

CITY OF VENTNOR CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

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, 2010

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
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, 2010 and 2009, 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, 2010. 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, 2010 and 2009 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, 2010 and 2009 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, 2010 and 2009 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 31, 2011 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

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants
May 31, 2011

EXHIBIT A - CURRENT FUND

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 3,248,025	2,947,345
Change Fund	A-5	530	530
		<u>3,248,555</u>	<u>2,947,875</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	A-6	1,850,518	1,595,054
Tax Title Liens Receivable	A-7	-	-
Property Acquired / Assessed Valuation		267,200	267,200
Revenue Accounts Receivable	A-8	15,300	15,801
Due from Trust Assessment Fund	B	30,776	30,776
Due from Trust - Other Funds	B	85,819	-
Due from General Capital Fund	C	103,639	72,725
Due from Water and Sewer Utility Operating	D	612,238	279,745
Due from Animal Control Fund	B	4,471	2,544
	A	<u>2,969,961</u>	<u>2,263,845</u>
Deferred Charges			
Overexpenditure of Appropriations		-	142,804
Expenditures without Appropriation		-	25,648
Emergency Authorization 40A:4-47		-	700,000
		<u>-</u>	<u>868,452</u>
		<u>6,218,516</u>	<u>6,080,172</u>
Federal and State Grant Fund:			
Due from Current	A-4	170,790	88,534
Federal and State Grants Receivable	A-11	176,200	287,747
		<u>346,990</u>	<u>376,281</u>
		<u>\$ 6,565,506</u>	<u>6,456,453</u>

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 280,742	401,441
Encumbrances Payable	A-3	263,298	402,119
Prepaid Taxes		616,226	530,999
Tax Overpayments		73,303	76,785
Due County for Added and Omitted Taxes		10,818	6,656
Due to State of New Jersey:			
Marriage License and Domestic Partner Fees		350	350
State Training Fees		2,182	2,459
Veterans' and Senior Citizens' Deductions		7,143	10,744
Reserve for Judgements		100,000	-
Due to Federal and State Grant Fund	A	170,790	88,534
Due to Water and Sewer Utility Capital Fund	D	59,360	59,360
Due to Other Trust Funds	B	-	8,984
		<u>1,584,212</u>	<u>1,588,431</u>
Reserves for Receivables	A	2,969,961	2,263,845
Fund Balance	A-1	<u>1,664,343</u>	<u>2,227,896</u>
		<u>6,218,516</u>	<u>6,080,172</u>
Federal and State Grant Fund:			
Reserve for Encumbrances		86,339	18,557
Reserve for State Grants:			
Unappropriated Reserves	A-13	6,231	22,325
Appropriated Reserves	A-12	<u>254,420</u>	<u>335,399</u>
		<u>346,990</u>	<u>376,281</u>
		<u>\$ 6,565,506</u>	<u>6,456,453</u>

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,300,000	1,850,000
Miscellaneous Revenues Anticipated	A-2	3,775,934	3,603,763
Receipts from Delinquent Taxes	A-2	1,581,133	1,272,861
Receipts from Current Taxes	A-2	43,414,147	42,690,239
Nonbudget Revenues	A-2	156,999	443,814
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-9	448,511	1,000,010
Canceled Checks		-	1,365
Interfunds Returned		-	15,362
		<u>50,676,724</u>	<u>50,877,414</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	10,737,676	11,097,584
Other Expenses	A-3	6,100,877	6,943,275
Deferred Charges and			
Statutory Expenditures	A-3	2,752,445	2,542,707
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	155,101	36,070
Other Expenses	A-3	157,522	544,021
Capital Improvements	A-3	340,000	150,000
Debt Service	A-3	1,628,396	1,775,090
Deferred Charges	A-3	555,474	250
Type I School Debt Service	A-3	1,407,879	1,630,451

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

	Ref.	2010	2009
County Taxes Payable		8,821,886	8,868,685
County Share of Added and Omitted Taxes		10,818	6,656
Local District School Tax	A-10	16,914,449	16,221,051
Interfunds Created		357,754	352,470
Cancel Grants Receivable	A-11	-	-
		49,940,277	50,168,310
Excess in Revenues		736,447	709,104
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		-	842,804
Statutory Excess to Fund Balance		736,447	1,551,908
Fund Balance January 1	A	2,227,896	2,525,988
Total		2,964,343	4,077,896
Decreased by:			
Utilization as Anticipated Revenue	A-2	1,300,000	1,850,000
Fund Balance December 31	A	\$ 1,664,343	2,227,896

**CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,300,000	-	1,300,000	-
		1,300,000	-	1,300,000	-
Miscellaneous Revenues:					
Licenses-Alcoholic Beverages	A-8	3,200		3,240	40
Licenses-Other	A-8	80,000		82,450	2,450
Fees and Permits	A-8	200,000		157,474	(42,526)
Municipal Court	A-8	280,000		233,100	(46,900)
Interest and Costs on Taxes	A-8	300,000		327,123	27,123
Parking Meters	A-8	40,000		41,400	1,400
Interest on Investments	A-8	75,000		51,112	(23,888)
Beach Control Fees	A-8	210,000		200,279	(9,721)
Land Rental	A-8	85,000		87,501	2,501
Viking Rowing Foundation, Inc. Lease Agreement	A-8	31,000		31,092	92
Payment in Lieu of Taxes	A-8	144,000		72,000	(72,000)
Cable Television Franchise Fees	A-8	55,000		55,376	376
City Lease Fees	A-8	38,000		39,686	1,686
Ambulance Service Fees	A-8	350,000		340,720	(9,280)
Recreation Fees	A-8	130,000		69,169	(60,831)
Consolidated Municipal Property Tax Relief Aid	A-8	32,701		32,402	(299)
Energy Receipts Tax	A-8	575,411		565,645	(9,766)
Uniform Construction Code Fees	A-8	100,000		162,015	62,015
Borough of Longport-Uniform Construction Code Office	A-8	37,500		37,500	-
		56,364		118,434	62,070
Anticipated Utility Fund Surplus		705,000		705,000	-

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

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Additional Revenues Offset With Appropriations:					
Body Armor	A-11	1,477	3,496	4,973	-
Recycling Tonnage Grant	A-11	4,467	8,819	13,286	-
Clean Communities	A-11	33,533		33,533	-
Alliance for Prevention of Alcohol and Drug Abuse	A-11		13,470	13,470	-
Alcohol Education, Rehabilitation and Enforcement	A-11	1,369	1,232	2,601	-
Federal Bulletproof Vest Partnership	A-11		3,150	3,150	-
Special DWI	A-11		2,915	2,915	-
Safe and Secure Program	A-11	60,000		60,000	-
FEMA	A-11		5,000	5,000	-
State Cooperative Housing	A-11		3,900	3,900	-
Highway Project Over The Limit	A-11		4,400	4,400	-
Click It Ticket	A-11	4,000		4,000	-
Druck Driving Enforcement	A-11	10,740		21,988	-
New Jersey Transportation Trust Fund 2010	A-11	190,000	11,248	190,000	-
Total Miscellaneous	A-2	3,833,762	57,630	3,775,934	(115,458)
Receipts from Delinquent Taxes	A-2	1,088,320		1,581,133	492,813
Subtotal General Revenues		6,222,082	57,630	6,657,067	377,355
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes Addition to Local District School Tax	A-2	18,330,278		18,152,309	(177,969)
		1,619,175		1,619,175	-
Budget Totals	A-1:A-2	26,171,535	57,630	24,809,376	199,386
Nonbudget Revenues				156,999	156,999
		\$ 26,171,535	57,630	24,966,375	356,385
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	\$	43,414,147
Allocated to:			
School and County Taxes			<u>25,747,153</u>
Balance for Support of Municipal Budget Revenues			17,666,994
Add:			
Appropriation: "Reserve for Uncollected Taxes"	A-3		<u>2,104,490</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>19,771,484</u></u>
 <u>Receipts from Delinquent Taxes:</u>			
Delinquent Tax Collections	A-6		1,581,133
Tax Title Lien Collections	A-7		<u>-</u>
	A-2	\$	<u><u>1,581,133</u></u>

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

	<u>Ref.</u>	
<u>Analysis of Realized Revenue: (Continued)</u>		
 <u>Miscellaneous Revenue Not Anticipated:</u>		
Fire Enforcement Permits	\$	9,598
Insurance Reimbursements		25,567
Mercantile Registrations		1,820
Auction		1,040
Sale of Property		70,000
Miscellaneous		28,844
Police Details		4,482
Rental Registrations		5,300
POAA		2,292
Temporary Disability Reimbursements		8,056

A-2:A-8	\$	156,999

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED			
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT:							
Mayor's Office							
Salaries and Wages	58,776	58,776	58,699	77			
Other Expenses	9,096	9,096	7,914	1,182			
Police							
Salaries and Wages	3,318,800	3,446,905	3,421,075	25,830			
Other Expenses	100,481	102,981	102,940	41			
Fire							
Salaries and Wages	3,858,112	4,012,117	3,974,449	37,668			
Other Expenses	86,464	86,464	86,451	13			
Uniform Fire Safety Act							
Salaries and Wages	5,926	5,927	5,907	20			
Other Expenses							
Radio and Communications							
Salaries and Wages	442,630	423,630	413,910	9,720			
Other Expenses	24,856	25,259	25,258	1			
City Administrator							
Salaries and Wages							
Office of Emergency Management							
Salaries and Wages	82,740	82,740	82,477	263			
Other Expenses	10,388	7,988	7,726	262			
Dog Control							
Other Expenses	8,400	8,400	8,400				
Electrical Division							
Salaries and Wages	117,201	117,201	115,422	1,779			
Other Expenses	19,641	19,641	15,319	4,322			

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED			
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT:							
Zoning Commission							
Salaries and Wages	3,000	3,000	3,000				
Other Expenses	15,521	16,038	16,038				
Beach Patrol							
Salaries and Wages	401,757	398,857	398,854	3			
Other Expenses	18,624	18,624	17,747	877			
Beach Control							
Salaries and Wages	20,000	15,900	15,859	41			
Other Expenses	5,000	5,000	4,352	648			
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY:							
Director's Office							
Salaries and Wages	10,000	10,000	10,000				
Other Expenses	45	45	45				
Streets and Roads							
Salaries and Wages	397,441	387,441	365,602	21,839			
Other Expenses	51,695	51,695	45,489	6,206			
Motor Vehicle Maintenance							
Salaries and Wages	243,236	243,236	242,199	1,037			
Other Expenses	47,860	47,860	45,784	2,076			
Buildings and Grounds							
Salaries and Wages	165,921	168,821	168,659	162			
Other Expenses	157,900	134,300	115,786	18,514			
Beach and Boardwalk	50,491	3,494	3,171	323			
Recreation							
Salaries and Wages	160,581	183,181	182,587	594			
Other Expenses	171,950	127,144	71,425	19,184			36,535

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	OVER EXPENDED	
OPERATIONS WITHIN "CAPS"						
City Engineer						
Salaries and Wages	6,559	6,561	6,559	2		
Other Expenses	30,000	30,048	28,650	1,398		
Solid Waste/Recycling						
Salaries and Wages	36,900	43,900	43,802	98		
Other Expenses	1,058,100	1,058,100	1,046,524	11,576		
DEPARTMENT OF REVENUE AND FINANCE:						
Director's Office						
Salaries and Wages	10,000	10,000	10,000			
Other Expenses	45	45	45			
Legal Services and Costs						
Salaries and Wages		-				
Other Expenses	207,500	255,250	237,837	17,413		
City Clerk						
Salaries and Wages	177,033	177,033	177,032	1		
Other Expenses	44,814	29,814	29,544	270		
Revision and Codification of Ordinances	8,800	7,300	7,300			
Elections						
Other Expenses	8,400	8,400	6,222	2,178		
Audit						
Other Expenses	50,000	60,000	60,000			
Planning Board						
Salaries and Wages	2,500	2,100	2,000	100		
Other Expenses	8,100	8,100	7,697	403		
Financial Administration						
Salaries and Wages	245,801	242,401	242,176	225		
Other Expenses	54,845	38,032	37,240	792		
Assessment of Taxes						
Salaries and Wages	76,000	76,000	71,835	4,165		
Other Expenses	14,433	14,433	14,286	147		

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED			
<u>OPERATIONS WITHIN "CAPS"</u>							
Collection of Taxes							
Salaries and Wages	76,839	76,839	76,839				
Other Expenses	13,555	13,555	13,459	96			
Information Technology							
Salaries and Wages	43,260	43,260	43,260				
Other Expenses	35,700	35,700	35,697	3			
Municipal Court							
Salaries and Wages	183,927	167,927	167,528	399			
Other Expenses	7,674	7,674	6,380	1,294			
Municipal Prosecutor							
Salaries and Wages	31,000	31,000	31,000				
Public Defender							
Other Expenses	9,000	9,000	9,000				
Insurance							
General Liability	128,000	59,000	52,899	6,101			
Workers Compensation	825,404	746,404	745,729	675			
Employee Group Health	2,189,453	2,189,453	2,173,343	16,110			
Inspection of Buildings							
Salaries and Wages	237,911	237,946	237,614	332			
Other Expenses	3,637	1,637	1,205	432			
Inspection of Housing							
Salaries and Wages	61,812	61,812	60,327	1,485			
Other Expenses	4,115	2,115	1,871	244			
Electrical and Plumbing Inspections							
Salaries and Wages	9,092	9,092	9,091	1			
Other Expenses		-					
Utilities							
Gasoline	90,000	122,396	114,638	7,758			
Electricity	560,000	575,000	572,955	2,045			
Telephone	57,000	81,000	75,724	5,276			
Natural Gas	115,000	115,000	114,279	721			
Terminal Leave	66,543	-		-			
Total Operations Within "CAPS"	16,853,285	16,875,088	16,604,131	234,422	-	36,535	

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED			
<u>OPERATIONS WITHIN "CAPS"</u>							
Contingent							
Total Operations Incl. Contingent Within "CAPS"	16,853,285	16,875,088	16,604,131	234,422	-	-	36,535
Detail:							
Salaries and Wages	10,545,372	10,737,676	10,631,855	105,821	-	-	-
Other Expenses	6,307,913	6,137,412	5,972,276	128,601	-	-	36,535
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>							
Deferred Charges							
Emergency Appropriation	144,526	144,526	144,526				
Overexpenditure of Appropriations	142,804	142,804	142,804				
Expenditure without an Appropriation	25,648	25,648	25,648				
Deficit in Unemployment Trust	29,501	29,501	29,501				
Statutory Expenditures:							
Contribution to:							
Social Security System (O.A.S.I.)	300,000	238,400	212,927	25,473			
Consolidated Police and Firemen's Pension	7,134	7,134	7,134				
Unemployment	120,000	120,000	120,000				
Medicare Insurance	140,000	132,000	127,260	4,740			
Police and Fire Retirement System	1,586,720	1,586,816	1,586,816				
Public Employees Retirement System	325,016	325,016	325,016				
Defined Contribution Retirement Plan	8,000	600	600				
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	2,829,349	2,752,445	2,722,232	30,213	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	19,682,634	19,627,533	19,326,363	264,635	-	-	36,535

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED			
OPERATIONS EXCLUDED FROM "CAPS":							
Borough of Longport-Uniform Construction Code Office							
Salaries and Wages	32,500	32,500	28,672	3,828			
Other Expenses	5,000	5,000	2,721	2,279			
Public Employees' Retirement System	31,907	31,907	31,907				
Municipal Alliance:							
State Share		13,470	13,470				
City Share		-					
Alcohol Education and Rehabilitation Fund	1,369	2,601	2,601				
Body Armor Grant	1,477	4,973	4,973				
Recycling Tonnage Grant	4,467	13,286	13,286				
Emergency Management Assistance		5,000	5,000				
State Highway Project Over Limit		4,400	4,400				
Federal Bulletproof Vest Partnership		3,150	3,150				
Safe and Secure Communities Program							
State Share	60,000	60,000	60,000				
Local Share	60,000	60,000	60,000				
DWI Checkpoint		2,915	2,915				
State Housing Inspection Program		3,900	3,900				
Clean Communities Program	33,533	33,533	33,533				
Match for Funds	10,000	10,000	-	10,000			
Drunk Driving Enforcement	10,740	21,988	21,988				
Click-It-or-Ticket	4,000	4,000	4,000				
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	254,993	312,623	296,516	16,107			
Detail:							
Salaries and Wages	153,869	155,101	151,273	3,828			
Other Expenses	101,124	157,522	145,243	12,279			

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	OVER EXPENDED	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	150,000	150,000	150,000			
NJ DOT Transportation Trust Fund	190,000	190,000	190,000			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	340,000	340,000	340,000	-	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	1,055,000	1,055,000	1,055,000			
Interest on Bonds	217,551	217,552	217,551			1
Interest on Notes	169,674	224,774	224,753			21
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	31,092	31,092	31,092			
Loan Repayments for Principal and Interest Judgements	41,452	41,452	41,452			41,452
	100,000	100,000	100,000			-
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,614,769	1,669,870	1,628,396	-	-	41,474
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,209,762	2,322,493	2,264,912	16,107	-	41,474

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED			
<u>DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"</u>							
Emergency Authorizations	555,474	555,474	555,474				
Type I District School Debt Service							9,972
Payment of Bond Principal	1,020,000	1,020,000	1,010,028				201,324
Interest on Bonds	599,175	599,175	397,851				
Deferred Charge Unfunded Ord 2007-07		-					
TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"	2,174,649	2,174,649	1,963,353				211,296
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	24,067,045	24,124,675	23,554,628	280,742			289,305
	2,104,490	2,104,490	2,104,490				
TOTAL GENERAL APPROPRIATIONS	\$ 26,171,535	26,229,165	25,659,118	280,742			289,305
				A			A

See Accompanying Notes to Financial Statements

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

	<u>BUDGET</u>	<u>APPROPRIATIONS BUDGET AFTER MODIFICATION</u>	<u>EXPENDITURES PAID OR CHARGED</u>	<u>RESERVED</u>	<u>OVER EXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
Budget		Ref.				
N.J.S.A. 40A:4-87		26,171,535				
Emergency Appropriation		A-2 57,630				
		A-2 -				
		<u>26,229,165</u>				
			<u>PAID OR CHARGED</u>			
Deferred Charges		Ref.	\$ 897,953			
Encumbrances Payable			263,298			
Reserve for Judgements			100,000			
Federal and State Grants		A-12	423,216			
Reserve for Uncollected Taxes		A-3	2,104,490			
Disbursed		A-4	21,870,161			
			<u>\$ 25,659,118</u>			

See Accompanying Notes to Financial Statements

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EXHIBIT B - TRUST FUNDS

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

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Assessment Fund:			
Assessment Receivable	B-2	\$ -	329
Due from Trust - Other Fund	B	47,493	47,165
		<u>47,493</u>	<u>47,494</u>
Dog License Fund:			
Cash	B-1	10,074	7,949
Prepaid State Fees	B-5	22	-
		<u>10,096</u>	<u>7,949</u>
Other Funds:			
Cash - Treasurer	B-1	1,023,023	727,558
Cash Held in Trust	B-2	219,725	219,725
Due from Current Fund	B-8	-	8,984
		<u>1,242,748</u>	<u>956,267</u>
		<u>1,252,844</u>	<u>964,216</u>
<u>Liabilities, Reserves, and Fund Balance</u>			
Assessment Fund:			
Due to Current Fund	A	30,776	30,776
Reserve for Receivables	Res.	-	329
Fund Balance		16,717	16,389
		<u>47,493</u>	<u>47,494</u>
Dog License Fund:			
Due to Current Fund	B-4	4,471	2,544
Prepaid Dog License Fees	B-1	192	120
Due to State of New Jersey	B-5	-	29
Reserve for Dog Fund	B-3	5,433	5,256
		<u>10,096</u>	<u>7,949</u>
Other Funds:			
Due to Trust Assessment Fund	B	47,493	47,165
Due to Water and Sewer Utility Operating Fund	D	1,548	1,548
Due to the State of New Jersey Unemployment		-	18,680
Payroll Deductions Payable	B-7	124,378	91,943
Due to Current Fund	B-8	85,820	-
Miscellaneous Reserves	B-9	983,509	796,931
		<u>1,242,748</u>	<u>956,267</u>
Total		<u>\$ 1,252,844</u>	<u>964,216</u>

See Accompanying Notes to Financial Statements

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EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Cash		\$ 4,610,245	5,950,196
Receivable State of NJ - Green Acres Grant		285,000	285,000
Deferred Charges to Future Taxation:			
Funded	C-4	27,128,532	18,090,636
Unfunded	C-5	530,401	11,868,100
		<u>32,554,178</u>	<u>36,193,932</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Contracts Payable	C-6	1,220,040	1,671,907
Due to:			
Current Fund		103,639	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	3,627,460	183,806
Unfunded	C-7	-	7,385,251
Bond Anticipation Notes	C-8	-	8,315,100
General Serial Bonds Payable	C-9	13,675,000	6,415,000
School Serial Bonds - Type 1 Payable	C-10	13,173,000	11,370,000
Green Trust Loan Payable	C-11	280,532	305,636
Capital Improvement Fund	C-12	178,987	178,987
Reserve for Payment of Bonds		3,814	3,814
Fund Balance	C-1	81,931	81,931
		<u>\$ 32,554,178</u>	<u>36,193,932</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2010 and 2009 of \$530,401 and \$3,553,000 respectively (C-13)

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2009	C	\$	81,931
No Activity			-
			<hr/>
Balance December 31, 2010	C	\$	<u><u>81,931</u></u>

See Accompanying Notes to Financial Statements

EXHIBIT D - WATER AND SEWER UTILITY

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

	Ref.	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	D-5	\$ 834,451	326,000
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
Due from General Capital Fund	C	<u>171,775</u>	<u>171,775</u>
		<u>1,007,874</u>	<u>543,134</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	586,065	358,727
Water and Sewer Utility Liens Receivable	D-8	-	-
		<u>586,065</u>	<u>358,727</u>
Deferred Charge			
Emergency Authorization		400,000	-
Expenditure without Appropriation		400	
Overexpenditure of Appropriation Reserves		-	4,315
Overexpenditure of Appropriations		<u>37,585</u>	<u>19,566</u>
		<u>437,985</u>	<u>23,881</u>
Total of Operating Fund		<u>2,031,924</u>	<u>925,742</u>
Capital Fund:			
Cash	D-6	9,755,999	2,770,965
Fixed Capital - Completed	D-12	9,960,918	9,960,918
Fixed Capital - Authorized and Uncompleted	D-13	11,922,400	3,922,400
Due from Current Fund	A	59,360	59,360
Due from General Capital Fund	C	38,000	38,000
Due from Utility Operating Fund		336,403	
Total of Capital Fund		<u>32,073,080</u>	<u>16,751,643</u>
Total Assets	D	<u><u>34,105,004</u></u>	<u><u>17,677,385</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	<u>2010</u>	<u>2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	255,895	85,682
Encumbrances Payable	D-4	83,308	7,220
Water and Sewer Rent Overpayments	D-9	6,855	8,170
Due to Current Fund	A	612,238	279,745
Due to Utility Capital Fund		336,403	-
Accrued Interest on Bonds and Notes	D-11	40,620	35,656
		<u>1,335,319</u>	<u>416,473</u>
Reserve for Receivables	Res.	586,065	358,727
Fund Balance	D-1	110,540	150,542
Total of Operating Fund		<u>2,031,924</u>	<u>925,742</u>
Capital Fund:			
Due to Water and Sewer Operating Utility Fund	D	-	43,711
Contracts Payable	D-4	1,693,461	1,747,660
Improvement Authorizations	D-14	8,441,333	2,023,305
Bond Anticipation Notes Payable	D-15	-	3,640,400
Water and Sewer Serial Bonds Payable	D-16	12,790,000	705,000
Reserves for Amortization	D-17	8,692,918	8,536,599
Deferred Reserve for Amortization	D-19	400,400	-
Fund Balance	D-2	54,968	54,968
Total of Capital Fund		<u>32,073,080</u>	<u>16,751,643</u>
Total Liabilities, Reserves and Fund Balance	D	<u>34,105,004</u>	<u>17,677,385</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>2010</u>	<u>2009</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	D-1:D-3	\$ 128,000	-
Rents	D-3:D-6	4,917,131	4,103,974
Non-Budget Revenue	D-3	84,752	43,185
Other Credits to Income:			
Voided Checks		-	2,348
Unexpended Balance of Appropriation Reserves	D-9	89,052	230,525
Total Income		<u>5,218,935</u>	<u>4,380,032</u>
<u>Expenditures</u>			
Operating	D-4	4,084,013	3,478,143
Capital Improvements	D-4	400,000	155,796
Debt Service	D-4	258,347	220,708
Deferred Charges and Statutory Expenditures	D-4	821,662	405,084
Total Expenditures		<u>5,564,022</u>	<u>4,259,731</u>
Excess(Deficit) in Revenues		(345,087)	120,301
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred charges to budget of succeeding year	D	<u>433,085</u>	<u>19,566</u>
Statutory Excess to Fund Balance		87,998	139,867
Fund Balance January 1	D	150,542	10,675
Decreased by:			
Utilization as Anticipated Revenue		128,000	-
Fund Balance December 31	D	<u>\$ 110,540</u>	<u>150,542</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>2010</u>	<u>2009</u>
Balance January 1,	D	\$ 54,968	54,968
No Activity in 2010 or 2009			
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, 2010**

	<u>Ref.</u>	<u>ANTIC. BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus Anticipated	D-1	\$ 128,000	128,000	-
Rents - Sewer	D-1:D-6	4,103,974	4,032,047	(71,927)
Miscellaneous Receipts	D-5	42,000	84,752	42,752
Additional Rents		885,084	885,084	-
		<u>\$ 5,159,058</u>	<u>5,129,883</u>	<u>(29,175)</u>

Analysis of Realized Revenue

Rents

Consumer Accounts Receivable	D-6	<u>\$ 4,032,047</u>
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Miscellaneous

Interest on Deposits		\$ 35,352
Interest on Delinquent Rents		36,156
Miscellaneous		<u>13,244</u>
	D-5	<u>\$ 84,752</u>

**WATER AND SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED	OVER - EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
OPERATING							
Salaries and Wages	\$ 1,016,500	1,016,500	969,839		46,661		
Other Expenses	1,404,887	1,404,051	1,132,314	83,308	188,429		
ACMUA- Treatment Costs	1,663,318	1,663,462	1,663,462		-		
	4,084,705	4,084,013	3,765,615	83,308	235,090		
CAPITAL IMPROVEMENTS							
Capital Improvement Fund		400,000	400,000		-		
	-	400,000	400,000		-		
DEBT SERVICE							
Principal	155,000	155,000	155,000				
Interest on Bonds	22,333	23,025	56,110				33,085
Interest on BAN's	75,358	75,358	47,237			28,121	
	252,691	253,383	258,347			28,121	33,085
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
Deferred Charges							
Overexpenditure of Appropriation	15,066	15,066	15,066				
Overexpenditure of Appropriation Reserves	4,315	4,315	4,315				
Ordinances 2004-04 and 2006-14	1,319	1,319	1,319				
Contribution to:							
Social Security System (O.A.S.I.)	94,962	94,962	74,547		20,415		
Unemployment Compensation	1,000	1,000	610		390		
Deficit in Operations in Prior Years Surplus (General Fund)	705,000	-	705,000				
	821,662	821,662	800,857		20,805		
	\$ 5,159,058	5,559,058	5,224,819	83,308	255,895	28,121	33,085

Ref.

D-3 D-3 D-3 D-3 D-1 D-1 D-1 D

Accrued interest on Bonds 12/31/10	\$ 20,700	
Accrued interest on Bonds 12/31/09	40,620	D-10
Due to Utility Capital Fund	(35,656)	D-10
Disbursed	400,000	
	4,799,155	D-5
	<u>\$ 5,224,819</u>	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Work in Progress	\$ 701,472	-
Land and Buildings	17,560,612	17,560,612
Machinery and Equipment	468,217	468,217
Vehicles	<u>3,885,633</u>	<u>3,027,787</u>
Total General Fixed Assets	<u>22,615,934</u>	<u>21,056,616</u>
Investment in General Fixed Assets	\$ <u>22,615,934</u>	<u>21,056,616</u>

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010.

CITY OF VENTNOR CITY
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	Balance as of 12/31/09	Additions	Disposals	Balance as of 12/31/10
Work in Progress	\$	701,472		701,472
Land and Buildings	17,560,612			17,560,612
Machinery and Equipment	468,217			468,217
Vehicles	3,027,787	1,007,846	150,000	3,885,633
	\$	<u>21,056,616</u>	<u>1,709,318</u>	<u>22,615,934</u>

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

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

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

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

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

D. Comparative Data

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

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

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 2010 and 2009 statutory budgets included a reserve for uncollected taxes in the amount of \$2,104,490 and \$1,873,078. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2010 and 2009 statutory budgets was \$1,300,000 and \$1,850,000.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2010 calendar year:

<u>Budget Category</u>	
Police	
Salaries & Wages	\$ 128,105
Fire	
Salaries & Wages	154,005
Radio Communication	
Salaries & Wages	(19,000)
Recreation	
Salaries & Wages	22,600
Building and Grounds	
Beach and Boardwalk	(47,000)
Other Expenses	(23,600)
Street and Roads	
Salaries & Wages	(10,000)
Legal Services	
Other Expenses	47,750
Insurance	
General Liability	(69,000)
Workers Compensation	(79,000)
Financial Administration	
Other Expenses	(16,813)
Municipal Court	
Salaries & Wages	(16,000)
Gasoline	32,396
Telephone	24,000
Terminal Leave	(66,543)

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 2010, there were the following budget insertions;

DWI Checkpoint	\$	2,915
Municipal Alliance		13,470
Bulletproof Vest Partnership		3,150
FEMA		5,000
Over the Limit Under Arrest		4,400
State Cooperative Housing		3,900
Alcohol Education / Rehabilitation		1,232
Recycling Tonnage		8,819
Body Armor		3,496
Druck Driving Enforcement		11,248
	\$	<u>57,630</u>

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

Note 3: INVESTMENTS

As of December 31, 2010 and 2009, 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, 2010 and 2009, \$73,921 and \$73,914 of the municipality’s bank balance of \$19,500,334 and \$14,338,057, respectively were exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2010 consisted of the following:

	Balance Beginning	Additions	Reductions	Balance Ending	Due in One Year
General	\$ 6,720,636	8,315,000	1,080,104	13,955,532	1,440,608
Utility	705,000	12,240,000	155,000	12,790,000	560,000
School	11,370,000	2,823,000	1,020,000	13,173,000	1,010,000
Comp Absences	2,560,844	66,115	565,602	2,061,357	-
Total	\$ 21,356,480	23,444,115	2,820,706	41,979,889	3,010,608

Paid by Current Fund:

\$6,365,000 General Improvement Bond dated 10/1/02 payable in annual installments through 10/1/13. \$800,000 of principal was paid on 10/1/10. Interest is paid semiannually at rates from 3.00% to 3.25% per annum. The balance remaining as of December 31, 2010 was \$2,440,000.

\$4,275,000 General Improvement Bond dated 8/1/04 payable in annual installments through 8/1/19. \$255,000 of principal was paid on 8/1/10. Interest is paid semiannually at rates from 3.50% to 4.00% per annum. The balance remaining as of December 31, 2010 was \$2,920,000.

\$8,315,000 General Improvement Bond dated 12/1/10 payable in annual installments through 12/1/25. The first payment is due 12/1/11. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2010 was \$8,315,000.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

\$6,365,000 School Bonds dated 06/01/01 payable in annual installments through 02/01/21. \$290,000 of principal was paid on 02/1/10. 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, 2010 was \$0.

\$590,000 School Bonds dated 8/1/04 payable in annual installments starting 8/1/05 and ending 8/1/10. \$175,000 of principal was paid on 8/1/10. Interest is paid semiannually at a rate of 4.30% per annum. The balance remaining as of December 31, 2010 was \$0.

\$6,917,000 School Refunding Bonds dated 12/15/04 payable in annual installments through 10/01/20. \$500,000 of principal was paid on 10/1/10. Interest is paid semiannually at rates from 2.75% to 4.00% per annum. The balance remaining as of December 31, 2010 was \$6,060,000.

\$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. \$55,000 of principal was paid on 10/1/10. The balance remaining as of December 31, 2010 was \$4,290,000. The City will save \$289,374 in net present value savings. These savings represent 6.973% of the outstanding principal amount of the refunded bonds.

\$2,823,000 School Bonds dated 12/1/10 payable in annual installments through 12/1/25. The first payment is due 12/1/11. Interest is paid semiannually at rates from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2010 was \$2,823,000.

\$500,000 Green Trust Loans Payable dated 4/30/01 payable in semiannual installments of \$15,546 through 10/30/20. The payment includes principal and interest. \$25,104 of principal was paid during 2010. Interest is payable at 2.00% per annum. The balance remaining as of December 31, 2010 was \$280,532.

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 10/1/10. Interest is paid semiannually at rates from 3.00% to 3.20% per annum. The balance remaining as of December 31, 2010 was \$300,000.

\$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 8/01/10. Interest is paid semiannually at a rate of 3.50% per annum. The balance remaining as of December 31, 2010 was \$250,000.

\$12,240,000 Water and Sewer Bonds dated 12/1/10 payable in annual installments through 10/01/30. The first payment will be made 12/1/11. Interest is paid semiannually at rates from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2010 was \$12,240,000.

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

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	
2011	1,440,608	463,890	560,000	449,904	2,914,402
2012	1,466,123	429,857	570,000	448,981	2,914,961
2013	1,531,648	383,932	590,000	431,481	2,937,061
2014	832,184	334,697	565,000	413,206	2,145,087
2015	862,730	308,475	510,000	395,931	2,077,136
2016-2020	4,487,239	1,092,469	2,800,000	1,737,831	10,117,539
2021-2025	3,335,000	396,363	3,365,000	1,208,281	8,304,644
2026-2030			3,830,000	497,938	
	<u>\$ 13,955,532</u>	<u>3,409,683</u>	<u>12,790,000</u>	<u>5,583,553</u>	<u>31,410,830</u>

Year	School		Total
	Principal	Interest	
2011	1,010,000	451,567	1,461,567
2012	1,040,000	427,389	1,467,389
2013	1,070,000	395,840	1,465,840
2014	1,100,000	365,833	1,465,833
2015	1,130,000	331,348	1,461,348
2016-2020	6,250,000	999,525	7,249,525
2021-2025	1,573,000	147,250	1,720,250
	<u>\$ 13,173,000</u>	<u>3,118,752</u>	<u>16,291,752</u>

As of December 31, 2010, the carrying value of the above bonds approximates the fair value of the bonds.

CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

<u>Summary of Municipal Debt</u>	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Issued:</u>			
General:			
Bonds & Notes Issued	\$ 13,675,000	6,415,000	7,741,000
School	13,173,000	11,370,000	12,351,000
Loans	280,532	305,636	330,245
Bond Anticipation Note		8,315,100	2,218,000
Water and Sewer:			
Bonds & Notes Issued	12,790,000	705,000	860,000
Bond Anticipation Note		3,640,400	718,000
Net Debt Issued	<u>39,918,532</u>	<u>30,751,136</u>	<u>24,218,245</u>
 <u>Authorized but not issued:</u>			
General:			
Bonds & Notes	530,401	-	250
Loans	-	730,000	730,000
Water and Sewer:			
Bonds & Notes	-	1,001,319	1,319
Bonds & Notes Authorized But Not Issued	<u>530,401</u>	<u>1,731,319</u>	<u>731,569</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>40,448,933</u>	<u>32,482,455</u>	<u>24,949,814</u>
 Deductions:			
Reserve for Payment of Bonds	3,814	3,813	3,813
School	13,173,000	11,370,000	12,351,000
Self-liquidating Debt	12,790,000	5,346,719	-
Total Deductions	<u>25,966,814</u>	<u>16,720,532</u>	<u>12,354,813</u>
Net Debt	<u>\$ 14,482,119</u>	<u>15,761,923</u>	<u>12,595,001</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 0.51%.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 13,173,000	13,173,000	-
Self-Liquidating Purpose	12,790,000	12,790,000	-
General Debt	14,485,933	3,814	14,482,119
	<u>\$ 40,448,933</u>	<u>25,966,814</u>	<u>14,482,119</u>

Net Debt \$14,482,119 / Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$2,838,879,434= 0.51%.

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)	\$ 134,360,780
Net Debt	14,482,119
Remaining Borrowing Power	<u>\$ 119,878,661</u>

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

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

Cash Receipts from Fees, Fund Balance Anticipated Interest and Other Investment Income, and Other Charges for the Year		\$ 5,129,883
Deductions:		
Operating and Maintenance Costs	\$ 3,924,080	
Debt Service per Water and Sewer Fund	<u>258,347</u>	
Total Deductions		<u>4,182,427</u>
Excess in Revenues		<u>\$ 947,456</u>

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 6: NOTES

Bond Anticipation Note

The City has outstanding at December 31, 2010 and 2009, a bond anticipation note in the amount of \$0 and \$11,955,500, respectively. At December 31, 2009 \$8,661,000 was payable to TD Securities. The current interest rate on this note is 2.25% and matured 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 12/31/09	\$ 8,315,100	3,640,400	11,955,500
Decrease	8,315,100	3,640,400	11,955,500
Balance 12/31/10	<u>\$ -</u>	<u>-</u>	<u>-</u>

Note 7: FUND BALANCES APPROPRIATED

The Current Fund balance at December 31, 2010, which was appropriated and included as anticipated revenue for the year ending December 31, 2011 is \$1,300,000.

Note 8: SCHOOL TAXES

Local District School Tax in the amount of \$16,914,449 and \$16,221,051 has been raised for the 2010 and 2009 calendar year, respectively and \$16,914,449 and \$16,221,051 were remitted to the school district leaving a zero balance payable.

Note 9: TAXES COLLECTED IN ADVANCE

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

	<u>Balance 12/31/10</u>	<u>Balance 12/31/09</u>
Prepaid Taxes	\$ 616,226	530,999
Cash Liability for Taxes Collected in Advance	<u>\$ 616,226</u>	<u>530,999</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 10: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

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

Funding Policy

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

City's contributions to PERS for the years ending December 31, 2010, 2009 and 2008 were \$356,923, \$314,025 and \$222,505 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2010, 2009 and 2008 were \$1,586,815, \$1,682,981 and \$1,400,173 respectively, equal to the required contributions for each year.

NOTE 11: PENSION PLAN FOR LIFEGUARDS

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

The City's contributions to the Lifeguard Pension for the years ending December 31, 2010, 2009 and 2008 were \$0, \$0 and \$24,000, 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, 2010, 2009 and 2008 were \$17,022, \$14,813 and \$15,495, respectively.

NOTE 12: POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required PERS to fund postretirement medical benefits for those State employees who retire after reaching age 60. As of June 30, 2009, there were 84,590 employees Statewide eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 which will increase the medical reserve by one half of 1% of payroll.

The State made post-retirement (PRM) contributions of \$1.38 billion for PERS in Fiscal Year 2009.

Note 13: DEFERRED COMPENSATION

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

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

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

Note 14: LABOR CONTRACTS

As of December 31, 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.

Note 15: ACCRUED SICK AND VACATION BENEFITS

The City has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2010 and 2009, the City estimates this liability to approximate \$2,061,357 and \$2,560,844, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has not established an accrual.

Note 16: ECONOMIC DEPENDENCY

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 17: LEASE OBLIGATIONS

At December 31, 2010, 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>
2011	\$ 9,650
2012	7,872
2013	3,164

Rental payments under operating leases for the year 2010
were \$13,292

Note 18: RISK MANAGEMENT

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

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

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

The Fund publishes its own financial report for the year ended December 31, 2010, which can be obtained from:

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

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

At December 31, 2010, 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 2011 or future budgets.

	Beginning Balance	Additions	Disbursements	Ending Balance
2008	118,357	1,961,860	1,860,492	219,725
2009	219,725	2,864,929	2,864,929	219,725
2010	219,725	2,755,410	2,755,410	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, 2010 AND 2009**

Note 21: INTERFUND BALANCES

As of December 31, 2010, the following interfunds were included on the balance sheets of the various funds of the City of Ventnor City:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital	\$ 103,639	
Grant Fund		170,790
Utility Capital		59,360
Utility Operating	612,238	
Trust Fund - Dog Fund	4,471	
Assessment Trust	30,776	
Trust Funds - Other	85,819	
Grant Fund:		
Current Fund	170,790	
Utility Operating	171,775	
Utility Capital	38,000	
Trust Fund - Other:		
Current -		
Dog Fund		4,471
Other Trusts		85,819
Utility Operating		1,548
Assessment Trust		47,493
Trust Assessment Fund:		
Trust Other	47,493	
Current Fund		30,776
General Capital:		
Current Fund		103,639
Water and Sewer Utility Operating Fund:		
Current Fund		612,238
Utility Capital		336,403
General Capital		171,775
Trust Fund - Other	1,548	
Water and Sewer Utility Capital Fund:		
Utility Operating	336,403	
General Capital		38,000
Current Fund	59,360	
	<u>\$ 1,662,312</u>	<u>1,662,312</u>

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 22: SUBSEQUENT EVENTS

The City has evaluated events through May 31, 2011, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

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SUPPLEMENTARY INFORMATION

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

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

We have audited the financial statements - regulatory basis of the City of Ventnor City, New Jersey as of and for the year ended December 31, 2010, and have issued our report thereon dated May 31, 2011. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the accompanying schedule of findings and responses to be a material weakness: 10-1.

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 31, 2011.

The City of Ventnor City's response 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

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants

May 31, 2011

Schedule of Financial Statement Findings

10-1. 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, 2010**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To	Program or Award Amount	Balance at 1/1/10	2010 Activity		Balance at 12/31/10	Cumulative Expenditures
					Receipts or Revenue Recognized	Disbursements/ Expenditures		
STATE OF NEW JERSEY								
Department of Environmental Protection	4900-765-042-4900-004	01/01/09 12/31/09	20,842 \$	6,167	6,167	-	20,842	
Clean Communities	4900-765-042-4900-004	01/01/10 12/31/10	33,533	-	33,533	22,133	11,400	
Recycling Tonnage	4900-752-042-4900-001	01/01/10 12/31/10	13,286	-	13,286	13,286	3,293	
Recycling Tonnage	4900-752-042-4900-001	01/01/09 12/31/09	3,293	3,293	3,293	1,206	345	
Recycling Tonnage	4900-752-042-4900-001	01/01/07 12/31/07	1,206	1,206	1,206	550	6,124	
Recycling Tonnage	4900-752-042-4900-001	01/01/06 12/31/06	895	550	550	-	10,456	
Municipal Alliance Drug and Alcoholism	4250-760-050000-63-262	01/01/09 12/31/09	13,470	7,346	13,470	1,175	3,900	
Municipal Alliance Drug and Alcoholism	4250-760-050000-63-262	01/01/10 12/31/10	13,470	-	3,900	-	190,000	
State Cooperative Housing		01/01/10 12/31/10	3,900	-	3,900	6,474	138,526	
Department of Transportation			190,000	-	190,000	-	6,566	
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/10 12/31/10	145,000	6,474	190,000	13	5,227	
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/08 12/31/08	145,000	-	21,988	16,761	3,977	
Department of Law and Public Safety			6,579	13	21,988	1,064	2,918	
Drunk Driving Enforcement Fund		01/01/07 12/31/07	21,988	-	3,977	4,973	60,000	
Drunk Driving Enforcement Fund		01/01/10 12/31/10	3,977	3,977	3,977	36,874	4,000	
Body Armor Replacement Program		01/01/08 12/31/08	3,977	3,222	3,977	4,000	4,000	
Body Armor Replacement Program		01/01/07 12/31/07	3,982	3,222	3,982	4,000	12,597	
Body Armor Replacement Program		01/01/10 12/31/10	4,973	-	4,973	4,600	4,400	
Body Armor Replacement Program		01/01/09 12/31/09	60,000	60,000	60,000	3,200	2,915	
Safe and Secure		01/01/10 12/31/10	60,000	-	60,000	23,126	2,601	
Safe and Secure		01/01/10 12/31/10	60,000	-	4,000	4,000	1,526	
Click It Ticket		01/01/10 12/31/10	4,000	-	4,000	4,000	1,015	
Buckle Up		01/01/09 12/31/09	4,000	4,000	4,000	736	2,406	
Buckle Up		1/1/08 12/31/08	4,000	4,000	4,000	1,015	2,406	
JAG		01/01/08 12/31/08	4,000	4,000	4,000	1,015	2,406	
Highway Project Over The Limit		01/01/09 12/31/09	12,597	12,597	12,597	2,915	2,601	
Highway Project Over The Limit		01/01/10 12/31/10	4,600	4,600	4,600	2,601	1,526	
Pedestrian Safety Mobilization		01/01/10 12/31/10	4,400	4,400	4,400	1,015	2,406	
DWI Special		01/01/09 12/31/09	4,000	3,200	4,000	2,915	2,601	
DWI Special		01/01/10 12/31/10	2,915	-	2,915	2,601	1,526	
State of New Jersey State Police		01/01/10 12/31/10	2,601	-	2,601	575	800	
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/09 12/31/09	1,526	736	2,601	575	2,915	
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/09 12/31/09	1,526	736	2,601	575	951	
Department of Health			1,015	1,015	1,015	-	800	
Hepatitis B		1/1/08 12/31/08	1,015	1,015	1,015	-	2,915	
HEOP		1/1/08 12/31/08	2,406	2,406	2,406	-	12,597	
Total State Assistance			124,802	355,066	272,084	195,178	16,718	
FEDERAL:								
Environmental Protection			7,955	7,955	7,955	-	4,628	
Municipal Stormwater Regulation Program CY03		1/1/08 12/31/08	26,925	10,207	10,207	-	4,988	
Municipal Stormwater Regulation Program CY03		prior	18,162	18,162	18,162	-	80,183	
Total Environmental Protection			44,880	28,164	28,164	-	3,150	
Department of Homeland Security			5,000	372	372	-	5,400	
FEMA		01/01/09 12/31/09	5,000	372	372	-	8,550	
FEMA		01/01/10 12/31/10	5,000	-	5,000	-	4,628	
FEMA - Assistance to Firefighters		01/01/09 12/31/09	80,256	4,650	4,650	-	4,988	
Bulleproof Vest Partnership		01/01/10 12/31/10	3,150	3,150	3,150	3,150	80,183	
Bulleproof Vest Partnership		01/01/09 12/31/09	5,400	5,400	5,400	5,400	3,150	
Total Homeland Security			10,422	8,150	9,565	8,550	5,400	
Housing and Urban Development			139,429	139,429	88,737	50,692	88,737	
Small Cities Community Development Block	14.218	01/01/09 12/31/09	83,003	31,583	31,583	-	83,003	
Small Cities Community Development Block	14.218	01/01/07 12/31/07	83,003	31,583	31,583	-	83,003	
Total Housing and Urban Development			171,012	171,012	120,320	50,692	167,740	
Total Federal Assistance			199,596	8,150	129,885	59,242	254,420	
Total Federal and State Awards			\$ 324,398	\$ 363,216	\$ 401,969	\$ 254,420	\$ 401,969	

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

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Treasurer
Balance December 31, 2009	A	\$ 2,947,345
Increased by Receipts:		
Taxes Receivable	A-6	44,399,623
Tax Title Liens	A-7	-
2011 Prepaid Taxes	A	616,226
Due from State - Sr. Citizens and Veterans		125,649
Miscellaneous Revenue Anticipated	A-2:A-8	3,412,718
Miscellaneous Revenue Not Anticipated	A-2:A-8	156,999
Federal and State Grants Receivable	A-11	443,018
Federal and State Grants Unappropriated	A-13	6,231
		49,160,464
		52,107,809
Decreased by Disbursements:		
2010 Appropriations	A-3	21,870,161
2009 Appropriation Reserves	A-9	355,049
County Taxes Payable	A-6	8,821,886
Due County for Added and Omitted Taxes	A-6	6,656
Local District School Tax	A-10	16,914,449
Refund of Tax Overpayments		24,169
Federal and State Grant Expenditures	A-12	358,699
State DCA Fees		2,459
State Marriage License Fees		1,410
Due from General Capital		30,914
Due from Water and Sewer Utility Operating Fund		379,129
Due from Trust - Other Fund		94,803
Due to Federal and State Grant Fund		-
		48,859,784
Balance December 31, 2010	A	\$ 3,248,025

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF CHANGE FUNDS**

<u>Office</u>	Balance Dec. 31, 2009	Received From Treasurer	Returned to Treasurer	Balance Dec. 31, 2010
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 TAX TITLE LIENS**

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ -
No Activity		
Balance December 31, 2010	A	\$ <u>-</u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Accrued In 2010</u>	<u>Collected</u>	<u>Balance Dec. 31, 2010</u>
Miscellaneous Revenue Anticipated:					
Licenses-Alcoholic Beverages	A-2	\$ -	3,240	3,240	-
Licenses-Other	A-2		82,450	82,450	-
Fees and Permits	A-2		157,474	157,474	-
Municipal Court	A-2	15,801	232,599	233,100	15,300
Interest and Costs on Taxes	A-2		327,123	327,123	-
Parking Meters	A-2		41,400	41,400	-
Interest on Investments	A-2		51,112	51,112	-
Beach Control Fees	A-2		200,279	200,279	-
Land Rental	A-2		87,501	87,501	-
Viking Rowing Foundation, Inc. Lease Agreement	A-2		31,092	31,092	-
Payment in Lieu of Taxes	A-2		72,000	72,000	-
Cable Television Franchise Fees	A-2		55,376	55,376	-
City Lease Fees	A-2		39,686	39,686	-
Ambulance Service Fees	A-2		340,720	340,720	-
Recreation Fees	A-2		69,169	69,169	-
Consolidated Municipal Property Tax Relief Act	A-2		32,402	32,402	-
Energy Receipts Tax	A-2		565,645	565,645	-
Uniform Construction Code fees	A-2		162,015	162,015	-
Borough of Longport-Uniform Construction Code	A-2		37,500	37,500	-
FEMA Reimbursement			118,434	118,434	-
Anticipated Utility Fund Surplus			705,000	705,000	-
Miscellaneous Revenue Not Anticipated:	A-2		156,999	156,999	-
		\$ 15,801	3,569,216	3,569,717	15,300

Ref. A
Treasurer
Canceled

3,569,717 A-4

3,569,717

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

	Balance Dec. 31, 2009	Balance After Transfers	Paid	Overexpended	Balance Lapsed
OPERATIONS WITHIN "CAPS"		-			-
General Government Functions:					
Police					
Other Expenses	\$ 76,046	76,046	6,663		69,383
Fire					
Other Expenses	19,216	19,216	17,312		1,904
Office of Emergency Management					
Other Expenses	668	668	40		628
Animal Control					
Other Expenses	650	650	650		-
Celebration of Public Events					
Other Expenses	450	450	150		300
Department of Public Works, Parks and Public Property:					
Streets and Roads					
Other Expenses	14,944	14,944	10,234		4,710
Motor Vehicle Maintenance					
Other Expenses	3,297	3,297	1,400		1,897
Buildings and Grounds					
Salaries and Wages	2,352	2,352	2,352		-
Other Expenses	12,604	12,604	6,335		6,269
Beach and Boardwalk	174,434	174,434	166,318		8,116
Recreation					
Other Expenses	4,771	4,771	240		4,531
Solid Waste/Recycling					
Other Expenses	32,993	32,993	17,541		15,452
Department of Revenue and Finance:					
City Clerk					
Other Expenses	1,735	1,735	517		1,218
Codification of Ordinances	2,500	2,500	1,271		1,229
Planning Board					
Other Expenses	31	31	31		-
Financial Administration					
Other Expenses	865	865	631		234
Assessment of Taxes					
Other Expenses	1,546	1,546	1,497		49
Collection of Taxes					
Other Expenses	2,317	2,317	2,268		49
Information Technology					
Other Expenses	1,018	1,018	1,011		7
Insurance					
Employee Group Health	365,538	365,538	105,233		260,305
UNCLASSIFIED					
Telephone	6,557	6,557	1,942		4,615
Gasoline	20,474	20,474	11,413		9,061
Accounts with no Transactions	58,554	58,554	-		58,554
Totals	\$ 803,560	803,560	355,049	-	448,511
Ref.	A	A	A-4	A	A-1
		Reserved \$ 401,441			
		Encumbered 402,119			
		\$ 803,560			

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

Balance December 31, 2009			
School Tax Payable	A	\$	-
Increased by:			
Levy-Calendar Year January 1, 2010 to December 31, 2010	A-6		<u>16,914,449</u>
			16,914,449
Decreased by:			
Payments	A-4		<u>16,914,449</u>
Balance December 31, 2010			
School Tax Payable	A		<u><u>-</u></u>
<u>2010 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-10		16,914,449
Tax Payable December 31, 2010	A-11		<u>-</u>
			16,914,449
Less:			
Tax Payable December 31, 2009	A:A-10		<u>-</u>
Amount Charged to 2010 Operations	A-1	\$	<u><u>16,914,449</u></u>

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2010</u>
New Jersey Transportation Trust Fund	\$ 125,965		71,461		54,504
New Jersey Transportation Trust Fund 2010		190,000	94,224		95,776
Body Armor		4,973	4,973		-
Recycling Tonnage Grant		13,286	13,286		-
Clean Communities		33,533	33,533		-
Alliance for Prevention of Alcohol and Drug Abuse	13,753	13,470	7,533	6,220	13,470
Alcohol Education, Rehabilitation and Enforcement		2,601	2,601		-
Federal Bulletproof Vest Partnership	5,400	3,150			8,550
Special DWI		2,915	2,915		-
Safe and Secure Program		60,000	60,000		-
Pedestrian Safety Mobilization	3,200			3,200	-
FEMA		5,000	5,000		-
State Cooperative Housing		3,900			3,900
Highway Project Over The Limit		4,400	4,400		-
Community Development Block Grant	139,429		139,429		-
Click It Ticket		4,000	4,000		-
Druck Driving Enforcement		21,988	21,988		-
	<u>\$ 287,747</u>	<u>363,216</u>	<u>465,343</u>	<u>9,420</u>	<u>176,200</u>
<u>Ref.</u>	A	A-2		A-1	A
	Unappropriated Reserves	A-13	22,325		
	Federal and State Grant Fund	A-4	443,018		
			<u>465,343</u>		

See Accompanying Auditor's Report

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

Grant	Balance Dec. 31, 2009	2010 Budget Appropriation	Expended	Encumbered	Canceled	Balance Dec. 31, 2010
NJ Transportation Trust Fund Authority Act	\$ 6,474					6,474
NJ Transportation Trust Fund Authority Act 2010		190,000	108,933	81,067		-
Community Development Block Grant	171,012		120,320			50,692
Municipal Storm Water Regulation Program	18,162			18,162		-
Recycling Tonnage Grant	5,049	13,286				18,335
Alliance for the Prevention of Alcohol and Drug Abuse	7,346	13,470	10,456		9,185	1,175
Alcohol Education, Rehabilitation and Enforcement	736	2,601	(123)	284		3,176
Clean Communities	6,167	33,533	17,567			22,133
Body Armor Replacement Program	7,199	4,973	6,135			6,037
Federal Bulletproof Vest Partnership	5,400	3,150				8,550
Drunk Driving Enforcement Fund	13	21,988	5,227			16,774
FEIMA	372	5,000	-	4,988	384	-
FEIMA Assistance to Firefighters	4,650		4,577		73	-
JAG	12,597		12,597			-
Highway Project Over The Limit	4,600	4,400				9,000
Special DWI		2,915	2,915			-
Atlantic County Open Space	11,001				11,001	-
Click It Ticket		4,000				4,000
State Cooperative Housing		3,900	3,900			-
Safe and Secure Program	60,000	120,000	83,126			96,874
Pedestrian Safety Mobilization	3,200					3,200
Buckle Up	8,000					8,000
Hepitis B	1,015				1,015	-
HEOP	2,406				2,406	-
	<u>\$ 335,399</u>	<u>423,216</u>	<u>375,630</u>	<u>86,339</u>	<u>42,226</u>	<u>254,420</u>
Ref	A	A-3		A-1		A
		Prior Encumbrance	(16,931)			
		Cash	358,699			
			<u>375,630</u>			

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>Received</u>	<u>Transferred to 2010 Budget Appropriations</u>	<u>Balance Dec. 31, 2010</u>
Alcohol Education, Rehabilitation	\$ 1,369		1,369	-
Clean Communities	5,749		5,749	-
Recycling Tonnage Grant	4,467	5,926	4,467	5,926
DWI	-	305		305
Drunk Driving Enforcement Fund	10,740		10,740	-
	<u>\$ 22,325</u>	<u>6,231</u>	<u>22,325</u>	<u>6,231</u>
	A	A-4		A

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Dog Licenses	Other
Balance December 31, 2009	B	\$ 7,949	727,558
Increased by Receipts:			
Dog License Fees 2010	B-3	\$ 2,458	
Due to State of New Jersey	B-5	915	
Prepaid Dog Licenses	B	192	
Payroll Deductions Payable	B-7		4,551,509
Miscellaneous Trust Reserves	B-9		982,529
Due from Assessment Fund	B-2		328
		<u>3,565</u>	<u>5,534,366</u>
		11,514	6,261,924
Decreased by Disbursements			
Statutory Expenditures	B-3	474	
Due to State of New Jersey	B-5	966	
Payroll Deductions Payable	B-7		4,519,074
Miscellaneous Trust Reserves	B-9		701,147
Due to State of NJ - Unemployment			18,680
		<u>1,440</u>	<u>5,238,901</u>
Balance December 31, 2010	B	\$ <u><u>10,074</u></u>	<u><u>1,023,023</u></u>

**TRUST ASSESSMENT FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	329
Decreased by:			
Due Trust - Other Fund			
Collections made by Trust - Other Fund	B-1		<u>329</u>
Balance December 31, 2010	B	\$	<u><u>-</u></u>

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

	Ref.		
Balance December 31, 2009	B		\$ 5,256
Increased by:			
Dog License Fees Collected		\$ 2,458	
Prepaid Licenses		<u>120</u>	
	B-1		<u>2,578</u>
			7,834
Decreased by:			
Statutory Excess		1,927	
Expenditures under N.J.S. 4:19-15:11	B-1	<u>474</u>	
			<u>2,401</u>
Balance December 31, 2010	B		<u><u>\$ 5,433</u></u>

License Fees Collected:

Year	\$	Amount
2008		2,659
2009		<u>2,774</u>
	\$	<u><u>5,433</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2009	A:B	\$	2,544
Increased by:			
Interest Due Current		\$	-
Statutory Excess			<u>1,927</u>
	B-1		<u>1,927</u>
			4,471
Decreased by:			
Payment	B-1		<u>-</u>
Balance December 31, 2010	A:B	\$	<u><u>4,471</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	29
Increased by:			
Prepaid License Fees		\$	22
2010 State License Fees			<u>915</u>
	B-1		<u>937</u>
			966
Decreased by:			
Disbursements to the State	B-1		<u>966</u>
Balance December 31, 2010	B	\$	<u><u>-</u></u>

TRUST FUND
SCHEDULE OF DUE TO TRUST ASSESSMENT FUND

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	47,165
Increased by:			
Assessments Receivable	B-2		<u>328</u>
Balance December 31, 2010	B	\$	<u><u>47,493</u></u>

**TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

Balance December 31, 2009	B		\$	91,943
Increased by:				
Receipts	B-1	\$		4,551,509
Interest				-
				4,551,509
Decreased by:				
Disbursements	B-1			4,519,074
				4,519,074
Balance December 31, 2010	B		\$	124,378

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Increased by		Decreased by		Balance Dec 31, 2010
	Receipts	Payments made by Current Fund	Disbursements	2010 Budget Appropriation	
<u>Reserve</u>					
Payroll Agency	\$ 6,394				6,394
Law Enforcement Trust	3,109				3,109
Parking Offense Adjudication Act	(4,765)	3,312			(1,453)
Life Guard Pension Fund	(23,806)				(23,806)
Unemployment Trust	11,632	91,492			103,124
Self-Insurance	(1,548)				(1,548)
	<u>\$ (8,984)</u>	<u>94,804</u>	<u>-</u>	<u>-</u>	<u>85,820</u>

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Reserve	Increased by				Decreased by				Balance Dec 31, 2010	
	Balance Dec 31, 2009	Receipts	2010 Budget Appropriation	Collections made by Current Fund	Receipts Held in Trust	Disbursements	Due to State of New Jersey	Disbursements Held in Trust		Payments made by Current Fund
Small Cities Revolving Loan Fund	44,114	439							43,764	
Developers Escrow	81,079	9,806				789			88,485	
Law Enforcement Trust	(3,000)	3,891				2,400			789	
Parking Offense Adjudication Act	4,765					102		3,312	1,453	
Life Guard Pension Fund	414,227	20,317				17,022			417,522	
Unemployment Trust	(29,501)	164,251				1,085		91,492	42,173	
Evidence Trust	1,873	19							1,892	
Tax Sale Premiums	35,600	154,300				53,200			136,700	
Tax Title Lien Redemptions	2	628,143				625,913			2,232	
Self-Insurance Trust Other	219,725				2,755,410		2,755,410		219,725	
Penalties Collected Under the Uniform Fire Code	7,919								7,919	
	20,128	1,363				636			20,855	
	<u>\$ 796,931</u>	<u>982,529</u>	<u>-</u>	<u>-</u>	<u>2,755,410</u>	<u>701,147</u>	<u>-</u>	<u>2,755,410</u>	<u>94,804</u>	<u>983,509</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	----- Receipts -----		----- Disbursements -----		Balance Dec. 31, 2010
	Bonds Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	
Balance Dec. 31, 2009			From	To	
Receivable State of NJ - Green Acres Grant	\$	(285,000)			(285,000)
Due (from)/ to:					
Current Fund		72,725			103,639
Utility Operating Fund		171,775			171,775
Utility Capital Fund		38,000			38,000
Contracts Payable		1,671,907	1,671,907	1,220,040	1,220,040
Capital Improvement Fund		178,987			178,987
Reserve for Payment of Bonds		3,813			3,813
Fund Balance		81,931			81,931
<u>Improvement Authorizations:</u>					
<u>Ordinance</u>					
1997-02	Various Improvements			1,250	1,250
1998-19	Acquisition of Real Property				67,669
2002-03	Various Improvements		19,333	19,333	28,677
2006-02	Rehabilitation of Ventnor Fishing Pier				(423,750)
2007-06	Rehabilitation of Ventnor Fishing Pier	199,599			(306,250)
2007-09	Various Improvements			3,306	18,247
2009-14	Various Improvements		1,198,045	1,648,018	4,631,465
2009-22	Improvements to Schools		2,662		-
		2,823,000			
		<u>2,823,000</u>	<u>2,891,947</u>	<u>2,891,947</u>	<u>4,610,245</u>
		C-3:C-12	C-5:C-8	C-3:C-7	C

See Accompanying Auditor's Report

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

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ (72,725)
Increased by:			
Misc	C-8	\$ 3,275	
2010 Budget Appropriation: Capital Improvement Fund	A-3:C-12	100	
		<hr/>	<hr/> 3,375
			(69,350)
Decreased by:			
Interest on Investments		34,289	
Contracts Payable	C-6	<hr/> -	
			<hr/> 34,289
Balance December 31, 2010	C		\$ <u><u>(103,639)</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ 18,090,636
Increased by:			
School Serial Bonds - Type 1		\$ 2,823,000	
General Improvement Bonds		<u>8,315,000</u>	
			11,138,000
Decreased by:			
2010 Budget Appropriations:			
General Serial Bonds	C-9	1,055,000	
School Serial Bonds - Type 1	C-10	1,020,000	
Green Trust Loan	C-11	<u>25,104</u>	
			<u>2,100,104</u>
Balance December 31, 2010	C		\$ <u><u>27,128,532</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010	Analysis of Balance Dec. 31, 2010		Unexpended Improvement Authorization
						Financed by Notes	Expended	
2006-02	Rehabilitation of Ventnor Fishing Pier \$	423,750		199,599	224,151		224,151	
2007-06	Rehabilitation of Ventnor Fishing Pier	306,250			306,250		306,250	
2007-07	Various Improvements	1,790,500		1,790,500	-		-	
2007-09	Various Improvements	427,500		427,500	-		-	
2009-14	Various Improvements	6,097,100		6,097,100	-		-	
2009-22	Improvements to School	2,823,000		2,823,000	-		-	
		<u>\$ 11,868,100</u>	<u>-</u>	<u>11,337,699</u>	<u>530,401</u>	<u>0</u>	<u>530,401</u>	<u>-</u>
	C				C:C-13	C-8	C-2	C-7

**GENERAL CAPITAL FUND
STATEMENT OF CONTRACTS PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ 1,671,907
Increased by:			
Awarded in 2010:			
Improvement Authorizations:			
Ordinance No. 2009-14		\$ 1,198,045	
Ordinance No. 2009-22		2,662	
	C-7		1,200,707
			2,872,614
Decreased by:			
Payments			
Cancelled	C-3	1,648,018	
		4,556	
			1,652,574
Balance December 31, 2010	C		\$ <u><u>1,220,040</u></u>

Improvement Authorizations:

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2009		2010 Authorizations Capital Improvement Fund	Deferred Charge to Future Taxation	Expended	Balance Dec. 31, 2010	
				Funded	Unfunded				Funded	Unfunded
1997-02	Various Improvements	02/13/97	3,299,500	\$				(1,250)	1,250	
1998-19	Acquisition of Real Property	09/10/98	1,000,000		67,668				67,668	
2002-03	Various Improvements	03/21/02	6,700,000		28,677				28,677	
2007-09	Various Improvements	08/02/07	450,000			18,247		(3,306)	21,553	
2009-14	Various Improvements	06/18/09	6,418,000		87,461	4,544,004		1,529,776	3,101,689	
2009-22	Improvements to School	10/15/09	2,823,000			2,823,000		2,416,377	406,623	
				\$	183,806	7,385,251	-	3,941,597	3,627,460	-
					C	C		C-6	C	C:C-5

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

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
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	-
					\$ 8,315,100	-	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		Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Amount					
General Improvement Bonds of 2002	10/1/2002	6,365,000	10/01/11	800,000	3.000%				
			10/01/12	800,000	3.100%				
			10/01/13	840,000	3.250%	3,240,000		800,000	2,440,000
General Improvement Bonds of 2004	8/1/2004	4,275,000	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%	3,175,000		255,000	2,920,000
General Improvement Bonds of 2010	12/1/2010	8,315,000	12/01/11	350,000	3.000%				
			12/01/12	360,000	3.000%				
			12/01/13	375,000	3.000%				
			12/01/14	500,000	3.000%				
			12/01/15	515,000	3.000%				
			12/01/16	530,000	3.000%				
			12/01/17	550,000	3.000%				
			12/01/18	575,000	3.000%				
			12/01/19	600,000	3.500%				
			12/01/20	625,000	3.500%				
			12/01/21	640,000	3.750%				
		12/01/22	650,000	3.750%					
		12/01/23	665,000	3.750%					
		12/01/24	680,000	4.000%					
		12/01/25	700,000	4.000%			8,315,000		8,315,000
						\$ 6,415,000	8,315,000	1,055,000	13,675,000

See Accompanying Auditors Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of				Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Loans Outstanding December 31, 2010	Amount	Decreased					
School Bonds	6/1/2001	6,365,000	02/01/10	290,000	290,000	4.850%	290,000		290,000	-	
School Bonds	8/1/2004	590,000	08/01/10	175,000	175,000	4.300%	175,000		175,000	-	
School Refunding Bonds	12/15/2004	6,917,000	10/01/11	520,000	520,000	3.375%					
			10/01/12	535,000	535,000	4.000%					
			10/01/13	555,000	555,000	3.500%					
			10/01/14	575,000	575,000	4.000%					
			10/01/15	590,000	590,000	4.000%					
			10/01/16	615,000	615,000	5.000%					
			10/01/17	640,000	640,000	4.000%					
			10/01/18	665,000	665,000	4.000%					
			10/01/19	685,000	685,000	4.000%			500,000	6,060,000	
			10/01/20	680,000	680,000	4.000%	6,560,000				
School Refunding Bonds	6/1/2009	4,345,000	02/01/11	350,000	350,000	2.000%					
			02/01/12	360,000	360,000	2.000%					
			02/01/13	365,000	365,000	2.000%					
			02/01/14	370,000	370,000	2.125%					
			02/01/15	375,000	375,000	2.375%					
			02/01/16	385,000	385,000	3.000%					
			02/01/17	395,000	395,000	3.000%					
			02/01/18	405,000	405,000	3.000%					
			02/01/19	420,000	420,000	4.000%					
			02/01/20	435,000	435,000	4.000%					
			02/01/21	430,000	430,000	4.000%	4,345,000		55,000	4,290,000	

See Accompanying Auditors Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of		Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Loans Outstanding December 31, 2010					
School Bonds	12/1/2010	2,823,000	12/01/11	140,000	2.000%				
			12/01/12	145,000	2.000%				
			12/01/13	150,000	2.000%				
			12/01/14	155,000	2.000%				
			12/01/15	165,000	3.000%				
			12/01/16	170,000	3.000%				
			12/01/17	175,000	3.000%				
			12/01/18	185,000	3.000%				
			12/01/19	195,000	3.500%				
			12/01/20	200,000	3.500%				
			12/01/21	210,000	3.500%				
			12/01/22	220,000	3.750%				
			12/01/23	230,000	4.000%				
			12/01/24	235,000	4.000%				
			12/01/25	248,000	4.000%		2,823,000		2,823,000
						\$ 11,370,000	2,823,000	1,020,000	13,173,000

See Accompanying Auditors Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2010	Interest Rate	Balance			
					Dec. 31, 2009	Increased	Decreased	Dec. 31, 2010
Boathouse Renovations	4/30/2001	\$ 500,000	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		2%	305,636	25,104	280,532
						<u>\$ 305,636</u>	<u>25,104</u>	<u>280,532</u>
					C	C-4	C	

See Accompanying Auditors Report

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

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 178,987
Increased by:		
2010 Budget Appropriation	C-3	<u>-</u>
		178,987
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>-</u>
Balance December 31, 2010	C	<u><u>\$ 178,987</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorization	Decreased	Balance Dec. 31, 2010
2006-02	Rehabilitation of Fishing Pier	\$ 423,750		199,599	224,151
2007-06	Rehabilitation of Fishing Pier	306,250			306,250
2009-22	Improvements to School	2,823,000		2,823,000	-
		<u>\$ 3,553,000</u>	<u>-</u>	<u>3,022,599</u>	<u>530,401</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, 2009		\$ 326,000
Increased by Receipts:		
Sewer Rents Receivable	D-6	\$ 4,917,257
Sewer Liens	D-7	-
Miscellaneous	D-3	63,147
Due to Current Fund		<u>332,493</u>
		<u>5,312,897</u>
		5,638,897
Decreased by Disbursements:		
2010 Appropriations	D-4	4,799,155
2009 Appropriation Reserves	D-9	3,850
Refund of Rent Overpayments	D-8	1,441
		<u>4,804,446</u>
Balance December 31, 2010	D	<u><u>\$ 834,451</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

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

	Balance Dec. 31, 2009	Budget Appropriation	Receipts Bonds Issued	Miscellaneous	Improvement Authorizations	Disbursements ----- Miscellaneous	Transfers ---- From	To	Balance Dec. 31, 2010
Fund Balance	\$ 54,968								54,968
Due to Water and Sewer Operating Fund	43,711	(401,719)		21,605					(336,403)
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	1,693,461	1,693,461
<u>Improvement Authorizations:</u>									
<u>Ordinance Number</u>									
2002-04	(1,250)	1,250							-
2006-14	(69)	69							-
2009-06	(798,008)		1,000,000		383,086		485,990	667,084	-
2009-15a	1,194,965		0		471,760		1,111,587	484,524	96,142
2009-15b	288,200		0		602		1,800	1,800	287,598
2009-15c	110,386		0		688,010		27,158	646,026	41,244
2009-15d	21,000		0		44,000		21,000	44,000	-
2009-15e	26,762		0		41,988		28,012	43,238	-
2009-15f	180,000		-				90,000		90,000
2010-14a		231,974	4,407,499		6,387		66,926		4,566,160
2010-14b		91,209	1,732,961						1,824,170
2010-14c		36,483	693,185		338				729,330
2010-14d	10	7,297	138,637						145,934
2010-14e		12,668	240,689						253,357
2010-14f		3,648	69,319						72,967
2010-14g		16,721	317,710						334,431
									-
									-
	\$ 2,770,965	(400)	8,600,000	21,605	1,636,171	-	3,580,133	3,580,133	9,755,999
	E	A-3		E-5	E-5 : E-14				E : E-6

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

	<u>Ref.</u>		
Balance December 31, 2009	D		\$ 358,727
Increased by:			
Utility Rents Levied	Res.	\$ <u>5,153,465</u>	<u>5,153,465</u>
			5,512,192
Decreased by:			
Collections	D-5	4,917,257	
Overpayments Applied	D-8	10,507	
Overpayments Created		(10,633)	
Transferred to liens	D-7	-	
Canceled	Res.	8,996	
		<u>4,926,127</u>	<u>4,926,127</u>
Balance December 31, 2010	D		<u>\$ 586,065</u>

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

	<u>Ref.</u>		
Balance December 31, 2009	D		\$ -
Increased by:			
Transferred from Sewer Rents	D-6	<u>-</u>	<u>0</u>
			0
Decreased by:			
Collections		<u>0</u>	<u>-</u>
Balance December 31, 2010	D		<u>\$ -</u>

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

	<u>Ref.</u>		
Balance December 31, 2009	D		\$ 8,170
Increase by:			
Overpayments created	D-6		10,633
Decreased by:			
Overpayments applied	D-6	\$ 10,507	
Refunded	D-5	<u>1,441</u>	
			11,948
			<hr/>
Balance December 31, 2010	D		<u><u>\$ 6,855</u></u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES**

	BALANCE Dec. 31, 2009	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDED
Operating:					
Other Expenses	\$ 8,732	8,732	3,850	4,882	
Capital Improvements					
Capital Outlay	62,796	62,796		62,796	
Other Accounts No Change					
	21,374	21,374		21,374	
	<u>\$ 92,902</u>	<u>92,902</u>	<u>3,850</u>	<u>89,052</u>	<u>-</u>

Ref.	D	D	D-5	D-1	D
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SEE ACCOMPANYING AUDITOR'S REPORT

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

Balance December 31, 2009	<u>Ref.</u> D	\$ 35,656
Increased by:		
Accrued interest charged to 2010 budget appropriation - Interest on bonds	D-4	<u>103,347</u>
		139,003
Decreased by:		
Disbursements	D-4	<u>98,383</u>
Balance December 31, 2010	D	<u><u>\$ 40,620</u></u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2010

<u>Description</u>	<u>Principal Outstanding Dec. 31, 2010</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u># of Days</u>	<u>Amount</u>
Water and Sewer Bonds of 2002	300,000	3.0% to 3.2%	10/01/10	12/31/10	90	\$ 2,338
Water and Sewer Bonds of 2004	250,000	3.50%	08/01/10	12/31/10	150	3,646
Water and Sewer Bonds of 2010	12,240,000	3.0% to 4.375%	12/01/10	12/31/10	30	34,636
						<u><u>40,620</u></u>

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

ACCOUNT	BALANCE Dec. 31, 2009	ADDITIONS BY BUDGET CAPITAL OUTLAY	BY ORDINANCE	BALANCE Dec. 31, 2010
Office Equipment	\$ 72,997			72,997
Other Equipment	931,954			931,954
Building and Improvements	792,974			792,974
Water System Improvements	2,285,761			2,285,761
Sewer System Improvements	2,379,307			2,379,307
Combined Improvements	3,497,925			3,497,925
	<u>\$9,960,918</u>	-	-	<u>9,960,918</u>
	Ref. D			D
2010 Appropriations		\$ -	D-4	
2009 Appropriation Reserves		-	D-10	
		<u>\$ -</u>		

SEE ACCOMPANYING AUDITOR'S REPORT

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

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2009	2010 Authorizations			Canceled	Balance Dec. 31, 2010
					Deferred Reserve for Amortization	Deferred Charge to Future Taxation	Costs to Fixed Capital		
2009-06	Reconstruction of Sewer Lines	03/19/09	\$ 1,000,000	\$ 1,000,000				1,000,000	
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	1,700,000				1,700,000	
2009-15b	Repainting the Water Tower	06/18/09	290,000	290,000				290,000	
2009-15c	Purchase of Water Meters	06/18/09	617,400	617,400				617,400	
2009-15d	Purchase of Vehicles	06/18/09	65,000	65,000				65,000	
2009-15e	Purchase of Vehicles	06/18/09	70,000	70,000				70,000	
2009-15f	Purchase of Equipment	06/18/09	180,000	180,000				180,000	
2010-14a	Replacement of sanitary sewer main	10/06/10	4,639,473		4,639,473			4,639,473	
2010-14b	Replacement of well and well house	10/06/10	1,824,170		1,824,170			1,824,170	
2010-14c	Improve and upgrade electrical at w	10/06/10	729,668		729,668			729,668	
2010-14d	Installation of water main inter-conn	10/06/10	145,934		145,934			145,934	
2010-14e	Acquisition of vehicles	10/06/10	253,357		253,357			253,357	
2010-14f	Acquisition of equipment	10/06/10	72,967		72,967			72,967	
2010-14g	Installation of pumps etc. at Lily Par	10/06/10	334,431		334,431			334,431	
				\$ 3,922,400		8,000,000	-	11,922,400	
				E	E-19	E-21	E-12	E	

See Accompanying Auditor's Report

WATER AND SEWER CAPITAL UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD NUMBER	IMPROVEMENT AUTHORIZATION	ORDINANCE DATE	AMOUNT	BALANCE Dec. 31, 2009		IMPROV. FUND	2010 AUTHORIZATIONS DOWN PAYMENT OR CAPITAL	DEFERRED CHARGES TO FUTURE TAXATION	PRIOR YEAR ENCUMBRANCE	PAID OR CHARGED	TRANSFERS OR CANCELLED	BALANCE Dec. 31, 2010	
				FUNDED	UNFUNDED							FUNDED	UNFUNDED
2009-06	Reconstruction of Sewer Lines	03/19/09	\$ 1,000,000		201,992				667,084	869,076		-	-
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	1,194,965					484,524	1,583,347		96,142	
2009-15b	Repairing the Water Tower	06/18/09	290,000	288,200					1,800	2,402		287,598	
2009-15c	Purchase of Water Meters	06/18/09	617,400	110,386					507,014	715,168	139,012	41,244	
2009-15d	Purchase of Vehicles	06/18/09	65,000	21,000					44,000	44,000	(21,000)	-	
2009-15e	Purchase of Vehicles	06/18/09	70,000	26,762					43,238	41,988	(28,012)	-	
2009-15f	Purchase of Equipment	06/18/09	180,000	180,000							(90,000)	90,000	
2010-14a	Replacement of sanitary sewer mains	10/06/10	4,639,473			231,974	4,407,499			73,313		4,566,160	
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170			91,209	1,732,961					1,824,170	
2010-14c	Improve and upgrade electrical at wells 5, 7 and 1	10/06/10	729,688			36,483	693,185			338		729,330	
2010-14d	Installation of water main inter-connects	10/06/10	145,934			7,297	138,637					145,934	
2010-14e	Acquisition of vehicles	10/06/10	253,357			12,668	240,689					253,357	
2010-14f	Acquisition of equipment	10/06/10	72,967			3,648	69,319					72,967	
2010-14g	Installation of pumps etc. at Lily Park	10/06/10	334,431			16,721	317,710					334,431	
				-	2,023,305	400,000	7,600,000	1,747,660	3,329,632			8,441,333	-

Ref.	D	D	D	D-13; D-19	D-6	D	D	D

SEE ACCOMPANYING AUDITOR'S REPORT

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

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
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>\$ 3,640,400</u>	-	<u>3,640,400</u>	<u>-</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	MATURETIES OF BONDS OUTSTANDING DECEMBER 31, 2010	DATE	AMOUNT	INT. RATE	BALANCE DEC. 31, 2009	INCREASED	DECREASED	BALANCE DEC. 31, 2010
Water and Sewer Bonds of 2002	10/01/02	925,000	\$ 100,000	10/01/11		3.00%				
			100,000	10/01/12		3.10%				
			100,000	10/01/13		3.20%	400,000		100,000	300,000
Water and Sewer Bonds of 2004	08/01/04	550,000	60,000	08/01/11		3.50%				
			60,000	08/01/12		3.50%				
			65,000	08/01/13		3.50%				
			65,000	08/01/14		3.50%	305,000		55,000	250,000
Water and Sewer Bonds of 2010	12/01/10	12,240,000	400,000	12/01/11		3.00%				
			410,000	12/01/12		3.00%				
			425,000	12/01/13		3.00%				
			500,000	12/01/14		3.00%				
			510,000	12/01/15		3.00%				
			525,000	12/01/16		3.00%				
			540,000	12/01/17		3.00%				
			560,000	12/01/18		3.00%				
			575,000	12/01/19		3.50%				
			600,000	12/01/20		3.50%				
			625,000	12/01/21		3.75%				
			650,000	12/01/22		3.75%				
			675,000	12/01/23		3.75%				
			700,000	12/01/24		4.00%				
			715,000	12/01/25		4.00%				
		725,000	12/01/26		4.00%					
		745,000	12/01/27		4.13%					
		770,000	12/01/28		4.25%					
		790,000	12/01/29		4.25%					
			800,000	12/01/30		4.38%				
							12,240,000			12,240,000
							\$ 705,000	12,240,000	155,000	12,790,000

Ref. D D D-4 D

SEE ACCOMPANYING AUDITOR'S REPORT

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

	Ref.		
Balance December 31, 2009	D		\$ 8,536,599
Increased by:			
Capital Outlay:			
Funded by Budget Appropriation			
2010 Appropriations	D-12	\$ 1,319	
Serial Bonds Paid by Operating Budget	D-4	<u>155,000</u>	
			<u>156,319</u>
Balance December 31, 2010	D		<u>\$ 8,692,918</u>

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

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE Dec. 31, 2009	2010 AUTHORIZATIONS	Bonds Issued	Raised in Budget	BALANCE Dec. 31, 2010
2002-04	Various Improvements - (a) Improvements to Water Tower and Pump House	\$ 1,250			1,250	-
2006-14	Reconstruction and Improvements to the City's Water and Sewer Utility System	69			69	-
2009-06	Reconstruction of Sewer Lines	1,000,000		1,000,000		-
2010-14a	Replacement of sanitary sewer mains		4,407,499	4,407,499		-
2010-14b	Replacement of well and well house #8		1,732,961	1,732,961		-
2010-14c	Improve and upgrade electrical at wells 5, 7 and 10		693,185	693,185		-
2010-14d	Installation of water main inter-connects		138,637	138,637		-
2010-14e	Acquisition of vehicles		240,689	240,689		-
2010-14f	Acquisition of equipment		69,319	69,319		-
2010-14g	Installation of pumps etc. at Lily Park		317,710	317,710		-
		<u>\$ 1,001,319</u>	<u>7,600,000</u>	<u>8,600,000</u>	<u>1,319</u>	<u>-</u>
		D		D-15		D

SEE ACCOMPANYING AUDITOR'S REPORT

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2009	Fixed Capital Authorized	To Reserve for Amortization	BAN Paid	Balance Dec. 31, 2010
2009-15c	Purchase of water meters	6/18/09				400	400
2010-14a	Replacement of sanitary sewer mains	10/06/10		231,974			231,974
2010-14b	Replacement of well and well house #8	10/06/10		91,209			91,209
2010-14c	Improve and upgrade electrical at wells 5	10/06/10		36,483			36,483
2010-14d	Installation of water main inter-connects	10/06/10		7,297			7,297
2010-14e.	Acquisition of vehicles	10/06/10		12,668			12,668
2010-14f	Acquisition of equipment	10/06/10		3,648			3,648
2010-14g	Installation of pumps etc. at Lily Park	10/06/10		16,721			16,721
			-	400,000	-	400	400,400
			E	E-14	E-18		E

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CITY OF VENTNOR CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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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." Effective July 1, 2010, the bid threshold was increased to \$29,000.

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$21,000 (between January 1, 2010 and June 30, 2010) or \$29,000 (effective July 1, 2010) 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 (between January 1, 2010 and June 30, 2010) or \$29,000 (effective July 1, 2010) "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 Bulkhead
- Sewer System Replacements
- Repair of Pump Station
- Water Meters and Batteries
- Fire Pumper Refurbishing
- Vehicles
- Roof Repair
- Telephone System
- West Canal Bore
- Underground Utilities
- Sound System
- Sewer Projects

Contracts and Agreements Requiring Solicitation of Quotations

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 3, 2010 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2010	0
2009	0
2008	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 Mailed</u>
Payment of 2011 and 2010 Taxes	10
Payment of 2011 and 2010 Utility Bills	10
Delinquent Taxes	5
Delinquent Utility	3
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 Collections</u>	<u>Percentage of Collections</u>
2010	45,932,918	43,414,147	94.52%
2009	44,743,535	42,690,239	95.41%
2008	43,417,628	41,792,809	96.26%
2007	42,620,119	41,179,558	96.62%
2006	39,352,566	36,960,815	93.92%

Comparative Schedule of Tax Rate Information

	2010	2009	2008	2007	2006
Tax Rate	1.727	1.669	1.616	1.590	1.421
Apportionment of Tax Rate:					
Municipal	0.754	0.665	0.664	0.669	0.549
County	0.334	0.333	0.310	0.280	0.284
School	0.639	0.671	0.642	0.641	0.588
Assessed Valuation	2,646,525,345	2,671,641,219	2,674,012,188	2,674,012,188	2,763,338,278

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	-	1,850,518	1,850,518	4.03%
2009	-	1,595,054	1,595,054	3.67%
2008	25,965	1,257,151	1,283,116	2.96%
2007	20,447	1,232,434	1,252,881	2.94%
2006	14,416	894,699	909,115	2.31%

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

10-2. Criteria

All interfund accounts should be liquidated by year end.

Condition

Current year transfers and prior balances were not all liquidated.

Cause

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

Effect

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

Recommendation

That all interfunds be liquidated at year end.

Management Response

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

10-3. 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

The actuarial determination was not cost effective for the City, as it was not included in the preparation of the 2010 budget.

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 09-1

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

This finding was cleared in 2010.

Finding 09-2

A monthly reconciliation of the unemployment trust account was not properly maintained and reconciled.

This finding was partially cleared in 2010.

The CFO will transfer the required funds on a monthly basis.

Finding 09-3

That written procedures are maintained for all transactions.

This finding was cleared in 2010.

Finding 09-4

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

This finding was not cleared in 2010.

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

Finding 09-5

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

This finding was cleared in 2010.

Finding 09-6

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 2010.

Finding 09-7

Public Contract law requires that quotes be obtained on materials or services where the cost will exceed 15% of the bid threshold and bids be obtained on materials or services where the cost will exceed \$21,000.

This finding was cleared in 2010.

Finding 09-8

That all interfunds be liquidated by year end.

This finding was not cleared in 2010.

Finding 09-9

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

This finding was cleared in 2010.

Finding 09-10

All receipts and disbursements for the bail account are to be recorded in the ATS/ACS system, resulting in many manual adjustments each month to the bail account bank reconciliation.

This finding was cleared in 2010.

Finding 09-11

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

This finding was cleared in 2010.

Finding 09-12

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

This finding was cleared in 2010.

Finding 09-13

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

This finding was not cleared in 2010.

The City will investigate the most cost effective procedure for determination of the post-retirement benefit costs.

RECOMMENDATIONS

1. That the City create and maintain a fixed asset ledger and ensure it is updated annually for all purchases and sales.
2. That all interfunds be liquidated by year end.
3. An actuarial report should be obtained to ensure the proper liabilities for retiree benefits are known and can be 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

Swartz & Co., LLC

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May 31, 2011