 were \$25,528, \$17,028 and \$17,022, respectively.

NOTE 12: POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

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).

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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.

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, 2012, 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	12/31/16	All employees public works employees and clerical employees. Supervisors are excluded.
PBA #97	Police	12/31/16	All uniformed police, detectives, and other special police units, excluding the chief.
Firemen's Mutual Benevolent Asso. #38	Firefighters	12/31/16	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, 2012 and 2011, the City estimates this liability to approximate \$1,837,053 and \$1,774,141, 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.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

Note 16: ECONOMIC DEPENDENCY

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

Note 17: LEASE OBLIGATIONS

At December 31, 2012, 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>
2013	\$ 3,164

Rental payments under operating leases for the year 2012
were \$7,872

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.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

The Fund publishes its own financial report for the year ended December 31, 2012, which can be obtained from:

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, 2012, 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
2010	\$ 219,725	\$ 2,755,410	\$ 2,755,410	\$ 219,725
2011	219,725	2,644,220	2,644,220	219,725
2012	219,725	3,023,096	3,023,096	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

The City has nine employees as of December 31, 2012 that are currently receiving payments for terminal leave. The employees were entitled to Terminal Leave payments. The scheduled payments are as follows:

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

<u>Year</u>	
2012	\$ 161,153
2013	159,706
2014	159,706
2015	159,706
2016	26,060

Note 22: INTERFUND BALANCES

As of December 31, 2012, 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:		
Grant Fund	\$	\$ 209,243
Utility Operating	4,353	
Trust Fund - Dog Fund	9,228	
Trust Funds - Other		9,229
Grant Fund:		
Current Fund	209,243	
Trust Fund - Other:		
Current -		
Dog Fund		9,228
Other Trusts	9,229	
Water and Sewer Utility Operating Fund:		
Current Fund		4,353
	\$ <u>232,053</u>	\$ <u>232,053</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.

Note 23: SUBSEQUENT EVENTS

The City has evaluated events through April 26, 2013, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 26, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Kenneth Moore
Kenneth Moore
Certified Public Accountant
Registered Municipal Accountant
No. 231

April 26, 2013

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Balance at 1/1/12	2012 Activity		Balance at 12/31/2012	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	01/01/12	12/31/12	\$ 25,108	\$ -	\$ 25,108	\$ 21,529	\$ 3,579	\$ 21,529
Clean Communities	4900-765-042-4900-004	01/01/11	12/31/11	25,514	25,514		25,514	-	25,514
Clean Communities	4900-765-042-4900-004	01/01/10	12/31/10	33,533	10,387		10,387	-	33,533
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		500	675	12,795
State Cooperative Housing		01/01/12	12/31/12	2,976		2,976		2,976	
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	01/01/12	12/31/12	150,000		150,000	1,585	148,415	1,585
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/08	12/31/08	145,000	6,474		3,832	2,642	142,358
Department of Law and Public Safety									
Drunk Driving Enforcement Fund		01/01/10	12/31/10	21,988	7,082		6,904	178	21,810
Body Armor Replacement Program		01/01/12	12/31/12	3,828	-	3,828		3,828	
Body Armor Replacement Program		01/01/11	12/31/11	3,738	3,738		3,738	-	3,738
Safe and Secure		01/01/09	12/31/09	60,000	60,000		60,000	-	60,000
Safe and Secure		01/01/10	12/31/10	60,000	36,874		10,369	26,505	33,495
Safe and Secure		01/01/11	12/31/11	60,000	150		150	-	60,000
Safe and Secure		01/01/12	12/31/12	60,000		60,000		60,000	-
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	
DWI Checkpoint		01/01/12	12/31/12	3,260		3,260	880	2,380	
State of New Jersey State Police									
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/12	12/31/12	1,322		1,322		1,322	
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		1,691	910	1,691
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/09	12/31/09	1,526	859		859	-	1,526
Total State Assistance					\$ 214,624	\$ 246,494	\$ 147,938	\$ 313,180	
FEDERAL:									
Department of Homeland Security									
FEMA		01/01/12	12/31/12	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -
FEMA		01/01/11	12/31/11	5,000	252			252	4,748
FEMA - Assistance to Firefighters		01/01/11	12/31/11	148,250	8,750		7,412	1,338	146,912
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					17,552	5,000	7,412	15,140	
Housing and Urban Development									
Small Cities Community Development Block	14.218	01/01/09	12/31/09	139,429	50,692		3,022	47,670	91,759
Total Housing and Urban Development					50,692	-	3,022	47,670	
Total Federal Assistance					\$ 68,244	\$ 5,000	\$ 10,434	\$ 62,810	
Total Federal and State Awards					\$ 282,868	\$ 251,494	\$ 158,372	\$ 375,990	
						Expended	\$ 151,562		
						Encumbered	6,810		
							\$ 158,372		

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

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2012**

Note 1: General

The accompanying schedule of financial assistance present the activity of all state financial assistance programs of the City of Ventnor City. The City is defined in Note 1 to the City's financial statements.

Note 2: Basis of Accounting

The accompanying schedule of financial assistance is presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to General-Purpose Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. The financial statements present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>	<u>State</u>
Expenditure per Schedule of Federal and State Awards	\$ 10,434.00	\$ 147,938.00
Add local funding		120,000.00
Expenditure per Audit Schedule A-13	<u>\$ 10,434.00</u>	<u>\$ 267,938.00</u>

Note 4: Relationship to State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Treasurer	
Balance December 31, 2011	A		\$ 3,064,785
Increased by Receipts:			
Taxes Receivable	A-6	\$ 46,647,277	
Tax Title Liens	A-7	-	
2013 Prepaid Taxes	A	717,326	
Due from State - Sr. Citizens and Veterans		117,992	
Miscellaneous Revenue Anticipated	A-2:A-8	3,093,048	
Miscellaneous Revenue Not Anticipated	A-2:A-8	104,256	
Emergency Notes Payable		3,000,000	
State DCA Fees		3,915	
Due from Utility Operating		458,885	
Due from General Capital		124,793	
Federal and State Grants Receivable	A-11	368,984	
Canceled Checks		36,978	
		54,673,454	
		57,738,239	
Decreased by Disbursements:			
2012 Appropriations	A-3	23,249,967	
2011 Appropriation Reserves	A-9	171,078	
County Taxes Payable	A-6	9,716,155	
Due County for Added and Omitted Taxes	A-6	4,386	
Local District School Tax	A-10	17,483,143	
Refund of Tax Overpayments		4,367	
Federal and State Grant Expenditures	A-12	271,562	
Due to Trust - Other		8,082	
State Marriage Fee		350	
State DCA Fees		3,497	
Reserve for Hurrigan Sandy	A	338,826	
Federal and State Grant Fund - Encumbrances	A	126,500	
		51,377,913	
Balance December 31, 2012	A		\$ <u><u>6,360,326</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF CHANGE FUNDS**

<u>Office</u>	Balance Dec. 31, 2011	Received From Treasurer	Returned to Treasurer	Balance Dec. 31, 2012
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	2012 Levy		2011	2012				Dec. 31, 2011	Dec. 31, 2012
2010	\$ 12,742	\$	\$	\$	\$ 4,579	\$ (5,889)	\$	\$	\$ 2,274	
2011	<u>2,002,497</u>				<u>1,945,900</u>			<u>16,230</u>	<u>40,367</u>	
2012	<u>2,015,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,950,479</u>	<u>(5,889)</u>	<u>-</u>	<u>16,230</u>	<u>42,641</u>	
		<u>48,500,199</u>	<u>31,550</u>	<u>578,683</u>	<u>44,812,843</u>	<u>81,498</u>	<u>1,173,400</u>		<u>2,048,321</u>	
	<u>\$ 2,015,239</u>	<u>\$ 48,500,199</u>	<u>\$ 31,550</u>	<u>\$ 578,683</u>	<u>\$ 46,763,322</u>	<u>\$ 75,609</u>	<u>\$ 1,173,400</u>	<u>\$ 16,230</u>	<u>\$ 2,090,962</u>	
Ref.	A							A-7	A	

Taxes Receivable	Ref.								
Senior Citizens and Veterans	A-4	\$ 46,647,277							
		<u>116,045</u>							
		<u>\$ 46,763,322</u>							
Analysis of 2012 Property Tax Levy	Ref.								
Tax Yield:									
General Property Tax		\$ 48,500,199							
Added Taxes (54:4-63.1 et. seq.)		<u>31,550</u>							
	A-6					\$ <u>48,531,749</u>			
Tax Levy:									
Local School District Tax (Abstract)	A-10					17,483,143			
County Taxes:									
County Tax (Abstract)		\$ 8,233,976							
County Library Tax (Abstract)		833,641							
County Health Tax (Abstract)		515,058							
County Open Space (Abstract)		133,480							
Due County for Added Taxes (54:4-63.1 et. seq.)		<u>3,902</u>							
Total County Taxes						9,720,057			
Local Tax for Municipal Purposes	A-2	21,298,433							
Add: Additional Tax Levied		<u>30,116</u>							
						<u>21,328,549</u>			
	A-6					\$ <u>48,531,749</u>			

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ -
Increased by:			
Transfers from Taxes			
Receivable	A-6	\$ 16,230	
Interest and Costs Accrued by:			
Sale of December 31, 2012	Res.	<u>3,609</u>	
			<u>19,839</u>
			19,839
Decreased by:			
Collected	A-4	<u>-</u>	
			<u>-</u>
Balance December 31, 2012	A		<u>\$ 19,839</u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Accrued In 2012</u>	<u>Collected</u>	<u>Balance Dec. 31, 2012</u>	
Miscellaneous Revenue Anticipated:						
Licenses-Alcoholic Beverages	A-2	\$	\$ 3,312	\$ 3,312	\$ -	
Licenses-Other	A-2		81,050	81,050	-	
Fees and Permits	A-2		161,972	161,972	-	
Municipal Court	A-2	13,661	230,438	229,332	14,767	Dec 2012
Interest and Costs on Taxes	A-2		375,973	375,973	-	
Parking Meters	A-2		31,183	31,183	-	
Interest on Investments	A-2		17,749	17,749	-	
Beach Control Fees	A-2		198,380	198,380	-	
Land Rental	A-2		87,800	87,800	-	
Viking Rowing Foundation, Inc. Lease Agreement	A-2		31,092	31,092	-	
Payment in Lieu of Taxes	A-2		135,000	135,000	-	
Cable Television Franchise Fees	A-2		53,633	53,633	-	
City Lease Fees	A-2		43,270	43,270	-	
Ambulance Service Fees	A-2		330,999	330,999	-	
Recreation Fees	A-2		70,767	70,767	-	
Consolidated Municipal Property Tax Relief Act	A-2		238	238	-	
Energy Receipts Tax	A-2		607,874	607,874	-	
Uniform Construction Code fees	A-2		209,424	209,424	-	
Borough of Longport-Uniform Construction Code	A-2			-	-	
Interfund Utility Operating Fund	A-2		149,000	149,000	-	
Utility Fund Allocation	A-2		275,000	275,000	-	
Miscellaneous Revenue Not Anticipated:	A-2		104,256	104,256	-	
		\$ 13,661	\$ 3,198,410	\$ 3,197,304	\$ 14,767	
	<u>Ref.</u>	A		A-4	A	

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011**

	<u>Balance Dec. 31, 2011</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Overexpended</u>	<u>Balance Lapsed</u>
OPERATIONS WITHIN "CAPS"					
General Government Fuctions:					
Mayor's Office					
Other Expenses	\$ 2,161	\$ 2,161	\$ 272		\$ 1,889
Police					
Other Expenses	28,891	28,891	28,321		570
Fire					
Other Expenses	15,635	15,635	9,668		5,967
Electrical Division					
Other Expenses	7,785	7,785	298		7,487
Uniform Fire Safety Act					
Other Expenses	595	595	54		541
Department of Public Works, Parks and Public Property:					
Streets and Roads					
Other Expenses	14,410	14,410	4,416		9,994
Motor Vehicle Maintenance					
Other Expenses	7,366	7,366	2,422		4,944
Buildings and Grounds					
Salaries and Wages	8,129	8,129	2,157		5,972
Other Expenses	13,430	13,430	10,685		2,745
Recreation					
Other Expenses	2,776	2,776	2,036		740
Solid Waste/Recycling					
Other Expenses	99,229	99,229	64,866		34,363
Department of Revenue and Finance:					
City Clerk					
Codification of Ordinances	1,077	1,077	575		502
Legal Services and Costs					
Other Expenses	12,962	12,962	6,710		6,252
Planning Board					
Other Expenses	541	541	500		41
Financial Administration					
Other Expenses	3,653	3,653	2,016		1,637
Audit					
Other Expenses	79	79	27		52
Information Techology					
Other Expenses	294	294			294
Municipal Court					
Other Expenses	1,236	1,236	334		902
UNCLASSIFIED					
Electricity	38,987	38,987	32,217		6,770
Telephone	13,469	13,469	171		13,298
Gasoline	15,861	15,861	3,333		12,528
Accounts with no Transactions	128,069	128,069			128,069
Totals	\$ <u>416,635</u>	\$ <u>416,635</u>	\$ <u>171,078</u>	\$ <u>-</u>	\$ <u>245,557</u>
Ref.	A	A	A-4	A	A-1
		\$ 211,332			
		205,303			
		\$ <u>416,635</u>			

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

Balance December 31, 2011			
School Tax Payable	A	\$	-
Increased by:			
Levy-Calendar Year January 1, 2012 to December 31, 2012	A-6		<u>17,483,143</u>
			17,483,143
Decreased by:			
Payments	A-4		<u>17,483,143</u>
Balance December 31, 2012			
School Tax Payable	A	\$	<u><u>-</u></u>
<u>2012 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10	\$	17,483,143
Tax Payable December 31, 2012	A-11		<u>-</u>
			17,483,143
Less:			
Tax Payable December 31, 2011	A:A-10		<u>-</u>
Amount Charged to 2012 Operations	A-1	\$	<u><u>17,483,143</u></u>

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

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2012</u>
New Jersey Transportation Trust Fund	\$ 54,504	\$	\$	\$	\$ 54,504
New Jersey Transportation Trust Fund 2010	95,776		61,473		34,303
New Jersey Transportation Trust Fund 2012		150,000	150,000		-
Body Armor	-	3,828	3,828		-
Clean Communities	-	25,108	25,108		-
Alliance for Prevention of Alcohol and Drug Abuse	4,870		4,870		-
Alcohol Education, Rehabilitation and Enforcement	-	1,322	1,322		-
Federal Bulletproof Vest Partnership	8,550				8,550
Special DWI	-	3,260	3,260		-
Safe and Secure Program	18,140	60,000			78,140
FEMA Assistance to Firefighters	127,838		92,845		34,993
State Cooperative Housing	-	2,976	2,976		-
Emergency Management	-	5,000	5,000		-
	<u>\$ 309,678</u>	<u>\$ 251,494</u>	<u>\$ 350,682</u>	<u>\$ -</u>	<u>\$ 210,490</u>
<u>Ref.</u>	A	A-2		A-1	A
			A-13 \$ -		
			A-4 <u>350,682</u>		
			<u>\$ 350,682</u>		

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

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Balance Dec. 31, 2012</u>
NJ Transportation Trust Fund Authority Act	\$ 6,474	\$	\$ 3,832	\$	\$ 2,642
NJ Transportation Trust Fund Authority Act - 2012		150,000	1,585		148,415
Community Development Block Grant	50,692		2,906	116	47,670
Recycling Tonnage Grant	32,823				32,823
Alliance for the Prevention of Alcohol and Drug Abuse	1,175		500		675
Alcohol Education, Rehabilitation and Enforcement	4,242	1,322	2,550		3,014
Clean Communities	35,901	25,108	56,932	498	3,579
Body Armor Replacement Program	3,738	3,828	3,738		3,828
Federal Bulletproof Vest Partnership	8,550				8,550
Drunk Driving Enforcement Fund	7,082		6,904		178
Emergency Management	252	5,000			5,252
FEMA Assistance to Firefighters	8,750		1,216	6,196	1,338
Highway Project Over The Limit	9,000				9,000
Special DWI	-	3,260	880		2,380
Click It Ticket	4,000				4,000
State Cooperative Housing	1,965	2,976			4,941
Safe and Secure Program	157,024	120,000	190,519		86,505
Pedestrian Safety Program	3,200				3,200
Buckel Up	8,000				8,000
	<u>\$ 342,868</u>	<u>\$ 311,494</u>	<u>\$ 271,562</u>	<u>\$ 6,810</u>	<u>\$ 375,990</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, 2011</u>	<u>Received</u>	Transferred to 2012 Budget <u>Appropriations</u>	Balance <u>Dec. 31, 2012</u>
Recycling Tonnage Grant	\$ 5,926	\$ 14,374	\$	\$ 20,300
Municipal Alliance		2,407		2,407
State Housing Inspection		1,445		1,445
DWI	305	76		381
	<u>\$ 6,231</u>	<u>\$ 18,302</u>	<u>\$ -</u>	<u>\$ 24,533</u>
	A	A-4		A

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Dog Licenses	Other
Balance December 31, 2011	B	\$ 12,507	\$ 1,379,166
Increased by Receipts:			
Dog License Fees 2012	B-2	\$ 2,873	\$
Due to State of New Jersey	B-4	961	
Prepaid Dog Licenses	B	198	
Payroll Deductions Payable	B-6		7,358,372
Miscellaneous Trust Reserves	B-8		2,399,593
Due from Current	B-7		8,520
		4,032	9,766,485
		16,539	11,145,651
Decreased by Disbursements			
Statutory Expenditures	B-2	452	
Due to State of New Jersey	B-4	961	
Prepaid Dog Licenses		150	
Payroll Deductions Payable	B-6		7,340,856
Miscellaneous Trust Reserves	B-8		2,047,875
Due to Current - Trust Assessment	B-5		47,493
Due to Current Fund	B-7		1,985
		1,563	9,438,209
Balance December 31, 2012	B	\$ <u>14,976</u>	\$ <u>1,707,442</u>

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

	Ref.		
Balance December 31, 2011	B		\$ 5,232
Increased by:			
Dog License Fees Collected		\$ 2,873	
Prepaid Licenses			
	B-1	_____	2,873
			8,105
Decreased by:			
Statutory Excess	B-3	2,433	
Expenditures under N.J.S. 4:19-15:11	B-1	452	
		_____	2,885
Balance December 31, 2012	B		\$ 5,220

License Fees Collected:

Year	Amount
2011	\$ 2,762
2010	2,458
	\$ 5,220

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

	<u>Ref.</u>		
Balance December 31, 2011	A:B	\$	7,125
Increased by:			
Adjustment to Prepaid		\$	
Statutory Excess			<u>2,433</u>
	B-1		<u>2,433</u>
			9,558
Decreased by:			
Payment	B-1		<u>-</u>
Balance December 31, 2012	A:B	\$	<u><u>9,558</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	B	\$	-
Increased by:			
Prepaid License Fees		\$	
2012 State License Fees			<u>961</u>
	B-1		<u>961</u>
			961
Decreased by:			
Disbursements to the State	B-1		<u>961</u>
Balance December 31, 2012	B	\$	<u><u>-</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	B	\$	47,493
Decreased by:			
Paid to Current Fund	B-1		<u>47,493</u>
Balance December 31, 2012	B	\$	<u><u>-</u></u>

**TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

Balance December 31, 2011	B		\$	154,012
Increased by:				
Receipts	B-1	\$	<u>7,358,372</u>	<u>7,358,372</u>
				7,512,384
Decreased by:				
Disbursements	B-1		<u>7,340,856</u>	<u>7,340,856</u>
				<u>171,528</u>
Balance December 31, 2012	B		\$	<u><u>171,528</u></u>

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Increased by			Decreased by			
	Balance Dec 31, 2011	Receipts	Payments made by Trust Assessment	Disbursements	2012 Budget Appropriation	Collections made by Current Fund	
<u>Reserve</u>							
Payroll Agency	\$ 6,840	\$ 7,601	\$	\$ 1,679	\$	\$	\$ 12,762
Law Enforcement Trust	3,129	14		2			3,141
Parking Offense Adjudication Act	(3,181)	296					(2,885)
Life Guard Pension Fund	(23,724)						(23,724)
Unemployment Trust	785	154		26			913
Trust Assessment	(1,548)		1,548				-
Developer's Escrow	16	285		266			35
Evidence Trust	14	6		1			19
Uniform Fire	117	28		4			141
Tax Title Lien Redemption	240	136		7			369
	<u>\$ (17,699)</u>	<u>\$ 8,520</u>	<u>\$ 1,548</u>	<u>\$ 1,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,229)</u>
	B	B-1	B-8	B-1		B-8	B

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012

Reserve	Balance Dec 31, 2011	Increased by		Decreased by			Balance Dec 31, 2012	
		Receipts	Collections made by Current Fund	Receipts Held in Trust	Disbursements	Disbursements Held in Trust		Payments made by Current Fund
Small Cities Revolving Loan Fund	\$ 43,764	\$	\$	\$	\$	\$	\$ 43,764	
Developers Escrow	86,917	18,905			13,979		91,843	
Law Enforcement Trust	1,438	1,598			2		3,034	
Federal Forfeitures	148	1					149	
Parking Offense Adjudication Act	3,424	1,946			2,160		3,210	
Life Guard Pension Fund	419,322	863			25,528		394,657	
Unemployment Trust	62,827	13,212			34,412		41,627	
Evidence Trust	2,289						2,289	
Tax Sale Premiums	553,000	686,655			317,755		921,900	
Tax Title Lien Redemptions	-	1,651,463			1,638,475		12,988	
Boardwalk Benches		21,483			10,716		10,767	
Self-Insurance	219,725			3,023,096		3,023,096	219,725	
Trust Other	10,019				4,848		5,171	
Penalties Collected Under the Uniform Fire Code	10,277	3,467					13,744	
	<u>\$ 1,413,150</u>	<u>\$ 2,399,593</u>	<u>\$ -</u>	<u>\$ 3,023,096</u>	<u>\$ 2,047,875</u>	<u>\$ 3,023,096</u>	<u>\$ -</u>	<u>\$ 1,764,868</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2011	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2012
		BAN Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Receivable State of NJ - Green Acres Grant	\$ (285,000)	\$	\$	\$	\$	\$	\$	\$ (285,000)
Due (from)/ to:								
Current Fund	124,793				124,793			-
Utility Operating Fund	171,775				171,775			-
Utility Capital Fund	38,000				38,000			-
Contracts Payable	808,948					808,948	437,185	437,185
Capital Improvement Fund	93,987							93,987
Reserve for Payment of Bonds	3,813							3,813
Reserve for Payment of School Bonds							290,671	290,671
Fund Balance	81,931		16,344					98,275
<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	14,471					13,813	13,813	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	2,955							2,955
2009-14 Various Improvements	2,016,196		86,581	1,084,174		406,515	628,601	1,240,689
2009-22 Improvements to Schools	290,671					290,671		-
2011-11 Various Improvements	88,566	865,000		450,315		16,857	166,534	652,928
	<u>\$ 2,989,624</u>	<u>\$ 865,000</u>	<u>\$ 102,925</u>	<u>\$ 1,534,489</u>	<u>\$ 334,568</u>	<u>\$ 1,536,804</u>	<u>\$ 1,536,804</u>	<u>\$ 2,088,492</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, 2011	C	\$	(124,793)
Increase by:			
Refund to Current Fund	C-6	<u>(124,793)</u>	<u>(124,793)</u>
Balance December 31, 2012	C	\$	<u><u>-</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	C		\$ 24,677,924
Decreased by:			
2012 Budget Appropriations:			
General Serial Bonds	C-9	\$ 1,440,000	
School Serial Bonds - Type 1	C-10	1,040,000	
Green Trust Loan	C-11	<u>26,123</u>	
			<u>2,506,123</u>
Balance December 31, 2012	C		\$ <u><u>22,171,801</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012	Analysis of Balance Dec. 31, 2012		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	1,615,000		
		<u>\$ 530,401</u>	<u>\$ 1,615,000</u>	<u>\$ -</u>	<u>\$ 2,145,401</u>	<u>\$ 1,615,000</u>	<u>\$ 530,401</u>	<u>\$ -</u>
		C	C-7		C:C-13	C-8	C-2	C-7
							Improvement Authorizations Unfunded	\$ 652,928
							Less:	
							Unexpended Proceeds of Bond	
							Anticipation Notes Issued:	
							2011-11	\$ 652,928
								<u>652,928</u>
								<u>\$ -</u>

**GENERAL CAPITAL FUND
STATEMENT OF CONTRACTS PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2011	C	\$	808,948
Increased by:			
Awarded in 2012:			
Improvement Authorizations:			
Ordinance No. 2009-14		\$	775,507
Ordinance No. 2011-11			300,638
	C-7		<u>1,076,145</u>
			1,885,093
Decreased by:			
Payments	C-2		<u>1,447,908</u>
			<u>1,447,908</u>
Balance December 31, 2012	C	\$	<u><u>437,185</u></u>
Improvement Authorizations:			
Ordinance No. 2002-03		\$	13,813
Ordinance No. 2009-14			406,515
Ordinance No. 2011-11			16,857
			<u>437,185</u>
		\$	<u><u>437,185</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorizations		Expended	Canceled	Balance Dec. 31, 2012	
		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	14,471						14,471	
2007-09	Various Improvements	08/02/07	450,000	2,955						2,955	
2009-14	Various Improvements	06/18/09	6,418,000	2,016,196				775,507		1,240,689	
2009-22	Improvements to School	10/15/09	2,823,000	290,671					290,671	-	
2011-11	Various Improvements		1,700,000		953,566			300,638			652,928
				<u>\$ 2,393,211</u>	<u>\$ 953,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,145</u>	<u>\$ 290,671</u>	<u>\$ 1,327,033</u>	<u>\$ 652,928</u>
				C	C	C-12	C-5	C-6		C	C:C-5

**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, 2011	Increased	Decreased	Balance Dec. 31, 2012
Various Improvements Ord. 2011-11	12/20/2011	12/17/2012	\$ 750,000	2.00%	\$ 750,000	-		\$ 750,000
Various Improvements Ord. 2011-11	12/17/2012	12/17/2012	865,000	2.00%		865,000		865,000
					<u>\$ 750,000</u>	<u>\$ 865,000</u>	<u>\$ -</u>	<u>\$ 1,615,000</u>
					C	C-5:C-13		C:C-5

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
General Improvement Bonds of 2002	10/1/2002	\$ 6,365,000	10/01/13	\$ 840,000	3.250%	\$ 1,640,000	\$	\$ 800,000	\$ 840,000
General Improvement Bonds of 2004	8/1/2004	\$ 4,275,000	08/01/13	290,000	3.500%	2,655,000		280,000	2,375,000
			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%	7,965,000		360,000	7,605,000
			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%				
						\$ 12,260,000	\$ -	\$ 1,440,000	\$ 10,820,000
						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, 2012		Interest Rate	Balance			Balance Dec. 31, 2012	
			Date	Amount		Dec. 31, 2011	Increased	Decreased		
School Refunding Bonds	12/15/2004	\$ 6,917,000	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%	5,540,000		535,000		5,005,000
School Refunding Bonds	6/1/2009	\$ 4,345,000	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%	3,940,000		360,000		3,580,000
			School Bonds	12/1/2010	\$ 2,823,000	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%				2,683,000		145,000		2,538,000
						\$ 12,163,000	\$ -	\$ 1,040,000	\$ 11,123,000	
						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, 2012		Interest Rate	Balance										
			Date	Amount		Dec. 31, 2011	Increased	Decreased	Dec. 31, 2012							
Boathouse Renovations	4/30/2001	\$ 500,000	2013	\$ 26,648	2%	\$ 254,924		\$ 26,123	\$ 228,801							
			2014	27,184												
			2015	27,730												
			2016	28,288												
			2017	28,856												
			2018	29,436												
			2019	30,028												
			2020	30,631												
			\$ <u>254,924</u>							\$ <u>-</u>	\$ <u>26,123</u>	\$ <u>228,801</u>				
			C							C-4		C				

See Accompanying Auditors Report

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

Balance December 31, 2011	<u>Ref.</u> C	\$ 93,987
Increased by:		
2012 Budget Appropriation	C-3	-
		<u>93,987</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		-
		<u>-</u>
Balance December 31, 2012	C	<u>\$ 93,987</u>

See Accompanying Auditor's Report

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorization</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</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	865,000	-	865,000	-
		<u>\$ 1,395,401</u>	<u>\$ -</u>	<u>\$ 865,000</u>	<u>\$ 530,401</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, 2011		\$ 1,118,425
Increased by Receipts:		
Sewer Rents Receivable	D-7	\$ 5,519,487
Sewer Liens	D-8	
Miscellaneous	D-3	92,185
Due from Trust Other		1,548
Due from General Capital		171,775
Due to Current Fund		4,353
		<u>5,789,348</u>
		6,907,773
Decreased by Disbursements:		
2012 Appropriations	D-4	4,987,539
2011 Appropriation Reserves	D-10	18,048
Due to Utility Capital	D-6	283,675
Due to Current Fund	A	612,238
Refund overpayments	D-9	144
		<u>5,901,644</u>
Balance December 31, 2012	D	<u><u>\$ 1,006,129</u></u>

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2011	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2012		
		Budget Appropriation	BAN's Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From		To	
Fund Balance	\$ 54,968	\$	\$	\$ 22,112	\$	\$	\$	\$ 77,080		
Due to Water and Sewer Operating Fund	(283,676)			294,114		10,438		-		
Due from General Capital Fund	(38,000)			38,000				-		
Due from Current Fund	(59,360)			59,360				-		
Contracts Payable	4,057,722						4,057,722	1,178,756		
							1,178,756			
<u>Improvement Authorizations:</u>										
<u>Ordinance</u>										
<u>Number</u>										
2006-14	Improvements to Water and Sewer	25,374			60,752		7,605	43,510	527	
2009-15a	Reconstruction of Sewer Lines	300			73,844		10,000	83,544	-	
2009-15b	Repainting the Water Tower	-					1,800	1,800	-	
2009-15c	Purchase of Water Meters	-			220,385		47,407	267,792	-	
2010-14a	Replacement of sanitary sewer mains	1,117,831			3,444,778		197,019	2,563,921	39,955	
2010-14b	Replacement of well and well house #8	1,764,310			202,171		16,470	23,575	1,569,244	
2010-14c	Improve and upgrade electrical at wells 5	598,508			104,689		35,089	121,330	580,060	
2010-14d	Installation of water main inter-connects	-			3,774			3,774	-	
2010-14e	Acquistion of vehicles	231,020			202,869		17,966		10,185	
2010-14f	Acquistion of equipment	71,848							71,848	
2010-14g	Installation of pumps etc. at Lily Park	-			11,099			11,120	21	
2011-9a	Replacement of Meter Batteries	275,414			152,410		152,984	5,601	(24,379)	
2011-9b	Rehab Water Tower	(590,234)		902,500	114,430		618,370	583,500	162,966	
2011-9c	Rehab Well House #10			142,500	8,951		213		133,336	
2011-9d	Purchase of Generator			95,000					95,000	
2011-9e	Remote Reader Antenna			171,000	55,554		73,833		41,613	
2011-9f	Purchase Directional Drill	44,850			371,718			348,255	21,387	
		<u>\$ 7,270,875</u>	<u>\$ -</u>	<u>\$ 1,311,000</u>	<u>\$ 413,586</u>	<u>\$ 5,027,424</u>	<u>\$ 10,438</u>	<u>\$ 5,236,478</u>	<u>\$ 5,236,478</u>	<u>\$ 3,957,599</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, 2011	D	\$	957,116
Increased by:			
Utility Rents Levied	Res.	\$	<u>5,540,010</u>
			<u>5,540,010</u>
			6,497,126
Decreased by:			
Collections	D-5	5,519,487	
Overpayments Created	D-9	(3,045)	
Transferred to Liens	D-8	-	
Canceled	Res.	30,333	
			<u>5,546,775</u>
Balance December 31, 2012	D	\$	<u><u>950,351</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	D	\$	-
No Activity			<u> </u>
Balance December 31, 2012	D	\$	<u><u> </u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	D	\$	11,650
Increase by:			
Overpayments created	D-7		3,045
Decreased by:			
Overpayments refunded			<u>144</u>
Balance December 31, 2012	D	\$	<u><u>14,551</u></u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES**

	<u>Balance Dec. 31, 2011</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Over-Expended</u>
Operating:					
Other Expenses	\$ 59,788	\$ 59,788	\$ 18,048	\$ 41,740	\$
Other Accounts No Change	4,591	4,591		4,591	
	<u>\$ 64,379</u>	<u>\$ 64,379</u>	<u>\$ 18,048</u>	<u>\$ 46,331</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, 2011	<u>Ref.</u> D	\$ 40,904
Increased by:		
Accrued interest charged to 2012 budget appropriation - Interest on bonds	D-4	<u>38,850</u>
		79,754
Decreased by:		
Disbursements		<u>40,904</u>
Balance December 31, 2012	D	<u>\$ 38,850</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2012

<u>Description</u>	<u>Principal Outstanding Dec. 31, 2012</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u># of Days</u>	<u>Amount</u>
Water and Sewer Bonds of 2002	\$ 100,000	3.0% to 3.2%	10/01/12	12/31/12	90	\$ 813
Water and Sewer Bonds of 2004	\$ 130,000	3.50%	08/01/12	12/31/12	120	1,517
Water and Sewer Bonds of 2010	\$ 11,430,000	3.0% to 4.375%	12/01/12	12/31/12	30	35,307
Water and Sewer BAN's	\$ 2,185,000	2.00%	12/20/12	12/31/12	10	1,214
						<u>\$ 38,850</u>

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

Account	Balance Dec. 31, 2011	Additions		Balance Dec. 31, 2012
		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		145,934	2,431,695
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>\$ 145,934</u>	<u>\$ 10,106,852</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, 2011	2012 Authorizations		Costs to Fixed Capital	Canceled	Balance Dec. 31, 2012
		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 hous	10/06/10	1,824,170	1,824,170					1,824,170
2010-14c	Improve and upgrade electrical at v	10/06/10	729,668	729,668					729,668
2010-14d	Installation of water main inter-conr	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 Pa	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
				\$ 14,222,400	\$ -	\$ -	\$ 145,934	\$ -	\$ 14,076,466

D

D-14

D

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Authorization	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2011		2012 Authorizations		Prior Year Encumbrance	Paid or Charged	Transfers or Canceled	Balance Dec. 31, 2012	
				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	\$ 25,374	\$ -	\$ -	\$ -	\$ 43,510	\$ 68,357	\$ -	\$ 527	\$ -
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	300	-	-	-	83,544	83,844	-	-	-
2009-15b	Repainting the Water Tower	06/18/09	290,000	-	-	-	-	1,800	1,800	-	-	-
2009-15c	Purchase of Water Meters	06/18/09	617,400	-	-	-	-	267,792	267,792	-	-	-
2010-14a	Replacement of sanitary sewer mains	10/06/10	4,639,473	1,117,831	-	-	-	2,563,921	3,641,797	-	39,955	-
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170	1,764,310	-	-	-	23,575	218,641	-	1,569,244	-
2010-14c	Improve and upgrade electrical at wells	10/06/10	729,668	598,508	-	-	-	121,330	139,778	-	580,060	-
2010-14d	Installation of water main inter-connects	10/06/10	145,934	-	-	-	-	3,774	3,774	-	-	-
2010-14e	Acquisition of vehicles	10/06/10	253,357	231,020	-	-	-	-	220,835	-	10,185	-
2010-14f	Acquisition of equipment	10/06/10	72,967	71,847	-	-	-	-	-	-	71,847	-
2010-14g	Installation of pumps etc. at Lily Park	10/06/10	334,431	-	-	-	-	11,120	11,099	-	21	-
2011-9a	Replacement of Meter Batteries	06/16/11	500,000	-	300,414	-	-	5,601	305,393	-	-	622
2011-9b	Rehab Water Tower	06/16/11	950,000	-	359,766	-	-	583,500	732,800	-	-	210,466
2011-9c	Rehab Well House # 10	06/16/11	150,000	-	150,000	-	-	-	9,164	-	-	140,836
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	-	-	-	129,387	-	-	50,613
2011-9f	Purchase Directional Drill	06/16/11	420,000	-	65,850	-	-	348,255	371,718	-	-	42,387
				<u>\$ 3,809,190</u>	<u>\$ 1,156,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,057,722</u>	<u>\$ 6,206,179</u>	<u>\$ -</u>	<u>\$ 2,271,839</u>	<u>\$ 544,924</u>
Ref.				D	D		D-13; D-19				D	D
								Disbursed D-6	\$ 5,027,423			
								Encumbered D	<u>1,178,756</u>			
									<u>\$ 6,206,179</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, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2011-09	12/20/2011	12/20/2012	\$ 864,000	2.00%	\$ 874,000	\$	\$	\$ 874,000
Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2011-09	12/17/2012	12/17/2012	1,311,000	2.00%		1,311,000		1,311,000
					<u>\$ 874,000</u>	<u>\$ 1,311,000</u>	<u>\$ -</u>	<u>\$ 2,185,000</u>
					D	D-19		D

See Accompanying Auditor's Report

**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, 2012		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
Water and Sewer Bonds of 2002	10/01/02	\$ 925,000	10/01/13	\$ 100,000	3.20%	\$ 200,000		\$ 100,000	\$ 100,000
Water and Sewer Bonds of 2004	08/01/04	\$ 550,000	08/01/13	65,000	3.50%	190,000		60,000	130,000
			08/01/14	65,000	3.50%				
Water and Sewer Bonds of 2010	12/01/10	\$ 12,240,000	12/01/13	425,000	3.00%	11,840,000		410,000	11,430,000
			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%							
						\$ 12,230,000	\$ -	\$ 570,000	\$ 11,660,000
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, 2011	D		\$ 8,852,918
Increased by:			
Serial Bonds Paid by Operating Budget	D-16	\$ 164,644	
Transferred from Deferred Reserve for Amortization	D-18	<u>11,827</u>	
			<u>176,471</u>
Balance December 31, 2012	D		<u><u>\$ 9,029,389</u></u>

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2011	Fixed Capital Authorized	To Reserve for Amortization	Bond Paid	Balance Dec. 31, 2012
2009-06	Various Capital Improvements		\$ 23,464	\$		\$ 24,051	\$ 47,515
2009-15c	Purchase of water meters	6/18/09	128,570			131,374	259,944
2010-14a	Various Capital Improvements	10/06/10	648,366		11,827	249,931	886,470
			<u>\$ 800,400</u>	<u>\$ -</u>	<u>\$ 11,827</u>	<u>\$ 405,356</u>	<u>\$ 1,193,929</u>
			D			D-16	D

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	BAN's Issued	Raised in Budget	Balance Dec. 31, 2012
2011-9a	Replacement of Meter Batteries	\$ 25,000	\$	\$	\$	\$ 25,000
2011-9b	Rehab Water Tower	950,000		902,500		47,500
2011-9c	Rehab Well House # 10	150,000		142,500		7,500
2011-9d	Purchase of Generator	100,000		95,000		5,000
2011-9e	Remote Reader Antenna	180,000		171,000		9,000
2011-9f	Purchase Directional Drill	21,000				21,000
		<u>\$ 1,426,000</u>	<u>\$ -</u>	<u>\$ 1,311,000</u>	<u>\$ -</u>	<u>\$ 115,000</u>
		D	D-14	D-15		D

See Accompanying Auditor's Report

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CITY OF VENTNOR CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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 \$17,500 except by contract or agreement."

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$17,500. 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 \$17,500 "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:

- Demolition of Pump Station
- Road Reconstruction
- Cleaning and Video Taping of Sanitary Sewer Lines
- Remote Water Reader Transceivers
- Tennis Court Rehabilitation
- Improvements to Municipal Buildings
- Bulkhead Improvements
- Water Valve
- Remote Meter Read Tower
- Purchase of Backhoe
- Purchase of Front End Loader
- Sewer Main Repair
- Drainage Improvements
- Repairs to Well House
- Replace Fence

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, 2012, 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 31, 2012 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>
2012	6
2011	0
2010	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 2013 and 2012 Taxes	5
Payment of 2013 and 2012 Utility Bills	5
Delinquent Taxes	5
Delinquent Utility	5
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>
2012	\$ 48,531,749	\$ 45,310,028	93.36%
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%

Comparative Schedule of Tax Rate Information

	2012	2011	2010	2009	2008
Tax Rate	\$ 1.88	\$ 1.83	\$ 1.73	\$ 1.67	\$ 1.62
Apportionment of Tax Rate:					
Municipal	0.825	0.797	0.754	0.665	0.664
County	0.376	0.375	0.334	0.333	0.310
School	0.678	0.661	0.639	0.671	0.642
Assessed Valuation	2,580,446,428	2,616,184,272	2,646,525,345	2,671,641,219	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>
2012	\$ 19,839	\$ 2,090,961	\$ 2,110,800	4.35%
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%

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

NONE

STATUS OF PRIOR RECOMMENDATIONS

Finding 11-1

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

This finding was cleared in 2012.

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

Finding 11-2

That all interfunds be liquidated by year end.

This finding was cleared in 2012.

Finding 11-3

That Bank Reconciliations be prepared monthly and that all reconciling items be identified and cleared in a timely manner.

This finding was cleared in 2012.

RECOMMENDATIONS

None

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**

April 26, 2013