

**CITY OF VENTNOR CITY**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**

# 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, 2009**

**ALLIANCE OF  
GOVERNMENTAL  
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330  
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of City Committee  
City of Ventnor City, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the City of Ventnor City, New Jersey, as of December 31, 2009 and 2008, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2009. These financial statements are the responsibility of the City of Ventnor City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

The City has not included a disclosure related to the future liabilities for post employment benefits. Accounting principles generally accepted in the United States of America require that all required disclosures be presented as part of the basic financial statements. The result of this departure will not affect the balance sheet – regulatory basis.

In our opinion, because of the City’s policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Ventnor City as of December 31, 2009 and 2008 or the results of its operations for the years then ended.

However, in our opinion, except for the affects of the required disclosure, as described above, the financial statements referred to above, present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the City of Ventnor City, New Jersey as of December 31, 2009 and 2008 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years ended December 31, 2009 and 2008 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2010 on our consideration of the City of Ventnor City's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the City of Ventnor City, New Jersey taken as a whole. The supplemental information, as listed in the table of contents, is presented for additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kenneth Moore*

Kenneth Moore, CPA  
Registered Municipal Accountant  
No. 231

*Alliance of Governmental Auditors*

Alliance of Governmental Auditors, LLC  
Certified Public Accountants  
May 28, 2010

**EXHIBIT A - CURRENT FUND**

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

|  | <u>Ref.</u> | <u>2009</u>         | <u>2008</u>       |
|--|-------------|---------------------|-------------------|
| <u>Assets</u>                                    |             |                     |                   |
| Regular Fund:                                    |             |                     |                   |
| Cash:  |             |                     |                   |
| Treasurer  | A-4         | \$ 2,947,345        | 10,098,208        |
| Change Fund                                      | A-5         | 530                 | 530               |
| Petty Cash Fund                                  |             | -                   | 45                |
|  |             | <u>2,947,875</u>    | <u>10,098,783</u> |
| Receivables and Other Assets with Full Reserves: |             |                     |                   |
| Delinquent Property Taxes Receivable             | A-6         | 1,595,054           | 1,257,151         |
| Tax Title Liens Receivable                       | A-7         | -                   | 20,404            |
| Property Acquired / Assessed Valuation           |             | 267,200             | 206,400           |
| Revenue Accounts Receivable                      | A-8         | 15,801              | 18,770            |
| Due from Trust Assessment Fund                   | B           | 30,776              | 30,776            |
| Due from Trust - Other Funds                     | B           | -                   | 31,831            |
| Due from General Capital Fund                    | C           | 72,725              | -                 |
| Due from Water and Sewer Utility Operating       | D           | 279,745             | -                 |
| Due from Animal Control Fund                     | B           | 2,544               | 15,362            |
|  | A           | <u>2,263,845</u>    | <u>1,580,694</u>  |
| Deferred Charges                                 |             |                     |                   |
| Overexpenditure of Appropriations                |             | 142,804             | 33,989            |
| Overexpenditure of Appropriation Reserves        |             | -                   | 26,471            |
| Expenditures without Appropriation               |             | 25,648              | 56,618            |
| Emergency Authorization 40A:4-47                 |             | 700,000             | -                 |
|  |             | <u>868,452</u>      | <u>117,078</u>    |
|  |             | <u>6,080,172</u>    | <u>11,796,555</u> |
| Federal and State Grant Fund:                    |             |                     |                   |
| Due from Current                                 | A-4         | 88,534              | 91,353            |
| Federal and State Grants Receivable              | A-11        | 287,747             | 135,342           |
|  |             | <u>376,281</u>      | <u>226,695</u>    |
|  |             | <u>\$ 6,456,453</u> | <u>12,023,250</u> |

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

|   | <u>Ref.</u> | <u>2009</u>         | <u>2008</u>       |
|---|-------------|---------------------|-------------------|
| <u>Liabilities, Reserves and Fund Balance</u> |             |                     |                   |
| Regular Fund:                                 |             |                     |                   |
| Appropriation Reserves                        | A-3         | \$ 401,441          | 799,160           |
| Encumbrances Payable                          | A-3         | 402,119             | 402,907           |
| Prepaid Taxes                                 |             | 530,999             | 450,416           |
| Tax Overpayments                              |             | 76,785              | 79,678            |
| Tax Anticipation Note                         |             | -                   | 4,967,000         |
| Due County for Added and Omitted Taxes        |             | 6,656               | 15,408            |
| Due to State of New Jersey:                   |             |                     |                   |
| Marriage License and Domestic Partner Fees    |             | 350                 | -                 |
| State Training Fees                           |             | 2,459               | 3,276             |
| Veterans' and Senior Citizens' Deductions     |             | 10,744              | 9,808             |
| Due to Federal and State Grant Fund           | A           | 88,534              | 91,353            |
| Due to Water and Sewer Utility Capital Fund   | D           | 59,360              | 59,360            |
| Due to Other Trust Funds                      | B           | 8,984               | -                 |
| Due to General Capital Fund                   | C           | -                   | 811,507           |
|   |             | <u>1,588,431</u>    | <u>7,689,873</u>  |
| <br>  |             |                     |                   |
| Reserves for Receivables                      | A           | 2,263,845           | 1,580,694         |
| Fund Balance                                  | A-1         | <u>2,227,896</u>    | <u>2,525,988</u>  |
|   |             | <u>6,080,172</u>    | <u>11,796,555</u> |
| <br>  |             |                     |                   |
| Federal and State Grant Fund:                 |             |                     |                   |
| Contracts Payable                             | A           | 18,557              | 64,318            |
| Reserve for Encumbrances                      |             | -                   | 1,627             |
| Reserve for State Grants:                     |             |                     |                   |
| Unappropriated Reserves                       | A-13        | 22,325              | 47,167            |
| Appropriated Reserves                         | A-12        | <u>335,399</u>      | <u>113,583</u>    |
|   |             | <u>376,281</u>      | <u>226,695</u>    |
|   |             | <u>\$ 6,456,453</u> | <u>12,023,250</u> |

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

|  | Ref. | 2009              | 2008              |
|--|------|-------------------|-------------------|
| <u>Revenue and Other Income Realized:</u>                                    |      |                   |                   |
| Fund Balance Utilized  | A-2  | \$ 1,850,000      | 1,001,500         |
| Miscellaneous Revenues Anticipated   | A-2  | 3,603,763         | 3,567,833         |
| Receipts from Delinquent Taxes   | A-2  | 1,272,861         | 1,209,152         |
| Receipts from Current Taxes  | A-2  | 42,690,239        | 41,792,808        |
| Nonbudget Revenues   | A-2  | 443,814           | 350,689           |
| Other Credits to Income:   |      |                   |                   |
| Unexpended Balance of  |      |                   |                   |
| Appropriation Reserves   | A-9  | 1,000,010         | 368,121           |
| Cancellation of Tax Overpayments   |      | -                 | 102,336           |
| Cancellation of Reserve for Federal, State,<br>and Other Grants-Appropriated | A-12 | -                 | 276,835           |
| Canceled Checks  |      | 1,365             | -                 |
| Interfunds Returned  |      | 15,362            | 733,690           |
|  |      | <u>50,877,414</u> | <u>49,402,964</u> |
| <u>Expenditures:</u>   |      |                   |                   |
| Budget and Emergency Appropriations:   |      |                   |                   |
| Appropriations Within "CAPS"   |      |                   |                   |
| Operations:  |      |                   |                   |
| Salaries and Wages   | A-3  | 11,097,584        | 10,245,634        |
| Other Expenses   | A-3  | 6,943,275         | 5,722,073         |
| Deferred Charges and<br>Statutory Expenditures                               | A-3  | 2,542,707         | 952,676           |
| Appropriations Excluded from "CAPS"  |      |                   |                   |
| Operations:  |      |                   |                   |
| Salaries and Wages   | A-3  | 36,070            | 443,104           |
| Other Expenses   | A-3  | 544,021           | 1,694,703         |
| Capital Improvements   | A-3  | 150,000           | 908,250           |
| Debt Service   | A-3  | 1,775,090         | 1,618,803         |
| Deferred Charges   | A-3  | 250               | -                 |
| Type I School Debt Service   | A-3  | 1,630,451         | 1,716,383         |

See Accompanying Notes to Financial Statements

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

|   | <u>Ref.</u> | <u>2009</u>         | <u>2008</u>       |
|---|-------------|---------------------|-------------------|
| County Taxes Payable  |             | 8,868,685           | 8,281,013         |
| County Share of Added and Omitted Taxes   |             | 6,656               | 15,408            |
| Local District School Tax   | A-10        | 16,221,051          | 15,474,790        |
| Interfunds Created  |             | 352,470             | -                 |
| Cancel Grants Receivable  | A-11        | -                   | 401,462           |
|   |             | <u>50,168,310</u>   | <u>47,474,299</u> |
| Excess in Revenues  |             | 709,104             | 1,928,665         |
| Adjustments to Income Before Fund Balance -<br>Expenditures Included Above Which Are by<br>Statute Deferred Charges to Budget of<br>Succeeding Year |             | <u>842,804</u>      | <u>33,989</u>     |
| Statutory Excess to Fund Balance  |             | 1,551,908           | 1,962,654         |
| Fund Balance January 1  | A           | <u>2,525,988</u>    | <u>1,564,834</u>  |
| Total   |             | 4,077,896           | 3,527,488         |
| Decreased by:   |             |                     |                   |
| Utilization as Anticipated Revenue  | A-2         | <u>1,850,000</u>    | <u>1,001,500</u>  |
| Fund Balance December 31  | A           | <u>\$ 2,227,896</u> | <u>2,525,988</u>  |

**CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS**

|  | Ref. | Anticipated<br>Budget | Special<br>N.J.S. 40A:4-87 | Realized         | Excess or<br>(Deficit) |
|--|------|-----------------------|----------------------------|------------------|------------------------|
| Fund Balance Anticipated                             | A-1  | \$ 1,850,000          | -                          | 1,850,000        | -                      |
|  |      | <u>1,850,000</u>      | <u>-</u>                   | <u>1,850,000</u> | <u>-</u>               |
| <u>Miscellaneous Revenues:</u>                       |      |                       |                            |                  |                        |
| Licenses-Alcoholic Beverages                         | A-8  | 3,200                 | -                          | 3,240            | 40                     |
| Licenses-Other                                       | A-8  | 78,000                | -                          | 82,596           | 4,596                  |
| Fees and Permits                                     | A-8  | 165,000               | -                          | 206,212          | 41,212                 |
| Municipal Court                                      | A-8  | 285,000               | -                          | 281,409          | (3,591)                |
| Interest and Costs on Taxes                          | A-8  | 257,000               | -                          | 324,023          | 67,023                 |
| Parking Meters                                       | A-8  | 40,000                | -                          | 41,596           | 1,596                  |
| Interest on Investments                              | A-8  | 75,000                | -                          | 78,827           | 3,827                  |
| Beach Control Fees                                   | A-8  | 210,000               | -                          | 210,411          | 411                    |
| Land Rental  | A-8  | 200,000               | -                          | 87,501           | (112,499)              |
| Viking Rowing Foundation, Inc. Lease Agreement       | A-8  | 31,092                | -                          | 31,095           | 3                      |
| Payment in Lieu of Taxes                             | A-8  | 125,000               | -                          | 144,000          | 19,000                 |
| Cable Television Franchise Fees                      | A-8  | 56,000                | -                          | 55,184           | (816)                  |
| City Lease Fees                                      | A-8  | 38,000                | -                          | 38,500           | 500                    |
| Ambulance Service Fees                               | A-8  | 185,000               | -                          | 375,199          | 190,199                |
| Consolidated Municipal Property Tax Relief Aid       | A-8  | 68,997                | -                          | 68,997           | -                      |
| Energy Receipts Tax                                  | A-8  | 695,443               | -                          | 695,443          | -                      |
| Uniform Construction Code Fees                       | A-8  | 175,000               | -                          | 119,429          | (55,571)               |
| Borough of Longport-Uniform Construction Code Office | A-8  | 35,000                | -                          | 38,986           | 3,986                  |
| Borough of Longport-Engineering Services             | A-8  | 78,800                | -                          | 73,986           | (4,814)                |
| Anticipated Utility Fund Surplus                     |      | 260,000               | -                          | 260,000          | -                      |

See Accompanying Notes to Financial Statements

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

|   | Ref.    | Anticipated<br>Budget | Special<br>N.J.S. 40A:4-87 | Realized   | Excess or<br>(Deficit) |
|---|---------|-----------------------|----------------------------|------------|------------------------|
| Additional Revenues Offset With Appropriations:                   |         |                       |                            |            |                        |
| Community Development Block Grant                                 | A-11    | -                     | 139,429                    | 139,429    | -                      |
| Recycling Tonnage Grant   | A-11    | 3,293                 |                            | 3,293      | -                      |
| Highway Project - Over The Limit                                  | A-11    | 4,600                 |                            | 4,600      | -                      |
| Clean Communities Program   | A-11    | 41,644                |                            | 41,644     | -                      |
| Alcohol Education Rehabilitation Program                          | A-11    | 1,526                 |                            | 1,526      | -                      |
| Municipal Alliance on Alcoholism and Drug Abuse                   | A-11    | 13,470                |                            | 13,470     | -                      |
| Safe and Secure Communities Program                               | A-11    | 58,967                |                            | 58,967     | -                      |
| Body Armor Grant  | A-11    | 3,977                 |                            | 3,977      | -                      |
| Bulletproof Vest Partnership                                      | A-11    |                       | 5,400                      | 5,400      | -                      |
| Stomwater Grant   | A-11    | 7,955                 |                            | 7,955      | -                      |
| Buckle Up South Jersey  | A-11    | 4,000                 |                            | 4,000      | -                      |
| FEMA  |         |                       | 5,000                      | 5,000      | -                      |
| FEMA - Assistance to Firefigthers                                 |         | 80,256                |                            | 80,256     | -                      |
| Pedestrian Safety Mobilization                                    |         |                       | 4,000                      | 4,000      | -                      |
| JAG   | A-11    | -                     | 12,597                     | 12,597     | -                      |
| Hepitis B   | A-11    | 1,015                 |                            | 1,015      | -                      |
| <br>  |         |                       |                            |            |                        |
| Total Miscellaneous   | A-2     | 3,282,235             | 166,426                    | 3,603,763  | 155,102                |
| <br>  |         |                       |                            |            |                        |
| Receipts from Delinquent Taxes                                    | A-2     | 1,200,000             |                            | 1,272,861  | 72,861                 |
| Subtotal General Revenues   |         | 6,332,235             | 166,426                    | 6,726,624  | 227,963                |
| <br>  |         |                       |                            |            |                        |
| Amount to be Raised by Taxes for<br>Support to Municipal Budget - |         |                       |                            |            |                        |
| Local Tax for Municipal Purposes                                  | A-2     | 17,722,508            |                            | 17,762,479 | 39,971                 |
| Addition to Local District School Tax                             |         | 1,704,446             |                            | 1,704,446  | -                      |
| <br>  |         |                       |                            |            |                        |
| Budget Totals   |         | 25,759,189            | 166,426                    | 24,489,103 | 267,934                |
| Nonbudget Revenues  | A-1:A-2 |                       |                            | 443,814    | 443,814                |
|   |         | \$ 25,759,189         | 166,426                    | 24,932,917 | 711,748                |
|   | Ref.    | A-3                   | A-3                        |            |                        |

See Accompanying Notes to Financial Statements

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

| <u>Analysis of Realized Revenue:</u>                  | <u>Ref.</u> |    |                          |
|---|-------------|----|--------------------------|
| <u>Allocation of Current Tax Collections:</u>         |             |    |                          |
| Revenue from Collections                              | A-1:A-6     | \$ | 42,690,239               |
| Allocated to:   |             |    |                          |
| School and County Taxes                               |             |    | <u>25,096,392</u>        |
| Balance for Support of Municipal Budget Revenues      |             |    | 17,593,847               |
| Add:  |             |    |                          |
| Appropriation: "Reserve for Uncollected Taxes"        | A-3         |    | <u>1,873,078</u>         |
| Amount for Support of Municipal Budget Appropriations | A-2         |    | <u><u>19,466,925</u></u> |
| <br><u>Receipts from Delinquent Taxes:</u>            |             |    |                          |
| Delinquent Tax Collections                            | A-6         |    | 1,246,759                |
| Tax Title Lien Collections                            | A-7         |    | <u>26,102</u>            |
|   | A-2         | \$ | <u><u>1,272,861</u></u>  |

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

| <u>Analysis of Realized Revenue: (Continued)</u>  | <u>Ref.</u> |    |                |
|---|-------------|----|----------------|
| <br><u>Miscellaneous Revenue Not Anticipated:</u> |             |    |                |
| FEMA Reimbursement                                |             | \$ | 2,321          |
| Fire Enforcement Permits                          |             |    | 1,845          |
| Insurance Reimbursements                          |             |    | 128,645        |
| Mercantile Registrations                          |             |    | 6,125          |
| Auction   |             |    | 16,831         |
| Sale of Property                                  |             |    | 59,850         |
| JIF Safety  |             |    | 6,600          |
| Miscellaneous                                     |             |    | 49,554         |
| Police Details                                    |             |    | 3,074          |
| Rental Registrations                              |             |    | 8,350          |
| Recreation Fees                                   |             |    | 133,350        |
| Temporary Disability Reimbursements               |             |    | 27,269         |
|   |             |    | 443,814        |
|   | A-2:A-8     | \$ | <u>443,814</u> |

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS**

|  | <u>APPROPRIATIONS</u> |                                      | <u>EXPENDITURES</u>        |                 | <u>OVER<br/>EXPENDED</u> | <u>UNEXPENDED<br/>BALANCE<br/>CANCELED</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|--------------------------|--|
|  | <u>BUDGET</u>         | <u>BUDGET AFTER<br/>MODIFICATION</u> | <u>PAID OR<br/>CHARGED</u> | <u>RESERVED</u> |                          |  |
| <u>OPERATIONS WITHIN "CAPS"</u>                        |                       |                                      |                            |                 |                          |  |
| GENERAL GOVERNMENT:                                    |                       |                                      |                            |                 |                          |  |
| Mayor's Office   |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | \$ 59,776             | 59,776                               | 59,776                     |                 |                          |  |
| Other Expenses   | 9,096                 | 8,747                                | 8,747                      |                 |                          |  |
| Police   |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | 3,720,942             | 3,620,942                            | 3,552,107                  | 68,835          |                          |  |
| Other Expenses   | 119,500               | 99,372                               | 99,372                     |                 |                          |  |
| Fire   |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | 3,669,571             | 3,779,262                            | 3,919,041                  |                 | 139,779                  |  |
| Other Expenses   | 136,422               | 120,925                              | 120,925                    |                 |                          |  |
| Uniform Fire Safety Act                                |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | 115,000               | -                                    | -                          |                 |                          |  |
| Other Expenses   | 8,863                 | 5,905                                | 5,905                      |                 |                          |  |
| Radio and Communications                               |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | 421,985               | 404,568                              | 404,090                    | 478             |                          |  |
| Other Expenses   | 18,225                | 17,455                               | 17,455                     |                 |                          |  |
| City Administrator                                     |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | 21,834                | 21,834                               | 21,834                     |                 |                          |  |
| Office of Emergency Management                         |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | 98,891                | 103,835                              | 103,207                    | 628             |                          |  |
| Other Expenses   | 28,232                | 8,130                                | 8,130                      |                 |                          |  |
| Dog Control  |                       |                                      |                            |                 |                          |  |
| Other Expenses   | 8,000                 | 8,056                                | 8,056                      |                 |                          |  |
| Electrical Division                                    |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                                     | 113,268               | 116,594                              | 116,272                    | 322             |                          |  |
| Other Expenses   | 21,798                | 19,337                               | 19,337                     |                 |                          |  |
| Celebration of Public Events, Anniversaries & Holidays |                       |                                      |                            |                 |                          |  |
| Other Expenses   | 24,504                | 11,128                               | 11,128                     |                 |                          |  |

See Accompanying Notes to Financial Statements

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

|   | APPROPRIATIONS |                              | EXPENDITURES       |          | OVER<br>EXPENDED | UNEXPENDED<br>BALANCE<br>CANCELED |
|---|----------------|------------------------------|--------------------|----------|------------------|-----------------------------------|
|   | BUDGET         | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED | RESERVED |                  |                                   |
| <u>OPERATIONS WITHIN "CAPS"</u>                           |                |                              |                    |          |                  |                                   |
| GENERAL GOVERNMENT:                                       |                |                              |                    |          |                  |                                   |
| Zoning Commission   |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 2,500          | 3,000                        | 3,000              |          |                  |                                   |
| Other Expenses  | 20,740         | 15,521                       | 15,521             |          |                  |                                   |
| Beach Patrol  |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 422,000        | 452,757                      | 452,757            |          |                  |                                   |
| Other Expenses  | 18,630         | 18,630                       | 18,625             | 5        |                  |                                   |
| Beach Control   |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 17,000         | 22,454                       | 22,453             | 1        |                  |                                   |
| Other Expenses  | 5,000          | 4,352                        | 4,352              |          |                  |                                   |
| DEPARTMENT OF PUBLIC WORKS, PARKS AND<br>PUBLIC PROPERTY: |                |                              |                    |          |                  |                                   |
| Director's Office   |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 10,000         | 10,000                       | 10,000             |          |                  |                                   |
| Other Expenses  | 200            | 45                           | 45                 |          |                  |                                   |
| Streets and Roads   |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 456,162        | 433,369                      | 421,416            | 11,953   |                  |                                   |
| Other Expenses  | 73,260         | 53,260                       | 49,888             | 3,372    |                  |                                   |
| Motor Vehicle Maintenance                                 |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 229,025        | 242,225                      | 241,765            | 460      |                  |                                   |
| Other Expenses  | 56,010         | 47,313                       | 47,203             | 110      |                  |                                   |
| Buildings and Grounds                                     |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 164,528        | 220,828                      | 223,059            |          | 2,231            |                                   |
| Other Expenses  | 194,884        | 154,488                      | 154,117            | 371      |                  |                                   |
| Beach and Boardwalk                                       | 200,692        | 200,491                      | 200,491            |          |                  |                                   |
| Recreation  |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 133,760        | 131,334                      | 131,016            | 318      |                  |                                   |
| Other Expenses  | 125,650        | 109,163                      | 62,663             |          |                  | 46,500                            |

See Accompanying Notes to Financial Statements

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

|   | <u>APPROPRIATIONS</u> |                                      | <u>EXPENDITURES</u>        |                 | <u>OVER<br/>EXPENDED</u> | <u>UNEXPENDED<br/>BALANCE<br/>CANCELED</u> |
|---|-----------------------|--------------------------------------|----------------------------|-----------------|--------------------------|--|
|   | <u>BUDGET</u>         | <u>BUDGET AFTER<br/>MODIFICATION</u> | <u>PAID OR<br/>CHARGED</u> | <u>RESERVED</u> |                          |  |
| <u>OPERATIONS WITHIN "CAPS"</u>               |                       |                                      |                            |                 |                          |  |
| City Engineer                                 |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 29,813                | 29,403                               | 29,403                     |                 |                          |  |
| Other Expenses                                | 8,500                 | 3,529                                | 3,529                      |                 |                          |  |
| Solid Waste/Recycling                         |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 47,104                | 43,083                               | 42,933                     | 150             |                          |  |
| Other Expenses                                | 1,100,000             | 1,042,693                            | 1,041,433                  | 1,260           |                          |  |
| <br><b>DEPARTMENT OF REVENUE AND FINANCE:</b> |                       |                                      |                            |                 |                          |  |
| Director's Office                             |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 10,000                | 10,000                               | 10,000                     |                 |                          |  |
| Other Expenses                                | 250                   | 45                                   | 45                         |                 |                          |  |
| Legal Services and Costs                      |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 37,500                | 37,500                               | 37,500                     |                 |                          |  |
| Other Expenses                                | 150,000               | 169,179                              | 169,179                    |                 |                          |  |
| City Clerk                                    |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 177,032               | 177,032                              | 177,032                    |                 |                          |  |
| Other Expenses                                | 39,716                | 35,045                               | 34,960                     | 85              |                          |  |
| Revision and Codification of Ordinances       | 7,300                 | 6,736                                | 6,736                      |                 |                          |  |
| Elections                                     |                       |                                      |                            |                 |                          |  |
| Other Expenses                                | 22,000                | 6,729                                | 6,729                      |                 |                          |  |
| Audit   |                       |                                      |                            |                 |                          |  |
| Other Expenses                                | 50,000                | 50,000                               | 50,000                     |                 |                          |  |
| Planning Board                                |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 2,500                 | 2,000                                | 2,000                      |                 |                          |  |
| Other Expenses                                | 21,375                | 7,990                                | 7,990                      |                 |                          |  |
| Financial Administration                      |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 225,474               | 230,011                              | 230,011                    |                 |                          |  |
| Other Expenses                                | 98,705                | 90,471                               | 90,237                     | 234             |                          |  |
| Assessment of Taxes                           |                       |                                      |                            |                 |                          |  |
| Salaries and Wages                            | 126,806               | 129,240                              | 128,554                    | 686             |                          |  |
| Other Expenses                                | 25,007                | 17,469                               | 17,422                     | 47              |                          |  |

See Accompanying Notes to Financial Statements

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

|                                       | APPROPRIATIONS    |                              | EXPENDITURES       |                | OVER<br>EXPENDED | UNEXPENDED<br>BALANCE<br>CANCELED |
|---------------------------------------|-------------------|------------------------------|--------------------|----------------|------------------|-----------------------------------|
|                                       | BUDGET            | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED | RESERVED       |                  |                                   |
| <u>OPERATIONS WITHIN "CAPS"</u>       |                   |                              |                    |                |                  |                                   |
| Collection of Taxes                   |                   |                              |                    |                |                  |                                   |
| Salaries and Wages                    | 76,778            | 76,778                       | 76,778             |                |                  |                                   |
| Other Expenses                        | 13,155            | 9,515                        | 9,515              |                |                  |                                   |
| Information Technology                |                   |                              |                    |                |                  |                                   |
| Salaries and Wages                    | 43,260            | 43,260                       | 43,260             |                |                  |                                   |
| Other Expenses                        | 50,500            | 35,172                       | 35,165             | 7              |                  |                                   |
| Municipal Court                       |                   |                              |                    |                |                  |                                   |
| Salaries and Wages                    | 200,316           | 192,000                      | 191,969            | 31             |                  |                                   |
| Other Expenses                        | 12,023            | 6,323                        | 6,312              | 11             |                  |                                   |
| Municipal Prosecutor                  |                   |                              |                    |                |                  |                                   |
| Salaries and Wages                    | 31,000            | 31,000                       | 31,000             |                |                  |                                   |
| Public Defender                       |                   |                              |                    |                |                  |                                   |
| Other Expenses                        | 5,000             | 9,000                        | 9,000              |                |                  |                                   |
| Insurance                             |                   |                              |                    |                |                  |                                   |
| General Liability                     | 250,000           | 250,000                      | 249,159            | 841            |                  |                                   |
| Workers Compensation                  | 450,000           | 490,683                      | 490,682            | 1              |                  |                                   |
| Employee Group Health                 | 2,000,000         | 3,056,881                    | 2,781,747          | 275,134        |                  |                                   |
| Inspection of Buildings               |                   |                              |                    |                |                  |                                   |
| Salaries and Wages                    | 85,223            | 237,814                      | 237,814            |                |                  |                                   |
| Other Expenses                        | 7,800             | 3,599                        | 3,599              |                |                  |                                   |
| Inspection of Housing                 |                   |                              |                    |                |                  |                                   |
| Salaries and Wages                    | 239,109           | 84,813                       | 84,813             |                |                  |                                   |
| Other Expenses                        | 6,504             | 4,104                        | 4,058              | 46             |                  |                                   |
| Electrical and Plumbing Inspections   |                   |                              |                    |                |                  |                                   |
| Salaries and Wages                    | 9,059             | 8,862                        | 8,862              |                |                  |                                   |
| Other Expenses                        | 250               | -                            |                    |                |                  |                                   |
| Utilities                             |                   |                              |                    |                |                  |                                   |
| Gasoline                              | 170,000           | 83,449                       | 83,449             |                |                  |                                   |
| Electricity                           | 490,000           | 551,464                      | 551,464            |                |                  |                                   |
| Telephone                             | 55,000            | 55,024                       | 54,718             | 306            |                  |                                   |
| Natural Gas                           | 110,000           | 102,357                      | 102,357            |                |                  |                                   |
| <b>Total Operations Within "CAPS"</b> | <b>17,210,007</b> | <b>17,945,349</b>            | <b>17,675,167</b>  | <b>365,692</b> | <b>142,010</b>   | <b>46,500</b>                     |

See Accompanying Notes to Financial Statements

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

|   | APPROPRIATIONS |                              | EXPENDITURES       |          | OVER<br>EXPENDED | UNEXPENDED<br>BALANCE<br>CANCELED |
|---|----------------|------------------------------|--------------------|----------|------------------|-----------------------------------|
|   | BUDGET         | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED | RESERVED |                  |                                   |
| <u>OPERATIONS WITHIN "CAPS"</u>   |                |                              |                    |          |                  |                                   |
| Contingent  |                |                              |                    |          |                  |                                   |
| Total Operations Incl. Contingent Within "CAPS"                                   | 17,210,007     | 17,945,349                   | 17,675,167         | 365,692  | 142,010          | 46,500                            |
| Detail:   |                |                              |                    |          |                  |                                   |
| Salaries and Wages  | 10,997,216     | 10,955,574                   | 11,013,722         | 83,862   | 142,010          | -                                 |
| Other Expenses  | 6,212,791      | 6,989,775                    | 6,661,445          | 281,830  | -                | 46,500                            |
| <u>DEFERRED CHARGES AND STATUTORY<br/>EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u> |                |                              |                    |          |                  |                                   |
| Deferred Charges  |                |                              |                    |          |                  |                                   |
| Emergency Appropriation   |                |                              |                    |          |                  |                                   |
| Overexpenditure of Appropriations   | 33,989         | 33,989                       | 33,989             |          |                  |                                   |
| Overexpenditure of Appropriation Reserve  | 26,471         | 26,471                       | 26,471             |          |                  |                                   |
| Expenditure without an Appropriation  | 56,618         | 56,618                       | 56,618             |          |                  |                                   |
| State of NJ Water Tax 2005  | 10,763         | 10,763                       | 10,763             |          |                  |                                   |
| Statutory Expenditures:   |                |                              |                    |          |                  |                                   |
| Contribution to:  |                |                              |                    |          |                  |                                   |
| Social Security System (O.A.S.I.)   | 230,000        | 243,410                      | 239,499            | 3,911    |                  |                                   |
| Consolidated Police and Firemen's Pension   | 38,424         | 38,424                       | 38,424             |          |                  |                                   |
| Unemployment  | 60,000         | 5,129                        | 4,915              | 214      |                  |                                   |
| Medicare Insurance  | 125,000        | 130,897                      | 129,773            | 1,124    |                  |                                   |
| Police and Fire Retirement System   | 1,682,759      | 1,682,981                    | 1,682,981          |          |                  |                                   |
| Public Employees Retirement System  | 314,025        | 314,025                      | 314,025            |          |                  |                                   |
| TOTAL DEFERRED CHARGES AND STATUTORY<br>EXPENDITURES - MUNICIPAL WITHIN "CAPS"    | 2,578,049      | 2,542,707                    | 2,537,458          | 5,249    | -                | -                                 |
| TOTAL GENERAL APPROPRIATIONS FOR<br>MUNICIPAL PURPOSES WITHIN "CAPS"              | 19,788,056     | 20,488,056                   | 20,212,625         | 370,941  | 142,010          | 46,500                            |

See Accompanying Notes to Financial Statements

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

|  | APPROPRIATIONS |                              | EXPENDITURES       |               | OVER<br>EXPENDED | UNEXPENDED<br>BALANCE<br>CANCELED |
|--|----------------|------------------------------|--------------------|---------------|------------------|-----------------------------------|
|  | BUDGET         | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED | RESERVED      |                  |                                   |
| <u>OPERATIONS EXCLUDED FROM "CAPS":</u>              |                |                              |                    |               |                  |                                   |
| Borough of Longport-Uniform Construction Code Office |                |                              |                    |               |                  |                                   |
| Salaries and Wages                                   | 24,500         | 24,500                       | 25,294             |               | 794              |                                   |
| Other Expenses                                       | 10,500         | 10,500                       |                    | 10,500        |                  |                                   |
| Borough of Longport-Engineering Services             |                |                              |                    |               |                  |                                   |
| Salaries and Wages                                   | 58,800         | 58,800                       | 58,800             |               |                  |                                   |
| Other Expenses                                       | 20,000         | 20,000                       |                    | 20,000        |                  |                                   |
| Municipal Alliance:                                  |                |                              |                    |               |                  |                                   |
| State Share  | 13,470         | 13,470                       | 13,470             |               |                  |                                   |
| City Share   | 3,368          | 3,368                        | 3,368              |               |                  |                                   |
| Alcohol Education and Rehabilitation Fund            | 1,526          | 1,526                        | 1,526              |               |                  |                                   |
| JAG  |                | 12,597                       | 12,597             |               |                  |                                   |
| Body Armor Grant                                     | 3,977          | 3,977                        | 3,977              |               |                  |                                   |
| Storm Water Regulation                               | 7,955          | 7,955                        | 7,955              |               |                  |                                   |
| Recycling Tonnage Grant                              | 3,293          | 3,293                        | 3,293              |               |                  |                                   |
| Hepatitis B  | 1,015          | 1,015                        | 1,015              |               |                  |                                   |
| Emergency Management Assistance                      |                | 5,000                        | 5,000              |               |                  |                                   |
| State Highway Project Over Limit                     | 4,600          | 4,600                        | 4,600              |               |                  |                                   |
| Pedestrian Safety Mobilization                       |                | 4,000                        | 4,000              |               |                  |                                   |
| Federal Body Armor                                   |                | 5,400                        | 5,400              |               |                  |                                   |
| Safe and Secure Communities Program                  |                |                              |                    |               |                  |                                   |
| State Share  | 58,967         | 58,967                       | 58,967             |               |                  |                                   |
| Local Share  | 60,000         | 60,000                       | 60,000             |               |                  |                                   |
| Buckle Up South Jersey                               | 4,000          | 4,000                        | 4,000              |               |                  |                                   |
| AC CDBG Grant  |                | 139,429                      | 139,429            | -             |                  |                                   |
| Clean Communities Program                            | 41,644         | 41,644                       | 41,644             | -             |                  |                                   |
| Match for Funds                                      | 10,776         | 10,776                       | 10,776             | -             |                  |                                   |
| FEMA - Assist to Firefighters                        |                |                              |                    |               |                  |                                   |
| State Share  | 80,256         | 80,256                       | 80,256             | -             |                  |                                   |
| Local Share  | 4,224          | 4,224                        | 4,224              | -             |                  |                                   |
| <b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>       | <b>412,871</b> | <b>579,297</b>               | <b>549,591</b>     | <b>30,500</b> | <b>794</b>       | <b>-</b>                          |
| Detail:  |                |                              |                    |               |                  |                                   |
| Salaries and Wages                                   | 35,276         | 35,276                       | 36,070             | -             |                  |                                   |
| Other Expenses                                       | 377,595        | 544,021                      | 513,521            | 30,500        |                  |                                   |

See Accompanying Notes to Financial Statements

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

|   | APPROPRIATIONS   |                                      | EXPENDITURES               |                 | OVER<br>EXPENDED | UNEXPENDED<br>BALANCE<br>CANCELED |
|---|------------------|--------------------------------------|----------------------------|-----------------|------------------|-----------------------------------|
|   | <u>BUDGET</u>    | <u>BUDGET AFTER<br/>MODIFICATION</u> | <u>PAID OR<br/>CHARGED</u> | <u>RESERVED</u> |                  |                                   |
| <u>CAPITAL IMPROVEMENTS -<br/>EXCLUDED FROM "CAPS":</u>                                 |                  |                                      |                            |                 |                  |                                   |
| Capital Improvement Fund  | 150,000          | 150,000                              | 150,000                    |                 |                  |                                   |
| <b>TOTAL CAPITAL IMPROVEMENTS -<br/>EXCLUDED FROM "CAPS"</b>                            | <b>150,000</b>   | <b>150,000</b>                       | <b>150,000</b>             | -               | -                | -                                 |
| <br>  |                  |                                      |                            |                 |                  |                                   |
| <u>MUNICIPAL DEBT SERVICE -<br/>EXCLUDED FROM "CAPS":</u>                               |                  |                                      |                            |                 |                  |                                   |
| Payment of Bond Principal   | 1,326,000        | 1,326,000                            | 1,326,000                  |                 |                  |                                   |
| Interest on Bonds   | 263,391          | 263,391                              | 263,391                    |                 |                  |                                   |
| Interest on Notes   | 210,005          | 210,005                              | 154,607                    |                 |                  | 55,398                            |
| Green Trust Loan Program:   |                  |                                      |                            |                 |                  |                                   |
| Loan Repayments for Principal and Interest  | 31,092           | 31,092                               | 31,092                     |                 |                  |                                   |
|   |                  |                                      |                            |                 |                  | -                                 |
| <b>TOTAL MUNICIPAL DEBT SERVICE -<br/>EXCLUDED FROM "CAPS"</b>                          | <b>1,830,488</b> | <b>1,830,488</b>                     | <b>1,775,090</b>           | -               | -                | <b>55,398</b>                     |
| <br>  |                  |                                      |                            |                 |                  |                                   |
| <b>TOTAL GENERAL APPROPRIATIONS FOR<br/>MUNICIPAL PURPOSES EXCLUDED<br/>FROM "CAPS"</b> | <b>2,393,359</b> | <b>2,559,785</b>                     | <b>2,474,681</b>           | <b>30,500</b>   | <b>794</b>       | <b>55,398</b>                     |

See Accompanying Notes to Financial Statements

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

|  | APPROPRIATIONS       |                                      | EXPENDITURES               |                 | OVER<br>EXPENDED | UNEXPENDED<br>BALANCE<br>CANCELED |
|--|----------------------|--------------------------------------|----------------------------|-----------------|------------------|-----------------------------------|
|  | <u>BUDGET</u>        | <u>BUDGET AFTER<br/>MODIFICATION</u> | <u>PAID OR<br/>CHARGED</u> | <u>RESERVED</u> |                  |                                   |
| <u>DEFERRED CHARGES-MUNICIPAL-EXCLUDED<br/>FROM "CAPS"</u> |                      |                                      |                            |                 |                  |                                   |
| Type I District School Debt Service                        |                      |                                      |                            |                 |                  |                                   |
| Payment of Bond Principal                                  | 1,175,000            | 1,175,000                            | 1,175,000                  |                 |                  |                                   |
| Interest on Bonds  | 529,446              | 529,446                              | 455,451                    |                 |                  | 73,995                            |
| Deferred Charge Unfunded Ord 2007-07                       | 250                  | 250                                  | 250                        |                 |                  |                                   |
| TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED<br>FROM "CAPS"   | <u>1,704,696</u>     | <u>1,704,696</u>                     | <u>1,630,701</u>           | -               | -                | <u>73,995</u>                     |
| SUBTOTAL GENERAL APPROPRIATIONS                            | 23,886,111           | 24,752,537                           | 24,318,007                 | 401,441         | 142,804          | 175,893                           |
| RESERVE FOR UNCOLLECTED TAXES                              | <u>1,873,078</u>     | <u>1,873,078</u>                     | <u>1,873,078</u>           |                 |                  |                                   |
| TOTAL GENERAL APPROPRIATIONS                               | <u>\$ 25,759,189</u> | <u>26,625,615</u>                    | <u>26,191,085</u>          | <u>401,441</u>  | <u>142,804</u>   | <u>175,893</u>                    |
|  | A-2                  |                                      |                            | A               | A                |                                   |

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

|                               | <u>APPROPRIATIONS</u> |                                      | <u>EXPENDITURES</u>        |                            |  |
|-------------------------------|-----------------------|--------------------------------------|----------------------------|----------------------------|--|
|                               | <u>BUDGET</u>         | <u>BUDGET AFTER<br/>MODIFICATION</u> | <u>PAID OR<br/>CHARGED</u> | <u>RESERVED</u>            | <u>OVER<br/>EXPENDED</u>                   |
|                               |                       |                                      |                            |                            | <u>UNEXPENDED<br/>BALANCE<br/>CANCELED</u> |
|                               | <u>Ref.</u>           |                                      |                            |                            |  |
| Budget                        | A-2                   | 25,759,189                           |                            |                            |  |
| N.J.S.A. 40A:4-87             | A-2                   | 166,426                              |                            |                            |  |
| Emergency Appropriation       | A-2                   | 700,000                              |                            |                            |  |
|                               |                       | <u>26,625,615</u>                    |                            |                            |  |
|                               |                       |                                      | <u>Ref.</u>                | <u>PAID OR<br/>CHARGED</u> |  |
| Deferred Charges              |                       |                                      |                            | \$ 117,328                 |  |
| Encumbrances Payable          |                       |                                      |                            | 402,119                    |  |
| Federal and State Grants      |                       |                                      | A-12                       | 454,721                    |  |
| Reserve for Uncollected Taxes |                       |                                      | A-3                        | 1,873,078                  |  |
| Disbursed                     |                       |                                      | A-4                        | <u>23,343,839</u>          |  |
|                               |                       |                                      |                            | <u>\$ 26,191,085</u>       |  |

See Accompanying Notes to Financial Statements

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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>2009</u>       | <u>2008</u>      |
|--|-------------|-------------------|------------------|
| <b>Assessment Fund:</b>                            |             |                   |                  |
| Assessment Receivable                              | B-2         | 329               | 2,399            |
| Due from Trust - Other Fund                        | B           | 47,165            | 45,095           |
|  |             | <u>47,494</u>     | <u>47,494</u>    |
| <b>Dog License Fund:</b>                           |             |                   |                  |
| Cash   | B-1         | \$ 7,949          | 20,701           |
| Due from State of New Jersey                       | B-5         | -                 | 1                |
|  |             | <u>7,949</u>      | <u>20,702</u>    |
| <b>Other Funds:</b>                                |             |                   |                  |
| Cash - Treasurer                                   | B-1         | 727,558           | 844,950          |
| Cash Held in Trust                                 | B-2         | 219,725           | 219,725          |
| Due from Current Fund                              | B-8         | 8,984             | -                |
|  |             | <u>956,267</u>    | <u>1,064,675</u> |
|  |             | <u>964,216</u>    | <u>1,085,377</u> |
| <br><u>Liabilities, Reserves, and Fund Balance</u> |             |                   |                  |
| <b>Assessment Fund:</b>                            |             |                   |                  |
| Due to Current Fund                                | A           | 30,776            | 30,776           |
| Reserve for Receivables                            | Res.        | 329               | 2,399            |
| Fund Balance                                       |             | 16,389            | 14,319           |
|  |             | <u>47,494</u>     | <u>47,494</u>    |
| <b>Dog License Fund:</b>                           |             |                   |                  |
| Due to Current Fund                                | B-4         | 2,544             | 15,362           |
| Prepaid Dog License Fees                           | B-1         | 120               | 113              |
| Due to State of New Jersey                         | B-5         | 29                | -                |
| Reserve for Dog Fund                               | B-3         | 5,256             | 5,227            |
|  |             | <u>7,949</u>      | <u>20,702</u>    |
| <b>Other Funds:</b>                                |             |                   |                  |
| Due to Trust Assessment Fund                       | B           | 47,165            | 45,095           |
| Due to General Capital Fund                        | C           | -                 | 7,605            |
| Due to Water and Sewer Utility Operating Fund      | D           | 1,548             | 1,548            |
| Due to the State of New Jersey Unemployment        |             | 18,680            | 34,192           |
| Payroll Deductions Payable                         | B-7         | 91,943            | 93,528           |
| Due to Current Fund                                | B-8         | -                 | 31,831           |
| Miscellaneous Reserves                             | B-9         | 796,931           | 850,876          |
|  |             | <u>956,267</u>    | <u>1,064,675</u> |
| Total  |             | <u>\$ 964,216</u> | <u>1,085,377</u> |

See Accompanying Notes to Financial Statements

**EXHIBIT C - GENERAL CAPITAL FUND**

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

|   | <u>Ref.</u> | <u>2009</u>          | <u>2008</u>       |
|---|-------------|----------------------|-------------------|
| <u>Assets</u>                                 |             |                      |                   |
| Cash  |             | \$ 5,950,196         | -                 |
| Receivable State of NJ - Green Acres Grant    |             | 285,000              | 285,000           |
| Due from:                                     |             |                      |                   |
| Current Fund                                  | C-3         | -                    | 811,507           |
| Trust - Other Fund                            |             | -                    | 7,606             |
| Deferred Charges to Future Taxation:          |             |                      |                   |
| Funded  | C-4         | 18,090,636           | 20,422,245        |
| Unfunded                                      | C-5         | 11,868,100           | 2,948,250         |
|   |             | <u>36,193,932</u>    | <u>24,474,608</u> |
| <u>Liabilities, Reserves and Fund Balance</u> |             |                      |                   |
| Contracts Payable                             | C-6         | 1,671,907            | 1,070,176         |
| Due to:                                       |             |                      |                   |
| Current Fund                                  |             | 72,725               | -                 |
| Water and Sewer Utility Operating Fund        |             | 171,775              | 171,775           |
| Water and Sewer Utility Capital Fund          |             | 38,000               | 38,000            |
| Improvement Authorizations:                   |             |                      |                   |
| Funded  | C-7         | 183,806              | 110,233           |
| Unfunded                                      | C-7         | 7,385,251            | 70,463            |
| Bond Anticipation Notes                       | C-8         | 8,315,100            | 2,218,000         |
| General Serial Bonds Payable                  | C-9         | 6,415,000            | 7,741,000         |
| School Serial Bonds - Type 1 Payable          | C-10        | 11,370,000           | 12,351,000        |
| Green Trust Loan Payable                      | C-11        | 305,636              | 330,245           |
| Capital Improvement Fund                      | C-12        | 178,987              | 299,887           |
| Down Payments                                 |             | -                    | 50,000            |
| Reserve for Payment of Bonds                  |             | 3,814                | 3,814             |
| Fund Balance                                  | C-1         | <u>81,931</u>        | <u>20,015</u>     |
|   |             | <u>\$ 36,193,932</u> | <u>24,474,608</u> |

There were Bonds and Notes Authorized But Not Issued at December 31, 2009 and 2008 of \$3,553,000 and \$730,250 respectively (C-13)

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

|                           | <u>Ref.</u> |    |                      |
|---------------------------|-------------|----|----------------------|
| Balance December 31, 2008 | C           | \$ | 20,015               |
| Increase by:              |             |    |                      |
| Premium on BAN's          | C-3         |    | 61,916               |
|                           |             |    | <hr/>                |
| Balance December 31, 2009 | C           | \$ | <u><u>81,931</u></u> |

**EXHIBIT D - WATER AND SEWER UTILITY**

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

|  | Ref. | <u>2009</u>       | <u>2008</u>       |
|--|------|-------------------|-------------------|
| <b><u>ASSETS</u></b>                             |      |                   |                   |
| Operating Fund:                                  |      |                   |                   |
| Cash   | D-5  | \$ 326,000        | 39,040            |
| Change Fund                                      |      | 100               | 100               |
| Due from Trust - Other Fund                      | B    | 1,548             | 1,548             |
| Due from Water and Sewer Utility Capital Fund    | D    | 43,711            | 43,711            |
| Due from General Capital Fund                    | C    | 171,775           | 171,775           |
|  |      | <u>543,134</u>    | <u>256,174</u>    |
| Receivables and Other Assets with Full Reserves: |      |                   |                   |
| Consumer Accounts Receivable                     | D-7  | 358,727           | 324,032           |
| Water and Sewer Utility Liens Receivable         | D-8  | -                 | 1,880             |
|  |      | <u>358,727</u>    | <u>325,912</u>    |
| Deferred Charge                                  |      |                   |                   |
| Deficit in Operations                            |      | -                 | 52,652            |
| Overexpenditure of Appropriation Reserves        |      | 4,315             | 4,315             |
| Overexpenditure of Appropriations                |      | 19,566            | 5,432             |
|  |      | <u>23,881</u>     | <u>62,399</u>     |
| Total of Operating Fund                          |      | <u>925,742</u>    | <u>644,485</u>    |
| Capital Fund:                                    |      |                   |                   |
| Cash   | D-6  | 2,770,965         | -                 |
| Fixed Capital - Completed                        | D-12 | 9,960,918         | 9,828,865         |
| Fixed Capital - Authorized and Uncompleted       | D-13 | 3,922,400         | -                 |
| Due from Current Fund                            | A    | 59,360            | 59,360            |
| Due from General Capital Fund                    | C    | 38,000            | 38,000            |
| Total of Capital Fund                            |      | <u>16,751,643</u> | <u>9,926,225</u>  |
| Total Assets                                     | D    | <u>17,677,385</u> | <u>10,570,710</u> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

|  | Ref. | <u>2009</u>              | <u>2008</u>              |
|--|------|--------------------------|--------------------------|
| <b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b> |      |                          |                          |
| <b>Operating Fund:</b>                               |      |                          |                          |
| <b>Liabilities:</b>                                  |      |                          |                          |
| Appropriation Reserves                               | D-4  | 85,682                   | 84,732                   |
| Encumbrances Payable                                 | D-4  | 7,221                    | 201,170                  |
| Water and Sewer Rent Overpayments                    | D-9  | 8,169                    | 3,466                    |
| Prepaid Consumer Rents                               |      | -                        | 887                      |
| Due to Current Fund                                  | A    | 279,745                  | -                        |
| Accrued Interest on Bonds<br>and Notes               | D-11 | <u>35,656</u>            | <u>17,643</u>            |
|  |      | <u>416,473</u>           | <u>307,898</u>           |
| Reserve for Receivables                              | Res. | 358,727                  | 325,912                  |
| Fund Balance   | D-1  | <u>150,542</u>           | <u>10,675</u>            |
| Total of Operating Fund                              |      | <u>925,742</u>           | <u>644,485</u>           |
| <b>Capital Fund:</b>                                 |      |                          |                          |
| Due to Water and Sewer Utility Fund                  | D    | 43,711                   | 43,711                   |
| Contracts Payable                                    | D-4  | 1,747,660                | -                        |
| Improvement Authorizations                           | D-14 | 2,023,305                | -                        |
| Bond Anticipation Notes Payable                      | D-15 | 3,640,400                | 718,000                  |
| Water and Sewer Serial Bonds Payable                 | D-16 | 705,000                  | 860,000                  |
| Reserves for Amortization                            | D-17 | 8,536,599                | 8,249,546                |
| Fund Balance   | D-2  | 54,968                   | 54,968                   |
| Total of Capital Fund                                |      | <u>16,751,643</u>        | <u>9,926,225</u>         |
| Total Liabilities, Reserves and Fund Balance         | D    | <u><u>17,677,385</u></u> | <u><u>10,570,710</u></u> |

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

|  | Ref.    | <u>2009</u>      | <u>2008</u>      |
|--|---------|------------------|------------------|
| <u>Revenue and Other Income Realized</u>   |         |                  |                  |
| Fund Balance Anticipated   | D-1:D-3 | -                | 374,030          |
| Rents  | D-3:D-6 | 4,103,974        | 4,214,479        |
| Non-Budget Revenue   | D-3     | 43,185           | 50,899           |
| Other Credits to Income:   |         |                  |                  |
| Voided Checks  |         | 2,348            | -                |
| Unexpended Balance of Appropriation Reserves   | D-9     | 230,525          | 25,540           |
| Total Income   |         | <u>4,380,032</u> | <u>4,664,948</u> |
| <u>Expenditures</u>  |         |                  |                  |
| Operating  | D-4     | 3,478,143        | 3,830,725        |
| Capital Improvements   | D-4     | 155,796          | 385,900          |
| Debt Service   | D-4     | 220,708          | 396,082          |
| Deferred Charges and Statutory Expenditures  | D-4     | 405,084          | 110,325          |
| Total Expenditures   |         | <u>4,259,731</u> | <u>4,723,032</u> |
| Excess(Deficit) in Revenues  |         | 120,301          | (58,084)         |
| Adjustments to Income before Fund Balance:   |         |                  |                  |
| Expenditures included above which are by Statute deferred charges to budget of succeeding year | D       | 19,566           | 5,432            |
| Statutory Excess to Fund Balance   |         | 139,867          |                  |
| Deficit in Revenue   |         |                  | <u>(52,652)</u>  |
| Fund Balance January 1   | D       | 10,675           | 384,705          |
| Decreased by:  |         |                  |                  |
| Utilization as Anticipated Revenue   |         | -                | 374,030          |
| Fund Balance December 31   | D       | <u>150,542</u>   | <u>10,675</u>    |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

|                             | <u>Ref.</u> | <u>2009</u>      | <u>2008</u>   |
|-----------------------------|-------------|------------------|---------------|
| Balance January 1,          | D           | \$ 54,968        | 54,968        |
| No Activity in 2009 or 2008 |             |                  |               |
| Balance December 31,        | D           | <u>\$ 54,968</u> | <u>54,968</u> |

**WATER AND SEWER OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|                               | <u>Ref.</u> | <u>ANTIC.<br/>BUDGET</u> | <u>REALIZED</u>  | <u>EXCESS OR<br/>(DEFICIT)</u> |
|-------------------------------|-------------|--------------------------|------------------|--------------------------------|
| Operating Surplus Anticipated | D-1         | \$ -                     | 0                | -                              |
| Rents - Sewer                 | D-1:D-6     | \$ 4,215,000             | 4,103,974        | (111,026)                      |
| Miscellaneous Receipts        | D-5         | 42,052.00                | 43,185           | 1,133                          |
|                               |             | <u>\$ 4,257,052</u>      | <u>4,147,159</u> | <u>(109,893)</u>               |

**Analysis of Realized Revenue**

Rents

|                              |     |                     |
|------------------------------|-----|---------------------|
| Consumer Accounts Receivable | D-6 | <u>\$ 4,103,974</u> |
|------------------------------|-----|---------------------|

Miscellaneous

|                              |            |                  |
|------------------------------|------------|------------------|
| Interest on Deposits         | \$ 9,092   |                  |
| Interest on Delinquent Rents | 33,592     |                  |
| Miscellaneous                | <u>501</u> |                  |
|                              | D-5        | <u>\$ 43,185</u> |

**WATER AND SEWER OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|  | APPROPRIATIONS   |                                    | EXPENDED            |              | UNEXPENDED<br>BALANCE<br>CANCELLED | OVER -<br>EXPENDED |          |
|--|------------------|------------------------------------|---------------------|--------------|------------------------------------|--------------------|----------|
|  | BUDGET           | BUDGET<br>AFTER<br>MODIFICATION    | PAID OR<br>CHARGED  | ENCUMBERED   |                                    |                    | RESERVED |
| <b>OPERATING</b>                                       |                  |                                    |                     |              |                                    |                    |          |
| Salaries and Wages                                     | 939,454          | 956,454                            | 940,899             |              | 15,555                             |                    |          |
| Other Expenses   | 973,480          | 959,945                            | 951,213             | 7,221        | 1,511                              |                    |          |
| ACMUA- Treatment Costs                                 | 1,542,005        | 1,561,744                          | 1,561,744           |              | -                                  |                    |          |
|  | <u>3,454,939</u> | <u>3,478,143</u>                   | <u>3,453,856</u>    | <u>7,221</u> | <u>17,066</u>                      | <u>-</u>           |          |
| <b>CAPITAL IMPROVEMENTS</b>                            |                  |                                    |                     |              |                                    |                    |          |
| Capital Outlay   | 175,000          | 155,796                            | 93,000              |              | 62,796                             |                    |          |
|  | <u>175,000</u>   | <u>155,796</u>                     | <u>93,000</u>       | <u>-</u>     | <u>62,796</u>                      | <u>-</u>           |          |
| <b>DEBT SERVICE</b>                                    |                  |                                    |                     |              |                                    |                    |          |
| Principal  | 155,000          | 155,000                            | 155,000             |              | -                                  |                    |          |
| Interest on Bonds                                      | 27,950           | 27,950                             | 26,397              |              | 1,553                              |                    |          |
| Interest on BAN's                                      | 19,745           | 19,745                             | 39,311              |              | -                                  | 19,566             |          |
|  | <u>202,695</u>   | <u>202,695</u>                     | <u>220,708</u>      | <u>-</u>     | <u>-</u>                           | <u>1,553</u>       |          |
| <b>DEFERRED CHARGES AND STATUTORY<br/>EXPENDITURES</b> |                  |                                    |                     |              |                                    |                    |          |
| Deferred Charges                                       |                  |                                    |                     |              |                                    |                    |          |
| Overexpenditure of Appropriation                       | 5,432            | 5,432                              | 5,432               |              | -                                  |                    |          |
| Contribution to:                                       |                  |                                    |                     |              |                                    |                    |          |
| Social Security System (O.A.S.I.)                      | 90,000           | 86,000                             | 80,491              |              | 5,509                              |                    |          |
| Unemployment Compensation                              | 1,000            | 1,000                              | 689                 |              | 311                                |                    |          |
| Deficit in Operations in Prior Years                   | 67,986           | 67,986                             | 52,652              |              |                                    | 15,334             |          |
| Surplus (General Fund)                                 | 260,000          | 260,000                            | 260,000             |              |                                    |                    |          |
|  | <u>424,418</u>   | <u>420,418</u>                     | <u>399,264</u>      | <u>-</u>     | <u>5,820</u>                       | <u>15,334</u>      |          |
|  | <u>4,257,052</u> | <u>4,257,052</u>                   | <u>4,166,828</u>    | <u>7,221</u> | <u>85,682</u>                      | <u>16,887</u>      |          |
| Ref.   | D-3              | D-3                                |                     | D:D-1        | D:D-1                              | D-1                | D        |
|  |                  | Deferred Charge                    | 58,084              |              |                                    |                    |          |
|  |                  | Accrued interest on Bonds 12/31/09 | \$ 35,656           | D-10         |                                    |                    |          |
|  |                  | Accrued interest on Bonds 12/31/08 | (17,643)            | D-10         |                                    |                    |          |
|  |                  | Disbursed                          | 4,090,731           | D-5          |                                    |                    |          |
|  |                  |                                    | <u>\$ 4,108,744</u> |              |                                    |                    |          |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**EXHIBIT G - GENERAL FIXED ASSETS**

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

|                                    | <u>2009</u>                 | <u>2008</u>              |
|------------------------------------|-----------------------------|--------------------------|
| General Fixed Assets:              |                             |                          |
| Land and Buildings                 | \$ 17,560,612               | 17,560,612               |
| Machinery and Equipment            | 468,217                     | 495,457                  |
| Vehicles                           | <u>3,027,787</u>            | <u>2,761,468</u>         |
| Total General Fixed Assets         | <u><u>21,056,616</u></u>    | <u><u>20,817,537</u></u> |
| <br>                               |                             |                          |
| Investment in General Fixed Assets | \$ <u><u>21,056,616</u></u> | <u><u>20,817,537</u></u> |

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

**A. Reporting Entity**

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

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

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

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

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

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

**B. Description of Funds**

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

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

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

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

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

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

**C. Basis of Accounting**

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

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

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

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

**CITY OF VENTNOR CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar year ended December 31, 2009.

|                            | Balance as of<br>12/31/08 | Additions      | Disposals     | Balance as of<br>12/31/09 |
|----------------------------|---------------------------|----------------|---------------|---------------------------|
| Land and Buildings         | \$ 17,560,612             |                |               | 17,560,612                |
| Machinery and<br>Equipment | 495,457                   | 28,150         | 55,390        | 468,217                   |
| Vehicles                   | 2,761,468                 | 266,319        |               | 3,027,787                 |
|                            | <u>\$ 20,817,537</u>      | <u>294,469</u> | <u>55,390</u> | <u>21,056,616</u>         |

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

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

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

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

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

**D. Comparative Data**

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

**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 2009 and 2008 statutory budgets included a reserve for uncollected taxes in the amount of \$1,873,078 and \$1,571,931. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2009 and 2008 statutory budgets was \$1,850,000 and \$1,001,500.

**CITY OF VENTNOR CITY**  
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The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2009 calendar year:

| <u>Budget Category</u>  |              |
|-------------------------|--------------|
| Police                  |              |
| Salaries & Wages        | \$ (100,000) |
| Other Expenses          | \$ 20,128    |
| Fire                    |              |
| Salaries & Wages        | 109,691      |
| Beach Patrol            |              |
| Salaries & Wages        | 30,757       |
| Uniform Fire Safety     |              |
| Salaries & Wages        | (115,000)    |
| Building and Grounds    |              |
| Salaries & Wages        | 56,300       |
| Other Expenses          | (40,596)     |
| Street and Roads        |              |
| Salaries & Wages        | (22,793)     |
| Other Expenses          | (20,000)     |
| Solid Waste/Recycling   |              |
| Other Expenses          | (57,307)     |
| Insurance               |              |
| Employee Group Health   | 356,881      |
| Inspection of Buildings |              |
| Salaries & Wages        | 152,591      |
| Inspection of Housing   |              |
| Salaries & Wages        | (154,296)    |
| Gasoline                | (86,551)     |
| Electricity             | 61,464       |
| Unemployment            | 54,871       |

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
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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 2009, there were the following budget insertions;

|                                   |    |                |
|-----------------------------------|----|----------------|
| Community Development Block Grant | \$ | 139,429        |
| Pedestrian Safety Mobilization    |    | 4,000          |
| Bulletproof Vest Partnership      |    | 5,400          |
| FEMA                              |    | 5,000          |
| JAG                               |    | 12,597         |
|                                   | \$ | <u>166,426</u> |

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City had an emergency appropriation of \$700,000 to fund unanticipated employee health insurance. This amount will be included in the 2010 budget.

**Note 3: INVESTMENTS**

As of December 31, 2009 and 2008, 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.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
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**Concentration of Credit Risk.** The municipality places no limit on the amount the City may invest in any one issuer.

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2009 and 2008, \$73,914 and \$73,891 of the municipality’s bank balance of \$14,338,057 and \$10,929,006, respectively were exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

Long-term debt as of December 31, 2009 consisted of the following:

|               | Balance<br>Beginning | Additions        | Reductions       | Balance<br>Ending | Due in<br>One Year |
|---------------|----------------------|------------------|------------------|-------------------|--------------------|
| General       | \$ 8,071,245         |                  | 1,350,609        | 6,720,636         | 1,080,104          |
| Utility       | 860,000              |                  | 155,000          | 705,000           | 155,000            |
| School        | 12,351,000           | 4,345,000        | 5,326,000        | 11,370,000        | 1,020,000          |
| Comp Absences | 1,977,054            | 662,141          | 78,351           | 2,560,844         | -                  |
| Total         | <u>\$ 23,259,299</u> | <u>5,007,141</u> | <u>6,909,960</u> | <u>21,356,480</u> | <u>2,255,104</u>   |

**Paid by Current Fund:**

\$4,111,000 General Improvement Bond dated 10/15/98 payable in annual installments through 10/15/09. \$486,000 of principal was paid on 10/15/09. Interest is paid semiannually at a rate of 4.00% per annum. The balance remaining as of December 31, 2009 was \$0.

\$6,365,000 General Improvement Bond dated 10/1/02 payable in annual installments through 10/1/13. \$550,000 of principal was paid on 10/1/09. Interest is paid semiannually at rates from 3.00% to 3.25% per annum. The balance remaining as of December 31, 2009 was \$3,240,000.

\$4,275,000 General Improvement Bond dated 8/1/04 payable in annual installments through 8/1/19. \$240,000 of principal was paid on 8/1/09. Interest is paid semiannually at rates from 3.50% to 4.00% per annum. The balance remaining as of December 31, 2009 was \$3,175,000.

**CITY OF VENTNOR CITY  
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\$9,800,000 School Bonds dated 10/1/99 payable in annual installments through 10/15/09. \$425,000 of principal was paid on 10/15/09. Interest is paid semiannually at a rate of 5.375% per annum. The balance remaining as of December 31, 2009 was \$0.

\$6,365,000 School Bonds dated 06/01/01 payable in annual installments through 02/01/21. \$275,000 of principal was paid on 02/1/09. Interest is paid semiannually at a rate of 4.85% per annum. \$4,151,000 was refunded by School Refunding Bonds dated 6/1/09. The balance remaining as of December 31, 2009 was \$290,000.

\$590,000 School Bonds dated 8/1/04 payable in annual installments starting 8/1/09 and ending 8/1/10. \$415,000 of principal was paid on 8/1/09. Interest is paid semiannually at a rate of 4.30% per annum. The balance remaining as of December 31, 2009 was \$175,000.

\$6,917,000 School Refunding Bonds dated 12/15/04 payable in annual installments through 10/01/20. \$60,000 of principal was paid on 10/1/09. Interest is paid semiannually at rates from 2.75% to 4.00% per annum. The balance remaining as of December 31, 2009 was \$6,560,000.

\$4,345,000 School Refunding Bonds dated 5/15/09 payable in annual installments through 2/1/21. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2009 was \$4,345,000. The City will save \$289,374 in net present value savings. These savings represent 6.973% of the outstanding principal amount of the refunded bonds.

\$500,000 Green Trust Loans Payable dated 4/30/01 payable in semiannual installments of \$15,546 through 10/30/20. The payment includes principal and interest. \$24,609 of principal was paid during 2009. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2009 was \$305,636.

**Paid by Water and Sewer Utility Fund:**

\$925,000 Water and Sewer Bonds dated 10/1/02 payable in annual installments through 10/01/11. \$100,000 of principal was paid on 10/1/09. Interest is paid semiannually at rates from 3.00% to 3.20% per annum. The balance remaining as of December 31, 2009 was \$400,000.

\$550,000 Water and Sewer Bonds dated 8/01/04 payable in annual installments through 8/01/14. \$55,000 of principal was paid on 8/01/09. Interest is paid semiannually at a rate of 3.50% per annum. The balance remaining as of December 31, 2009 was \$305,000.

**CITY OF VENTNOR CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

| Year      | General             |                  | Water and Sewer Utility |               | Total            |
|-----------|---------------------|------------------|-------------------------|---------------|------------------|
|           | Principal           | Interest         | Principal               | Interest      |                  |
| 2010      | 1,080,104           | 223,539          | 155,000                 | 23,025        | 1,481,668        |
| 2011      | 1,090,608           | 190,109          | 160,000                 | 18,100        | 1,458,817        |
| 2012      | 1,106,123           | 156,320          | 160,000                 | 13,000        | 1,435,443        |
| 2013      | 1,156,648           | 121,195          | 165,000                 | 7,800         | 1,450,643        |
| 2014      | 332,184             | 83,209           | 65,000                  | 2,275         | 482,668          |
| 2015-2019 | 1,924,338           | 227,409          |                         |               | 2,151,747        |
| 2020-2021 | 30,631              | 460              |                         |               | 31,091           |
|           | <u>\$ 6,720,636</u> | <u>1,002,241</u> | <u>705,000</u>          | <u>64,200</u> | <u>8,492,077</u> |

As of December 31, 2009, the carrying value of the above bonds approximates the fair value of the bonds.

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**CITY OF VENTNOR CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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| <u>Summary of Municipal Debt</u>                       | <u>Year 2009</u>     | <u>Year 2008</u>     | <u>Year 2007</u>  |
|--|----------------------|----------------------|-------------------|
| <u>Issued:</u>   |                      |                      |                   |
| General:   |                      |                      |                   |
| Bonds & Notes Issued                                   | \$ 6,415,000         | \$ 7,741,000         | 9,021,000         |
| Loans  | 305,636              | 330,245              | 354,370           |
| Bond Anticipation Note                                 | 8,315,100            | 2,218,000            |                   |
| Water and Sewer:                                       |                      |                      |                   |
| Bonds & Notes Issued                                   | 705,000              | 860,000              | 1,210,000         |
| Bond Anticipation Note                                 | 3,640,400            | 718,000              | -                 |
| Net Debt Issued  | <u>19,381,136</u>    | <u>11,867,245</u>    | <u>10,585,370</u> |
| <br><u>Authorized but not issued:</u>                  |                      |                      |                   |
| General:   |                      |                      |                   |
| Bonds & Notes  | -                    | 250                  | 2,218,250         |
| Loans  | 730,000              | 730,000              | 730,000           |
| Water and Sewer:                                       |                      |                      |                   |
| Bonds & Notes  | <u>1,001,319</u>     | <u>1,319</u>         | <u>719,319</u>    |
| <br>Bonds & Notes Authorized But Not Issued            |                      |                      |                   |
|  | <u>1,731,319</u>     | <u>731,569</u>       | <u>3,667,569</u>  |
| Net Bonds & Notes Issued and Authorized But Not Issued | <u>21,112,455</u>    | <u>12,598,814</u>    | <u>14,252,939</u> |
| <br>Deductions:  |                      |                      |                   |
| Reserve fro Payment of Bonds                           | 3,813                | 3,813                | 3,813             |
| Self-liquidatng Debt                                   | 5,346,719            | -                    | 1,929,319         |
| Total Deductions                                       | <u>5,350,532</u>     | <u>3,813</u>         | <u>1,933,132</u>  |
| Net Debt   | <u>\$ 15,761,923</u> | <u>\$ 12,595,001</u> | <u>12,319,807</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 0.55%.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

|                            | Gross Debt           | Deductions        | Net Debt          |
|----------------------------|----------------------|-------------------|-------------------|
| Local School District Debt | \$ 14,193,000        | 14,193,000        | -                 |
| Self-Liquidating Purpose   | 5,346,719            | 5,346,719         | -                 |
| General Debt               | 15,765,736           | 3,813             | 15,761,923        |
|                            | <u>\$ 35,305,455</u> | <u>19,543,532</u> | <u>15,761,923</u> |

Net Debt \$15,761,923 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$2,889,473,271= 0.55%.

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

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

|   |                      |
|---|----------------------|
| 3 1/2 % of Equalized Valuation Basis ( Municipal) | \$ 101,131,564       |
| Net Debt  | 15,761,923           |
| Remaining Borrowing Power                         | <u>\$ 85,369,641</u> |

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

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

|  |                |                  |
|--|----------------|------------------|
| Cash Receipts from Fees, Fund Balance Anticipated<br>Interest and Other Investment Income, and Other<br>Charges for the Year |                | \$ 4,149,507     |
| Deductions:  |                |                  |
| Operating and Maintenance Costs  | \$ 3,883,227   |                  |
| Debt Service per Water and Sewer Fund  | <u>220,708</u> |                  |
| Total Deductions   |                | <u>4,103,935</u> |
| Excess in Revenues   |                | <u>\$ 45,572</u> |

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**Note 6: NOTES**

**Bond Anticipation Note**

The City has outstanding at December 31, 2009 and 2008, a bond anticipation note in the amount of \$11,955,500 and \$2,936,000, respectively. At December 31, 2009 \$8,661,000 is payable to TD Securities. The current interest rate on this note is 2.25% and will mature on July 15, 2010. \$5,993,000 of the outstanding balance is a note in the General Capital Fund and \$2,668,000 is a note in the Water and Sewer Utility Capital Fund. At December 31, 2009 \$3,294,500 is payable to Jefferies & Company. The current interest rate on this note is 1.50% and will mature on December 15, 2010. \$2,322,100 of the outstanding balance is a note in the General Capital Fund and \$972,400 is a note in the Water and Sewer Utility Capital Fund.

|                  | <u>General Capital</u> | <u>Utility Capital</u> | <u>Total</u>      |
|------------------|------------------------|------------------------|-------------------|
| Balance 12/31/08 | \$ 2,218,250           | 718,000                | 2,936,250         |
| Increase         | 6,097,100              | 2,922,400              | 9,019,500         |
| Balance 12/31/09 | <u>\$ 8,315,350</u>    | <u>3,640,400</u>       | <u>11,955,750</u> |

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2009, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2010 has not been determined since the budget has not been adopted.

**Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charges are shown on the balance sheets of the various funds:

|                                   | <u>Balance<br/>December<br/>31, 2009</u> | <u>2010 Budget<br/>Appropriation</u> | <u>Balance to<br/>Succeeding</u> |
|-----------------------------------|--|--------------------------------------|----------------------------------|
| Current fund:                     |  |                                      |                                  |
| Overexpenditure of Appropriations | \$ 142,804                               | 142,804                              |                                  |
| Emergency Authorization           | 700,000                                  | 700,000                              |                                  |
| Expenditure without Appropriation | 25,648                                   | 25,648                               |                                  |
|                                   | <u>\$ 868,452</u>                        | <u>868,452</u>                       | <u>-</u>                         |

The appropriations in the proposed 2010 Budget are not less than that required by statute.

**CITY OF VENTNOR CITY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

**Note 9: SCHOOL TAXES**

Local District School Tax in the amount of \$16,221,051 and \$15,474,790 has been raised for the 2009 and 2008 calendar year, respectively and \$16,221,051 and \$15,474,790 were remitted to the school district leaving a zero balance payable.

**Note 10: 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<br>12/31/09 | Balance<br>12/31/08 |
|---|---------------------|---------------------|
| Prepaid Taxes                                 | \$ 530,999          | 450,416             |
| Cash Liability for Taxes Collected in Advance | \$ 530,999          | 450,416             |

**Note 11: PENSION FUNDS**

Description of Plans

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

[http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

*Public Employees’ Retirement System*

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

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

*Police and Fireman's Retirement System*

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

*Funding Policy*

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5% thru June 30, 2008 and 5.5% from July 1, 2008 to December 31, 2008 of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.9% of covered payroll and for PFRS a rate of 8.5% of covered payroll. The City's contributions to PERS for the years ending December 31, 2009, 2008 and 2007 were \$314,025, \$222,505 and \$126,874 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2009, 2008 and 2007 were \$1,682,981, \$1,400,173 and \$962,131 respectively, equal to the required contributions for each year.

**NOTE 12: PENSION PLAN FOR LIFEGUARDS**

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

The City's contributions to the Lifeguard Pension for the years ending December 31, 2009, 2008 and 2007 were \$0, \$24,000 and \$15,800, respectively. The City's trust for the Lifeguard Pension at December 31, 2009 was \$414,227. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the years ended December 31, 2009, 2008 and 2007 were \$14,813, \$15,495 and \$15,495, respectively.

**NOTE 13: POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required PERS to fund postretirement medical benefits for those State employees who retire after reaching age 60. As of June 30, 2007, there were 75,860 employees Statewide eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter

**CITY OF VENTNOR CITY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by one half of 1% of payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for PERS in Fiscal Year 2007.

**Note 14: DEFERRED COMPENSATION**

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

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

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

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

**Note 15: LABOR CONTRACTS**

As of December 31, 2009, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

| Contract                              | Category     | Expiration | Covers   |
|---------------------------------------|--------------|------------|--|
| Teamsters #929                        | Public Works | 12/31/12   | All employees public works employees. Supervisors are excluded.                        |
| PBA #97                               | Police       | 12/31/12   | All uniformed police, detectives, and other special police units, excluding the chief. |
| Firemen's Mutual Benevolent Asso. #38 | Firefighters | 12/31/11   | All uniformed firefighters, excluding the chief.                                       |

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**Note 16: ACCRUED SICK AND VACATION BENEFITS**

The City has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2009 and 2008, the City estimates this liability to approximate \$2,560,844 and \$1,977,054, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has not established an accrual.

**Note 17: ECONOMIC DEPENDENCY**

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

**Note 18: LEASE OBLIGATIONS**

At December 31, 2009, the City had lease agreements in effect for the following:

Operating:  
Postage Meters  
Copy Machines

The following is an analysis of operating leases:

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2010        | \$ 11,653     |
| 2011        | 9,650         |
| 2012        | 7,872         |
| 2013        | 3,164         |

Rental payments under operating leases for the year 2009 were \$10,128.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**Note 19: RISK MANAGEMENT**

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

Workers' Compensation and Employer's Liability  
Liability other than Motor Vehicles  
Property Damage other than Motor Vehicles  
Motor Vehicles  
Boiler and Machinery  
Employee Dishonesty

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

The Fund publishes its own financial report for the year ended December 31, 2009, which can be obtained from:

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

The City has adopted a plan of self-insurance for employee health and medical care cost, which is accounted for in the Reserve for Self-Insurance Trust in the Trust – Other Funds. The self-insurance plan is utilized to account for and finance the City's related uninsured risks of loss up to \$100,000 per any one employee. AmeriHealth Administrators acts as administrator of the plan. The City purchases commercial insurance for claims in excess of \$100,000. Settled claims have not exceeded this commercial coverage in any of the past three years.

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**CITY OF VENTNOR CITY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

At December 31, 2009, the balance of the reserve was \$219,725. Any additional funds required for claims in excess of the amounts reserved will be paid and charged to the 2010 or future budgets.

The Trust Fund activity for the year year period is as follows:

|      | Beginning<br>Balance | Additions | Disbursements | Ending<br>Balance |
|------|----------------------|-----------|---------------|-------------------|
| 2007 | 67,508               | 3,465,051 | 3,414,202     | 118,357           |
| 2008 | 118,357              | 1,961,860 | 1,860,492     | 219,725           |
| 2009 | 219,725              | 2,864,929 | 2,864,929     | 219,725           |

**Note 20: LITIGATION**

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

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**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**Note 21: INTERFUND BALANCES**

As of December 31, 2009, the following interfunds were included on the balance sheets of the various funds of the City of Ventnor City:

|   | <u>Due<br/>From</u> | <u>Due<br/>To</u> |
|---|---------------------|-------------------|
| Current Fund:                           |                     |                   |
| General Capital                         | \$ 72,725           |                   |
| Grant Fund                              |                     | 88,534            |
| Utility Capital                         |                     | 59,360            |
| Utility Operating                       | 279,745             |                   |
| Trust Fund - Dog Fund                   | 2,544               |                   |
| Assessment Trust                        | 30,776              |                   |
| Trust Funds - Other                     |                     | 8,984             |
| Grant Fund:                             |                     |                   |
| Current Fund                            | 88,534              |                   |
| Trust Fund - Other:                     |                     |                   |
| Current -                               |                     |                   |
| Dog Fund                                |                     | 2,544             |
| Other Trusts                            | 8,984               |                   |
| Assessment Trust                        |                     | 47,165            |
| Trust Assessment Fund:                  |                     |                   |
| Trust Other                             | 47,165              |                   |
| Current Fund                            |                     | 30,776            |
| General Capital:                        |                     |                   |
| Current Fund                            |                     | 72,725            |
| Water and Sewer Utility Operating Fund: |                     |                   |
| Current Fund                            |                     | 279,745           |
| Water and Sewer Utility Capital Fund:   |                     |                   |
| Current Fund                            | 59,360              |                   |
|   | <u>\$ 589,833</u>   | <u>589,833</u>    |

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

## **SUPPLEMENTARY INFORMATION**

**ALLIANCE OF  
GOVERNMENTAL  
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330  
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

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

The Honorable Mayor and  
Members of City Committee  
City of Ventnor City, New Jersey

We have audited the financial statements - regulatory basis of the City of Ventnor City, New Jersey as of and for the year ended December 31, 2009, and have issued our report thereon dated May 28, 2010. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the City of Ventnor City, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”).

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in the accompanying schedule of findings and responses to be material weaknesses: 09-1, 09-2, 09-3, and 09-4.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Ventnor City, New Jersey in a separate letter dated May 28, 2010.

The City of Ventnor City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Ventnor City's response and, accordingly, we express no opinion on it.

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

*Kenneth Moore*

Kenneth Moore, CPA  
Registered Municipal Accountant  
No. 231

*Alliance of Governmental Auditors, LLC*

Alliance of Governmental Auditors, LLC  
Certified Public Accountants

May 28, 2010

## *Schedule of Financial Statement Findings*

### **09-1. Criteria**

The adopted budget must be used to determine the availability of funds. No expenditures can be made if funds are unavailable.

### **Condition**

The City incurred expenditures without an appropriation of \$25,648 and overexpenditures of appropriations of \$142,804 in the current fund.

### **Cause**

Employees involved in purchasing did not verify available budget appropriations prior to expenditures being made from the Current Fund.

### **Effect**

The City was in violation of state statutes, and must raise the amounts overexpended and expended without an appropriation in the subsequent year's budget.

### **Recommendation**

That the CFO certify the availability of funds prior to expenditures being made.

### **Management Response**

New procedures have been approved and implemented that ensure all employees are aware of the State purchasing laws.

### **09-2. Criteria**

The unemployment account must be properly maintained and reconciled.

### **Condition**

The unemployment account was not properly maintained, causing a deficit in the general ledger at year end.

### **Cause**

The funds were not properly transferred from the current fund into the unemployment trust fund.

### **Effect**

Payments required to be made out of the unemployment account were not properly funded.

### **Recommendation**

All payments for unemployment should be properly transferred from the Current Fund into the Unemployment Trust Fund and properly charged to the budget line item.

### **Management Response**

The unemployment trust fund will be properly maintained.

**09-3. Criteria**

Statement of Auditing Standards Number 115 requires that written procedures are maintained for all transactions of the City.

**Condition**

No written procedures are maintained by the City for cash receipts or disbursements, including payroll procedures.

**Cause**

Written documentation has not been maintained by City personnel for procedures followed for all transactions.

**Effect**

The City did not have documentation of controls for appropriate monitoring.

**Recommendation**

Procedures be documented for all transactions performed by City personnel, including payroll, cash receipts and disbursements.

**Management Response**

Procedures will be documented and maintained on a go-forward basis.

**09-4. Criteria**

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

**Condition**

A complete fixed asset listing was unavailable for audit.

**Cause**

The City has not maintained and updated the asset listing for all purchases and sales of City's assets.

**Effect**

An accurate record of the City's assets does not exist.

**Recommendation**

That the City create and maintain a fixed asset ledger and ensure it is updated at least annually for all purchases and sales.

**Management Response**

A fixed asset ledger will be established and maintained.

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

| Federal or State Grantor/Pass-Through<br>Grantor/Program Title | CFDA #/<br>Pass Through<br>Grantor's # | Grant Period |          | Program or<br>Award Amount | 2009 Activity                        |                                | Cumulative<br>Expenditures |
|--|--|--------------|----------|----------------------------|--------------------------------------|--------------------------------|----------------------------|
|  |  | From         | To       |                            | Receipts or<br>Revenue<br>Recognized | Disbursements/<br>Expenditures |                            |
| <b>STATE OF NEW JERSEY</b>                                     |  |              |          |                            |                                      |                                |                            |
| Department of Environmental Protection                         |  |              |          |                            |                                      |                                |                            |
| Clean Communities  | 4900-765-042-4900-004                  | 01/01/09     | 12/31/09 | 20,842                     | 20,842                               | 14,675                         | 14,675                     |
| Clean Communities  | 4900-765-042-4900-004                  | 01/01/08     | 12/31/08 | 20,802                     | 20,802                               | 20,802                         | 20,802                     |
| Clean Communities  | 4900-765-042-4900-004                  | 01/01/07     | 12/31/07 | 18,710                     |                                      | 18,710                         | 18,710                     |
| Recycling Tonnage  | 4900-752-042-4900-001                  | 01/01/09     | 12/31/09 | 3,293                      | 3,293                                |                                |                            |
| Recycling Tonnage  | 4900-752-042-4900-001                  | 01/01/07     | 12/31/07 | 1,206                      |                                      |                                |                            |
| Recycling Tonnage  | 4900-752-042-4900-001                  | 01/01/06     | 12/31/06 | 895                        |                                      | 345                            | 345                        |
| Municipal Alliance Drug and Alcoholism                         | 4250-760-050000-63-262                 | 01/01/09     | 12/31/09 | 13,470                     |                                      | 9,492                          | 9,492                      |
| Municipal Alliance Drug and Alcoholism                         | 4250-760-050000-63-262                 | 01/01/08     | 12/31/08 | 9,377                      | 9,094                                |                                | 9,377                      |
| Municipal Alliance Drug and Alcoholism                         | 4250-760-050000-63-262                 | prior        | prior    | 55,912                     | 9,181                                |                                | 55,912                     |
| Department of Transportation                                   |  |              |          |                            |                                      |                                |                            |
| New Jersey Transportation Trust Fund Authority Act             | 6320-480-601395-61                     | 01/01/08     | 12/31/08 | 145,000                    |                                      | 2,294                          | 138,526                    |
| Department of Law and Public Safety                            |  |              |          |                            |                                      |                                |                            |
| Drunk Driving Enforcement Fund                                 |  | 01/01/07     | 12/31/07 | 6,579                      |                                      | 1,225                          | 6,566                      |
| Drunk Driving Enforcement Fund                                 |  | prior        | prior    | 12,133                     |                                      |                                | 12,133                     |
| Body Armor Replacement Program                                 |  | 01/01/08     | 12/31/08 | 3,977                      | 3,977                                |                                |                            |
| Body Armor Replacement Program                                 |  | 01/01/07     | 12/31/07 | 3,982                      |                                      | 760                            | 760                        |
| Body Armor Replacement Program                                 |  | prior        | prior    | 7,385                      |                                      | 3,965                          | 7,385                      |
| Safe and Secure  |  | 01/01/09     | 12/31/09 | 58,967                     |                                      | 58,967                         | 58,967                     |
| Safe and Secure  |  | 1/1/08       | 12/31/08 | 56,445                     |                                      |                                | 56,445                     |
| Click It Ticket  |  | 1/1/08       | 12/31/08 | 13,000                     |                                      |                                | 13,000                     |
| Buckle Up  |  | 01/01/09     | 12/31/09 | 4,000                      |                                      |                                |                            |
| Buckle Up  |  | 1/1/08       | 12/31/08 | 4,000                      |                                      |                                |                            |
| JAG  |  | 01/01/09     | 12/31/09 | 12,597                     | 12,597                               |                                |                            |
| Highway Project Over The Limit                                 |  | 01/01/09     | 12/31/09 | 4,600                      | 4,600                                |                                |                            |
| Pedestrian Safety Mobilization                                 |  | 01/01/09     | 12/31/09 | 4,000                      | 800                                  | 800                            | 800                        |
| State of New Jersey State Police                               |  |              |          |                            |                                      |                                |                            |
| Alcohol Education Rehabilitation Fund                          | 9735-760-098-Y900-001                  | 01/01/08     | 12/31/08 | 1,526                      | 1,526                                | 790                            | 790                        |
| Alcohol Education Rehabilitation Fund                          | 9735-760-098-Y900-001                  | 01/01/08     | 12/31/08 | 817                        |                                      |                                | 817                        |
| Department of Health   |  |              |          |                            |                                      |                                |                            |
| Hepatitis B  |  | 1/1/08       | 12/31/08 | 1,015                      | 1,015                                |                                |                            |
| HEOP   |  | 1/1/08       | 12/31/08 | 2,406                      |                                      |                                |                            |
| Total State Assistance   |  |              |          |                            | \$ 87,727                            | 132,825                        | 425,502                    |
| <b>FEDERAL:</b>  |  |              |          |                            |                                      |                                |                            |
| Environmental Protection                                       |  |              |          |                            |                                      |                                |                            |
| Municipal Stormwater Regulation Program CY03                   |  | 1/1/08       | 12/31/08 | 7,955                      | 7,955                                |                                |                            |
| Municipal Stormwater Regulation Program CY03                   |  | prior        | prior    | 26,925                     | 2,252                                |                                | 16,718                     |
| Total Environmental Protection                                 |  |              |          |                            | 10,207                               | -                              | 16,718                     |
| Department of Homeland Security                                |  |              |          |                            |                                      |                                |                            |
| FEMA   |  | 01/01/09     | 12/31/09 | 5,000                      | 5,000                                | 4,628                          | 4,628                      |
| FEMA - Assistance to Firefighters                              |  | 01/01/09     | 12/31/09 | 80,256                     | 80,256                               | 79,830                         | 79,830                     |
| Bulletproof Vest Partnership                                   |  | 01/01/09     | 12/31/09 | 5,400                      |                                      |                                |                            |
| Total Homeland Security  |  |              |          |                            | 85,256                               | 84,458                         | 84,458                     |
| Housing and Urban Development                                  |  |              |          |                            |                                      |                                |                            |
| Small Cities Community Development Block                       | 14.218                                 | 01/01/09     | 12/31/09 | 139,429                    |                                      |                                |                            |
| Small Cities Community Development Block                       | 14.218                                 | 01/01/07     | 12/31/07 | 83,003                     |                                      |                                | 51,420                     |
| Total Housing and Urban Development                            |  |              |          |                            | -                                    | -                              | 51,420                     |
| Total Federal Assistance                                       |  |              |          |                            | \$ 95,463                            | 84,458                         | 152,596                    |
| Total Federal and State Awards                                 |  |              |          |                            | 183,190                              | 217,283                        | 578,098                    |

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

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

|   | Ref.    | Treasurer  |               |
|---|---------|------------|---------------|
| Balance December 31, 2008                       | A       |            | \$ 10,098,208 |
| Increased by Receipts:                          |         |            |               |
| Taxes Receivable                                | A-6     | 43,260,069 |               |
| Tax Title Liens                                 | A-7     | 26,102     |               |
| 2010 Prepaid Taxes                              | A       | 530,999    |               |
| Due from State - Sr. Citizens and Veterans      |         | 131,835    |               |
| Miscellaneous Revenue Anticipated               | A-2:A-8 | 3,216,634  |               |
| Miscellaneous Revenue Not Anticipated           | A-2:A-8 | 443,814    |               |
| Federal and State Grants Receivable             | A-11    | 187,557    |               |
| Federal and State Grants Unappropriated         | A-13    | 22,325     |               |
| Statutory Excess from Dog Fund                  | B       | 15,362     |               |
| Due to Trust - Other Fund                       |         | 40,815     |               |
| Voided Check                                    |         | 1,365      |               |
|   |         |            | 47,876,877    |
|   |         |            | 57,975,085    |
| Decreased by Disbursements:                     |         |            |               |
| 2009 Appropriations                             | A-3     | 23,343,839 |               |
| 2008 Appropriation Reserves                     | A-9     | 202,057    |               |
| County Taxes Payable                            | A-6     | 8,878,685  |               |
| Due County for Added and Omitted Taxes          | A-6     | 15,408     |               |
| Local District School Tax                       | A-10    | 16,221,051 |               |
| Federal and State Grant Expenditures            | A-12    | 232,905    |               |
| Payment of Tax Anticipation Notes               |         | 4,967,000  |               |
| Due to General Capital                          |         | 884,232    |               |
| Due from Water and Sewer Utility Operating Fund |         | 279,745    |               |
| Due to Federal and State Grant Fund             |         | 2,818      |               |
|   |         |            | 55,027,740    |
| Balance December 31, 2009                       | A       |            | \$ 2,947,345  |

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF CHANGE FUNDS**

| <u>Office</u>     | Balance<br>Dec. 31,<br>2008 | Received<br>From<br>Treasurer | Returned<br>to<br>Treasurer | Balance<br>Dec. 31,<br>2009 |
|-------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|
| Municipal Court   | \$ 400                      |                               |                             | 400                         |
| Collector         | 100                         |                               |                             | 100                         |
| Police Department | 30                          |                               |                             | 30                          |
|                   | <u>\$ 530</u>               | <u>-</u>                      | <u>-</u>                    | <u>530</u>                  |
| Ref.              | A                           | A-4                           |                             | A                           |

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

| Year  | Balance             | 2009 Levy         | Added Taxes   | Collections    |                   | Over-Payments Created(Applied) | (Transfers)/ Canceled | Transferred To Tax Title Liens | Balance          |
|---|---------------------|-------------------|---------------|----------------|-------------------|--------------------------------|-----------------------|--------------------------------|------------------|
|   | Dec. 31, 2008       |                   |               | 2008           | 2009              |                                |                       |                                | Dec. 31, 2009    |
| Arrears   |                     |                   |               |                |                   |                                |                       |                                | -                |
| 2006  | \$ 5,677            |                   |               |                | 5,677             |                                |                       |                                | -                |
| 2007  | 17,605              |                   |               |                | 17,605            |                                |                       |                                | -                |
| 2008  | 1,233,869           |                   |               |                | 1,223,477         |                                |                       |                                | 10,392           |
|   | <u>1,257,151</u>    | -                 | -             | -              | 1,246,759         | -                              | -                     | -                              | 10,392           |
| 2009  |                     | 44,645,511        | 98,024        | 450,416        | 42,144,209        | (95,614)                       | 462,936               | 5,698                          | 1,584,662        |
|   | <u>\$ 1,257,151</u> | <u>44,645,511</u> | <u>98,024</u> | <u>450,416</u> | <u>43,390,968</u> | <u>(95,614)</u>                | <u>462,936</u>        | <u>5,698</u>                   | <u>1,595,054</u> |
| Ref.  | A                   |                   |               |                |                   |                                |                       | A-7                            | A                |
| Taxes Receivable                                |                     |                   |               | Ref.           |                   |                                |                       |                                |                  |
| Senior Citizens and Veterans                    |                     |                   |               | A-4            | 43,260,069        |                                |                       |                                |                  |
|   |                     |                   |               |                | <u>130,899</u>    |                                |                       |                                |                  |
|   |                     |                   |               |                | <u>43,390,968</u> |                                |                       |                                |                  |
| Analysis of 2009 Property Tax Levy              |                     |                   |               | Ref.           |                   |                                |                       |                                |                  |
| Tax Yield:                                      |                     |                   |               |                |                   |                                |                       |                                |                  |
| General Property Tax                            |                     |                   |               |                |                   | 44,645,511                     |                       |                                |                  |
| Added Taxes (54:4-63.1 et. seq.)                |                     |                   |               |                |                   | 98,024                         |                       |                                |                  |
|   |                     |                   |               | A-6            |                   |                                | <u>44,743,535</u>     |                                |                  |
| Tax Levy:                                       |                     |                   |               |                |                   |                                |                       |                                |                  |
| Local School District Tax (Abstract)            |                     |                   |               | A-10           |                   | 16,221,051                     |                       |                                |                  |
| County Taxes:                                   |                     |                   |               |                |                   |                                |                       |                                |                  |
| County Tax (Abstract)                           |                     |                   |               |                |                   | 7,362,852                      |                       |                                |                  |
| County Library Tax (Abstract)                   |                     |                   |               |                |                   | 847,353                        |                       |                                |                  |
| County Health Tax (Abstract)                    |                     |                   |               |                |                   | 509,551                        |                       |                                |                  |
| County Open Space (Abstract)                    |                     |                   |               |                |                   | 148,929                        |                       |                                |                  |
| Due County for Added Taxes (54:4-63.1 et. seq.) |                     |                   |               |                |                   | <u>6,656</u>                   |                       |                                |                  |
| Total County Taxes                              |                     |                   |               |                |                   |                                | 8,875,341             |                                |                  |
| Local Tax for Municipal Purposes                |                     |                   |               | A-2            | 19,426,954        |                                |                       |                                |                  |
| Add: Additional Tax Levied                      |                     |                   |               |                | <u>220,189</u>    |                                |                       |                                |                  |
|   |                     |                   |               |                |                   | <u>19,647,143</u>              |                       |                                |                  |
|   |                     |                   |               | A-6            |                   |                                | <u>44,743,535</u>     |                                |                  |

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**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

|                                | <u>Ref.</u> |               |                    |
|--------------------------------|-------------|---------------|--------------------|
| Balance December 31, 2008      | A           |               | \$ 20,404          |
| Increased by:                  |             |               |                    |
| Transfers from Taxes           |             |               |                    |
| Receivable                     | A-6         | \$ 5,698      |                    |
| Interest and Costs Accrued by: |             |               |                    |
| Sale of December 4, 2009       | Res.        | <u>-</u>      |                    |
|                                |             |               | <u>5,698</u>       |
|                                |             |               | 26,102             |
| Decreased by:                  |             |               |                    |
| Collected                      | A-4         | <u>26,102</u> |                    |
|                                |             |               | <u>26,102</u>      |
| Balance December 31, 2009      | A           |               | \$ <u><u>-</u></u> |

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

|  | <u>Ref.</u> | <u>Balance<br/>Dec. 31, 2008</u> | <u>Accrued<br/>In 2009</u> | <u>Collected</u> | <u>Balance<br/>Dec. 31, 2009</u> |
|--|-------------|----------------------------------|----------------------------|------------------|----------------------------------|
| Miscellaneous Revenue Anticipated:             |             |                                  |                            |                  |                                  |
| Licenses-Alcoholic Beverages                   | A-2         | \$                               | 3,240                      | 3,240            | -                                |
| Licenses-Other                                 | A-2         |                                  | 82,596                     | 82,596           | -                                |
| Fees and Permits                               | A-2         |                                  | 206,212                    | 206,212          | -                                |
| Municipal Court                                | A-2         | 18,770                           | 278,440                    | 281,409          | 15,801 Dec 2009                  |
| Interest and Costs on Taxes                    | A-2         |                                  | 324,023                    | 324,023          | -                                |
| Parking Meters                                 | A-2         |                                  | 41,596                     | 41,596           | -                                |
| Interest on Investments                        | A-2         |                                  | 78,827                     | 78,827           | -                                |
| Beach Control Fees                             | A-2         |                                  | 210,411                    | 210,411          | -                                |
| Land Rental                                    | A-2         |                                  | 87,501                     | 87,501           | -                                |
| Viking Rowing Foundation, Inc. Lease Agreement | A-2         |                                  | 31,095                     | 31,095           | -                                |
| Payment in Lieu of Taxes                       | A-2         |                                  | 144,000                    | 144,000          | -                                |
| Cable Television Franchise Fees                | A-2         |                                  | 55,184                     | 55,184           | -                                |
| City Lease Fees                                | A-2         |                                  | 38,500                     | 38,500           | -                                |
| Ambulance Service Fees                         | A-2         |                                  | 375,199                    | 375,199          | -                                |
| Consolidated Municipal Property Tax Relief Act | A-2         |                                  | 68,997                     | 68,997           | -                                |
| Energy Receipts Tax                            | A-2         |                                  | 695,443                    | 695,443          | -                                |
| Uniform Construction Code fees                 | A-2         |                                  | 119,429                    | 119,429          | -                                |
| Borough of Longport-Uniform Construction Code  | A-2         |                                  | 38,986                     | 38,986           | -                                |
| Borough of Longport-Engineering Services       | A-2         |                                  | 73,986                     | 73,986           | -                                |
| Anticipated Utility Fund Surplus               |             |                                  | 260,000                    | 260,000          | -                                |
| Miscellaneous Revenue Not Anticipated:         | A-2         |                                  | 443,814                    | 443,814          | -                                |
|  |             | \$ 18,770                        | 3,657,479                  | 3,660,448        | 15,801                           |
|  | <u>Ref.</u> | A                                |                            |                  |                                  |
|  |             | Treasurer<br>Canceled            |                            | 3,660,448        | A-4                              |
|  |             |                                  |                            | <u>3,660,448</u> |                                  |

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**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2008**

|  | <u>Balance<br/>Dec. 31, 2008</u> | <u>Balance<br/>After<br/>Transfers</u> | <u>Paid</u>    | <u>Overexpended</u> | <u>Balance<br/>Lapsed</u> |
|--|----------------------------------|--|----------------|---------------------|---------------------------|
| OPERATIONS WITHIN "CAPS"                               |                                  | -                                      |                |                     | -                         |
| General Government Functions:                          |                                  |  |                |                     |                           |
| Mayor  |                                  |  |                |                     |                           |
| Other Expenses   | \$ 7,379                         | 7,379                                  | 338            |                     | 7,041                     |
| Police   |                                  |  |                |                     |                           |
| Other Expenses   | 87,331                           | 87,331                                 | 82,325         |                     | 5,006                     |
| Fire   |                                  |  |                |                     |                           |
| Other Expenses   | 32,987                           | 32,987                                 | 5,728          |                     | 27,259                    |
| Uniform Fire Safety Act                                |                                  |  |                |                     |                           |
| Other Expenses   | 1,374                            | 1,374                                  | 460            |                     | 914                       |
| Radio Communications                                   |                                  |  |                |                     |                           |
| Other Expenses   | 4,419                            | 4,419                                  | 2,823          |                     | 1,596                     |
| City Administrator                                     |                                  |  |                |                     |                           |
| Other Expenses   | 23,915                           | 23,915                                 | 12,833         |                     | 11,082                    |
| Office of Emergency Management                         |                                  |  |                |                     |                           |
| Other Expenses   | 1,956                            | 1,956                                  | 188            |                     | 1,768                     |
| Electrical Division                                    |                                  |  |                |                     |                           |
| Other Expenses   | 6,476                            | 6,476                                  | 4,196          |                     | 2,280                     |
| Department of Public Works, Parks and Public Property: |                                  |  |                |                     |                           |
| Streets and Roads                                      |                                  |  |                |                     |                           |
| Other Expenses   | 6,074                            | 6,074                                  | 2,901          |                     | 3,173                     |
| Motor Vehicle Maintenance                              |                                  |  |                |                     |                           |
| Other Expenses   | 6,321                            | 6,321                                  | 5,313          |                     | 1,008                     |
| Buildings and Grounds                                  |                                  |  |                |                     |                           |
| Salaries and Wages                                     | 2,453                            | 2,453                                  | 814            |                     | 1,639                     |
| Other Expenses   | 28,916                           | 28,916                                 | 18,373         |                     | 10,543                    |
| Recreation   |                                  |  |                |                     |                           |
| Other Expenses   | 20,494                           | 20,494                                 | 208            |                     | 20,286                    |
| City Engineer  |                                  |  |                |                     |                           |
| Other Expenses   | 6,724                            | 6,724                                  | 5,043          |                     | 1,681                     |
| Solid Waste/Recycling                                  |                                  |  |                |                     |                           |
| Other Expenses   | 108,792                          | 108,792                                | 26,518         |                     | 82,274                    |
| Department of Revenue and Finance:                     |                                  |  |                |                     |                           |
| City Clerk   |                                  |  |                |                     |                           |
| Other Expenses   | 11,433                           | 11,433                                 | 35             |                     | 11,398                    |
| Election Expense                                       |                                  |  |                |                     |                           |
| Other Expenses   | 6,248                            | 6,248                                  | 5,899          |                     | 349                       |
| Planning Board   |                                  |  |                |                     |                           |
| Other Expenses   | 48,560                           | 48,560                                 | 500            |                     | 48,060                    |
| Financial Administration                               |                                  |  |                |                     |                           |
| Other Expenses   | 4,905                            | 4,905                                  | 3,994          |                     | 911                       |
| Assessment of Taxes                                    |                                  |  |                |                     |                           |
| Other Expenses   | 7,767                            | 7,767                                  | 275            |                     | 7,492                     |
| Information Technology                                 |                                  |  |                |                     |                           |
| Other Expenses   | 2,160                            | 2,160                                  | 134            |                     | 2,026                     |
| Municipal Court  |                                  |  |                |                     |                           |
| Other Expenses   | 1,045                            | 1,045                                  | 977            |                     | 68                        |
| Insurance  |                                  |  |                |                     |                           |
| Employee Group Health                                  | 10,479                           | 10,479                                 | 7,716          |                     | 2,763                     |
| Inspection of Housing                                  |                                  |  |                |                     |                           |
| Other Expenses   | 3,026                            | 3,026                                  | 8              |                     | 3,018                     |
| OPERATIONS EXCLUDED FROM "CAPS"                        |                                  |  |                |                     |                           |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":           |                                  |  |                |                     |                           |
| Purchase Fire Vehicles                                 | 80,000                           | 80,000                                 | 14,458         |                     | 65,542                    |
| Accounts with no Transactions                          | 680,833                          | 680,833                                | -              |                     | 680,833                   |
| Totals   | \$ <u>1,202,067</u>              | <u>1,202,067</u>                       | <u>202,057</u> | <u>-</u>            | <u>1,000,010</u>          |
| Ref.   | A                                | A                                      | A-4            | A                   | A-1                       |
|  |                                  | \$ 799,160                             |                |                     |                           |
|  |                                  | 402,907                                |                |                     |                           |
|  |                                  | \$ <u>1,202,067</u>                    |                |                     |                           |

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

|  |          |    |                          |
|--|----------|----|--------------------------|
| Balance December 31, 2008                                  |          |    |                          |
| School Tax Payable   | A        | \$ | -                        |
| Increased by:  |          |    |                          |
| Levy-Calendar Year January 1, 2009<br>to December 31, 2009 | A-6      |    | <u>16,221,051</u>        |
|  |          |    | 16,221,051               |
| Decreased by:  |          |    |                          |
| Payments   | A-4      |    | <u>16,221,051</u>        |
| Balance December 31, 2009                                  |          |    |                          |
| School Tax Payable   | A        |    | <u><u>-</u></u>          |
| <u>2009 Liability for Local District School Tax</u>        |          |    |                          |
| Tax Paid   | A-4:A-10 |    | 16,221,051               |
| Tax Payable December 31, 2009                              | A-11     |    | <u>-</u>                 |
|  |          |    | 16,221,051               |
| Less:  |          |    |                          |
| Tax Payable December 31, 2008                              | A:A-10   |    | <u>-</u>                 |
| Amount Charged to 2009 Operations                          | A-1      | \$ | <u><u>16,221,051</u></u> |

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

| <u>Grant</u>                                      | <u>Balance<br/>Dec. 31, 2008</u> | <u>Anticipated<br/>Revenue</u> | <u>Received</u> | <u>Adjustment</u> | <u>Balance<br/>Dec. 31, 2009</u> |
|---|----------------------------------|--------------------------------|-----------------|-------------------|----------------------------------|
| New Jersey Transportation Trust Fund              | \$ 125,965                       |                                |                 |                   | 125,965                          |
| Municipal Storm Water Regulation Program          |                                  | 7,955                          | 7,955           |                   | -                                |
| Recycling Tonnage Grant                           |                                  | 3,293                          | 3,293           |                   | -                                |
| Clean Communities                                 |                                  | 41,644                         | 41,644          |                   |                                  |
| Alliance for Prevention of Alcohol and Drug Abuse | 9,377                            | 13,470                         | 9,094           |                   | 13,753                           |
| Alcohol Education, Rehabilitation and Enforcement |                                  | 1,526                          | 1,526           |                   | -                                |
| Body Armor Grant                                  |                                  | 9,377                          | 3,977           |                   | 5,400                            |
| Buckel Uo   |                                  | 4,000                          | 4,000           |                   | -                                |
| Safe and Secure Program                           |                                  | 58,967                         | 58,967          |                   | -                                |
| Pedestrian Safety Mobilization                    |                                  | 4,000                          | 800             |                   | 3,200                            |
| FEMA  |                                  | 5,000                          | 5,000           |                   | -                                |
| FEMA Assistance to Firefigthers                   |                                  | 80,256                         | 80,256          |                   | -                                |
| Highway Project Over The Limit                    |                                  | 4,600                          | 4,600           |                   | -                                |
| Community Development Block Grant                 |                                  | 139,429                        |                 |                   | 139,429                          |
| JAG   |                                  | 12,597                         | 12,597          |                   | -                                |
| Hepitis B   |                                  | 1,015                          | 1,015           |                   | -                                |
|   | <u>\$ 135,342</u>                | <u>387,129</u>                 | <u>234,724</u>  | <u>-</u>          | <u>287,747</u>                   |
| <u>Ref.</u>                                       | A                                | A-2                            |                 | A-1               | A                                |
|   |                                  | Unappropriated Reserves        | A-13 47,167     |                   |                                  |
|   |                                  | Federal and State Grant Fund   | A-4 187,557     |                   |                                  |
|   |                                  |                                | <u>234,724</u>  |                   |                                  |

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

| <u>Grant</u>  | <u>Balance<br/>Dec. 31, 2008</u> | <u>2008 Budget<br/>Appropriation</u> | <u>Expended</u> | <u>Adjustment</u> | <u>Balance<br/>Dec. 31, 2009</u> |
|---|----------------------------------|--------------------------------------|-----------------|-------------------|----------------------------------|
| NJ Transportation Trust Fund Authority Act            | \$ 8,768                         |                                      | 2,294           |                   | 6,474                            |
| Community Development Block Grant                     | 31,583                           | 139,429                              |                 |                   | 171,012                          |
| Municipal Storm Water Regulation Program              | 10,207                           | 7,955                                |                 |                   | 18,162                           |
| Recycling Tonnage Grant                               | 2,101                            | 3,293                                | 345             |                   | 5,049                            |
| Alliance for the Prevention of Alcohol and Drug Abuse |                                  | 16,838                               | 9,492           |                   | 7,346                            |
| Alcohol Education, Rehabilitation and Enforcement     |                                  | 1,526                                | 790             |                   | 736                              |
| Clean Communities                                     | 18,710                           | 41,644                               | 54,187          |                   | 6,167                            |
| Body Armor Replacement Program                        | 7,947                            | 3,977                                | 4,725           |                   | 7,199                            |
| Body Armor Grant                                      |                                  | 5,400                                |                 |                   | 5,400                            |
| Drunk Driving Enforcement Fund                        | 1,238                            |                                      | 1,225           |                   | 13                               |
| FEMA  |                                  | 5,000                                | 4,628           |                   | 372                              |
| FEMA Assistance to Firefighters                       |                                  | 84,480                               | 79,830          |                   | 4,650                            |
| JAG   |                                  | 12,597                               |                 |                   | 12,597                           |
| Highway Project Over The Limit                        |                                  | 4,600                                |                 |                   | 4,600                            |
| Atlantic County Open Space                            | 26,623                           |                                      | 15,622          |                   | 11,001                           |
| Safe and Secure Program                               |                                  | 118,967                              | 58,967          |                   | 60,000                           |
| Pedestrian Safety Mobilization                        |                                  | 4,000                                | 800             |                   | 3,200                            |
| Buckel Up   | 4,000                            | 4,000                                |                 |                   | 8,000                            |
| Hepitis B   |                                  | 1,015                                |                 |                   | 1,015                            |
| HEOP  | 2,406                            |                                      |                 |                   | 2,406                            |
|   | <u>\$ 113,583</u>                | <u>454,721</u>                       | <u>232,905</u>  | <u>-</u>          | <u>335,399</u>                   |
| <u>Ref.</u>   | A                                | A-3                                  | A-4             | A-1               | A                                |

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

| Grant                             | Balance<br>Dec. 31, 2008 | Received | Transferred to<br>2009 Budget<br>Appropriations | Balance<br>Dec. 31, 2009 |
|-----------------------------------|--------------------------|----------|---|--------------------------|
| Alcohol Education, Rehabilitation | \$ 1,526                 | 1,369    | 1,526   | 1,369                    |
| Clean Communities                 | 20,802                   | 5,749    | 20,802  | 5,749                    |
| Body Armor Replacement Program    | 3,977                    |          | 3,977   | -                        |
| Recycling Tonnage Grant           | 3,292                    | 4,467    | 3,292   | 4,467                    |
| Storm Water Management            | 7,955                    |          | 7,955   | -                        |
| Click - It -Ticket                | 4,000                    |          | 4,000   | -                        |
| Hepitis B                         | 1,015                    |          | 1,015   | -                        |
| State Highway Project Over Limit  | 4,600                    |          | 4,600   | -                        |
| Drunk Driving Enforcement Fund    |                          | 10,740   |   | 10,740                   |
|                                   | \$ 47,167                | 22,325   | 47,167  | 22,325                   |
|                                   | A                        | A-4      |   | A                        |

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

|                                       | <u>Ref.</u> | <u>Dog Licenses</u> | <u>Other</u>      |
|---------------------------------------|-------------|---------------------|-------------------|
| Balance December 31, 2008             | B           | \$ 20,701           | 844,950           |
| Increased by Receipts:                |             |                     |                   |
| Dog License Fees 2009                 | B-3         | \$ 2,660            |                   |
| Due to State of New Jersey            | B-5         | 1,093               |                   |
| Prepaid Dog Licenses                  | B           | 165                 |                   |
| Interest Earned                       |             | -                   |                   |
| Payroll Deductions Payable            | B-7         |                     | 6,666,308         |
| Miscellaneous Trust Reserves          | B-9         |                     | 653,631           |
| Due from Current                      | B-8         |                     | 8,086,504         |
| Due from Assessment Fund              | B-2         |                     | 2,070             |
|                                       |             | <u>3,918</u>        | <u>15,408,513</u> |
|                                       |             | 24,619              | 16,253,463        |
| Decreased by Disbursements            |             |                     |                   |
| Statutory Expenditures                | B-3         | 15,563              |                   |
| Due to State of New Jersey            | B-5         | 1,107               |                   |
| Payroll Deductions Payable            | B-7         |                     | 6,667,894         |
| Miscellaneous Trust Reserves          | B-9         |                     | 634,233           |
| Due to Current Fund                   | B-8         |                     | 8,200,664         |
| Due to General Capital - Small Cities |             |                     | 7,605             |
| Due to State of NJ - Unemployment     |             |                     | 15,509            |
|                                       |             | <u>16,670</u>       | <u>15,525,905</u> |
| Balance December 31, 2009             | B           | \$ <u>7,949</u>     | <u>727,558</u>    |

**TRUST ASSESSMENT FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE**

|  | <u>Ref.</u> |                      |
|--|-------------|----------------------|
| Balance December 31, 2008              | B           | \$ 2,399             |
| Decreased by:                          |             |                      |
| Due Trust - Other Fund                 |             |                      |
| Collections made by Trust - Other Fund | B-1         | <u>2,070</u>         |
| Balance December 31, 2009              | B           | \$ <u><u>329</u></u> |

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

|                                      | Ref. |          |          |
|--------------------------------------|------|----------|----------|
| Balance December 31, 2008            | B    |          | \$ 5,227 |
| Increased by:                        |      |          |          |
| Dog License Fees Collected           |      | \$ 2,660 |          |
| Prepaid Licenses                     |      | 114      |          |
|                                      | B-1  |          | 2,774    |
|                                      |      |          | 8,001    |
| Decreased by:                        |      |          |          |
| Statutory Excess                     |      | 2,545    |          |
| Expenditures under N.J.S. 4:19-15:11 | B-1  | 200      |          |
|                                      |      |          | 2,745    |
| Balance December 31, 2009            | B    |          | \$ 5,256 |

License Fees Collected:

| Year | Amount   |
|------|----------|
| 2007 | \$ 2,597 |
| 2008 | 2,659    |
|      | \$ 5,256 |

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

|                           | <u>Ref.</u> |    |                     |
|---------------------------|-------------|----|---------------------|
| Balance December 31, 2008 | A:B         | \$ | 15,362              |
| Increased by:             |             |    |                     |
| Interest Due Current      |             |    | -                   |
| Statutory Excess          |             |    | <u>2,545</u>        |
|                           | B-1         |    | <u>2,545</u>        |
|                           |             |    | 17,907              |
| Decreased by:             |             |    |                     |
| Payment                   | B-1         |    | <u>15,363</u>       |
| Balance December 31, 2009 | A:B         | \$ | <u><u>2,544</u></u> |

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

|                            | <u>Ref.</u> |    |                  |
|----------------------------|-------------|----|------------------|
| Balance December 31, 2008  | B           | \$ | (1)              |
| Increased by:              |             |    |                  |
| Prepaid License Fees       |             | \$ | 44               |
| 2009 State License Fees    | B-1         |    | <u>1,093</u>     |
|                            |             |    | <u>1,137</u>     |
|                            |             |    | 1,136            |
| Decreased by:              |             |    |                  |
| Disbursements to the State | B-1         |    | <u>1,107</u>     |
| Balance December 31, 2009  | B           | \$ | <u><u>29</u></u> |

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

|                           | <u>Ref.</u> |    |                      |
|---------------------------|-------------|----|----------------------|
| Balance December 31, 2008 | B           | \$ | 45,095               |
| Increased by:             |             |    |                      |
| Assessments Receivable    | B-2         |    | <u>2,070</u>         |
| Balance December 31, 2009 | B           | \$ | <u><u>47,165</u></u> |



**TRUST - OTHER FUNDS  
SCHEDULE OF DUE TO/(FROM) CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|  | Balance<br>Dec 31, 2008 | Increased by     |  | Decreased by     |                                 | Balance<br>Dec 31, 2009 |
|--|-------------------------|------------------|--|------------------|---------------------------------|-------------------------|
|  |                         | Receipts         | Payments<br>made by<br>Current<br>Fund | Disbursements    | 2009<br>Budget<br>Appropriation |                         |
| <u>Reserve</u>                                     |                         |                  |  |                  |                                 |                         |
| Payroll Agency                                     |                         |                  | 6,394                                  |                  |                                 | 6,394                   |
| Net Payroll  | 9,991                   | 8,084,568        |  | 8,094,559        |                                 | -                       |
| Law Enforcement Trust                              | 6,234                   |                  | 3,109                                  | 6,234            |                                 | 3,109                   |
| Parking Offense Adjudication Act                   | (6,997)                 |                  | 2,232                                  |                  |                                 | (4,765)                 |
| Recreation Trust                                   | 33,691                  | 356              |  | 34,047           |                                 | -                       |
| Life Guard Pension Fund                            | (23,806)                |                  |  |                  |                                 | (23,806)                |
| Unemployment Trust                                 | (25,431)                |                  | 61,610                                 | 24,547           |                                 | 11,632                  |
| Evidence Trust                                     | 3,324                   | 90               |  | 3,414            |                                 | -                       |
| Tax Sale Premiums                                  | 11,750                  | 250              |  | 12,000           |                                 | -                       |
| Tax Title Lien Redemptions                         | 3,070                   | 248              |  | 3,318            |                                 | -                       |
| Self-Insurance                                     | (1,548)                 |                  |  |                  |                                 | (1,548)                 |
| Trust Other  | 19,759                  | 824              |  | 20,583           |                                 | -                       |
| Penalties Collected Under the<br>Uniform Fire Code | 1,794                   | 168              |  | 1,962            |                                 | -                       |
|  | <u>\$ 31,831</u>        | <u>8,086,504</u> | <u>73,345</u>                          | <u>8,200,664</u> | <u>-</u>                        | <u>(8,984)</u>          |

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

| <u>Reserve</u>                                     | Balance<br>Dec 31, 2008 | Increased by   |                      |                                 |   |                              | Decreased by   |                                  |                                   |  | Balance<br>Dec 31, 2009 |
|--|-------------------------|----------------|----------------------|---------------------------------|---|------------------------------|----------------|----------------------------------|-----------------------------------|--|-------------------------|
|  |                         | Receipts       | Canceled<br>Payables | 2009<br>Budget<br>Appropriation | Collections<br>made by<br>Current<br>Fund | Receipts<br>Held in<br>Trust | Disbursements  | Due to<br>State of<br>New Jersey | Disbursements<br>Held in<br>Trust | Payments<br>made by<br>Current<br>Fund |                         |
| Small Cities Revolving Loan Fund                   | 41,959                  | 2,155          |                      |                                 |   |                              |                |                                  |                                   |  | 44,114                  |
| Developers Escrow                                  | 81,079                  |                |                      |                                 |   |                              |                |                                  |                                   |  | 81,079                  |
| Law Enforcement Trust                              | 1                       | 108            |                      |                                 |   |                              |                |                                  |                                   | 3,109                                  | (3,000)                 |
| Parking Offense Adjudication Act                   | 6,997                   |                |                      |                                 |   |                              |                |                                  |                                   | 2,232                                  | 4,765                   |
| Recreation Trust                                   | 66,284                  | 11,371         |                      |                                 |   |                              | 77,655         |                                  |                                   |  | -                       |
| Life Guard Pension Fund                            | 407,235                 | 21,805         |                      |                                 |   |                              | 14,813         |                                  |                                   |  | 414,227                 |
| Unemployment Trust                                 | 1,297                   | 37,206         |                      |                                 |   |                              |                |                                  |                                   | 68,004                                 | (29,501)                |
| Evidence Trust                                     | 1,873                   |                |                      |                                 |   |                              |                |                                  |                                   |  | 1,873                   |
| Tax Sale Premiums                                  | 9,500                   | 35,800         |                      |                                 |   |                              | 9,700          |                                  |                                   |  | 35,600                  |
| Tax Title Lien Redemptions                         | -                       | 525,278        |                      |                                 |   |                              | 525,276        |                                  |                                   |  | 2                       |
| Self-Insurance                                     | 219,725                 |                |                      |                                 |   |                              |                |                                  |                                   | 2,864,929                              | 219,725                 |
| Trust Other  | 7,871                   | 4,024          |                      |                                 |   |                              |                |                                  |                                   | 3,976                                  | 7,919                   |
| Penalties Collected Under the<br>Uniform Fire Code | 7,057                   | 15,884         |                      |                                 |   |                              |                |                                  |                                   | 2,813                                  | 20,128                  |
|  | <u>\$ 850,878</u>       | <u>653,631</u> | <u>-</u>             | <u>-</u>                        | <u>-</u>                                  | <u>2,864,929</u>             | <u>634,233</u> | <u>-</u>                         | <u>2,864,929</u>                  | <u>73,345</u>                          | <u>796,931</u>          |

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

|  | Balance<br>Dec. 31, 2008 | ----- Receipts -----    |               | ----- Disbursements -----     |               | ---- Transfers ---- |           | Balance<br>Dec. 31, 2009 |
|--|--------------------------|-------------------------|---------------|-------------------------------|---------------|---------------------|-----------|--------------------------|
|  |                          | Budget<br>Appropriation | Miscellaneous | Improvement<br>Authorizations | Miscellaneous | From                | To        |                          |
| Receivable State of NJ - Green Acres Grant     | \$ (285,000)             |                         |               |                               |               |                     |           | (285,000)                |
| Due (from)/ to:                                |                          |                         |               |                               |               |                     |           |                          |
| Current Fund                                   | (811,507)                |                         | 1,096,148     |                               | 211,916       |                     |           | 72,725                   |
| Trust - Other Fund                             | (7,605)                  |                         | 7,605         |                               |               |                     |           | -                        |
| Utility Operating Fund                         | 171,775                  |                         |               |                               |               |                     |           | 171,775                  |
| Utility Capital Fund                           | 38,000                   |                         |               |                               |               |                     |           | 38,000                   |
| Contracts Payable                              | 1,070,176                |                         |               |                               |               | 1,070,176           | 1,671,907 | 1,671,907                |
| Capital Improvement Fund                       | 299,887                  | 150,000                 |               |                               |               | 270,900             |           | 178,987                  |
| Down Payment                                   | 50,000                   |                         |               |                               |               | 50,000              |           | -                        |
| Reserve for Payment of Bonds                   | 3,813                    |                         |               |                               |               |                     |           | 3,813                    |
| Fund Balance                                   | 20,015                   |                         | 61,916        |                               |               |                     |           | 81,931                   |
|  | -                        |                         |               |                               |               |                     |           | -                        |
|  | -                        |                         |               |                               |               |                     |           | -                        |
| <u>Improvement Authorizations:</u>             |                          |                         |               |                               |               |                     |           |                          |
| <u>Ordinance</u>                               |                          |                         |               |                               |               |                     |           |                          |
| <u>Number</u>                                  |                          |                         |               |                               |               |                     |           |                          |
| 1997-02 Various Improvements                   | -                        |                         |               | 37,020                        |               | 1,250               | 38,270    | -                        |
| 1998-19 Acquisition of Real Property           | 67,669                   |                         |               |                               |               |                     |           | 67,669                   |
| 2002-03 Various Improvements                   | 42,564                   |                         |               | 910,654                       |               | 19,333              | 916,100   | 28,677                   |
| 2006-02 Rehabilitation of Ventnor Fishing Pier | (423,750)                |                         |               |                               |               |                     |           | (423,750)                |
| 2007-06 Rehabilitation of Ventnor Fishing Pier | (306,250)                |                         |               |                               |               |                     |           | (306,250)                |
| 2007-07 Various Improvements                   | (250)                    | 250                     |               |                               |               |                     |           | -                        |
| 2007-09 Various Improvements                   | 70,463                   |                         |               | 164,716                       |               | 3,306               | 115,806   | 18,247                   |
| 2009-14 Various Improvements                   |                          |                         | 6,097,100     | 138,517                       |               | 1,648,018           | 320,900   | 4,631,465                |
| 2009-22 Improvements to Schools                |                          |                         |               |                               |               |                     |           | -                        |
|  | \$ -                     | 150,250                 | 7,262,769     | 1,250,907                     | 211,916       | 3,062,983           | 3,062,983 | 5,950,196                |
|  | C                        | C-3:C-12                | C-5:C-8       | C-3:C-7                       |               |                     |           | C                        |

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

|                            | <u>Ref.</u> |                 |                           |
|----------------------------|-------------|-----------------|---------------------------|
| Balance December 31, 2008  | C           |                 | \$ 811,507                |
| Increased by:              |             |                 |                           |
| BAN                        | C-8         | \$              |                           |
| Premium on BAN's           | C-1         | 61,916          |                           |
| 2009 Budget Appropriation: |             |                 |                           |
| Capital Improvement Fund   | A-3:C-12    | 150,000         |                           |
|                            |             | <hr/>           | <hr/> 211,916             |
|                            |             |                 | 1,023,423                 |
| Decreased by:              |             |                 |                           |
| Interest on Investments    |             | 4,270           |                           |
| Contracts Payable          | C-6         | <hr/> 1,091,878 |                           |
|                            |             |                 | <hr/> 1,096,148           |
| Balance December 31, 2009  | C           |                 | \$ <u><u>(72,725)</u></u> |

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

|                              | <u>Ref.</u> |               |
|------------------------------|-------------|---------------|
| Balance December 31, 2008    | C           | \$ 20,422,245 |
| Increased by:                |             |               |
| School Serial Bonds - Type 1 |             | 194,000       |
| Decreased by:                |             |               |
| 2009 Budget Appropriations:  |             |               |
| General Serial Bonds         | C-9         | \$ 1,326,000  |
| School Serial Bonds - Type 1 | C-10        | 1,175,000     |
| Green Trust Loan             | C-11        | 24,609        |
|                              |             | 2,525,609     |
| Balance December 31, 2009    | C           | \$ 18,090,636 |

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

| Ordinance Number | Improvement Description                   | Balance Dec. 31, 2008 | Increased        | Decreased  | Balance Dec. 31, 2009 | Analysis of Balance Dec. 31, 2009      |                | Unexpended Improvement Authorization |
|------------------|---|-----------------------|------------------|------------|-----------------------|--|----------------|--------------------------------------|
|                  |   |                       |                  |            |                       | Financed by Notes                      | Expended       |                                      |
| 2006-02          | Rehabilitation of Ventnor Fishing Pier \$ | 423,750               |                  |            | 423,750               |  | 423,750        |                                      |
| 2007-06          | Rehabilitation of Ventnor Fishing Pier    | 306,250               |                  |            | 306,250               |  | 306,250        |                                      |
| 2007-07          | Various Improvements                      | 1,790,750             |                  | 250        | 1,790,500             | 1,790,500                              | -              |                                      |
| 2007-09          | Various Improvements                      | 427,500               |                  |            | 427,500               | 427,500                                |                |                                      |
| 2009-14          | Various Improvements                      |                       | 6,097,100        |            | 6,097,100             | 6,097,100                              |                |                                      |
| 2009-22          | Improvements to School                    |                       | 2,823,000        |            | 2,823,000             |  |                | 2,823,000                            |
|                  |   | <u>\$ 2,948,250</u>   | <u>8,920,100</u> | <u>250</u> | <u>11,868,100</u>     | <u>8,315,100</u>                       | <u>730,000</u> | <u>2,823,000</u>                     |
|                  |   | C                     |                  |            | C:C-13                | C-8                                    | C-2            | C-7                                  |
|                  |   |                       |                  |            |                       | Improvement Authorizations Unfunded \$ |                | 7,385,251                            |
|                  |   |                       |                  |            |                       | Less:                                  |                |                                      |
|                  |   |                       |                  |            |                       | Unexpended Proceeds of Bond            |                |                                      |
|                  |   |                       |                  |            |                       | Anticipation Notes Issued:             |                |                                      |
|                  |   |                       |                  |            |                       | 2007-09 \$                             | 18,247         |                                      |
|                  |   |                       |                  |            |                       | 2009-14                                | 4,544,004      |                                      |
|                  |   |                       |                  |            |                       |  |                | 4,562,251                            |
|                  |   |                       |                  |            |                       |  |                | <u>\$ 2,823,000</u>                  |

**GENERAL CAPITAL FUND  
STATEMENT OF CONTRACTS PAYABLE**

|                             | <u>Ref.</u> |           |              |
|-----------------------------|-------------|-----------|--------------|
| Balance December 31, 2008   | C           |           | \$ 1,070,176 |
| Increased by:               |             |           |              |
| Awarded in 2009:            |             |           |              |
| Improvement Authorizations: |             |           |              |
| Ordinance No. 2002-03       |             | \$ 13,887 |              |
| Ordinance No. 2007-09       |             | 54,216    |              |
| Ordinance No. 2009-14       |             | 1,784,535 |              |
|                             | C-7         | 1,852,638 | 1,852,638    |
| 2,922,814                   |             |           |              |
| Decreased by:               |             |           |              |
| Payments                    | C-3         |           | 1,250,907    |
| Balance December 31, 2009   | C           |           | \$ 1,671,907 |

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**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

| Ordinance Number | Improvement Description      | Ordinance |           | Balance Dec. 31, 2008 |          | 2009 Authorizations      |                                    | Expended  | Balance Dec. 31, 2009 |           |
|------------------|------------------------------|-----------|-----------|-----------------------|----------|--------------------------|------------------------------------|-----------|-----------------------|-----------|
|                  |                              | Date      | Amount    | Funded                | Unfunded | Capital Improvement Fund | Deferred Charge to Future Taxation |           | Funded                | Unfunded  |
| 1997-02          | Various Improvements         | 02/13/97  | 3,299,500 |                       |          |                          |                                    |           |                       |           |
| 1998-19          | Acquisition of Real Property | 09/10/98  | 1,000,000 | 67,668                |          |                          |                                    |           |                       | 67,668    |
| 2002-03          | Various Improvements         | 03/21/02  | 6,700,000 | 42,564                |          |                          |                                    | 13,887    |                       | 28,677    |
| 2006-02          | Rehab of Fishing Pier        | 04/20/06  | 565,000   |                       |          |                          |                                    |           |                       |           |
| 2007-06          | Rehab of Fishing Pier        | 06/06/07  | 450,000   |                       |          |                          |                                    |           |                       |           |
| 2007-07          | Various Improvements         | 06/06/07  | 1,885,000 |                       |          |                          |                                    |           |                       |           |
| 2007-09          | Various Improvements         | 08/02/07  | 450,000   |                       | 70,463   |                          |                                    | 52,216    |                       | 18,247    |
| 2009-14          | Various Improvements         | 06/18/09  | 6,418,000 |                       |          | 320,900                  | 6,097,100                          | 1,786,535 |                       | 87,461    |
| 2009-22          | Improvements to School       | 10/15/09  | 2,823,000 |                       |          |                          | 2,823,000                          |           |                       |           |
|                  |                              |           |           | \$ 110,232            | 70,463   | 320,900                  | 8,920,100                          | 1,852,638 | 183,806               | 7,385,251 |
|                  |                              |           |           | C                     | C        |                          |                                    | C-6       | C                     | C:C-5     |

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

| <u>Purpose</u>                    | <u>Date of Original Issue</u> | <u>Date of Issue</u> | <u>Amount of Original Issue</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2008</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2009</u> |
|-----------------------------------|-------------------------------|----------------------|---------------------------------|----------------------|------------------------------|------------------|------------------|------------------------------|
| Various Improvements Ord. 2007-07 | 7/24/2008                     | 7/15/2009            | 1,790,500                       | 2.25%                | 1,790,500                    |                  |                  | 1,790,500                    |
| Various Improvements Ord. 2007-09 | 7/24/2008                     | 7/15/2009            | 427,500                         | 2.25%                | 427,500                      |                  |                  | 427,500                      |
| Various Improvements Ord. 2009-14 | 7/15/2009                     | 7/15/2009            | 3,375,000                       | 2.25%                |                              | 3,775,000        |                  | 3,775,000                    |
| Various Improvements Ord. 2009-14 | 12/15/2009                    | 12/15/2009           | 2,322,100                       | 1.50%                |                              | 2,322,100        |                  | 2,322,100                    |
|                                   |                               |                      |                                 |                      | \$ 2,218,000                 | 6,097,100        | -                | 8,315,100                    |
|                                   |                               |                      |                                 |                      | C                            | C-5:C-13         |                  | C                            |

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

| Purpose                           | Date of Issue | Amount of Original Issue | Maturities of Loans Outstanding December 31, 2009 |         | Interest Rate | Balance Dec. 31, 2008 | Increased | Decreased | Balance Dec. 31, 2009 |
|-----------------------------------|---------------|--------------------------|---|---------|---------------|-----------------------|-----------|-----------|-----------------------|
|                                   |               |                          | Date  | Amount  |               |                       |           |           |                       |
| General Improvement Bonds of 1998 | 10/15/1998    | \$ 4,111,000             | 10/15/09  | 486,000 | 4.000%        | 486,000               |           | 486,000   | -                     |
| General Improvement Bonds of 2002 | 10/1/2002     | 6,365,000                | 10/1/2010-11                                      | 800,000 | 3.000%        | 3,840,000             |           | 600,000   | 3,240,000             |
|                                   |               |                          | 10/01/12  | 800,000 | 3.100%        |                       |           |           |                       |
|                                   |               |                          | 10/01/13  | 840,000 | 3.250%        |                       |           |           |                       |
| General Improvement Bonds of 2004 | 8/1/2004      | 4,275,000                | 08/01/10  | 255,000 | 3.500%        | 3,415,000             |           | 240,000   | 3,175,000             |
|                                   |               |                          | 08/01/11  | 265,000 | 3.500%        |                       |           |           |                       |
|                                   |               |                          | 08/01/12  | 280,000 | 3.500%        |                       |           |           |                       |
|                                   |               |                          | 08/01/13  | 290,000 | 3.500%        |                       |           |           |                       |
|                                   |               |                          | 08/01/14  | 305,000 | 3.500%        |                       |           |           |                       |
|                                   |               |                          | 08/01/15  | 320,000 | 3.600%        |                       |           |           |                       |
|                                   |               |                          | 08/01/16  | 340,000 | 3.750%        |                       |           |           |                       |
|                                   |               |                          | 08/01/17  | 355,000 | 3.875%        |                       |           |           |                       |
|                                   |               |                          | 08/01/18  | 375,000 | 4.000%        |                       |           |           |                       |
|                                   |               |                          | 08/01/19  | 390,000 | 4.000%        |                       |           |           |                       |
|                                   |               |                          |   |         | \$ 7,741,000  | -                     | 1,326,000 | 6,415,000 |                       |

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

| Purpose                | Date of Issue | Amount of Original Issue | Maturities of Loans Outstanding December 31, 2009 |         | Interest Rate | Balance Dec. 31, 2008 | Increased         | Decreased        | Balance Dec. 31, 2009 |                   |
|------------------------|---------------|--------------------------|---|---------|---------------|-----------------------|-------------------|------------------|-----------------------|-------------------|
|                        |               |                          | Date  | Amount  |               |                       |                   |                  |                       |                   |
| School Bonds           | 10/1/1999     | 9,800,000                | 10/15/09  | 425,000 | 5.375%        | 425,000               |                   | 425,000          | -                     |                   |
| School Bonds           | 6/1/2001      | 6,365,000                | 02/01/10  | 290,000 | 4.850%        | 4,716,000             |                   | 4,426,000        | 290,000               |                   |
| School Bonds           | 8/1/2004      | 590,000                  | 08/01/10  | 175,000 | 4.300%        | 590,000               |                   | 415,000          | 175,000               |                   |
| School Refunding Bonds | 12/15/2004    | 6,917,000                | 10/01/10  | 500,000 | 3.000%        | 6,620,000             |                   |                  |                       |                   |
|                        |               |                          | 10/01/11  | 520,000 | 3.375%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/12  | 535,000 | 4.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/13  | 555,000 | 3.500%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/14  | 575,000 | 4.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/15  | 590,000 | 4.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/16  | 615,000 | 5.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/17  | 640,000 | 4.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/18  | 665,000 | 4.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 10/01/19  | 685,000 | 4.000%        |                       |                   |                  |                       |                   |
| 10/01/20               | 680,000       | 4.000%                   |   | 60,000  | 6,560,000     |                       |                   |                  |                       |                   |
| School Refunding Bonds | 6/1/2009      | 4,345,000                | 02/01/10  | 55,000  | 2.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/11  | 350,000 | 2.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/12  | 360,000 | 2.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/13  | 365,000 | 2.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/14  | 370,000 | 2.125%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/15  | 375,000 | 2.375%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/16  | 385,000 | 3.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/17  | 395,000 | 3.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/18  | 405,000 | 3.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/19  | 420,000 | 4.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/20  | 435,000 | 4.000%        |                       |                   |                  |                       |                   |
|                        |               |                          | 02/01/21  | 430,000 | 4.000%        |                       |                   |                  |                       | 4,345,000         |
|                        |               |                          |   |         |               | \$                    | <u>12,351,000</u> | <u>4,345,000</u> | <u>5,326,000</u>      | <u>11,370,000</u> |

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

| Purpose               | Date of Issue | Amount of Original Issue | Maturities of Loans Outstanding December 31, 2009 |        | Interest Rate | Balance Dec. 31, 2008 | Increased | Decreased | Balance Dec. 31, 2009 |
|-----------------------|---------------|--------------------------|---|--------|---------------|-----------------------|-----------|-----------|-----------------------|
|                       |               |                          | Date  | Amount |               |                       |           |           |                       |
| Boathouse Renovations | 4/30/2001     | \$ 500,000.0             | 2010  | 25,104 | 2%            |                       |           |           |                       |
|                       |               |                          | 2011  | 25,608 |               |                       |           |           |                       |
|                       |               |                          | 2012  | 26,123 |               |                       |           |           |                       |
|                       |               |                          | 2013  | 26,648 |               |                       |           |           |                       |
|                       |               |                          | 2014  | 27,184 |               |                       |           |           |                       |
|                       |               |                          | 2015  | 27,730 |               |                       |           |           |                       |
|                       |               |                          | 2016  | 28,288 |               |                       |           |           |                       |
|                       |               |                          | 2017  | 28,856 |               |                       |           |           |                       |
|                       |               |                          | 2018  | 29,436 |               |                       |           |           |                       |
|                       |               |                          | 2019  | 30,028 |               |                       |           |           |                       |
|                       |               |                          | 2020  | 30,631 |               |                       |           |           |                       |
|                       |               |                          |   |        | \$ 330,245    | -                     | 24,609    | 305,636   |                       |

See Accompanying Auditors Report

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

|   | <u>Ref.</u> |                          |
|---|-------------|--------------------------|
| Balance December 31, 2008                             | C           | \$ 299,887               |
| Increased by:   |             |                          |
| 2009 Budget Appropriation                             | C-3         | <u>150,000</u>           |
|   |             | 449,887                  |
| Decreased by:   |             |                          |
| Appropriated to Finance<br>Improvement Authorizations |             | <u>270,900</u>           |
| Balance December 31, 2009                             | C           | <u><u>\$ 178,987</u></u> |

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

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2008</u> | <u>2009 Authorization</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2009</u> |
|-------------------------|--------------------------------|------------------------------|---------------------------|------------------|------------------------------|
| 2006-02                 | Rehabilitation of Fishing Pier | \$ 423,750                   |                           |                  | 423,750                      |
| 2007-06                 | Rehabilitation of Fishing Pier | 306,250                      |                           |                  | 306,250                      |
| 2007-07                 | Various Improvements           | 250                          |                           | 250              | -                            |
| 2009-14                 | Various Improvements           |                              | 6,097,100                 | 6,097,100        | -                            |
| 2009-22                 | Improvements to School         |                              | 2,823,000                 |                  | 2,823,000                    |
|                         |                                | <u>\$ 730,250</u>            | <u>8,920,100</u>          | <u>6,097,350</u> | <u>3,553,000</u>             |
|                         |                                | C                            |                           | C-4:C-8          | C                            |

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

|                             | <u>Ref.</u> | <u>OPERATING</u>         |
|-----------------------------|-------------|--------------------------|
| Balance December 31, 2008   |             | \$ 39,040                |
| Increased by Receipts:      |             |                          |
| Sewer Rents Receivable      | D-6         | 4,106,025                |
| Prepaid Sewer Rents         |             | -                        |
| Sewer Liens                 | D-7         | 2,395                    |
| Miscellaneous               | D-3         | 43,185                   |
| Due to Current Fund         | D           | 279,745                  |
| Voided Checks               | D-1         | 2,348                    |
|                             |             | <hr/> 4,433,698          |
|                             |             | 4,472,738                |
| Decreased by Disbursements: |             |                          |
| 2009 Appropriations         | D-4         | 4,090,731                |
| 2008 Appropriation Reserves | D-9         | 55,377                   |
| Refund of Rent Overpayments | D-8         | 630                      |
|                             |             | <hr/> 4,146,738          |
| Balance December 31, 2009   | D           | <u><u>\$ 326,000</u></u> |

SEE ACCOMPANYING AUDITOR'S REPORT

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

|  | Balance<br>Dec. 31, 2008        | ----- Receipts -----    |               | ----- Disbursements -----     |                | ---- Transfers ---- |                  | Balance<br>Dec. 31, 2009 |                  |
|--|---------------------------------|-------------------------|---------------|-------------------------------|----------------|---------------------|------------------|--------------------------|------------------|
|  |                                 | Budget<br>Appropriation | Miscellaneous | Improvement<br>Authorizations | Miscellaneous  | From                | To               |                          |                  |
| Fund Balance                           | \$ 54,968                       |                         |               |                               |                |                     |                  | 54,968                   |                  |
| Due to Water and Sewer Operating Fund  | 43,711                          |                         |               |                               |                |                     |                  | 43,711                   |                  |
| Due from General Capital Fund          |                                 |                         |               |                               | 38,000         |                     |                  | (38,000)                 |                  |
| Due from Current Fund                  |                                 |                         |               |                               | 59,360         |                     |                  | (59,360)                 |                  |
| Contracts Payable                      |                                 |                         |               |                               |                |                     | 1,747,660        | 1,747,660                |                  |
| <br><u>Improvement Authorizations:</u> |                                 |                         |               |                               |                |                     |                  |                          |                  |
| <u>Ordinance</u>                       |                                 |                         |               |                               |                |                     |                  |                          |                  |
| <u>Number</u>                          |                                 |                         |               |                               |                |                     |                  |                          |                  |
| 2002-04                                | Improvements to Water Tower     | (1,250)                 |               |                               |                |                     |                  | (1,250)                  |                  |
| 2006-14                                | Improvements to Water and Sewer | (69)                    |               |                               |                |                     |                  | (69)                     |                  |
| 2009-06                                | Reconstruction of Sewer Lines   |                         |               | 130,924                       |                | 667,084             |                  | (798,008)                |                  |
| 2009-15a                               | Reconstruction of Sewer Lines   |                         | 1,700,000     | 20,511                        |                | 484,524             |                  | 1,194,965                |                  |
| 2009-15b                               | Repainting the Water Tower      |                         | 400,000       |                               |                | 1,800               |                  | 398,200                  |                  |
| 2009-15c                               | Purchase of Water Meters        |                         | 500,000       |                               |                | 507,014             |                  | (7,014)                  |                  |
| 2009-15d                               | Purchase of Vehicles            |                         | 65,000        |                               |                | 44,000              |                  | 21,000                   |                  |
| 2009-15e                               | Purchase of Vehicles            |                         | 77,400        |                               |                | 43,238              |                  | 34,162                   |                  |
| 2009-15f                               | Purchase of Equipment           |                         | 180,000       |                               |                |                     |                  | 180,000                  |                  |
|  |                                 | <u>\$ 97,360</u>        | <u>-</u>      | <u>2,922,400</u>              | <u>151,435</u> | <u>97,360</u>       | <u>1,747,660</u> | <u>1,747,660</u>         | <u>2,770,965</u> |
|  |                                 | E                       | A-3           | E-5                           | E-5 : E-14     |                     |                  | E : E-6                  |                  |

See Accompanying Auditor's Report

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

|                           | <u>Ref.</u> |                  |                          |
|---------------------------|-------------|------------------|--------------------------|
| Balance December 31, 2008 | D           |                  | \$ 324,032               |
| Increased by:             |             |                  |                          |
| Utility Rents Levied      | Res.        | <u>4,152,253</u> | <u>4,152,253</u>         |
|                           |             |                  | 4,476,285                |
| Decreased by:             |             |                  |                          |
| Collections               | D-5         | 4,106,025        |                          |
| Overpayments Applied      | D-8         | 3,466            |                          |
| Overpayments Created      |             | (8,799)          |                          |
| Prepayment                |             | 887              |                          |
| Transferred to liens      | D-7         | 515              |                          |
| Canceled                  | Res.        | 15,464           |                          |
|                           |             | <u>4,117,558</u> | <u>4,117,558</u>         |
| Balance December 31, 2009 | D           |                  | <u><u>\$ 358,727</u></u> |

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

|                              | <u>Ref.</u> |              |                    |
|------------------------------|-------------|--------------|--------------------|
| Balance December 31, 2008    | D           |              | \$ 1,880           |
| Increased by:                |             |              |                    |
| Transferred from Sewer Rents | D-6         | <u>515</u>   | <u>515</u>         |
|                              |             |              | 2,395              |
| Decreased by:                |             |              |                    |
| Collections                  |             | <u>2,395</u> | <u>2,395</u>       |
| Balance December 31, 2009    | D           |              | <u><u>\$ -</u></u> |

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

|                           | <u>Ref.</u> |            |                        |
|---------------------------|-------------|------------|------------------------|
| Balance December 31, 2008 | D           |            | \$ 3,466               |
| Increase by:              |             |            |                        |
| Overpayments created      | D-6         |            | 8,799                  |
| Decreased by:             |             |            |                        |
| Overpayments applied      | D-6         | 3,466      |                        |
| Refunded                  | D-5         | <u>630</u> |                        |
|                           |             |            | 4,096                  |
|                           |             |            | <hr/>                  |
| Balance December 31, 2009 | D           |            | <u><u>\$ 8,169</u></u> |

**WATER AND SEWER OPERATING FUND  
SCHEDULE OF 2008 APPROPRIATION RESERVES**

|                          | <u>BALANCE<br/>DEC. 31, 2008</u> | <u>BALANCE<br/>AFTER<br/>TRANSFERS</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> | <u>OVER-<br/>EXPENDED</u> |
|--------------------------|----------------------------------|--|----------------------------|---------------------------|---------------------------|
| Operating:               |                                  |  |                            |                           |                           |
| Other Expenses           | 69,871                           | 69,871                                 | 16,324                     | 53,547                    |                           |
| Capital Improvements     |                                  |  |                            |                           |                           |
| Capital Outlay           | 196,053                          | 196,053                                | 39,053                     | 157,000                   |                           |
| Other Accounts No Change | 19,978                           | 19,978                                 |                            | 19,978                    |                           |
|                          | <u>\$ 285,902</u>                | <u>285,902</u>                         | <u>55,377</u>              | <u>230,525</u>            | <u>-</u>                  |
| Ref.                     | D                                | D                                      | D-5                        | D-1                       | D                         |

SEE ACCOMPANYING AUDITOR'S REPORT

**WATER AND SEWER OPERATING UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS  
AND NOTES - ANALYSIS OF BALANCE -  
DECEMBER 31, 2009**

|   |                  |                         |
|---|------------------|-------------------------|
| Balance December 31, 2008   | <u>Ref.</u><br>D | \$ 17,643               |
| Increased by:   |                  |                         |
| Accrued interest charged to 2009 budget appropriation - Interest on bonds | D-4              | <u>65,708</u>           |
|   |                  | 83,351                  |
| Decreased by:   |                  |                         |
| Disbursements   | D-4              | <u>47,695</u>           |
| Balance December 31, 2009   | D                | <u><u>\$ 35,656</u></u> |

**ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2009**

| <u>Description</u>               | <u>Principal<br/>Outstanding<br/>Dec. 31, 2009</u> | <u>Interest<br/>Rate</u> | <u>From</u> | <u>To</u> | <u># of<br/>Days</u> | <u>Amount</u>        |
|----------------------------------|--|--------------------------|-------------|-----------|----------------------|----------------------|
| Water and Sewer<br>Bonds of 2002 | 400,000  | 3.0% to 3.2%             | 10/01/09    | 12/31/09  | 90                   | \$ 3,087             |
| Water and Sewer<br>Bonds of 2004 | 305,000  | 3.50%                    | 08/01/09    | 12/31/09  | 150                  | 4,448                |
| BAN's                            | 718,000  | 2.25%                    | 07/15/09    | 12/31/09  | 165                  | 7,404                |
| BAN's                            | 1,950,000  | 2.25%                    | 07/15/09    | 12/31/09  | 165                  | 20,109               |
| BAN's                            | 972,400  | 1.50%                    | 12/15/09    | 12/31/09  | 16                   | 608                  |
|                                  |  |                          |             |           |                      | <u><u>35,656</u></u> |

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

| ACCOUNT                     | BALANCE<br>DEC. 31, 2008 | ADDITIONS<br>BY<br>BUDGET<br>CAPITAL<br>OUTLAY | BY<br>ORDINANCE | BALANCE<br>DEC. 31, 2009 |
|-----------------------------|--------------------------|--|-----------------|--------------------------|
| Office Equipment            | \$ 72,997                |  |                 | 72,997                   |
| Other Equipment             | \$ 931,954               |  |                 | 931,954                  |
| Building and Improvements   | \$ 792,974               |  |                 | 792,974                  |
| Water System Improvements   | \$ 2,153,708             | 132,053  |                 | 2,285,761                |
| Sewer System Improvements   | \$ 2,379,307             |  |                 | 2,379,307                |
| Combined Improvements       | \$ 3,497,925             |  |                 | 3,497,925                |
|                             | <u>\$9,828,865</u>       | <u>132,053</u>                                 | <u>-</u>        | <u>9,960,918</u>         |
|                             | Ref.      D              |  |                 | D                        |
| 2009 Appropriations         |                          | \$ 93,000                                      | D-4             |                          |
| 2008 Appropriation Reserves |                          | 39,053   | D-10            |                          |
|                             |                          | <u>\$ 132,053</u>                              |                 |                          |

SEE ACCOMPANYING AUDITOR'S REPORT

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

| Ordinance Number | Improvement Description       | Ordinance |           | Balance Dec. 31, 2008 | 2009 Authorizations               |                                    | Costs to Fixed Capital | Canceled | Balance Dec. 31, 2009 |
|------------------|-------------------------------|-----------|-----------|-----------------------|-----------------------------------|------------------------------------|------------------------|----------|-----------------------|
|                  |                               | Date      | Amount    |                       | Deferred Reserve for Amortization | Deferred Charge to Future Taxation |                        |          |                       |
| 2009-06          | Reconstruction of Sewer Lines | 03/19/09  | 1,000,000 |                       |                                   | 1,000,000                          |                        |          | 1,000,000             |
| 2009-15a         | Reconstruction of Sewer Lines | 06/18/09  | 1,700,000 |                       |                                   | 1,700,000                          |                        |          | 1,700,000             |
| 2009-15b         | Repainting the Water Tower    | 06/18/09  | 290,000   |                       |                                   | 290,000                            |                        |          | 290,000               |
| 2009-15c         | Purchase of Water Meters      | 06/18/09  | 617,400   |                       |                                   | 617,400                            |                        |          | 617,400               |
| 2009-15d         | Purchase of Vehicles          | 06/18/09  | 65,000    |                       |                                   | 65,000                             |                        |          | 65,000                |
| 2009-15e         | Purchase of Vehicles          | 06/18/09  | 70,000    |                       |                                   | 70,000                             |                        |          | 70,000                |
| 2009-15f         | Purchase of Equipment         | 06/18/09  | 180,000   |                       |                                   | 180,000                            |                        |          | 180,000               |
|                  |                               |           |           | \$ -                  | -                                 | 3,922,400                          | -                      | -        | 3,922,400             |
|                  |                               |           |           | E                     | E-19                              | E-21                               | E-12                   |          | E                     |

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

| ORD<br>NUMBER | IMPROVEMENT<br>AUTHORIZATION  | ORDINANCE<br>DATE | AMOUNT       | BALANCE<br>DEC. 31, 2008 |          | 2009 AUTHORIZATIONS<br>DOWN PAYMENT OR CAPITAL<br>DEFERRED CHARGES TO<br>FUTURE TAXATION |            | PAID OR<br>CHARGED | BALANCE<br>DEC. 31, 2009 |           |
|---------------|-------------------------------|-------------------|--------------|--------------------------|----------|--|------------|--------------------|--------------------------|-----------|
|               |                               |                   |              | FUNDED                   | UNFUNDED | IMPROV. FUND   |            |                    | FUNDED                   | UNFUNDED  |
| 2009-06       | Reconstruction of Sewer Lines | 03/19/09          | \$ 1,000,000 |                          |          |  | 1,000,000  | 798,008            |                          | 201,992   |
| 2009-15a      | Reconstruction of Sewer Lines | 06/18/09          | 1,700,000    |                          |          |  | 1,700,000  | 505,035            |                          | 1,194,965 |
| 2009-15b      | Repainting the Water Tower    | 06/18/09          | 290,000      |                          |          |  | 290,000    | 1,800              |                          | 288,200   |
| 2009-15c      | Purchase of Water Meters      | 06/18/09          | 617,400      |                          |          |  | 617,400    | 507,014            |                          | 110,386   |
| 2009-15d      | Purchase of Vehicles          | 06/18/09          | 65,000       |                          |          |  | 65,000     | 44,000             |                          | 21,000    |
| 2009-15e      | Purchase of Vehicles          | 06/18/09          | 70,000       |                          |          |  | 70,000     | 43,238             |                          | 26,762    |
| 2009-15f      | Purchase of Equipment         | 06/18/09          | 180,000      |                          |          |  | 180,000    |                    |                          | 180,000   |
|               |                               |                   |              | -                        | -        | -  | 3,922,400  | 1,899,095          | -                        | 2,023,305 |
|               |                               |                   |              | Ref.                     | D        | D  | D-13; D-19 | D-6                | D                        | D         |

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

| <u>Purpose</u>   | <u>Date of Original Issue</u> | <u>Date of Issue</u> | <u>Amount of Original Issue</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2008</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2009</u> |
|--|-------------------------------|----------------------|---------------------------------|----------------------|------------------------------|------------------|------------------|------------------------------|
| Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2006-14 | 7/24/2008                     | 7/15/2009            | 718,000                         | 2.25%                | 718,000                      |                  |                  | 718,000                      |
| Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2009-15 | 7/15/2009                     | 7/15/2009            | 1,950,000                       | 2.25%                |                              | 1,950,000        |                  | 1,950,000                    |
| Reconstruction and Improvement to the City's Water and Sewer Utility System Ord. 2009-15 | 12/15/2009                    | 12/15/2009           | 972,400                         | 1.50%                |                              | 972,400          |                  | 972,400                      |
|  |                               |                      |                                 |                      | <u>\$ 718,000</u>            | <u>2,922,400</u> | <u>-</u>         | <u>3,640,400</u>             |
|  |                               |                      |                                 |                      | D                            | D-16             |                  | D                            |

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

| PURPOSE                       | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS OUTSTANDING |            | INT. RATE | BALANCE DEC. 31, 2008 | INCREASED | DECREASED  | BALANCE DEC. 31, 2009 |
|-------------------------------|---------------|----------------|---------------------------------|------------|-----------|-----------------------|-----------|------------|-----------------------|
|                               |               |                | DATE                            | AMOUNT     |           |                       |           |            |                       |
| Water and Sewer Bonds of 2002 | 10/01/02      | 925,000        | 10/1/10-11                      | \$ 100,000 | 3.00%     | 500,000               |           | 100,000    | 400,000               |
|                               |               |                | 10/01/12                        | 100,000    | 3.10%     |                       |           |            |                       |
|                               |               |                | 10/01/13                        | 100,000    | 3.20%     |                       |           |            |                       |
| Water and Sewer Bonds of 2004 | 08/01/04      | 550,000        | 08/01/10                        | 55,000     | 3.50%     | 360,000               |           | 55,000     | 305,000               |
|                               |               |                | 08/01/11                        | 60,000     | 3.50%     |                       |           |            |                       |
|                               |               |                | 08/01/12                        | 60,000     | 3.50%     |                       |           |            |                       |
|                               |               |                | 08/01/13                        | 65,000     | 3.50%     |                       |           |            |                       |
|                               |               |                | 08/01/14                        | 65,000     | 3.50%     |                       |           |            |                       |
|                               |               |                |                                 |            |           | \$ 860,000            | \$ -      | \$ 155,000 | \$ 705,000            |
| Ref.                          |               |                |                                 |            |           | D                     | D-4       | D          |                       |

SEE ACCOMPANYING AUDITOR'S REPORT

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

|                                       | Ref. |                |                     |
|---------------------------------------|------|----------------|---------------------|
| Balance December 31, 2008             | D    |                | \$ 8,249,546        |
| Increased by:                         |      |                |                     |
| Capital Outlay:                       |      |                |                     |
| Funded by Budget Appropriation        |      |                |                     |
| 2009 Appropriations                   | D-12 | \$ 93,000      |                     |
| 2008 Appropriations                   | D-12 | \$ 39,053      |                     |
| Serial Bonds Paid by Operating Budget | D-4  | <u>155,000</u> |                     |
|                                       |      |                | <u>287,053</u>      |
| Balance December 31, 2009             | D    |                | <u>\$ 8,536,599</u> |

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

| ORD.<br>NUMBER | IMPROVEMENT DESCRIPTION   | BALANCE<br>DEC. 31, 2008 | 2009<br>AUTHORIZATIONS | BAN's<br>Issued  | BALANCE<br>DEC. 31, 2009 |
|----------------|---|--------------------------|------------------------|------------------|--------------------------|
| 2002-04        | Various Improvements -<br>(a) Improvements to Water Tower and Pump House        | 1,250                    |                        |                  | 1,250                    |
| 2006-14        | Reconstruction and Improvements to the City's<br>Water and Sewer Utility System | 69                       |                        |                  | 69                       |
| 2009-06        | Reconstruction of Sewer Lines   |                          | 1,000,000              |                  | 1,000,000                |
| 2009-15a       | Reconstruction of Sewer Lines   |                          | 1,700,000              | 1,700,000        | -                        |
| 2009-15b       | Repainting the Water Tower  |                          | 290,000                | 290,000          | -                        |
| 2009-15c       | Purchase of Water Meters  |                          | 617,400                | 617,400          | -                        |
| 2009-15d       | Purchase of Vehicles  |                          | 65,000                 | 65,000           | -                        |
| 2009-15e       | Purchase of Vehicles  |                          | 70,000                 | 70,000           | -                        |
| 2009-15f       | Purchase of Equipment   |                          | 180,000                | 180,000          | -                        |
|                |   | <u>1,319</u>             | <u>3,922,400</u>       | <u>2,922,400</u> | <u>1,001,319</u>         |
|                |   | D                        |                        | D-15             | D                        |

SEE ACCOMPANYING AUDITOR'S REPORT

**CITY OF VENTNOR CITY**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2009**

## **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 \$21,000 except by contract or agreement."

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$21,000 within the fiscal year. 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 \$21,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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

- Lumber for Boardwalk
- Sewer System Replacements
- Repair of Pump Station
- Uniforms
- Vending Machines
- Janitorial Services
- Underwater Inspection and Video of Sewer System
- Water Meters and Batteries
- Ambulance
- Fire Pumper
- Vehicles

### **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 \$3,150 or more."

Our examination of expenditures did reveal purchases made in excess of \$3,150 without obtaining quotes as required by statute.

## **Collection of Interest on Delinquent Taxes and Assessments**

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

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

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

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

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

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

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 4, 2009 and was complete, except for several bankruptcies from prior years not sold.

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<br/>Liens</u> |
|-------------|----------------------------|
| 2009        | 0                          |
| 2008        | 1                          |
| 2007        | 1                          |

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<br/>Mailed</u> |
|--|--------------------------|
| Payment of 2010 and 2009 Taxes         | 10                       |
| Payment of 2010 and 2009 Utility Bills | 10                       |
| Delinquent Taxes                       | 4                        |
| Delinquent Utility                     | 1                        |
| Municipal Court                        | 10                       |

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<br/>Collections</u> | <u>Percentage of<br/>Collections</u> |
| 2009        | 44,743,535      | 42,690,239                  | 95.41%                               |
| 2008        | 43,417,628      | 41,792,809                  | 96.26%                               |
| 2007        | 42,620,119      | 41,179,558                  | 96.62%                               |
| 2006        | 39,352,566      | 36,960,815                  | 93.92%                               |
| 2005        | 35,690,068      | 34,815,393                  | 97.55%                               |

**Comparative Schedule of Tax Rate Information**

|                            | <u>2009</u>   | <u>2008</u>   | <u>2007</u>   | <u>2006</u>   | <u>2005</u>   |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Tax Rate                   | 1.669         | 1.616         | 1.590         | 1.421         | 2.766         |
| Apportionment of Tax Rate: |               |               |               |               |               |
| Municipal                  | 0.665         | 0.664         | 0.669         | 0.549         | 1.061         |
| County                     | 0.333         | 0.310         | 0.280         | 0.284         | 0.562         |
| School                     | 0.671         | 0.642         | 0.641         | 0.588         | 1.143         |
| Assessed Valuation         | 2,671,641,219 | 2,674,012,188 | 2,674,012,188 | 2,763,338,278 | 1,289,108,275 |
|                            |               |               |               | Revaluation   |               |

**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.

| Amount of<br>Delinquent<br><u>Taxes</u> | Total<br><u>Delinquent</u> | Percentage<br>of Tax<br><u>Levy</u> |
|---|----------------------------|-------------------------------------|
| 1,595,054                               | 1,595,054                  | 3.67%                               |
| 1,257,151                               | 1,283,116                  | 2.96%                               |
| 1,232,434                               | 1,252,881                  | 2.94%                               |
| 894,699                                 | 909,115                    | 2.31%                               |
| 863,547                                 | 875,985                    | 2.45%                               |

**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**

### **09-5. Criteria**

New construction that is completed and issued a certificate of occupancy must be added to the tax roles as soon as possible.

#### **Condition**

Of the five properties selected for testing, two of the issued certificates of occupancy were properly added to the tax roles.

#### **Cause**

There is a lack of coordination between the construction office and the tax assessor office.

#### **Effect**

The City is losing tax and utility revenue because not all properties are included in the added and omitted taxes.

#### **Recommendation**

That all certificates of occupancy that are issued be brought to the attention of the assessor's office.

#### **Management Response**

All newly issued COs will be forwarded to the assessor's office as soon as possible.

### **09-6. Criteria**

Fees for use of the tennis courts must be charged in accordance with the approved ordinance and controls over revenues must be in place to ensure all funds are being properly remitted to the City.

#### **Condition**

Fees are not being charged in accordance with the approved ordinances by the employees running the tennis courts.

#### **Cause**

Personnel are ignoring fees that have been approved by the governing body for use of the tennis courts.

#### **Effect**

It was unable to be determined if the City had received all of the revenue that should have been charged.

#### **Recommendation**

All fees should be charged in accordance with the approved ordinances. If the approved fees are not appropriate, a new ordinance should be approved by the governing body.

#### **Management Response**

Fees will be charged in accordance with the approved ordinances.

### **09-7. Criteria**

Public Contract law requires that quotes be obtained on materials or services where the cost will exceed \$3,150 and bids be obtained on materials or services where the cost will exceed \$21,000.

**Condition**

Quotes and bids were not obtained on all purchases that exceeded the state limit.

**Cause**

There is no centralized purchasing department or internal control over purchasing procedures.

**Effect**

The City might have overpaid for purchases.

**Recommendation**

That internal controls be established over purchasing which incorporate all the requirements of Public Contract laws.

**Management Response**

Three quotes will be requested when required and bids will be obtained when required.

**09-8. Criteria**

All interfund accounts should be liquidated by year end.

**Condition**

Current year transfers and prior balances were not all liquidated.

**Cause**

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

**Effect**

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

**Recommendation**

That all interfunfs be liquidated at year end.

**Management Response**

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

**09-9. Criteria**

A time payment listing must be available from the municipal court for testing to ensure compliance with state laws and regulations.

**Condition**

The time payment report was too voluminous to print, and court personnel were reluctant to provide individual defendant information for testing.

**Cause**

Court personnel were unfamiliar with the audit requirements to test the procedures in the municipal court.

**Effect**

It was unable to be determined if the court personnel were properly issuing warrants and suspensions.

**Recommendation**

That the information in the time payment report, including defendants with warrants or suspensions, be available for audit.

**Management Response**

The required information will be made available for audit.

**09-10. Criteria**

All receipts and disbursements for the bail account are to be recorded in the ATS/ACS system to ensure all information is properly posted.

**Condition**

All receipts and disbursements are not properly recorded in the ATS/ACS system, resulting in many manual adjustments each month to the bail account bank reconciliation.

**Cause**

There are no control procedures in place to ensure that all activity is properly recorded in the Court.

**Effect**

The ATS/ACS system does not have accurate information at any given time to ensure that all users are aware of the status of individual cases.

**Recommendation**

All bail receipts and disbursements should be recorded in the ATS/ACS system as soon as possible to ensure all information is accurately maintained.

**Management Response**

All bail information will be recorded in a timely manner.

**09-11. Criteria**

The governing body is required to approve a corrective action plan prepared by the CFO to address all audit findings and recommendations within 45 days of accepting the audit.

**Condition**

A corrective action plan was prepared for the 2008 audit findings, however it was not approved within the 45 day requirement.

**Cause**

The prior year findings included most departments within City Hall, and not all personnel are aware of the State time frame.

**Effect**

The City was not in compliance with state statutes.

**Recommendation**

The CFO should prepare a corrective action plan to be approved by the governing body which addresses all of the audit findings and recommendations within the required 45 days.

**Management Response**

A corrective action plan will be prepared and approved within the required 45 days.

**09-12. Criteria**

Funds must be encumbered prior to goods and services being ordered.

**Condition**

Purchase orders are created after the goods and services have been ordered and an invoice has been received.

**Cause**

Internal controls over expenditures were not in place to ensure that all funds were properly encumbered.

**Effect**

The City could potentially overexpend the budget if funds are committed without being properly encumbered.

**Recommendation**

All purchases must be approved and the funds encumbered prior to the goods or services being ordered.

**Management Response**

Purchasing procedures will be approved by the Governing Body and all personnel will be made aware of the requirements.

**09-13. Criteria**

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

**Condition**

The City is self insured for health benefits, and retirees are covered as long as the premiums are paid. Therefore, the City is liable for the health care costs, and no actuarial report was obtained.

**Cause**

City personnel were unaware of the requirement that an actuarial determination was necessary.

**Effect**

The City is unaware of the liability to be recorded for post retirement benefits.

**Recommendation**

An actuarial report should be obtained to ensure the proper liabilities are known and can be anticipated.

**Management Response**

An actuary will be contracted to determine the City's liabilities related to post retirement benefits.

## **STATUS OF PRIOR RECOMMENDATIONS**

### Finding 08-1

The CFO certify the availability of funds prior to expenditures being made.

This finding was not cleared in 2009.

The CFO will carefully monitor expenditures.

### Finding 08-2

A monthly reconciliation of the payroll agency account should be performed and all remaining balances be identified.

This finding was cleared in 2009.

### Finding 08-3

Construction and permit fees should be charged in accordance with the approved ordinance.

This finding was cleared in 2009.

### Finding 08-4

That all certificates of occupancy that are issued be brought to the attention of the tax assessor's office.

This finding was not cleared in 2009.

The assessor's office will be notified of all certificates of occupancy issued.

### Finding 08-5

The permit fee log should be reconciled to the computer system at a minimum of once per quarter.

This finding was cleared in 2009.

### Finding 08-6

All fees should be charged in accordance with the approved ordinances and supporting documentation should be maintained to support the amounts turned over to the finance office.

This finding was partially cleared in 2009.

### Finding 08-7

The CFO should review all trust reserve balances and analyze them to ensure the correct balances are recorded.

This finding was cleared in 2009.

Finding 08-8

The grants should be reviewed to ensure that the funds are available for use and all grants should be properly recorded and tracked in the general ledger.

This finding was cleared in 2009.

Finding 08-9

That all general ledger activity be recorded for all funds as transactions occur.

This finding was cleared in 2009.

Finding 08-10

The CFO should reconcile all bank accounts on a monthly basis and ensure the balances available are in agreement with the general ledger. Any adjustments should be properly recorded with supporting documentation.

This finding was cleared in 2009.

Finding 08-11

City personnel should receive additional training in financial statement preparation, including all related disclosures.

This finding was cleared in 2009.

Finding 08-12

Procedures should be documented for all transactions performed by City personnel, including payroll, cash receipts and disbursements.

This finding was not cleared in 2009.

Written procedures will be documented for all types of transactions.

Finding 08-13

The City should create and maintain a fixed asset ledger and ensure it updated annually for all purchases and sales.

This finding was not cleared in 2009.

A fixed asset ledger will be created and properly maintained.

Finding 08-14

A reconciliation be performed for all cash that is transferred into and expended from the disbursement account.

This finding was partially cleared in 2009.

Finding 08-15

That internal controls be established over purchasing which incorporate all the requirements of public contracts law.

This finding was not cleared in 2009.

New procedures will be approved and all personnel involved in purchasing will be made aware of the State requirements.

Finding 08-16

All interfunds should be liquidated by year end.

This finding was not cleared in 2009.

Every effort will be made to clear the interfunds prior year end.

Finding 08-17

All the information in the court time payment report, including defendants with warrants or suspension be available for audit.

This finding was not cleared in 2009.

The total pages of the report will be printed and available for examination.

Finding 08-18

The petty cash accounts should be returned to the Current Fund and any expenditures should be properly charged to the appropriate budget account.

This finding was partially cleared in 2009.

Finding 08-19

The petty cash funds should be brought into agreement with the state approved amounts.

This finding was cleared in 2009.

Finding 08-20

The City should follow all pay-to-play requirements for all applicable contracts.

This finding was cleared in 2009.

Finding 08-21

The CFO should prepare a corrective action plan to be approved by the governing body which addresses all of the audit findings and recommendations within 45 days of acceptance of the audit.

This finding was not cleared in 2009.

A corrective action plan will be prepared and approved within 45 days of acceptance of the audit.

## RECOMMENDATIONS

1. That the CFO certify the availability of funds prior to expenditures being made.
2. All payments for unemployment should be properly transferred from the Current Fund into the Unemployment Trust Fund and properly charged to the budget line item.
3. Procedures be documented for all transactions performed by City personnel, including payroll, cash receipts and disbursements.
4. That the City create and maintain a fixed asset ledger and ensure it is updated annually for all purchases and sales.
5. That all certificates of occupancy that are issued be brought to the attention of the tax assessor's office.
6. All fees should be charged in accordance with the approved ordinances. If the approved fees are not appropriate, a new ordinance should be approved by the governing body.
7. A reconciliation be performed for all cash that is transferred into and expended from the disbursement account.
8. That internal controls be established over purchasing which incorporate all the requirements of public contracts law.
9. That all interfunds be liquidated by year end.
10. That the information in the time payment report, including defendants with warrants or suspensions be available for audit.
11. All bail receipts and disbursements should be recorded in the ATS/ACS system as soon as possible to ensure all information is accurately maintained.
12. The CFO should prepare a corrective action plan to be approved by the governing body which addresses all of the audit findings and recommendations.
13. An actuarial report should be obtained to ensure the proper liabilities are known for post retirement benefits and can be properly anticipated.

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,

*Kenneth W. Moore*

Kenneth W. Moore  
Registered Municipal Accountant  
No. 231

*Alliance of Governmental Auditors, LLC*

Alliance of Governmental Auditors, LLC

May 28, 2010