

CITY OF VENTNOR CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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, 2013



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, 2013 and 2012, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 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 March 5, 2014 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

March 5, 2014

EXHIBIT A - CURRENT FUND

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

	2013	2012
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 5,250,033.57	6,360,325.98
Cash - Change	530.00	530.00
Total Cash	5,250,563.57	6,360,855.98
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	7,260.97	
Total Other Receivables	7,260.97	-
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,794,996.32	2,090,960.93
Tax Title and Other Liens	51,135.92	19,839.15
Property Acquired for Taxes - at Assessed Valuation	267,200.00	267,200.00
Revenue Accounts Receivable	16,055.97	14,767.00
Demolition Lien Receivable	53,225.99	54,521.00
Interfund Receivable:		
General Capital Fund	53,812.52	-
Water and Sewer Utility Operating	4,352.70	4,352.70
Animal Control Fund	11,315.80	9,558.00
Total Receivables and Other Assets	2,252,095.22	2,461,198.78
Deferred Charges:		
Special Emergency Appropriation	2,000,000.00	3,000,000.00
Total Deferred Charges	2,000,000.00	3,000,000.00
Total Regular Fund	9,509,919.76	11,822,054.76
Federal and State Grant Fund:		
Federal and State Grants Receivable	380,490.00	210,490.00
Due from Current Fund	458,456.60	209,242.67
Total Federal and State Grant Fund	838,946.60	419,732.67
Total Current Fund	\$ 10,348,866.36	12,241,787.43

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 538,096.44	456,598.00
Reserve for Encumbrances/Accounts Payable	379,990.79	486,313.52
Accounts Payable		
Prepaid Taxes	724,330.13	717,326.00
Overpaid Taxes	141,462.53	193,686.56
Local School Tax Payable	-	0.04
County Tax Payable		
County Added Tax Payable	11,283.56	3,902.34
Due to State:		
State Training Fees		3,915.00
Veterans' and Senior Citizens' Deductions		11,122.00
Interfund Payable:		
Federal and State Grant Fund	458,456.60	209,242.67
Other Trust Funds	29,911.73	9,229.14
Other		
Reserve for Judgements	92,500.00	92,500.00
Reserve for Hurricane Sandy	1,114,273.67	2,661,174.07
Special Emergency Note Payable	2,000,000.00	3,000,000.00
	5,490,305.45	7,845,009.34
Reserve for Receivables and Other Assets	2,252,095.22	2,461,198.78
Fund Balance	1,767,519.09	1,515,846.64
Total Regular Fund	9,509,919.76	11,822,054.76
Federal and State Grant Fund:		
Unappropriated Reserves	119,460.08	24,533.00
Appropriated Reserves	668,640.60	375,992.43
Encumbrances Payable	50,845.92	19,207.24
	838,946.60	419,732.67
Total Federal and State Grant Fund	838,946.60	419,732.67
Total Current Fund	\$ 10,348,866.36	12,241,787.43

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 700,000.00	1,200,000.00
Miscellaneous Revenue Anticipated	6,045,769.99	3,344,542.00
Receipts from Delinquent Taxes	2,049,634.77	1,956,368.00
Receipts from Current Taxes	47,058,631.44	45,310,028.00
Non Budget Revenue	202,975.79	104,256.00
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	585,904.01	245,557.00
Interfund Returned		614,454.00
Canceled Checks		36,978.00
Canceled Trust Assessment Fund Balance		16,717.00
Miscellaneous Credit		13,100.00
Canceled Overpayments	42,828.27	
Total Income	56,685,744.27	52,842,000.00
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	12,064,889.00	11,497,802.00
Other Expenses	7,000,706.28	9,777,499.00
Deferred Charges & Statutory Expenditures	2,673,727.00	2,489,779.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	167,953.25	155,322.00
Other Expenses	178,257.96	57,172.00
Capital Improvements	437,000.00	150,000.00
Debt Service	1,977,853.62	1,904,182.00
Deferred Charges	1,000,000.00	-
Type I School Debt Service	1,465,838.76	1,467,389.00
Local District School Tax	17,483,144.00	17,483,143.00
County Tax	11,236,650.70	9,716,155.00
County Share of Added Tax	11,283.56	3,902.00
Refund of Prior Year's Revenue	36,767.69	
Total Expenditures	55,734,071.82	54,702,345.00
Excess/(Deficit) in Revenue	951,672.45	(1,860,345.00)

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

	<u>2013</u>	<u>2012</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		3,000,000.00
Total Adjustments	<u>-</u>	<u>3,000,000.00</u>
Statutory Excess to Fund Balance	<u>951,672.45</u>	<u>1,139,655.00</u>
Fund Balance January 1	<u>1,515,846.64</u>	<u>1,576,191.64</u>
	2,467,519.09	2,715,846.64
Decreased by:		
Utilization as Anticipated Revenue	<u>700,000.00</u>	<u>1,200,000.00</u>
Fund Balance December 31	<u>\$ 1,767,519.09</u>	<u>1,515,846.64</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 700,000.00		700,000.00	-
Total Fund Balance Anticipated	700,000.00	-	700,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	3,200.00		3,240.00	40.00
Other	81,000.00		81,888.00	888.00
Fees and Permits	161,000.00		299,334.41	138,334.41
Fines and Costs:				
Municipal Court	229,000.00		266,633.91	37,633.91
Interest and Costs on Taxes	375,000.00		369,181.81	(5,818.19)
Interest Earned on Investments	15,000.00		14,636.69	(363.31)
Parking Meters	31,000.00		23,592.13	(7,407.87)
Beach Control Fees	198,000.00		203,363.36	5,363.36
Land Rental	85,000.00		87,500.00	2,500.00
Viking Rowing Foundation, Inc. Lease Agreement	31,000.00		31,091.60	91.60
Payment in Lieu of Taxes	130,000.00		98,500.00	(31,500.00)
Cable Television Franchise Fees	50,000.00		52,325.10	2,325.10
City Lease Fees	40,000.00		43,419.96	3,419.96
Ambulance Service Fees	325,000.00		320,726.55	(4,273.45)
Recreation Fees	70,000.00		71,490.60	1,490.60
Total Section A: Local Revenues	1,824,200.00	-	1,966,924.12	142,724.12

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	238.00		607,874.00	607,636.00
Energy Receipts Tax	607,874.00		238.00	(607,636.00)
Total Section B: State Aid Without Offsetting Appropriations	608,112.00	-	608,112.00	-
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	200,000.00		381,354.00	181,354.00
Total Section C: Uniform Construction Code Fees	200,000.00	-	381,354.00	181,354.00
Section D: Special Items - Interlocal Municipal Service				
Agreements Offset with Appropriations				
Borough of Longport - Uniform Construction Code Office	39,000.00		78,000.00	39,000.00
Total Section D: Special Items of General Revenue Anticipated	39,000.00	-	78,000.00	39,000.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	29,479.00		29,479.00	-
Recycling Tonnage Grant	20,300.00		20,300.00	-
Green Communities	3,000.00		3,000.00	-
Safe and Secure Communities Program	60,000.00	13,953.25	73,953.25	-
DWI	381.00	2,047.50	2,428.50	-
State Cooperative Housing	1,445.00	7,113.00	8,558.00	-
Comcast Technology Grant	45,000.00		45,000.00	-
Alcohol Education and Rehabilitation		1,662.40	1,662.40	-
Post Sandy Planning Assistance		30,000.00	30,000.00	-
Body Armor Replacement		4,838.27	4,838.27	-
Drunk Driving Enforcement		10,600.49	10,600.49	-
NJ DOT		187,000.00	187,000.00	-
Municipal Alliance		5,391.30	5,391.30	-
Total Section F: Special Items - Public and Private Programs	159,605.00	262,606.21	422,211.21	-
Off-Set with Appropriations				

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Reserve to Pay School Bonds	50,000.00	-	50,000.00	-
Reserve for Payment of Bonds	3,814.00	-	3,814.00	-
Utility Allocation	275,000.00	-	275,000.00	-
FEMA	1,000,000.00	-	795,354.66	(204,645.34)
FEMA Loan	1,465,000.00	-	1,465,000.00	-
Total Section G: Other Special Items	2,793,814.00	-	2,589,168.66	(204,645.34)
Total Miscellaneous Revenues:	5,624,731.00	262,606.21	6,045,769.99	158,432.78
Receipts from Delinquent Taxes	2,000,000.00		2,049,634.77	49,634.77
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	19,820,350.00		19,740,027.18	(80,322.82)
Amount for Local District Tax	1,465,839.00		1,465,839.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	21,286,189.00	-	21,205,866.18	(80,322.82)
Budget Totals	29,610,920.00	262,606.21	30,001,270.94	127,744.73
Non-Budget Revenues:				
Other Non-Budget Revenues:			202,975.79	202,975.79
	29,610,920.00	262,606.21	30,204,246.73	330,720.52

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor's Office						
Salaries and Wages	\$ 62,964.00	62,964.00	62,626.11		337.89	(0.00)
Other Expenses	9,175.00	9,175.00	7,973.64	686.88	514.48	-
Police						
Salaries and Wages	3,975,538.00	3,969,538.00	3,915,698.34		53,839.66	0.00
Other Expenses	277,700.00	227,700.00	192,760.99	34,938.93	0.08	0.00
Fire						
Salaries and Wages	4,030,524.00	4,046,524.00	4,036,731.86		9,792.14	0.00
Other Expenses	100,000.00	82,958.00	67,928.74	14,642.38	386.88	(0.00)
Uniform Fire Safety Act (P.L. 1983, C.383)						
Salaries and Wages	-	-	-			
Other Expenses	5,089.00	2,044.00	1,325.63	718.36	0.01	(0.00)
Radio and Communications						
Salaries and Wages	486,279.00	486,279.00	478,454.83		7,824.17	(0.00)
Other Expenses	20,635.00	19,735.00	7,259.99	12,460.00	15.01	0.00
City Administrator						
Salaries and Wages	76,700.00	76,700.00	76,200.02		499.98	(0.00)
Other Expenses	-	-	-			
Office of Emergency Management						
Salaries and Wages	104,097.00	104,097.00	91,693.25		12,403.75	-
Other Expenses	7,775.00	5,390.00	5,389.73		0.27	0.00
Dog Control						
Other Expenses	8,400.00	8,400.00	8,400.00			-
Electrical Division						
Salaries and Wages	84,455.00	84,455.00	57,220.07		27,234.93	-
Other Expenses	15,060.00	15,060.00	14,337.54	506.50	215.96	(0.00)
Celebration of Public Events						
Other Expenses	10,000.00	4,650.00	4,150.00	500.00		-
Zoning Commission						
Salaries and Wages	3,000.00	3,000.00	3,000.00			-
Other Expenses	15,510.00	9,310.00	9,180.88	109.20	19.92	0.00
Beach Patrol						
Salaries and Wages	450,000.00	450,000.00	449,489.70		510.30	(0.00)
Other Expenses	40,262.00	40,262.00	38,212.08	113.59	1,936.33	-
Beach Control						
Salaries and Wages	45,000.00	34,607.00	34,606.45		0.55	0.00
Other Expenses	5,000.00	5,504.00	5,103.75	400.00	0.25	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS, PARKS & PUBLIC PROPERTY						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00			-
Other Expenses	45.00	45.00		45.00		-
Streets and Roads						
Salaries and Wages	506,688.00	506,688.00	467,272.96		39,415.04	-
Other Expenses	55,450.00	55,450.00	39,093.72	10,726.60	5,629.68	-
Motor Vehicle Maintenance						
Salaries and Wages	282,137.00	297,137.00	295,472.34		1,664.66	(0.00)
Other Expenses	45,570.00	48,570.00	42,802.94	2,366.56	3,400.50	-
Buildings and Grounds						
Salaries and Wages	212,802.00	212,802.00	204,409.17	1,772.70	6,620.13	(0.00)
Other Expenses	222,750.00	165,750.00	125,309.75	37,453.14	2,987.11	-
Recreation						
Salaries and Wages	200,775.00	215,775.00	213,228.75	3,157.28	2,546.25	-
Other Expenses	106,187.00	106,187.00	89,070.00			13,959.72
City Engineer						
Other Expenses	20,000.00	32,500.00	29,788.16	2,625.50	86.34	(0.00)
Solid Waste/Recycling						
Salaries and Wages	51,729.00	71,729.00	69,578.54		2,150.46	0.00
Other Expenses	1,082,730.00	1,089,730.00	1,019,492.33	61,140.45	9,097.22	0.00
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00			-
Other Expenses	45.00	45.00		45.00		-
Legal Services and Costs						
Other Expenses	225,000.00	260,000.00	236,684.41	22,803.98	511.61	(0.00)
City Clerk						
Salaries and Wages	84,048.00	85,348.00	85,344.46		3.54	(0.00)
Other Expenses	32,711.00	27,946.00	27,026.69	592.87	326.44	0.00
Revision and Codification of Ordinances						
Electrons	6,000.00	6,468.00	6,467.78		0.22	0.00
Other Expenses	6,010.00	5,131.00	5,130.39		0.61	(0.00)
Audit Fee						
Other Expenses	54,400.00	54,400.00	54,400.00			-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Municipal Land Use Law (N.J.S.A. 40:55 D-1)						
Planning Board						
Salaries and Wages	2,500.00	2,500.00	2,200.00	300.00		
Other Expenses	10,500.00	12,500.00	11,673.37	750.00		(0.00)
Financial Administration						
Salaries and Wages	282,156.00	277,156.00	274,444.32	730.50	1,981.18	(0.00)
Other Expenses	38,100.00	38,421.00	26,180.33	8,941.45	3,299.22	
Assessment of Taxes						
Salaries and Wages	53,011.00	53,011.00	52,089.70	40.00	921.30	0.00
Other Expenses	11,605.00	10,830.00	10,786.38		3.62	0.00
Collection of Taxes						
Salaries and Wages	84,048.00	84,048.00	83,547.29		500.71	0.00
Other Expenses	19,135.00	11,935.00	10,707.17	1,220.22	7.61	(0.00)
Information Technology						
Salaries and Wages	55,708.00	55,708.00	55,702.81		5.19	0.00
Other Expenses	46,850.00	43,850.00	42,882.68	963.18	4.14	(0.00)
Municipal Court						
Salaries and Wages	156,296.00	146,296.00	143,888.17		2,407.83	(0.00)
Other Expenses	14,308.00	14,308.00	11,980.22	2,019.00	308.78	0.00
Municipal Prosecutor						
Salaries and Wages	31,000.00	31,000.00	31,000.00			
Public Defender (P.L. 1997, C.256)						
Other Expenses	9,000.00	9,000.00	9,000.00			
Insurance						
General Liability	122,363.00	101,363.00	99,957.98		1,405.02	0.00
Workers Compensation	835,778.00	835,393.00	835,392.93		0.07	(0.00)
Employee Group Health	2,521,166.00	2,622,166.00	2,369,533.79	143,933.61	108,698.60	
Health Waiver	112,349.00	112,349.00	95,730.57		16,618.43	
UNIFORM CONSTRUCTION CODE						
Inspection of Buildings						
Salaries and Wages	286,157.00	283,962.00	276,225.07		7,736.93	(0.00)
Other Expenses	7,900.00	5,856.00	5,820.65		35.35	0.00
Inspection of Housing						
Salaries and Wages	45,064.00	45,064.00	38,936.14		6,127.86	
Other Expenses	4,700.00	3,565.00	3,564.24		0.76	0.00
Electrical and Plumbing Inspections						
Salaries and Wages	9,100.00	9,100.00	9,081.66		18.34	0.00

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNCLASSIFIED						
Utility Expenses and Bulk Purchases						
Gasoline	189,000.00	189,000.00	135,048.53	9,263.38	44,688.09	-
Electricity	550,000.00	550,000.00	541,080.59	383.90	8,535.51	0.00
Telephone	81,720.00	71,720.00	66,032.51	1,119.69	4,567.80	-
Natural Gas	120,000.00	100,000.00	48,807.50	2,910.94	48,281.56	-
Terminal Leave	349,401.00	349,401.00	320,179.42		29,221.58	-
TOTAL OPERATIONS WITHIN "CAPS"	19,097,155.00	19,079,555.00	18,209,790.01	379,990.79	475,814.48	13,959.72
Contingent						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	19,097,155.00	19,079,555.00	18,209,790.01	379,990.79	475,814.48	13,959.72
Detail:						
Salaries and Wages	12,031,177.00	12,064,889.00	11,848,321.43	2,503.20	214,064.37	0.00
Other Expenses	7,065,978.00	7,014,666.00	6,361,468.58	377,487.59	261,750.11	13,959.72
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	389,719.00	389,719.00				-
Social Security System (O.A.S.I.)	272,500.00	272,500.00	238,386.13		34,113.87	-
Consolidated Police and Firemen's Pension Fund	25,139.00	25,139.00	20,327.20		4,811.80	-
Police and Firemen's Retirement System	1,763,369.00	1,763,369.00	1,763,369.00			-
Unemployment	64,400.00	64,400.00	55,183.67		9,216.33	-
Medicare Insurance	140,000.00	157,600.00	154,959.11		2,640.89	0.00
Lifeguard Pension Fund						
Defined Contribution Retirement Program	1,000.00	1,000.00	300.00		700.00	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,656,127.00	2,673,727.00	2,622,244.11	-	51,482.89	0.00

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	21,753,282.00	21,753,282.00	20,832,034.12	379,990.79	527,297.37	13,959.72
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Borough of Longport - Uniform Construction Code						
Salaries and Wages	34,000.00	34,000.00	31,833.43		2,166.57	-
Other Expenses	5,000.00	5,000.00	5,000.00			-
	<u>39,000.00</u>	<u>39,000.00</u>	<u>36,833.43</u>	<u>-</u>	<u>2,166.57</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
DWI	381.00	2,428.50	2,428.50			-
Comcast Technology Grant	45,000.00	45,000.00	45,000.00			-
Recycling Tonnage Grant	20,300.00	20,300.00	20,300.00			-
State Cooperative Housing	1,445.00	8,558.00	8,558.00			-
Green Communities	3,000.00	3,000.00	3,000.00			-
Safe and Secure Communities Program - P.L. 1994						
State Share	60,000.00	73,953.25	73,953.25			-
Local Share	60,000.00	60,000.00	60,000.00			-
Clean Communities Program	29,479.00	29,479.00	29,479.00			-
Match for Grant	12,000.00	8,632.50	8,632.50		8,632.50	-
Alcohol Education and Rehabilitation		1,662.40	1,662.40			-
Municipal Alliance		8,758.80	8,758.80			-
Post Sandy Planning Assistance		30,000.00	30,000.00			-
Body Armor Replacement		4,838.27	4,838.27			-
Drunk Driver Enforcement		10,600.49	10,600.49			-
	<u>231,605.00</u>	<u>307,211.21</u>	<u>298,578.71</u>	<u>-</u>	<u>8,632.50</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues						
	270,605.00	346,211.21	335,412.14		10,799.07	-
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	154,000.00	167,953.25	165,786.68		2,166.57	-
Other Expenses	116,605.00	178,257.96	169,625.46		8,632.50	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(C) Capital Improvements					
Capital Improvement Fund	250,000.00	250,000.00	250,000.00	-	-
NJ DOT	-	187,000.00	187,000.00	-	-
Total Capital Improvements	250,000.00	437,000.00	437,000.00	-	-
(D) Debt Service					
Payment of Bond Principal	1,505,000.00	1,505,000.00	1,505,000.00	-	-
Payment of Bond Anticipation Notes	-	-	-	-	-
Interest on Bonds	379,489.00	379,489.00	364,587.02	-	14,901.98
Interest on Notes	77,300.00	77,300.00	77,175.00	-	125.00
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	31,092.00	31,092.00	31,091.60	-	0.40
Total Debt Service	1,992,881.00	1,992,881.00	1,977,853.62	-	15,027.38
(E) Deferred Charges					
Emergency Authorizations	-	-	-	-	-
Special Emergency Authorizations - 5 years	1,000,000.00	1,000,000.00	1,000,000.00	-	-
Special Emergency Authorizations - 3 years	-	-	-	-	-
Differed Charges to Future Taxation Unfunded	-	-	-	-	-
Total Deferred Charges	1,000,000.00	1,000,000.00	1,000,000.00	-	-
(K) Local District School Purposes					
Payment of Bond Principal	1,070,000.00	1,070,000.00	1,070,000.00	-	-
Interest on Bonds	395,839.00	395,839.00	395,838.76	-	0.24
Total Local District School Purposes	1,465,839.00	1,465,839.00	1,465,838.76	-	0.24
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	4,979,325.00	5,241,931.21	5,216,104.52	10,799.07	15,027.62
SUBTOTAL GENERAL APPROPRIATIONS	26,732,607.00	26,995,213.21	26,048,138.64	379,990.79	28,987.34
(M) Reserve for Uncollected Taxes	2,878,313.00	2,878,313.00	2,878,313.00	-	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 29,610,920.00</u>	<u>29,873,526.21</u>	<u>28,926,451.64</u>	<u>379,990.79</u>	<u>538,096.44</u>
Budget		29,610,920.00			Cancelled
Appropriations by 40A:4-87		262,606.21			Overexpended
Emergency Appropriations		<u>29,873,526.21</u>			<u>28,987.34</u>
Reserve for Uncollected Taxes			2,878,313.00		
Federal and State Grants			485,578.71		
Disbursements			25,562,559.93		
			<u>28,926,451.64</u>		<u>28,987.34</u>

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EXHIBIT B - TRUST FUNDS



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

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Dog License Fund:			
Cash	\$	17,166.40	14,975.40
Due from State of New Jersey		12.00	
		<u>17,178.40</u>	<u>14,975.40</u>
Other Funds:			
Cash - Treasurer		1,825,572.26	1,707,441.61
Cash Held in Trust		219,724.66	219,724.66
Due from Current Fund		29,911.73	9,228.65
		<u>2,075,208.65</u>	<u>1,936,394.92</u>
		<u>2,092,387.05</u>	<u>1,951,370.32</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund:			
Due to Current Fund		11,315.80	9,557.40
Prepaid Dog License Fees		227.60	198.00
Reserve for Dog Fund Expenditures		5,635.00	5,220.00
		<u>17,178.40</u>	<u>14,975.40</u>
Other Funds:			
Payroll Deductions Payable		321,490.05	171,527.39
Due to Current Fund		-	-
Miscellaneous Reserves		1,753,718.60	1,764,867.53
		<u>2,075,208.65</u>	<u>1,936,394.92</u>
Total	\$	<u>2,092,387.05</u>	<u>1,951,370.32</u>

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

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EXHIBIT C - GENERAL CAPITAL FUND

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

	2013	2012
<u>ASSETS</u>		
Cash	\$ 5,611,421.79	2,088,491.56
Deferred Charges to Future Taxation -		
Funded	25,975,152.87	22,171,801.03
Unfunded	530,401.00	2,145,401.00
Interfunds and Receivables		
Due from State of New Jersey - Green Acres Grant	285,000.00	285,000.00
	32,401,975.66	26,690,693.59
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	3,139,845.63	437,185.30
Contracts Payable		
Interfunds:		
Due to Current Fund	53,812.52	
Bond Anticipation Notes Payable	-	1,615,000.00
Serial Bonds Payable	15,720,000.00	10,820,000.00
School Serial Bonds - Type 1 Payable	10,053,000.00	11,123,000.00
Green Trust Loan Payable	202,152.87	228,801.03
Improvement Authorizations:		
Funded	2,789,551.34	1,327,033.76
Unfunded	-	652,927.22
Reserve for Payment of Bonds	-	3,812.52
Reserve for Payment of School Bonds	240,671.38	290,671.38
Capital Improvement Fund	93,987.00	93,987.00
Fund Balance	108,954.92	98,275.38
	\$ 32,401,975.66	26,690,693.59

There were bonds and notes authorized but not issued at December 31 (C - 12)

2012	530,401.00
2013	530,401.00

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 98,275.38	81,931.00
Increased by:		
Premiums on sale of Bonds & Notes		16,344.38
Canceled Refunding Costs	10,679.54	
Decreased by:		
Surplus budgeted in Current Fund		
Ending Balance December 31	<u>\$ 108,954.92</u>	<u>98,275.38</u>

EXHIBIT D - WATER AND SEWER UTILITY

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

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 368,785.10	1,006,129.14
Change Fund	100.00	100.00
	<u>368,885.10</u>	<u>1,006,229.14</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	<u>899,680.12</u>	<u>950,350.72</u>
	<u>899,680.12</u>	<u>950,350.72</u>
Deferred Charge		
Overexpenditure of Appropriations	5,703.55	-
Deficit in Operations	<u>577,172.15</u>	<u>-</u>
	<u>582,875.70</u>	<u>-</u>
Total of Operating Fund	<u>1,851,440.92</u>	<u>1,956,579.86</u>
Capital Fund:		
Cash	4,586,421.53	3,957,598.74
Fixed Capital - Completed	10,360,209.00	10,106,852.00
Fixed Capital - Authorized and Uncompleted	16,173,109.00	14,076,466.00
Due from Utility Operating Fund	0.15	0.15
Total of Capital Fund	<u>31,119,739.68</u>	<u>28,140,916.89</u>
Total Assets	<u>\$ 32,971,180.60</u>	<u>30,097,496.75</u>

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

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

	<u>2013</u>	<u>2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 179,748.75	185,247.60
Encumbrances Payable	31,047.04	89,134.26
Water and Sewer Rent Overpayments	19,179.43	14,550.97
Due to Current Fund	4,352.70	4,352.70
Due to Trust Other	-	0.39
Due to Utility Capital Fund	0.15	0.15
Accrued Interest on Bonds and Notes	<u>43,339.55</u>	<u>38,849.89</u>
	<u>277,667.62</u>	<u>332,135.96</u>
Reserve for Receivables	899,680.12	950,350.72
Fund Balance	674,093.18	674,093.18
Total of Operating Fund	<u>1,851,440.92</u>	<u>1,956,579.86</u>
Capital Fund:		
Contracts Payable	2,798,923.42	1,178,756.30
Improvement Authorizations:		
Funded	1,743,228.06	2,271,840.17
Unfunded	982,190.00	544,922.22
Bond Anticipation Notes Payable	-	2,185,000.00
Water and Sewer Serial Bonds Payable	14,705,000.00	11,660,000.00
Reserves for Amortization	9,235,634.23	9,029,389.00
Deferred Reserve for Amortization	1,577,683.77	1,193,929.00
Fund Balance	77,080.20	77,080.20
Total of Capital Fund	<u>31,119,739.68</u>	<u>28,140,916.89</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 32,971,180.60</u>	<u>30,097,496.75</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 of \$1,015,000 and \$115,000 respectively

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

	<u>2013</u>	<u>2012</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ -	-
Rents	4,690,153.18	5,516,442.00
Miscellaneous Revenue	81,703.85	92,185.18
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	192,767.82	46,331.00
Total Income	<u>4,964,624.85</u>	<u>5,654,958.18</u>
<u>Expenditures</u>		
Operating	4,387,671.13	4,151,328.00
Debt Service	1,068,629.42	1,026,539.00
Deferred Charges and Statutory Expenditures	91,200.00	82,264.00
Total Expenditures	<u>5,547,500.55</u>	<u>5,260,131.00</u>
Excess(Deficit) in Revenues	(582,875.70)	394,827.18
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year	<u>5,703.55</u>	<u>-</u>
Operating Deficit to be Raised in Succeeding Year	<u>(577,172.15)</u>	
Statutory Excess to Fund Balance	-	394,827.18
Fund Balance January 1	<u>674,093.18</u>	<u>279,266.00</u>
Total	674,093.18	674,093.18
Decreased by:		
Utilization as Anticipated Revenue	-	-
Fund Balance December 31	<u>\$ 674,093.18</u>	<u>674,093.18</u>

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

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

	<u>2013</u>	<u>2012</u>
Balance January 1,	\$ 77,080.20	54,968.20
Increased:		
Premium on Sale of Notes		22,112.00
Balance December 31,	<u>\$ 77,080.20</u>	<u>77,080.20</u>

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

**WATER AND SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents - Sewer	\$ 5,483,211.00	4,690,153.18	(793,057.82)
Miscellaneous Receipts	60,000.00	81,703.85	21,703.85
	<u>\$ 5,543,211.00</u>	<u>4,771,857.03</u>	<u>(771,353.97)</u>

Analysis of Realized Revenue**Rents**

Consumer Accounts Receivable

4,690,153.18**Miscellaneous**

Interest on Deposits

756.10

Interest on Delinquent Rents

62,962.52

Miscellaneous

17,985.2381,703.85

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

**WATER AND SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		Unexpended Balance Canceled	Over-Expended
	Budget	Budget after Modification	Paid or Charged	Encumbered		
Operating						
Salaries and Wages	\$ 1,198,331.00	1,196,149.13	1,099,540.64		96,608.49	
Other Expenses	1,337,417.00	1,337,417.00	1,261,814.38	31,047.04	44,555.58	
ACMUA- Treatment Costs	1,579,105.00	1,579,105.00	1,543,491.00		35,614.00	
Current Fund Allocation	275,000.00	275,000.00	275,000.00			
	<u>4,389,853.00</u>	<u>4,387,671.13</u>	<u>4,179,846.02</u>	<u>31,047.04</u>	<u>176,778.07</u>	
Debt Service						
Principal	590,000.00	590,000.00	590,000.00			
Interest on Bonds	428,658.00	430,639.87	436,343.42			
Interest on BAN's	43,700.00	43,700.00	42,286.00			5,703.55
	<u>1,062,358.00</u>	<u>1,064,339.87</u>	<u>1,068,629.42</u>		<u>1,414.00</u>	<u>5,703.55</u>
Deferred Charges and Statutory Expenditures						
Contribution to:						
Social Security System (O.A.S.I.)	85,000.00	85,000.00	84,609.14		390.86	
Unemployment Compensation	1,000.00	1,200.00	1,025.26		174.74	
Defined Contribution Retirement Plan	5,000.00	5,000.00	2,594.92		2,405.08	
	<u>91,000.00</u>	<u>91,200.00</u>	<u>88,229.32</u>		<u>2,970.68</u>	
	<u>\$ 5,543,211.00</u>	<u>5,543,211.00</u>	<u>5,336,704.76</u>	<u>31,047.04</u>	<u>179,748.75</u>	<u>5,703.55</u>

Accrued interest on Bonds 12/31/13	43,339.55
Accrued interest on Bonds 12/31/12	(38,849.89)
Disbursed	5,332,215.10
	<u>5,336,704.76</u>

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

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Land and Buildings	\$ 27,402,480.00	\$ 27,402,480.00
Machinery and Equipment	2,673,670.00	2,585,312.00
Vehicles	<u>4,453,272.00</u>	<u>4,006,394.00</u>
Total General Fixed Assets	<u>34,529,422.00</u>	<u>33,994,186.00</u>
Investment in General Fixed Assets	\$ <u>34,529,422.00</u>	\$ <u>33,994,186.00</u>

See Accompanying Notes to Financial Statements

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Ventnor City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Ventnor, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

B. Description of Funds

The accounting policies of the City of Ventnor City conform to the accounting principles applicable to municipalities which 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.

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.

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

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.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles 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, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity 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 unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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 is not included on the various balance sheets.

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

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 on the date of acquisition. No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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 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.

Interest on Delinquent Taxes – It is the policy of the City of Ventnor City to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized 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 is a ten day grace period.

Levy of Utility Charges – The entity operates a water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in installments on April 30, August 2, October 31, and December 30.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

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 both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles 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. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. 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 entity'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 Not Yet Effective

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$2,878,313.00 and \$2,543,799.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$700,000.00 and \$1,200,000.00. In addition, the entity operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$0 and \$0.

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 entity City Council. The following significant budget transfers were approved in the 2013 and 2012 calendar years:

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Police		
Salaries and Wages		(150,000.00)
Other Expenses	\$ (50,000.00)	
Fire		
Salaries and Wages		(50,000.00)
Administrator		
Salaries and Wages		(43,650.00)
Solid Waste/Recycling		
Salaries and Wages	20,000.00	
Other Expenses		(20,000.00)
Buildings and Grounds		
Other Expenses	(57,000.00)	
City Engineer		
Other Expenses		98,000.00
Legal Services		
Other Expenses	35,000.00	65,500.00
Insurance		
Group Health	101,000.00	100,000.00
Workers Compensation		(25,079.00)
General Liability		(30,000.00)
Other Insurance	(21,000.00)	
Telephone		20,000.00
Natural Gas	(20,000.00)	

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 2013 and 2012, the following budget insertions were approved:

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**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
DWI Checkpoint	\$ 2,048.00	3,260.00
Emergency Management		5,000.00
Clean Communities Program		25,108.00
NJ DOT Transportation Trust Fund	187,000.00	150,000.00
State Cooperative Housing	7,113.00	2,976.00
Alcohol Education Rehabilitation	1,662.00	1,322.00
Body Armor	4,838.00	3,828.00
Municipal Alliance	5,391.00	
Drunk Driving Enforcement	10,600.00	
Safe and Secure	13,953.00	
Post Sandy Planning	30,000.00	

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for \$3,000,000.00. The emergency was due to Hurricane Sandy. The unfunded balance as of December 31, 2013 was \$2,000,000.00. The required amount is included in the 2014 budget.

Note 3: INVESTMENTS

As of December 31, 2013 and 2012, 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 entity can invest in any one issuer.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$73,943.59 of the municipality's bank balance of \$17,905,457.96 and \$14,098,619.75 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land and Buildings	\$ 27,402,480.00			27,402,480.00
Equipment and Machinery	2,585,312.00	482,428.00	(394,070.00)	2,673,670.00
Vehicles	4,006,394.00	807,026.00	(360,148.00)	4,453,272.00
	<u>\$ 33,994,186.00</u>	<u>1,289,454.00</u>	<u>(754,218.00)</u>	<u>34,529,422.00</u>

	Balance 12/31/2011	Additions	Retirements/Adju stments	Balance 12/31/2012
Land and Buildings	\$ 18,374,183.00		9,028,297.00	27,402,480.00
Equipment and Machinery	860,613.00		1,724,699.00	2,585,312.00
Vehicles	4,467,789.00		(461,395.00)	4,006,394.00
	<u>\$ 23,702,585.00</u>	<u>-</u>	<u>10,291,601.00</u>	<u>33,994,186.00</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 6: SHORT-TERM OBLIGATIONS

	<u>Balance 12/31/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/12</u>
Bond Anticipation Notes payable:				
General	\$ 750,000.00	865,000.00		1,615,000.00
Utility	874,000.00	1,311,000.00		2,185,000.00
	<u>\$1,624,000.00</u>	<u>2,176,000.00</u>	-	<u>3,800,000.00</u>

	<u>Balance 12/31/12</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/13</u>
Bond Anticipation Notes payable:				
General	\$1,615,000.00		1,615,000.00	-
Utility	2,185,000.00		2,185,000.00	-
	<u>\$3,800,000.00</u>	-	<u>3,800,000.00</u>	-

The City has \$2,000,000.00 in outstanding emergency notes as of December 31, 2013 payable to Jefferies, LLC at a rate of 1.50% interest. The note payable will mature on December 12, 2014.

December 31, 2013 the entity has authorized but not issued bonds in the amount of \$530,401.00 and \$1,015,000.00 in the General Capital Fund and Utility Capital Fund respectively.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	<u>Balance 12/31/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/12</u>	<u>Amounts Due Within One Year</u>
Bonds payable:					
General	\$ 12,514,924.00	-	1,466,123.00	11,048,801.00	1,531,648.00
Utility	12,230,000.00	-	570,000.00	11,660,000.00	590,000.00
Total	<u>24,744,924.00</u>	-	<u>2,036,123.00</u>	<u>22,708,801.00</u>	<u>2,121,648.00</u>
Other liabilities:					
School	12,163,000.00		1,040,000.00	11,123,000.00	1,070,000.00
Compensated Absences Payable	1,774,141.00	218,986.06	155,974.00	1,837,153.06	-
Total long-term liabilities	<u>\$ 38,682,065.00</u>	<u>218,986.06</u>	<u>3,232,097.00</u>	<u>35,668,954.06</u>	<u>3,191,648.00</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 11,048,801.03	8,505,000.00	3,631,648.16	15,922,152.87	1,607,184.00
Utility	11,660,000.00	3,635,000.00	590,000.00	14,705,000.00	700,000.00
Total	<u>22,708,801.03</u>	<u>12,140,000.00</u>	<u>4,221,648.16</u>	<u>30,627,152.87</u>	<u>2,307,184.00</u>
Other liabilities:					
School	11,123,000.00		1,070,000.00	10,053,000.00	1,100,000.00
Compensated Absences Payable	1,837,153.06	306,857.50	266,120.05	1,877,890.51	-
Total long-term liabilities	<u>\$ 35,668,954.09</u>	<u>12,446,857.50</u>	<u>5,557,768.21</u>	<u>42,558,043.38</u>	<u>3,407,184.00</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the entity:

\$6,365,000.00 General Improvement Bond dated 10/1/02 payable in annual installments through 10/1/13. Interest is paid semiannually at rates varying from 3.00% to 3.25% per annum. The balance remaining as of December 31, 2013 was \$0.

\$4,275,000.00 General Improvement Bond dated 8/1/04 payable in annual installments through 8/1/19. Interest is paid semiannually at rates varying from 3.50% to 4.00% per annum. The balance remaining as of December 31, 2013 was \$0.

\$8,315,000.00 General Improvement Bond dated 12/1/10 payable in annual installments through 12/1/25. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2013 was \$7,230,000.00.

\$2,140,000.00 Refunding Bonds dated 5/9/13 payable in annual installments through 8/1/19. Interest is paid semiannually at 2% per annum. The balance remaining as of December 31, 2013 was \$2,125,000.00.

\$6,917,000.00 School Refunding Bonds dated 12/15/04 payable in annual installments through 10/1/20. Interest is paid semiannually at rates varying from 2.75% to 4.00% per annum. The balance remaining as of December 31, 2013 was \$4,450,000.00

\$4,345,000.00 School Refunding Bonds dated 5/15/09 payable in annual installments through 2/1/21. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The net present value of this savings is \$289,374. The balance remaining as of December 31, 2013 was \$3,215,000.00.

\$2,823,000.00 School Bonds dated 12/1/10 payable in annual installments through 12/1/25. Interest is paid semiannually at rates varying from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2013 was \$2,388,000.00.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

\$500,000.00 Green Trust Loan Payable dated 4/30/01 payable in semiannual installments through 10/30/20. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$15,546 are applied first to interest and then to principal. The balance remaining as of December 31, 2013 was \$202,152.87.

Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the entity:

\$925,000.00 Water and Sewer Bonds dated 10/1/02 payable in annual installments through 10/1/11. Interest is paid semiannually at rates varying from 3.00% to 3.20% per annum. The remaining balance as of December 31, 2013 was \$0.

\$550,000.00 Water and Sewer Bonds dated 8/1/04 payable in annual installments through 8/1/14. Interest is paid semiannually at a rate of 3.50% per annum. The balance remaining as of December 31, 2013 was \$0.

\$12,240,000.00 Water and Sewer Bonds dated 12/1/10 payable in annual installments through 10/1/30. Interest is paid semiannually at rates from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2013 was \$11,005,000.00.

\$65,000.00.00 Refunding Water and Sewer Bonds dated 5/9/13 payable in annual installments through 8/1/14. Interest is paid semiannually at 2.00% per annum. The balance remaining as of December 31, 2013 was \$65,000.00.

\$3,635,000.00 Water and Sewer dated 12/4/13 payable in annual installments through 12/1/31. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2013 was \$3,635,000.00

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2014	\$ 1,302,183.78	452,574.07	700,000.00	518,540.43
2015	1,327,730.18	426,861.42	660,000.00	503,206.26
2016	1,373,287.56	144,816.54	675,000.00	484,906.26
2017	1,418,856.14	134,947.96	695,000.00	466,156.26
2018	1,474,436.14	328,505.46	720,000.00	446,856.26
2019-2023	6,405,659.07	1,082,211.52	4,065,000.00	1,876,381.30
2024-2028	2,620,000.00	142,450.00	4,805,000.00	880,175.04
2029-2031	-	-	2,385,000.00	166,925.00
	<u>\$ 15,922,152.87</u>	<u>2,712,366.97</u>	<u>14,705,000.00</u>	<u>5,343,146.81</u>

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

Schedule of Annual Debt Service for Principal and Interest for Bonds Issued and Outstanding
 (Continued)

<u>Year</u>	<u>School</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,100,000.00	365,832.51
2015	1,130,000.00	331,348.14
2016	1,170,000.00	292,570.00
2017	1,210,000.00	245,020.00
2018	1,255,000.00	202,170.00
2019-2023	3,705,000.00	377,775.00
2024-2028	483,000.00	29,240.00
	<u>\$ 10,053,000.00</u>	<u>1,843,955.65</u>

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$441,762.02 and to the utility budget was \$478,629.42.

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 15,720,000.00	10,820,000.00	12,260,000.00
School	10,053,000.00	11,123,000.00	12,163,000.00
Loan	202,152.87	228,801.03	254,924.00
Bond Anticipation Note	-	1,615,000.00	750,000.00
Sewer Utility - Bonds and Notes	14,705,000.00	14,415,000.00	13,104,000.00
Total Issued	<u>40,680,152.87</u>	<u>38,201,801.03</u>	<u>38,531,924.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	530,401.00	530,401.00	1,395,401.00
Sewer Utility - Bonds and Notes	1,015,000.00	115,000.00	1,426,000.00
Total Authorized But Not Issued	<u>\$ 1,545,401.00</u>	<u>645,401.00</u>	<u>2,821,401.00</u>

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 1.038%.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 10,053,000.00	10,053,000.00	-
Sewer Utility Debt	15,605,000.00	5,675,293.20	9,929,706.80
General Debt	16,452,553.87	240,671.38	16,211,882.49
	<u>\$ 42,110,553.87</u>	<u>15,968,964.58</u>	<u>26,141,589.29</u>

Net Debt \$26,141,589.29 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,519,166,927.67 = 1.038%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 88,170,842.47
Net Debt	26,141,589.29
Remaining Borrowing Power	<u>\$ 62,029,253.18</u>

The City of Ventnor City School District, as a K-12 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 amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

	<u>2013</u>
Current Fund	\$ 1,200,000.00
Sewer Utility	0.00

As of the date of the audit, the 2014 budget has not been adopted.

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	Balance December 31, 2013	2014 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation	\$ 2,000,000.00	1,000,000.00	1,000,000.00
	<u>2,000,000.00</u>	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Sewer Utility Fund:			
Overexpenditure of Appropriation	5,703.55	5,703.55	-
Deficit in Operations	577,172.54	577,172.54	-
	<u>\$ 582,876.09</u>	<u>582,876.09</u>	<u>-</u>

The appropriations in the 2014 Budget are not less than that required by statute.

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$17,483,144.00 and \$17,483,811.00 have been raised for the 2013 and 2012 calendar years and remitted to the school district.

Note 11: 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:

	Balance 12/31/13	Balance 12/31/12
Prepaid Taxes	\$ 724,330.13	717,326.00
Cash Liability for Taxes Collected in Advance	<u>\$ 724,330.13</u>	<u>717,326.00</u>

Note 12: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions 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 systems. This report may be obtained by writing to the Division of Pension 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/annrprts.shtml>.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 PERS 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.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (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 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

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 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 services, the last 10 must have been completed immediately preceding his application.

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 provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 6.71% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$389,719.00, \$401,659.00 and \$414,091.00.

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 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$1,763,369, \$1,602,759.00, and \$1,893,083.00.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$13,026,121.10, \$13,034,234.00 and \$12,554,255.00. Payroll covered by PFRS was \$7,338,057.00, \$7,467,750.00 and \$7,093,833.00. Payroll covered by PERS was \$3,605,320.00, \$3,421,842.00 and \$3,447,795.00.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2013, 2012 and 2011 was \$0, \$0 and \$0. The City's trust for the Lifeguard Pension at December 31, 2013 was \$374,877.39. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2013, 2012 and 2011 were \$31,087.70, \$25,527.57 and \$17,028.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 13: 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, 2012, there were 97,661 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 14: ACCRUED SICK AND VACATION BENEFITS

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$1,877,890.61 in 2013 and \$1,837,053.06 in 2012. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the entity's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The entity does not accrue the liability.

Note 15: ECONOMIC DEPENDENCY

The City of Ventnor City is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

Note 16: RISK MANAGEMENT

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

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

Note 17: DEFERRED COMPENSATION

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

An unrelated financial institution administers the deferred compensation plan. 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.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

Note 18: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

The City has entered into an agreement with the Federal Government to borrow funds to lessen the tax impact on the citizens of Ventnor. These funds were anticipated as revenue in the current year. Based on the terms of the agreement there is a likelihood that the loan may be forgiven. If the loan is not forgiven the City will be required to return the funds to the Federal Government.

Note 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of City of Ventnor City:

	Due From	Due To
Current Fund:		
General Capital Fund	\$ 53,812.52	
Animal Control Fund	11,315.80	
Utility Operating	4,352.70	
Other Trust		29,911.73
Grant Fund		458,456.60
Grant Fund:		
Current Fund	458,456.60	
Trust Fund:		
Current - Animal Control Fund		11,315.80
Current - Payroll Trust	29,911.73	
General Capital Fund:		
Current Fund		53,812.52
Utility Operating:		
Current Fund		4,352.70
Utility Capital		0.15
Utility Capital Fund:		
Utility Operating	0.15	
	<u>\$ 557,849.50</u>	<u>557,849.50</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

The amounts due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

Note 20: COMMITMENTS

The City has nine employees as of December 31, 2013 that are currently receiving payments for terminal leave. The employees were entitled to terminal leave payments. The scheduled payments are as follows:

2014	\$ 159,706.00
2015	159,706.00
2016	26,060.00

Note 21: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through March 5, 2014, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 5, 2014, 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

March 5, 2014



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Ventnor's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Ventnor's major federal and state programs for the year ended December 31, 2013. The City of Ventnor's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Ventnor's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB 04-04*. Those standards, *OMB Circular A-133* and *NJ OMB 04-04* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Ventnor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of City of Ventnor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Ventnor's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Ventnor's internal control over compliance.

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

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

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

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the balance sheets – regulatory basis of the various funds and account group of the City of Ventnor as of and for the year ended December 31, 2013, and have issued our report thereon dated March 5, 2014, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole

Kenneth Moore

Kenneth Moore, CPA RMA #231

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

March 5, 2014

SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

STATE OF NEW JERSEY	Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Balance at 1/1/13	2013 Activity		MEMO ONLY Cumulative Expenditures
			From	To			Receipts or Revenue Recognized	Canceled/ Disbursements/ Expenditures	
Department of Environmental Protection									
Clean Communities		4900-765-042-4900-004	01/01/13	12/31/13	\$ 29,479	-	29,478.93	182.18	182.18
Recycling Tonnage		4900-765-042-4900-004	01/01/12	12/31/12	25,108	3,580.37		3,081.00	24,608.63
Recycling Tonnage		4900-752-042-4900-001	01/01/12	12/31/12	20,300		20,300.00		
Recycling Tonnage		4900-752-042-4900-001	01/01/11	12/31/11	14,488	14,488.29			14,488.29
Recycling Tonnage		4900-752-042-4900-001	01/01/10	12/31/10	13,286	13,286.00			13,286.00
Recycling Tonnage		4900-752-042-4900-001	01/01/09	12/31/09	3,293	3,293.00			3,293.00
Recycling Tonnage		4900-752-042-4900-001	01/01/07	12/31/07	1,206	1,206.00			1,206.00
Recycling Tonnage		4900-752-042-4900-001	01/01/06	12/31/06	550	550.00			550.00
Municipal Alliance Drug and Alcoholism		4250-760-050000-63-262	01/01/13	12/31/13	5,391		5,391.30	1,250.00	1,250.00
Municipal Alliance Drug and Alcoholism - Match		4250-760-050000-63-262	01/01/13	12/31/13	3,368		3,367.50		3,367.50
State Cooperative Housing		4250-760-050000-63-262	01/01/10	12/31/10	13,470	675.00			675.00
State Cooperative Housing			01/01/13	12/31/13	8,558		8,558.00	8,460.92	12,795.00
State Cooperative Housing			01/01/12	12/31/12	2,976	2,976.00		2,976.00	8,460.92
Green Community			01/01/11	12/31/11	1,965	1,965.00		1,965.00	2,976.00
Post Sandy Planning Assistance			01/01/13	12/31/13	3,000		3,000.00	3,000.00	1,965.00
Department of Transportation			01/01/13	12/31/13	30,000		30,000.00	30,000.00	3,000.00
New Jersey Transportation Trust Fund Authority Act		6320-480-601395-61	01/01/13	12/31/13	187,000		187,000.00		187,000.00
New Jersey Transportation Trust Fund Authority Act		6320-480-601395-61	01/01/12	12/31/12	150,000	148,414.85			148,414.85
Department of Law and Public Safety			01/01/08	12/31/08	145,000	2,642.50			2,642.50
Drunk Driving Enforcement Fund			01/01/10	12/31/10	21,988	177.98		177.98	21,988.00
Drunk Driving Enforcement Fund			01/01/13	12/31/13	10,600		10,600.49	10,364.98	10,364.98
Body Armor Replacement Program			01/01/13	12/31/13	4,838		4,838.27		4,838.27
Body Armor Replacement Program			01/01/12	12/31/12	3,828				
Body Armor Replacement Program			01/01/11	12/31/11	3,829			785.00	3,828.00
Safe and Secure			01/01/10	12/31/10	60,000	3,827.50			3,827.50
Safe and Secure			01/01/12	12/31/12	60,000	26,505.00			26,505.00
Click It Ticket			01/01/13	12/31/13	73,953	60,000.00			60,000.00
Buckle Up			01/01/10	12/31/10	4,000	4,000.00			4,000.00
Buckle Up			01/01/09	12/31/09	4,000	4,000.00			4,000.00
Highway Project Over The Limit			1/1/08	12/31/08	4,000	4,000.00			4,000.00
Highway Project Over The Limit			01/01/09	12/31/09	4,600	4,600.00			4,600.00
Pedestrian Safety Mobilization			01/01/10	12/31/10	4,400	4,400.00			4,400.00
DWI Checkpoint			01/01/09	12/31/09	4,000	3,200.00			4,400.00
DWI Checkpoint			01/01/12	12/31/12	3,260	2,380.00			3,200.00
DWI Checkpoint			01/01/13	12/31/13	2,429		2,428.50	1,595.00	800.00
State of New Jersey State Police									2,475.00
Alcohol Education Rehabilitation Fund		9735-760-098-Y900-001	01/01/13	12/31/13	1,662		1,662.40		1,662.40
Alcohol Education Rehabilitation Fund		9735-760-098-Y900-001	01/01/12	12/31/12	1,322	1,322.00			1,322.00
Alcohol Education Rehabilitation Fund		9735-760-098-Y900-001	01/01/11	12/31/11	782	782.00			782.00
Alcohol Education Rehabilitation Fund		9735-760-098-Y900-001	01/01/10	12/31/10	2,601	910.75		65.00	845.75
Total State Assistance					\$ 313,182.24		380,578.64	106,807.37	584,953.51

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

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To	Program or Award Amount	Balance at 1/1/13	2013 Activity		Balance at 12/31/2013	MEMO ONLY Cumulative Expenditures
					Receipts or Revenue Recognized	Canceled/ Disbursements/ Expenditures		
FEDERAL:								
Department of Homeland Security								
FEMA - Stafford Act	97.036	01/01/13 12/31/13	795,355		795,354.66	795,354.66	5,000.00	795,355.00
FEMA		01/01/12 12/31/12	5,000	\$ 5,000.00			252.00	-
FEMA		01/01/11 12/31/11	5,000	252.00			1,338.00	4,748.00
FEMA - Assistance to Firefighters	16.607	01/01/11 12/31/11	148,250	1,338.00			2,270.00	146,912.00
Bulletproof Vest Partnership		01/01/10 12/31/10	3,150	3,150.00		880.00		880.00
Bulletproof Vest Partnership	16.607	01/01/09 12/31/09	5,400	5,400.00		5,400.00		5,400.00
Total Homeland Security				15,140.00	795,354.66	801,634.66	8,860.00	
Housing and Urban Development								
Small Cities Community Development Block	14.218	01/01/09 12/31/09	139,429	47,670.19			47,670.19	91,758.81
Total Housing and Urban Development				47,670.19			47,670.19	
Total Federal Assistance				62,810.19	795,354.66	801,634.66	56,530.19	
Total Federal and State Awards			\$ 375,992.43	\$ 375,992.43	1,175,933.30	910,442.03	641,483.70	
					Expended	903,632.03		
					Encumbered	6,810.00		
						910,442.03		

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

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2013**

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	\$ 801,634.66	\$ 108,807.37
Prior Year Expenditures	\$ (795,354.66)	
Add local funding		77,843.10
Expenditure per Audit Schedule A-13	<u>\$ 6,280.00</u>	<u>\$ 186,650.47</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.

**CITY OF VENTNOR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Part I -- Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- C) Noncompliance material to general-purpose financial statements noted? yes X no

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? yes X no n/a
- F) Type of auditor's report on compliance for major programs: Unqualified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? yes X no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	FEMA - Public Assistance for Presidentially Declared Disaster

Part 2 - Schedule of Financial Statement Findings

NONE

Part 3 - Schedule of Federal Award Findings and Questioned Costs

NONE

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**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2012	\$	6,360,325.98
Increased by Receipts:		
Taxes Receivable		48,291,561.05
Tax Title Liens		982.86
Prepaid Taxes		724,330.13
Revenue Accounts Receivable		5,623,558.78
Miscellaneous Revenue		202,975.79
Due from State - Sr. Citizens and Veterans		101,293.14
Due to State - Marriage Licenses		1,350.00
Due to State - DCA training Fees		3,915.00
Due to Trust Other		21,969.93
Demolition Lien		1,295.00
Due to Federal and State Grant Fund		347,138.22
		<u>55,320,369.90</u>
		61,680,695.88
Decreased by Disbursements:		
Current Year Appropriation		25,562,559.93
Prior Year Appropriations		351,780.45
County Taxes		11,240,553.04
Local District School Taxes		17,483,144.00
Tax Overpayments Refunded		30,620.15
Reserve for Hurricane Sandy		1,546,900.43
Due from General Capital		53,812.52
Federal and State Disbursements		154,482.15
Federal and State Disbursements Prior Encumbrances		6,809.64
		<u>56,430,662.31</u>
Balance December 31, 2013	\$	<u><u>5,250,033.57</u></u>

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Overpayments	Transferred To Tax Title Lien	Adjustments	Balance Dec. 31, 2013
				2012	2013				
2010 \$	2,273.70				680.36				1,593.34
2011	40,366.57				36,410.98				3,955.59
2012	2,048,320.66			2,011,560.57			20,807.84	(6,020.02)	21,972.27
	2,090,960.93			2,048,651.91			20,807.84	(6,020.02)	27,921.20
2013		50,015,496.02	50,132.52	717,325.84	46,362,585.38	(21,279.78)	11,471.79	1,228,050.19	1,767,475.12
\$	2,090,960.93	50,015,496.02	50,132.52	717,325.84	48,411,237.29	(21,279.78)	32,279.63	1,222,030.17	1,794,996.32

Cash Receipts
Senior Citizens and Veterans

48,411,237.29

50,015,496.02
50,132.52

50,065,628.54

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax
Added Taxes (54:4-63.1 et. Seq.)

Tax Levy:

General County Taxes
County Library Taxes
County Open Space Taxes
County Health Taxes
County Added and Omitted Taxes
Total County Taxes

Local School District Tax

Local Tax for Municipal Purposes
Add: Additional Tax Levied

9,792,161.70
805,021.79
146,557.40
492,909.81
11,283.56

11,247,934.26

17,483,144.00

21,286,189.00
48,361.28

21,334,550.28

50,065,628.54

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2012		\$ 19,839.15
Increased by:		
Transfers from Taxes Receivable	32,279.63	
Interest and Costs Accrued by Sale of December 20, 2013		
	32,279.63	52,118.78
Decreased by:		
Collections	982.86	
	982.86	51,135.92
Balance December 31, 2013		\$ <u><u>51,135.92</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Treasurer	Other	Balance Dec. 31, 2013
Licenses:					
Alcoholic Beverages	-	3,240.00	3,240.00		-
Other	-	81,888.00	81,888.00		-
Fees and Permits	-	299,334.41	299,334.41		-
Fines and Costs:					
Municipal Court	14,767.00	-			-
Interest and Costs on Taxes	-	267,922.88	266,633.91		16,055.97
Parking Meters	-	369,181.81	369,181.81		-
Interest Earned on Investments	-	23,592.13	23,592.13		-
Beach Control Fees	-	14,636.69	14,636.69		-
Land Rental	-	203,363.36	203,363.36		-
Viking Rowing Foundation, Inc. Lease Agreement	-	87,500.00	87,500.00		-
Payment in Lieu of Taxes	-	31,091.60	31,091.60		-
Cable Television Franchise Fees	-	98,500.00	98,500.00		-
City Lease Fees	-	52,325.10	52,325.10		-
Ambulance Service Fees	-	43,419.96	43,419.96		-
Recreation Fees	-	320,726.55	320,726.55		-
Consolidated Municipal Property Tax Relief Act	-	71,490.60	71,490.60		-
Energy Receipts Tax	-	607,874.00	607,874.00		-
Uniform Construction Code Fees	-	238.00	238.00		-
Borough of Longport-Uniform Construction Code	-	381,354.00	381,354.00		-
Interfund Utility Operating Fund	-	78,000.00	78,000.00		-
Utility Fund Allocation	-	-			-
FEMA Loan	-	275,000.00	275,000.00		-
FEMA Reimbursement	-	1,465,000.00	1,465,000.00		-
Reserve to Pay School Bonds	-	795,354.66	795,354.66		-
Reserve to Pay Bonds	-	50,000.00	50,000.00		-
Miscellaneous Revenue Not Anticipated	-	3,814.00	3,814.00		-
	202,975.79	202,975.79	202,975.79		-
	<u>14,767.00</u>	<u>5,827,823.54</u>	<u>5,826,534.57</u>	<u>-</u>	<u>16,055.97</u>
	\$				

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor's Office					
Salaries and Wages	\$ 108.89	108.89		108.89	-
Other Expenses	1,302.11	1,302.11	231.92	1,070.19	-
Police					
Salaries and Wages	1,397.07	1,397.07		1,397.07	-
Other Expenses	37,972.73	37,972.73	37,710.24	262.49	-
Fire					
Salaries and Wages	61,085.00	61,085.00		61,085.00	-
Other Expenses	16,875.76	16,875.76	12,431.73	4,444.03	-
Radio and Communications					
Salaries and Wages	21,359.11	21,359.11		21,359.11	-
Other Expenses	8,359.61	8,359.61	7,914.50	445.11	-
City Administrator					
Salaries and Wages	61.57	61.57		61.57	-
Office of Emergency Management					
Salaries and Wages	11,495.62	11,495.62		11,495.62	-
Other Expenses	1,379.93	1,379.93	1,330.56	49.37	-
Electrical Division					
Salaries and Wages	18,727.00	18,727.00		18,727.00	-
Other Expenses	206.00	206.00		206.00	-
Celebration of Public Events					
Other Expenses	25.00	25.00		25.00	-
Zoning Commission					
Other Expenses	71.00	71.00		71.00	-
Beach Patrol					
Salaries and Wages	60.63	60.63		60.63	-
Other Expenses	5.51	5.51		5.51	-
Beach Control					
Salaries and Wages	3.25	3.25		3.25	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF PUBLIC WORKS, PARKS & PUBLIC PROPERTY					
Director's Office					
Salaries and Wages	154.00	154.00		154.00	-
Other Expenses	45.00	45.00		45.00	-
Streets and Roads					
Salaries and Wages	54,617.81	54,617.81		54,617.81	-
Other Expenses	15,677.11	15,677.11	6,129.88	9,547.23	-
Motor Vehicle Maintenance					
Other Expenses	5,714.73	5,714.73	4,882.22	832.51	-
Buildings and Grounds					
Salaries and Wages	20,264.70	20,264.70	1,485.30	18,779.40	-
Other Expenses	4,130.53	4,130.53	2,830.12	1,300.41	-
Recreation					
Other Expenses	1,693.83	1,693.83	1,618.00	75.83	-
City Engineer					
Other Expenses	1,362.30	1,362.30	1,024.48	337.82	-
Solid Waste/Recycling					
Salaries and Wages	6,633.83	6,633.83		6,633.83	-
Other Expenses	46,523.19	46,523.19	46,293.16	230.03	-
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Other Expenses	45.00	45.00		45.00	-
Legal Services and Costs					
Other Expenses	33,207.28	33,207.28	13,602.34	19,604.94	-
City Clerk					
Salaries and Wages	51.99	51.99		51.99	-
Other Expenses	1,977.79	1,977.79	226.46	1,751.33	-
Planning Board					
Other Expenses	1,560.78	1,560.78	842.13	718.65	-
Financial Administration					
Salaries and Wages	1,775.39	1,775.39		1,775.39	-
Other Expenses	2,579.15	2,579.15	2,479.50	99.65	-
Assessment of Taxes					
Salaries and Wages	1,412.89	1,412.89		1,412.89	-
Other Expenses	239.76	239.76	9.69	230.07	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Collection of Taxes					
Salaries and Wages	12.71	12.71		12.71	-
Other Expenses	6,917.30	6,917.30	3,011.65	3,905.65	-
Information Technology					
Salaries and Wages	3.94	3.94		3.94	-
Other Expenses	2,861.05	2,861.05	1,050.21	1,810.84	-
Municipal Court					
Salaries and Wages	459.72	459.72		459.72	-
Other Expenses	544.91	544.91	175.00	369.91	-
Insurance					
General Liability	687.00	687.00		687.00	-
Workers Compensation	0.83	0.83		0.83	-
Employee Group Health	234,615.35	234,615.35	188,843.49	45,771.86	-
Health Waiver	96.98	96.98		96.98	-
Inspection of Buildings					
Salaries and Wages	824.37	824.37		824.37	-
Other Expenses	2,095.75	2,095.75	1,775.10	320.65	-
Inspection of Housing					
Salaries and Wages	904.65	904.65		904.65	-
Other Expenses	60.80	60.80		60.80	-
Electrical and Plumbing Inspections					
Salaries and Wages	211.79	211.79		211.79	-
Utilities					
Gasoline	54,177.40	54,177.40	12,800.27	41,377.13	-
Electricity	55,700.05	55,700.05	360.55	55,339.50	-
Telephone	20,633.02	20,633.02	2,721.95	17,911.07	-
Natural Gas	62,984.60	62,984.60		62,984.60	-
Terminal Leave	1.52	1.52		1.52	-
STATUTORY EXPENDITURES					
Contribution to					
Social Security System (O.A.S.I.)	28,947.00	28,947.00		28,947.00	-
Unemployment	55,169.00	55,169.00		55,169.00	-
Medicare Insurance	1,593.00	1,593.00		1,593.00	-
Defined Contribution Retirement Plan	1,419.00	1,419.00		1,419.00	-

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS EXCLUDED FROM "CAPS"					
Borough of Longport-Uniform Construction Code Office					
Salaries and Wages	583.35	583.35		583.35	-
Other Expenses	4,795.00	4,795.00		4,795.00	-
Match for Grants	12,000.00	12,000.00		12,000.00	-
All Other Accounts - No Change	9,221.52	9,221.52		9,221.52	
	<u>\$ 937,684.46</u>	<u>937,684.46</u>	<u>351,780.45</u>	<u>585,904.01</u>	<u>-</u>
Appropriation Reserves	456,598.00				
Encumbrances	481,086.46				
	<u>937,684.46</u>				

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

Balance December 31, 2012	
School Tax Payable	-
Increased by:	
Levy - Calender Year January 1, 2013 to December 31, 2013	<u>17,483,144.00</u>
	17,483,144.00
Decreased by:	
Payments	<u>17,483,144.00</u>
Balance December 31, 2013	
School Tax Payable	<u><u>-</u></u>
Current Year Liability for Local School District School Tax:	
Tax Paid	17,483,144.00
Tax Payable Ending	<u>-</u>
	17,483,144.00
Less: Tax Payable Beginning	<u>-</u>
Amount charged to Current Year Operations	<u><u>\$ 17,483,144.00</u></u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred From 2013 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
FEDERAL GRANTS:					
Federal Bulletproof Vest Partnership FEMA Assistance to Firefighters	\$ 8,550.00 34,993.00				8,550.00 34,993.00
Total Federal	<u>43,543.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,543.00</u>
STATE GRANTS:					
New Jersey Transportation Trust Fund	54,504.00		50,000.00		4,504.00
New Jersey Transportation Trust Fund 2010	34,303.00				34,303.00
New Jersey Transportation Trust Fund 2013	-	187,000.00			187,000.00
Body Armor	-	4,838.27	4,838.27		-
Clean Communities	-	29,478.93	29,478.93		-
Alliance for Prevention of Alcohol and Drug Abuse	-	5,391.30	5,391.30		-
Alcohol Education, Rehabilitation and Enforcement	-	1,662.40	1,662.40		-
Drunk Driver Enforcement Fund	-	10,600.49	10,600.49		-
Special DWI	-	2,428.50	2,428.50		-
Safe and Secure Program	78,140.00	73,953.25	73,953.25		78,140.00
State Cooperative Housing	-	8,558.00	8,558.00		-
Comcast Technology	-	45,000.00	45,000.00		-
Green Community	-	3,000.00			-
Recycling Tonnage	-	20,300.00	20,300.00		3,000.00
Post Sandy Planning Assistance	-	30,000.00			-
Total State	<u>166,947.00</u>	<u>422,211.14</u>	<u>252,211.14</u>	<u>-</u>	<u>336,947.00</u>
\$	<u>210,490.00</u>	<u>422,211.14</u>	<u>252,211.14</u>	<u>-</u>	<u>380,490.00</u>

Cash	230,085.14
Unappropriated Reserves	22,126.00
	<u>252,211.14</u>

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2012		2013		Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed			
FEDERAL GRANTS:							
Community Development Block Grant	\$ 47,670.19						47,670.19
Federal Bulletproof Vest Partnership	8,550.00			6,280.00			2,270.00
Emergency Management	5,252.00						5,252.00
FEIMA Assistance to Firefighters	1,338.00						1,338.00
Total Federal	62,810.19	-	-	6,280.00	-	-	56,530.19
STATE GRANTS:							
NJ Transportation Trust Fund Authority Act	2,642.50						2,642.50
NJ Transportation Trust Fund Authority Act - 2012	148,414.85						148,414.85
NJ Transportation Trust Fund Authority Act - 2013			187,000.00				187,000.00
Recycling Tonnage Grant	32,823.29						32,823.29
Recycling Tonnage Grant-2013			20,300.00				20,300.00
Alliance for the Prevention of Alcohol and Drug Abuse	675.00						675.00
Alliance for the Prevention of Alcohol and Drug Abuse-2013			8,758.80	1,250.00			7,508.80
Alcohol Education, Rehabilitation and Enforcement	3,014.75			65.00			2,949.75
Alcohol Education, Rehabilitation and Enforcement-2013			1,662.40				1,662.40
Clean Communities	3,580.37			2,764.86	316.14		499.37
Clean Communities-2013			29,478.93		182.18		29,296.75
Body Armor Replacement Program	3,827.50			785.00			3,042.50
Body Armor Replacement Program-2013			4,838.27				4,838.27
Drunk Driving Enforcement Fund	177.98			177.98			-
Drunk Driving Enforcement Fund-2013			10,600.49	10,364.98			235.51
Highway Project Over the Limit	9,000.00						9,000.00
Special DWI	2,380.00			1,595.00			785.00
Special DWI-2013			2,428.50				2,428.50
Click It Ticket	4,000.00						4,000.00
State Cooperative Housing	4,941.00			4,941.00			97.08
State Cooperative Housing-2013			8,558.00	8,460.92			86,505.00
Safe and Secure Program	86,505.00						29,048.94
Safe and Secure Program-2013			133,953.25	104,904.31			3,200.00
Pedestrian Safety Program	3,200.00						8,000.00
Buckle Up	8,000.00						8,000.00
Comcast Technology				12,893.10	4,950.00		27,156.90
Post Sandy Planning Assistance					30,000.00		-
Green Community					3,000.00		-
Total State	313,182.24	-	485,578.64	148,202.15	38,448.32	-	612,110.41
Total	\$ 375,992.43	-	485,578.64	154,482.15	38,448.32	-	668,640.60

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred To 2013 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
FEDERAL GRANTS:					
CDBG	\$ -	-	102,638.80	-	102,638.80
Total Federal	-	-	102,638.80	-	102,638.80
STATE GRANTS:					
Recycling Tonnage Grant	20,300.00	20,300.00			-
Municipal Alliance	2,407.00		3,381.00		2,407.00
State Housing Inspection	1,445.00	1,445.00	247.50		3,381.00
DWI	381.00	381.00	2,350.00		247.50
Special DWI			8,435.78		2,350.00
Drunk Driver Enforcement Fund					8,435.78
Total State	24,533.00	22,126.00	14,414.28	-	16,821.28
Total	\$ 24,533.00	22,126.00	117,053.08	-	119,460.08

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2012	\$	14,975.40	1,707,441.61
Increased by Receipts:			
Dog License Fees 2013		2,479.60	
Due to State of New Jersey		839.40	
Prepaid Dog Licenses			
Payroll Deductions Payable			7,593,663.04
Miscellaneous Trust Reserves			2,219,985.46
Due from Current			2,038.66
		<u>3,319.00</u>	<u>9,815,687.16</u>
		18,294.40	11,523,128.77
Decreased by Disbursements			
Statutory Expenditures		-	
Due to State of New Jersey		1,128.00	
Prepaid Dog Licenses			
Payroll Deductions Payable			7,443,700.38
Miscellaneous Trust Reserves			2,231,134.39
Due to Current - Trust Assessment			
Due to Current Fund			22,721.74
		<u>1,128.00</u>	<u>9,697,556.51</u>
Balance December 31, 2013	\$	<u>17,166.40</u>	<u>1,825,572.26</u>

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

	Ref.		
Balance December 31, 2012		\$	5,220.00
Increased by:			
Dog License Fees Collected			2,479.60
Prepaid Licenses			
			2,479.60
			7,699.60
Decreased by:			
Statutory Excess			2,064.60
Expenditures under N.J.S. 4:19-15:11			
			2,064.60
Balance December 31, 2013		\$	5,635.00

License Fees Collected:

Year		Amount
2012	\$	2,873.00
2011		2,762.00
	\$	5,635.00

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

	<u>Ref.</u>	
Balance December 31, 2012		\$ 9,557.40
Increased by:		
Adjustment to Prepaid	(29.60)	
Statutory Excess	<u>2,064.60</u>	
		<u>2,035.00</u>
		11,592.40
Decreased by:		
Adjustment to Due to State		<u>276.60</u>
Balance December 31, 2013		\$ <u><u>11,315.80</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2012		\$ -
Increased by:		
Due from Current	276.60	
2013 State License Fees	<u>839.40</u>	
		<u>1,116.00</u>
		1,116.00
Decreased by:		
Disbursements to the State		<u>1,128.00</u>
Balance December 31, 2013		\$ <u><u>(12.00)</u></u>

**TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

Balance December 31, 2012		\$	171,527.39
Increased by:			
Receipts	<u>7,593,663.04</u>		<u>7,593,663.04</u>
			7,765,190.43
Decreased by:			
Disbursements	<u>7,443,700.38</u>		<u>7,443,700.38</u>
Balance December 31, 2013		\$	<u><u>321,490.05</u></u>

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Reserve	Balance Dec 31, 2012	Increased by		Decreased by		Balance Dec 31, 2013
		Receipts	Current Fund	Disbursements	2013 Budget Appropriation	
Payroll Agency	\$ 12,761.50					12,761.50
Law Enforcement Trust	3,140.78	8.01		642.00		2,506.79
Federal Forfeiture Trust	(2,884.50)	1,695.00		2,146.00		(3,335.50)
Parking Offense Adjudication Act	(23,724.38)					(23,724.38)
Life Guard Pension Fund	913.87	40.43				954.30
Unemployment Trust	0.35					0.35
Trust Other	35.36	176.86		122.49		89.73
Developer's Escrow	19.15	4.78				22.57
Evidence Trust	140.66	14.67	1.36	3,600.00		(3,443.31)
Uniform Fire	368.56	98.91		16,211.25		467.47
Tax Title Lien Redemption						(16,211.25)
Boardwalk Benches						
	\$ (9,228.65)	2,038.66	1.36	22,721.74	-	1.36
						(29,911.73)

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Reserve	Increased by		Decreased by		Balance Dec 31, 2013
	Balance Dec 31, 2012	Receipts	Collections made by Current Fund	Disbursements	
Small Cities Revolving Loan Fund	\$ 43,764.00				43,764.00
Developers Escrow	91,842.85	91,208.75		79,471.25	103,580.35
Law Enforcement Trust	3,034.97	3,510.88		8,900.00	(2,354.15)
Federal Forfeitures	148.70	0.24			148.94
Parking Offense Adjudication Act	3,210.51	2,146.00		1,695.00	3,661.51
Life Guard Pension Fund	394,657.37	35,437.64		31,087.70	399,007.31
Unemployment Trust	41,626.16	69,563.27		39,255.56	71,933.87
Evidence Trust	2,289.45				2,289.45
Tax Sale Premiums	921,900.00	543,800.00		609,100.00	856,600.00
Tax Title Lien Redemptions	12,988.25	1,447,516.18		1,453,886.88	6,617.55
Boardwalk Benches	10,766.29	16,702.50		7,738.00	19,730.79
Snow Removal		5,000.00			5,000.00
Recreation Trust		1,500.00			1,500.00
Self-Insurance	219,724.66				219,724.66
Trust Other	5,169.64				5,169.64
Penalties Collected Under the Uniform Fire Code	13,744.68	3,600.00			17,344.68
	<u>\$ 1,764,867.53</u>	<u>2,219,985.46</u>	<u>-</u>	<u>2,231,134.39</u>	<u>1,753,718.60</u>

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

Balance December 31, 2012		\$ 2,088,491.56
Increased by:		
Receipts	5,010,679.54	
	<hr/>	<hr/>
		5,010,679.54
Decreased by:		7,099,171.10
Disbursements	1,487,749.31	
	<hr/>	<hr/>
		1,487,749.31
Balance December 31, 2013		\$ <u><u>5,611,421.79</u></u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2012		Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	98,275.38	10,679.54						108,954.92
Receivable State of NJ - Green Acres Grant		(285,000.00)							(285,000.00)
Capital Improvement Fund		93,987.00	250,000.00						93,987.00
Contracts Payable		437,185.30			423,372.66				3,139,845.63
Reserve for Payment of Bonds		3,812.52						3,812.52	
Reserve for Payment of School Bonds		290,671.38						50,000.00	240,671.38
Due to Current								53,812.52	53,812.52
Improvement Authorizations:									
1997-02 Various Improvements		1,250.00							1,250.00
1998-19 Acquisition of Real Property		67,668.06							67,668.06
2002-03 Various Improvements		14,471.73					8,266.92		6,204.81
2006-02 Rehabilitation of Ventnor Fishing Pier		(224,151.00)							(224,151.00)
2007-06 Rehabilitation of Ventnor Fishing Pier		(306,250.00)							(306,250.00)
2007-09 Various Improvements		2,955.26							2,955.26
2209-14 Various Improvements		1,240,688.71			731,825.48		246,126.38		262,736.85
2011-11 Various Improvements		652,927.22		4,750,000.00	90,798.17		24,833.59		537,295.46
2013-10 Various Improvements					241,753.00		2,846,806.10	250,000.00	1,911,440.90
	\$	2,088,491.56	260,679.54	4,750,000.00	1,487,749.31	-	3,429,845.51	3,429,845.51	5,611,421.79

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

Balance December 31, 2012	\$	93,987.00
Increased by:		
2013 Budget Appropriation	250,000.00	
		250,000.00
Decreased by:		
Finance Improvement Authorizations	250,000.00	343,987.00
		250,000.00
Balance December 31, 2013	\$	93,987.00

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

Balance December 31, 2012		\$	22,171,801.03
Increased by:			
Serial Bonds Issued	6,420,000.00		
	<hr/>		<hr/>
			6,420,000.00
			28,591,801.03
Decreased by:			
2013 Budget Appropriation:			
General Serial Bonds	1,520,000.00		
School Serial Bonds	1,070,000.00		
Green Trust Loans Payable	26,648.16		
	<hr/>		<hr/>
			2,616,648.16
Balance December 31, 2013		\$	<u>25,975,152.87</u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Debt Issued	Balance Dec. 31, 2013	Bond Anticipation Notes	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
2006-02	Rehabilitation of Ventnor Fishing Pier	\$ 224,151.00				224,151.00		224,151.00	
2007-06	Rehabilitation of Ventnor Fishing Pier	306,250.00				306,250.00		306,250.00	
2011-11	Various Improvements	1,615,000.00			1,615,000.00	-			
2013-10	Various Improvements		4,750,000.00		4,750,000.00	-			
		<u>\$ 2,145,401.00</u>	<u>4,750,000.00</u>	<u>-</u>	<u>6,365,000.00</u>	<u>530,401.00</u>	<u>-</u>	<u>530,401.00</u>	<u>-</u>

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

-

\$ -

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Paid or Charged	Balance December 31, 2013	
				Balance December 31, 2012 Funded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
1997-02	Various Improvements	2/13/1997	3,299,500	1,250.00				1,250.00	
1998-19	Acquisition of Real Property	9/10/1998	1,000,000	67,688.06				67,688.06	
2002-03	Various Improvements	3/21/2002	6,700,000	14,471.73			8,266.92	6,204.81	
2007-09	Various Improvements	8/2/2007	450,000	2,955.26				2,955.26	
2009-14	Various Improvements	6/18/2009	6,418,000				977,951.86	262,736.85	
2011-11	Various Improvements		1,700,000				115,631.76	537,295.46	
2013-10	Various Improvements	4/18/2013	5,000,000		250,000.00	4,750,000.00	3,088,569.10	1,911,440.90	
				<u>\$ 1,327,033.76</u>	<u>250,000.00</u>	<u>4,750,000.00</u>	<u>4,190,409.64</u>	<u>2,789,551.34</u>	<u>-</u>
						Disbursements	1,064,376.65		
						Encumbrances	3,126,032.99		
							<u>4,190,409.64</u>		

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
School Refunding Bonds	12/15/2004	6,917,000	10/1/2014	575,000.00	4.000%				
			10/1/2015	590,000.00	4.000%				
			10/1/2016	615,000.00	5.000%				
			10/1/2017	640,000.00	4.000%				
			10/1/2018	665,000.00	4.000%				
			10/1/2019	685,000.00	4.000%				
School Refunding Bonds	6/1/2009	4,345,000	10/1/2020	680,000.00	4.000%	5,005,000.00		555,000.00	4,450,000.00
			2/1/2014	370,000.00	2.125%				
			2/1/2015	375,000.00	2.375%				
			2/1/2016	385,000.00	3.000%				
			2/1/2017	385,000.00	3.000%				
			2/1/2018	405,000.00	3.000%				
School Bonds	12/1/2010	2,823,000	2/1/2019	420,000.00	4.000%				
			2/1/2020	435,000.00	4.000%				
			2/1/2021	430,000.00	4.000%	3,580,000.00		365,000.00	3,215,000.00
			12/1/2014	155,000.00	3.000%				
			12/1/2015	165,000.00	3.000%				
			12/1/2016	170,000.00	3.000%				
			12/1/2017	175,000.00	3.000%				
			12/1/2018	185,000.00	3.000%				
			12/1/2019	195,000.00	3.500%				
			12/1/2020	200,000.00	3.500%				
			12/1/2021	210,000.00	3.500%				
12/1/2022	220,000.00	3.750%							
12/1/2023	230,000.00	4.000%							
12/1/2024	235,000.00	4.000%							
12/1/2025	248,000.00	4.000%			2,538,000.00	150,000.00	2,388,000.00		
						\$ 11,123,000.00	-	1,070,000.00	10,053,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Boathouse Renovations	4/30/2001	500,000	2014	27,184.00	2.000%	228,801.03		26,648.16	202,152.87
			2015	27,730.00					
			2016	28,288.00					
			2017	28,856.00					
			2018	29,436.00					
			2019	30,028.00					
			2020	30,631.00					
						\$ 228,801.03		26,648.16	202,152.87

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		
						Dec. 31, 2012	Dec. 31, 2013	
Various Improvements	2011-11	12/20/2011	12/17/2012			Increased	Decreased	Balance Dec. 31, 2013
Various Improvements	2011-11	12/17/2012	12/17/2012				750,000.00	-
							865,000.00	-
							<u>1,615,000.00</u>	<u>-</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
2006-02	Rehabilitation of Fishing Pier	\$ 224,151.00				224,151.00
2007-06	Rehabilitation of Fishing Pier	306,250.00				306,250.00
2013-10	Various Improvements		4,750,000.00	4,750,000.00		-
		<u>\$ 530,401.00</u>	<u>4,750,000.00</u>	<u>4,750,000.00</u>	<u>-</u>	<u>530,401.00</u>

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

	Operating
Balance December 31, 2012	\$ 1,006,129.14
Increased by Receipts:	
Sewer Rents Receivable	4,694,984.72
Miscellaneous	81,703.46
Due to Current Fund	550,000.00
	5,326,688.18
	6,332,817.32
Decreased by Disbursements:	
2013 Appropriations	5,332,215.10
2012 Appropriation Reserves	81,614.04
Due to Current Fund	550,000.00
Refund overpayments	203.08
	5,964,032.22
Balance December 31, 2013	\$ <u><u>368,785.10</u></u>

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

	Balance Dec. 31, 2012	Budget Appropriation	Receipts		Disbursements		From	To	Balance Dec. 31, 2013
			Bonds Issued	Miscellaneous	Improvement Authorizations	Miscellaneous			
Fund Balance	\$ 77,080.20								77,080.20
Due from Utility Operating	(0.15)								(0.15)
Contracts Payable	1,178,756.60		5,999.13			1,178,756.60	2,798,923.42		2,798,923.42
<u>Improvement Authorizations:</u>									
<u>Ordinance</u>									
<u>Number</u>									
2006-14 Improvements to Water and Sewer	527.19					7,604.95	7,605.00		527.24
2009-15a Reconstruction of Sewer Lines	-					10,000.00	10,000.00		-
2009-15b Repainting the Water Tower	-					1,800.00	1,800.00		-
2009-15c Purchase of Water Meters	-				10,652.38	3,704.37	47,407.00		33,050.25
2010-14a Replacement of sanitary sewer mains	39,954.82				161,472.67	153,089.42	279,387.60		4,780.33
2010-14b Replacement of well and well house #8	1,569,243.80				238,696.30	1,347,017.95	16,470.45		-
2010-14c Improve and upgrade electrical at wells	580,060.33				140,022.43	68,356.57	35,088.73		406,770.06
2010-14e Acquisition of vehicles	10,185.12				17,630.00		7,444.88		-
2010-14f Acquisition of equipment	71,847.60					71,847.60			-
2010-14g Installation of pumps etc. at Lily Park	21.16								21.16
2011-9a Replacement of Meter Batteries	(24,379.00)				72,447.65	80,968.43	152,983.92		(24,811.16)
2011-9b Rehab Water Tower	162,965.93				213.15	583,500.00	618,370.30		197,623.08
2011-9c Rehab Well House #10	133,335.41				26,121.42	114,927.14	213.15		(7,500.00)
2011-9d Purchase of Generator	95,000.00								95,000.00
2011-9e Remote Reader Antenna	41,612.61				38,753.47	76,196.00	73,833.17		496.31
2011-9f Purchase Directional Drill	21,387.12								21,387.12
2013-9a Replacement of Water Meters			25,000.00		2,250.00	3,996.00			18,754.00
2013-9b Renovations to Main Water Plant			100,000.00						100,000.00
2013-9c Renovations to Wells			200,000.00						200,000.00
2013-9d Replacement of Sewer and Water Mains			850,000.00		112,917.74	947,762.59			389,319.67
2013-9e Acquisition of Water Plant Heating System			75,000.00						75,000.00
2013-9f Acquisition of Fire Hydrants			80,000.00						80,000.00
2013-9g Acquisition of Vehicles			120,000.00						120,000.00
	<u>\$ 3,957,598.74</u>	<u>-</u>	<u>1,450,000.00</u>	<u>5,999.13</u>	<u>821,177.21</u>	<u>4,049,527.62</u>	<u>4,049,527.62</u>	<u>4,049,527.62</u>	<u>4,586,421.53</u>

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

Balance December 31, 2012		\$ 950,350.72
Increased by:		
Utility Rents Levied	4,878,423.41	4,878,423.41
		5,828,774.13
Decreased by:		
Collections	4,694,984.72	
Overpayments Created	(4,831.54)	
Canceled	238,940.83	
	4,929,094.01	4,929,094.01
Balance December 31, 2013		\$ 899,680.12

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

Balance December 31, 2012		\$ -
No Activity		-
Balance December 31, 2013		\$ -

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

Balance December 31, 2012	\$	14,550.97
Increase by:		
Overpayments created		12,995.79
Decreased by:		
Overpayments refunded		<u>8,367.33</u>
Balance December 31, 2013	\$	<u><u>19,179.43</u></u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed	Over-Expended
Operating:					
Other Expenses	\$ 195,128.81	195,128.81	81,614.04	113,514.77	
Other Accounts No Change	79,253.05	79,253.05		79,253.05	
	<u>\$ 274,381.86</u>	<u>274,381.86</u>	<u>81,614.04</u>	<u>192,767.82</u>	<u>-</u>

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

Balance December 31, 2012		\$ 38,849.89
Increased by:		
Accrued interest charged to 2013 budget appropriation - Interest on bonds		<u>43,339.55</u>
		82,189.44
Decreased by:		
Disbursements		<u>38,849.89</u>
Balance December 31, 2013		<u>\$ 43,339.55</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2013

Description	Principal Outstanding Dec. 31, 2013	Interest Rate	From	To	# of Days	Amount
Water and Sewer Bonds of 2004	65,000	3.50%	08/01/13	12/31/13	120	541.67
Water and Sewer Bonds of 2010	11,005,000	3.0% to 4.375%	12/01/13	12/31/13	30	34,244.33
Water and Sewer Bonds of 2013	3,635,000	2.00%	12/01/13	12/31/13	30	8,553.55
						<u><u>43,339.55</u></u>

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

Account	Balance Dec. 31, 2012	Additions		Balance Dec. 31, 2013
		Budget Capital Outlay	Ordinance	
Office Equipment	\$ 72,997.00			72,997.00
Other Equipment	931,954.00		253,357.00	1,185,311.00
Building and Improvements	792,974.00			792,974.00
Water System Improvements	2,431,695.00			2,431,695.00
Sewer System Improvements	2,379,307.00			2,379,307.00
Combined Improvements	3,497,925.00			3,497,925.00
	<u>\$ 10,106,852.00</u>	<u>-</u>	<u>253,357.00</u>	<u>10,360,209.00</u>

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

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2012	2013 Authorizations		Costs to Fixed Capital	Balance Dec. 31, 2013
		Date	Amount		Deferred Reserve for Amortization	Deferred Charge to Future Revenue		
2009-06	Reconstruction of Sewer Lines	03/19/09	1,000,000	\$ 1,000,000.00				1,000,000.00
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	1,700,000.00				1,700,000.00
2009-15b	Repairing the Water Tower	06/18/09	290,000	290,000.00				290,000.00
2009-15c	Purchase of Water Meters	06/18/09	617,400	617,400.00				617,400.00
2009-15d	Purchase of Vehicles	06/18/09	65,000	65,000.00				65,000.00
2009-15e	Purchase of Vehicles	06/18/09	70,000	70,000.00				70,000.00
2009-15f	Purchase of Equipment	06/18/09	180,000	180,000.00				180,000.00
2010-14a	Replacement of sanitary sewer mains	10/06/10	4,639,473	4,639,473.00				4,639,473.00
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170	1,824,170.00				1,824,170.00
2010-14c	Improve and upgrade electrical at wells 5, 7 a	10/06/10	729,668	729,668.00				729,668.00
2010-14e	Acquisition of vehicles	10/06/10	253,357	253,357.00			253,357.00	-
2010-14f	Acquisition of equipment	10/06/10	72,967	72,967.00				72,967.00
2010-14g	Installation of pumps etc. at Lily Park	10/06/10	334,431	334,431.00				334,431.00
2011-9a	Replacement of Meter Batteries	06/16/11	500,000	500,000.00				500,000.00
2011-9b	Rehab Water Tower	06/16/11	950,000	950,000.00				950,000.00
2011-9c	Rehab Well House # 10	06/16/11	150,000	150,000.00				150,000.00
2011-9d	Purchase of Generator	06/16/11	100,000	100,000.00				100,000.00
2011-9e	Remote Reader Antenna	06/16/11	180,000	180,000.00				180,000.00
2011-9f	Purchase Directional Drill	06/16/11	420,000	420,000.00				420,000.00
2013-9a	Replacement of Water Meters	04/18/13	25,000			25,000.00		25,000.00
2013-9b	Renovations to Main Water Plant	04/18/13	100,000			100,000.00		100,000.00
2013-9c	Renovations to Wells	04/18/13	200,000			200,000.00		200,000.00
2013-9d	Replacement of Sewer and Water Mains	04/18/13	1,750,000			1,750,000.00		1,750,000.00
2013-9e	Acquisition of Water Plant Heating System	04/18/13	75,000			75,000.00		75,000.00
2013-9f	Acquisition of Fire Hydrants	04/18/13	80,000			80,000.00		80,000.00
2013-9g	Acquisition of Vehicles	04/18/13	120,000			120,000.00		120,000.00
				\$ 14,076,466.00	-	2,350,000.00	253,357.00	16,173,109.00

WATER AND SEWER CAPITAL UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Authorization	Date	Ordinance Amount	Balance Dec. 31, 2012		Down Payment or Capital Improvement Fund	Deferred Charges to Future Revenue	Prior Year Encumbrance	Paid or Charged	Transfers or Canceled	Balance Dec. 31, 2013	
				Funded	Unfunded						Funded	Unfunded
2009-06	Reconstruction of Sewer Lines	03/19/09	1,000,000.00	\$	527.19						527.19	
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000.00					10,000.00				
2009-15b	Repainting the Water Tower	06/18/09	290,000.00					1,800.00				
2009-15c	Purchase of Water Meters	06/18/09	617,400.00					47,406.75				
2010-14a	Replacement of sanitary sewer mains	10/06/10	4,639,473.00					279,387.60				
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170.00					16,470.45				
2010-14c	Improve and upgrade electrical at wells	10/06/10	729,668.00					35,088.73				
2010-14d	Installation of water main inter-connects	10/06/10	145,934.00					7,444.88				
2010-14e	Installation of vehicles	10/06/10	253,357.00					17,630.00				
2010-14f	Acquisition of equipment	10/06/10	72,967.00					71,947.60				
2010-14g	Installation of pumps etc. at Lily Park	10/06/10	334,431.00		21.16						21.16	
2011-8a	Replacement of Meter Batteries	06/16/11	500,000.00		622.16			152,983.92				190.00
2011-8b	Rehab Water Tower	06/16/11	950,000.00		210,465.93			618,370.30				47,000.00
2011-8c	Rehab Well House # 10	06/16/11	150,000.00		140,835.41			213.15				
2011-8d	Purchase of Generator	06/16/11	100,000.00		100,000.00							
2011-8e	Remote Reader Antenna	06/16/11	160,000.00		50,612.61			79,833.17				5,000.00
2011-8f	Purchase Directional Drill	06/16/11	420,000.00		42,386.11			114,949.47				21,000.00
2013-8a	Replacement of Water Meters	04/18/13	25,000.00				25,000.00					
2013-8b	Renovations to Main Water Plant	04/18/13	100,000.00				100,000.00					
2013-8c	Renovations to Wells	04/18/13	200,000.00				200,000.00					
2013-8d	Replacement of Sewer and Water Mains	04/18/13	1,750,000.00				1,750,000.00					900,000.00
2013-8e	Acquisition of Water Plant Heating System	04/18/13	75,000.00				75,000.00					
2013-8f	Acquisition of Fire Hydrants	04/18/13	80,000.00				80,000.00					
2013-8g	Acquisition of Vehicles	04/18/13	120,000.00				120,000.00					
				\$	2,271,840.17		2,350,000.00	1,242,988.95	3,684,343.28		1,743,228.06	982,190.00
								Discursed D-6	5,027,423.00			
								Encumbered D	1,178,756.00			
									6,206,179.00			

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

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2011-09	12/20/2011	12/20/2012	864,000.00	2.00% \$	874,000.00		874,000.00	-
Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2011-09	12/17/2012	12/17/2012	1,311,000.00	2.00%	1,311,000.00		1,311,000.00	-
					<u>\$ 2,185,000.00</u>	<u>-</u>	<u>2,185,000.00</u>	<u>-</u>

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

Purpose	Date of Issue	Original Issue	Date	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
				Outstanding December 31, 2013	Amount					
Water and Sewer Bonds of 2002	10/01/02	\$ 925,000					\$ 100,000.00	100,000.00		-
Water and Sewer Bonds of 2004	08/01/04	550,000	08/01/14	65,000.00		3.50%	130,000.00	130,000.00		-
Water and Sewer Bonds of 2010	12/01/10	12,240,000	12/01/14	500,000.00		3.00%				
			12/01/15	510,000.00		3.00%				
			12/01/16	525,000.00		3.00%				
			12/01/17	540,000.00		3.00%				
			12/01/18	560,000.00		3.00%				
			12/01/19	575,000.00		3.50%				
			12/01/20	600,000.00		3.50%				
			12/01/21	625,000.00		3.75%				
			12/01/22	650,000.00		3.75%				
			12/01/23	675,000.00		3.75%				
			12/01/24	700,000.00		4.00%				
			12/01/25	715,000.00		4.00%				
			12/01/26	725,000.00		4.00%				
			12/01/27	745,000.00		4.13%				
			12/01/28	770,000.00		4.25%				
			12/01/29	790,000.00		4.25%				
			12/01/30	800,000.00		4.38%	11,430,000.00	425,000.00		11,005,000.00
Refunding Water and Sewer Bonds of 2013	05/09/13	65,000	08/01/14	65,000.00		2.00%		65,000.00		65,000.00
Water and Sewer Bonds of 2013	12/04/13	3,635,000	12/01/14	135,000.00		2.00%				
			12/01/15	150,000.00		2.00%				
			12/01/16	150,000.00		2.00%				
			12/01/17	155,000.00		2.00%				
			12/01/18	160,000.00		2.00%				
			12/01/19	170,000.00		2.00%				
			12/01/20	180,000.00		2.25%				
			12/01/21	190,000.00		3.00%				
			12/01/22	200,000.00		3.00%				
			12/01/23	200,000.00		3.00%				
			12/01/24	210,000.00		3.00%				
			12/01/25	220,000.00		3.25%				
			12/01/26	230,000.00		3.375%				
			12/01/27	240,000.00		3.50%				
			12/01/28	250,000.00		3.625%				
			12/01/29	260,000.00		3.75%				
			12/01/30	265,000.00		4.00%				
			12/01/31	270,000.00		4.00%		3,635,000.00		3,635,000.00
							\$ 11,660,000.00	3,700,000.00	655,000.00	14,705,000.00

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

Balance December 31, 2012		\$ 9,029,389.00
Increased by:		
Serial Bonds Paid by Operating Budget	178,171.06	
Transferred from Deferred Reserve for Amortization	<u>28,074.17</u>	
		<u>206,245.23</u>
Balance December 31, 2013		<u><u>\$ 9,235,634.23</u></u>

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2012	Fixed Capital Authorized	To Reserve for Amortization	Bond Paid	Balance Dec. 31, 2013
2009-06	Various Capital Improvements		\$ 47,515.00			24,930.56	72,445.56
2009-15c	Purchase of water meters	6/18/09	259,944.00			136,180.56	396,124.56
2010-14a	Various Capital Improvements	10/06/10	886,470.00		28,074.00	250,717.65	1,109,113.65
			<u>\$ 1,193,929.00</u>	<u>0.00</u>	<u>28,074.00</u>	<u>411,828.77</u>	<u>1,577,683.77</u>

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

Ordinance Number	Improvement Description	Balance		2013 Authorizations	Bonds Issued	Raised in Budget	Balance Dec. 31, 2013
		Dec. 31, 2012					
2011-9a	Replacement of Meter Batteries	\$	25,000.00				25,000.00
2011-9b	Rehab Water Tower		47,500.00				47,500.00
2011-9c	Rehab Well House # 10		7,500.00				7,500.00
2011-9d	Purchase of Generator		5,000.00				5,000.00
2011-9e	Remote Reader Antenna		9,000.00				9,000.00
2011-9f	Purchase Directional Drill		21,000.00				21,000.00
2013-9a	Replacement of Water Meters			25,000.00	25,000.00		-
2013-9b	Renovations to Main Water Plant			100,000.00	100,000.00		-
2013-9c	Renovations to Wells			200,000.00	200,000.00		-
2013-9d	Replacement of Sewer and Water Mains			1,750,000.00	850,000.00		900,000.00
2013-9e	Acquisition of Water Plant Heating System			75,000.00	75,000.00		-
2013-9f	Acquisition of Fire Hydrants			80,000.00	80,000.00		-
2013-9g	Acquisition of Vehicles			120,000.00	120,000.00		-
		\$	<u>115,000.00</u>	<u>2,350,000.00</u>	<u>1,450,000.00</u>	<u>-</u>	<u>1,015,000.00</u>

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CITY OF VENTNOR CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013



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:

- Drainage improvements
- Sewer main repair
- Door repairs and new door at municipal building
- Roof repairs
- HVAC replacement
- Windows
- Upgrade City Hall electrical system
- Well and building repairs
- Repairs to ball fields
- Fire house roof replacement
- City Hall maintenance
- Fire house boiler replacement
- City Hall water proofing
- Street sweeper
- City Hall temporary heat

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 17, 2013, 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 20, 2013 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>
2013	7
2012	6
2011	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 2014 and 2013 Taxes	5
Payment of 2014 and 2013 Utility Bills	5
Delinquent Taxes	5
Delinquent Utility	4
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>
2013	\$ 50,065,628.54	47,058,631.00	93.99%
2012	48,531,749.00	45,383,409.00	93.51%
2011	47,976,098.00	43,414,147.00	90.49%
2010	45,932,918.00	42,690,239.00	92.94%
2009	44,743,535.00	41,792,809.00	93.41%

Comparative Schedule of Tax Rate Information

	2013	2012	2011	2010	2009
Tax Rate	\$ 1.99	1.88	1.83	1.73	1.67
Apportionment of Tax Rate:					
Municipal	0.847	0.825	0.797	0.754	0.665
County	0.447	0.376	0.375	0.334	0.333
School	0.695	0.678	0.661	0.639	0.671
Assessed Valuation	2,514,557,682	2,580,446,428	2,616,184,272	2,646,525,345	2,671,641,219

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>
2013	\$ 51,135.92	1,794,996.32	1,846,132.24	3.69%
2012	19,839.15	2,090,960.93	2,110,800.08	4.35%
2011	-	2,015,239.00	2,015,239.00	4.20%
2010	-	1,850,518.00	1,850,518.00	4.03%
2009		1,595,054.00	1,595,054.00	3.67%

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

NONE

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, LLC

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

Kenneth W. Moore

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

March 5, 2014