

CITY OF VENTNOR CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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CITY OF VENTNOR CITY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Ventnor City, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Ventnor City as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ventnor City's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2018 on our consideration of the City of Ventnor City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ventnor City's internal control over financial reporting and compliance.

Very truly yours,

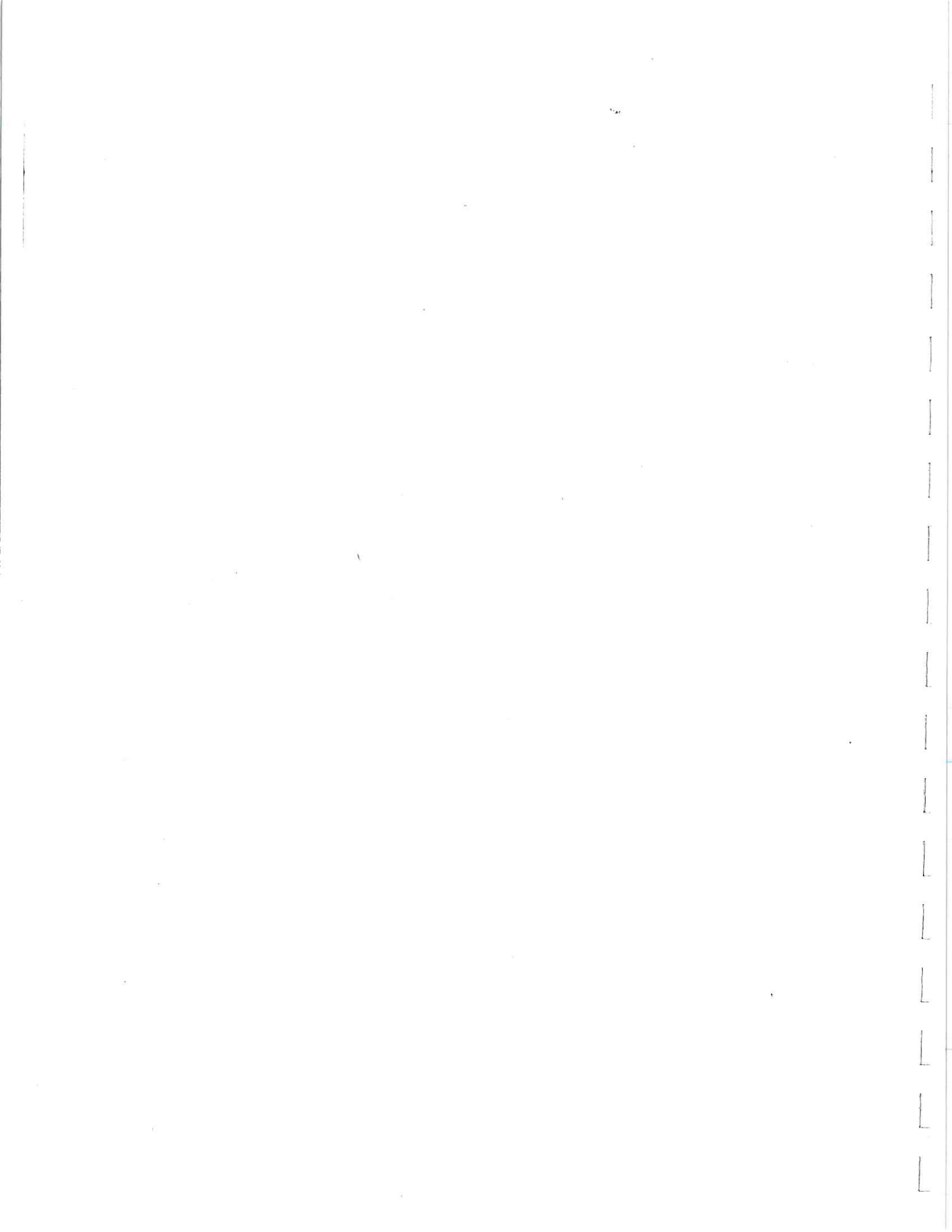
Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 2, 2018

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EXHIBIT A - CURRENT FUND



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

	2017	2016
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 11,046,896.12	5,147,331.83
Cash - Change	530.00	530.00
Total Cash	11,047,426.12	5,147,861.83
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	21,608.90	20,233.90
Total Other Receivables	21,608.90	20,233.90
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,236,035.40	1,213,984.36
Tax Title and Other Liens	-	95,379.42
Property Acquired for Taxes - at Assessed Valuation	267,200.00	267,200.00
Revenue Accounts Receivable	15,181.98	13,680.34
Demolition Lien Receivable	5,360.03	4,912.52
Interfund Receivable:		
General Capital Fund	36,550.47	53,263.92
Trust - Other	349.98	169.47
Animal Control Fund	5,524.80	1,938.60
Total Receivables and Other Assets	1,566,202.66	1,650,528.63
Deferred Charges:		
Special Emergency Appropriation - Revaluation	360,000.00	480,000.00
Special Emergency Appropriation - Tax Map	60,000.00	90,000.00
Total Deferred Charges	420,000.00	570,000.00
Total Regular Fund	13,055,237.68	7,388,624.36
Federal and State Grant Fund:		
Federal and State Grants Receivable	654,998.70	601,278.46
Due from Current Fund	284,012.04	567,810.04
Total Federal and State Grant Fund	939,010.74	1,169,088.50
Total Current Fund	\$ 13,994,248.42	8,557,712.86

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

	2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 666,526.92	137,537.48
Reserve for Encumbrances	508,508.64	175,730.33
Accounts Payable	3,668.86	-
Prepaid Taxes	5,832,157.12	910,752.17
Overpaid Taxes	193,278.96	181,233.89
Local School Tax Payable	0.02	-
County Added Tax Payable	38,248.93	26,063.04
Due to State:		
State Training Fees	-	7,960.00
Interfund Payable:		
Federal and State Grant Fund	284,012.04	567,810.04
Water & Sewer Utility Capital Fund	7,239.42	-
Other		
Reserve for Judgements	42,500.00	42,500.00
Reserve for Hurricane Sandy	-	6,821.20
Reserve for Revaluation	125,290.94	314,229.00
Special Emergency Note Payable	-	320,000.00
	7,701,431.85	2,690,637.15
Reserve for Receivables and Other Assets	1,566,202.66	1,650,528.63
Fund Balance	3,787,603.17	3,047,458.58
Total Regular Fund	13,055,237.68	7,388,624.36
Federal and State Grant Fund:		
Unappropriated Reserves	56,962.13	58,029.35
Appropriated Reserves	857,256.26	1,111,059.15
Encumbrances Payable	24,792.35	-
	939,010.74	1,169,088.50
Total Federal and State Grant Fund	939,010.74	1,169,088.50
Total Current Fund	\$ 13,994,248.42	8,557,712.86

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

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized		
Fund Balance	\$ 2,030,000.00	2,500,000.00
Miscellaneous Revenue Anticipated	3,523,762.29	3,067,566.09
Receipts from Delinquent Taxes	1,204,729.29	1,062,038.09
Receipts from Current Taxes	52,263,962.49	49,322,352.28
Non Budget Revenue	544,176.37	768,950.53
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	202,315.35	679,149.76
Interfund Returned	12,946.74	64,070.18
Total Income	<u>59,781,892.53</u>	<u>57,464,126.93</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	13,638,669.00	13,202,260.00
Other Expenses	7,004,748.87	6,608,805.00
Deferred Charges & Statutory Expenditures	3,018,342.52	2,959,184.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	41,500.00	137,165.13
Other Expenses	387,847.87	56,215.73
Capital Improvements	250,000.00	250,000.00
Debt Service	1,870,802.53	1,791,804.79
Deferred Charges	150,000.00	200,000.00
Type I School Debt Service	1,403,800.83	1,411,070.00
Local District School Tax	17,677,514.00	17,819,977.00
County Tax	11,468,387.33	11,350,924.26
County Share of Added Tax	38,248.93	26,063.04
Refund of Prior Year's Revenue	1,263.74	-
Prior Year Tax Overpayments	60,622.32	-
Total Expenditures	<u>57,011,747.94</u>	<u>55,813,468.95</u>
Excess/(Deficit) in Revenue	<u>2,770,144.59</u>	<u>1,650,657.98</u>

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

	2017	2016
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of	-	-
Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	2,770,144.59	1,650,657.98
Fund Balance January 1	3,047,458.58	3,896,800.60
	5,817,603.17	5,547,458.58
Decreased by:		
Utilization as Anticipated Revenue	2,030,000.00	2,500,000.00
Fund Balance December 31	\$ 3,787,603.17	3,047,458.58

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 2,030,000.00		2,030,000.00	-
Total Fund Balance Anticipated	2,030,000.00	-	2,030,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	3,625.00		3,870.00	245.00
Other	18,000.00		14,299.00	(3,701.00)
Fees and Permits	237,500.00		241,633.70	4,133.70
Fines and Costs:				
Municipal Court	207,000.00		217,133.76	10,133.76
Interest and Costs on Taxes	263,000.00		308,727.27	45,727.27
Interest Earned on Investments	15,000.00		15,533.77	533.77
Parking Meters	50,000.00		99,613.10	49,613.10
Beach Control Fees	225,000.00		273,107.00	48,107.00
Land Rental	87,000.00		87,501.00	501.00
Viking Rowing Foundation, Inc. Lease Agreement	31,000.00		31,091.60	91.60
Payment in Lieu of Taxes	118,000.00		162,494.00	44,494.00
Cable Television Franchise Fees	50,000.00		61,376.27	11,376.27
City Lease Fees	40,000.00		48,654.96	8,654.96
Ambulance Service Fees	100,000.00		184,267.49	84,267.49
Recreation Fees	60,000.00		78,219.50	18,219.50
Total Section A: Local Revenues	1,505,125.00	-	1,827,522.42	322,397.42

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	608,112.00		608,112.00	-
Supplemental Energy Receipts Tax				-
Total Section B: State Aid Without Offsetting Appropriations	<u>608,112.00</u>	<u>-</u>	<u>608,112.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	290,000.00		345,780.00	55,780.00
Total Section C: Uniform Construction Code Fees	<u>290,000.00</u>	<u>-</u>	<u>345,780.00</u>	<u>55,780.00</u>
Section D: Special Items - Interlocal Municipal Service Agreements Offset with Appropriations				
Borough of Longport - Uniform Construction Code Office	43,750.00		43,750.00	-
Total Section D: Special Items of General Revenue Anticipated	<u>43,750.00</u>	<u>-</u>	<u>43,750.00</u>	<u>-</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	38,230.34		38,230.34	-
Drunk Driving Enforcement Fund	110.00		110.00	-
Clean Communities	38,415.00	32,636.06	71,051.06	-
Bulletproof Vest		1,989.41	1,989.41	-
Emergency Management Assistance	7,000.00	10,000.00	17,000.00	-
Municipal Aid Program - Monmouth DWI		231,000.00	231,000.00	-
State Cooperative Housing		825.00	825.00	-
State Housing Inspection	6,419.00	1,944.00	8,363.00	-
Alcohol Education and Rehabilitation		1,125.95	1,125.95	-
Body Armor Replacement		3,553.11	3,553.11	-
Municipal Alliance			350.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	<u>90,524.34</u>	<u>283,073.53</u>	<u>373,597.87</u>	<u>-</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Reserve to Pay School Bonds	50,000.00	-	50,000.00	-
Utility Allocation	275,000.00	-	275,000.00	-
	<u>325,000.00</u>	<u>-</u>	<u>325,000.00</u>	<u>-</u>
Total Section G: Other Special Items				
Total Miscellaneous Revenues:	2,862,511.34	283,073.53	3,523,762.29	378,177.42
Receipts from Delinquent Taxes	1,131,603.00	-	1,204,729.29	73,126.29
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	22,864,458.79	-	24,432,655.50	1,568,196.71
Amount for Local District Tax	1,407,370.00	-	1,407,370.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>24,271,828.79</u>	<u>-</u>	<u>25,840,025.50</u>	<u>1,568,196.71</u>
Budget Totals	30,295,943.13	283,073.53	32,598,517.08	2,019,500.42
Non- Budget Revenues:				
Other Non- Budget Revenues:			544,176.37	544,176.37
	<u>30,295,943.13</u>	<u>283,073.53</u>	<u>33,142,693.45</u>	<u>2,563,676.79</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	52,263,962.49
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	52,263,962.49
Allocated to:	
School, County and Other Taxes	29,184,150.26
Balance for Support of Municipal Budget Appropriations	23,079,812.23
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	2,760,213.27
Amount for Support of Municipal Budget Appropriations	25,840,025.50

Receipts from Delinquent Taxes:	
Delinquent Tax Collection	1,203,297.58
Tax Title Lien Collections	1,431.71
Total Receipts from Delinquent Taxes	1,204,729.29

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:	
Fire	16,665.00
Police	1,512.92
City Clerk	1,755.75
Miscellaneous Collector & Assessor	13,671.18
NSF Fees	120.00
Police Detail Administrative Fees	46,351.77
Fire Safety Act	7,321.60
Community Champions	91,200.00
Bike Auction	2,362.00
Land Sale	10,000.00
Gov Deals	7,051.00
Refunds & Reimbursements	20,150.25
Workers Compensation Reimbursements	7,494.33
Unclaimed Bail	52.00
JIF	3,900.00
Insurance Refunds	15,603.00
Bid Specs	500.00
Recycling	1,602.95
CDBG - Sandy	144,315.45
CDBG - ACIA	134,637.00
Ventnor Gardens Execution Fee	2,000.00
Annual Maintenance Ventnor Gardens	3,550.00
Restitution	171.79
Vending Commissions	98.00
DMV Fines	5,356.00
Senior & Vets Admin Fee	1,527.50
Miscellaneous	5,206.88
Total Miscellaneous Revenue Not Anticipated:	544,176.37

Cash	544,176.37
Non-cash	-
	544,176.37

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor's Office	\$ 78,850.00	78,850.00	76,849.41		2,000.59	
Salaries and Wages	24,000.00	24,000.00	9,365.95	3,692.06	10,941.99	
Other Expenses						
Police	4,494,023.00	4,494,023.00	4,378,021.37	23,694.27	116,001.63	
Salaries and Wages	258,300.00	263,300.00	238,009.77		1,595.96	
Other Expenses						
Fire	4,520,747.00	4,500,747.00	4,446,952.89	34,399.69	53,794.11	
Salaries and Wages	90,663.00	116,663.00	79,270.50		2,992.81	
Other Expenses						
Uniform Fire Safety Act (P.L. 1983, C.383)						
Salaries and Wages	5,371.00	5,371.00	3,386.16	1,887.83	97.01	
Other Expenses						
Radio and Communications	507,825.00	520,925.00	517,664.07		3,260.93	
Salaries and Wages	35,500.00	35,500.00	28,495.36		7,004.64	
Other Expenses						
City Administrator	15,600.00	15,600.00	14,240.00	16,437.50	1,360.00	
Salaries and Wages	125,338.00	174,478.00	149,262.50		8,778.00	
Other Expenses						
Office of Emergency Management						
Salaries and Wages	62,500.00	62,600.00	62,600.00		-	
Other Expenses	16,600.00	7,200.00	7,102.82		97.18	
Dog Control						
Other Expenses	8,400.00	8,400.00	7,700.00	700.00	-	
Electrical Division						
Salaries and Wages	68,287.00	75,887.00	74,635.84	3,991.30	1,251.16	
Other Expenses	35,700.00	35,700.00	25,288.40		6,420.30	
Celebration of Public Events						
Salaries and Wages	45,000.00	39,376.87	9,977.91	6,474.52	22,924.44	
Zoning Commission						
Salaries and Wages						
Other Expenses						
Beach Patrol	513,570.00	513,570.00	512,569.94	2,361.79	1,000.06	
Salaries and Wages	24,820.00	25,320.00	22,914.54		43.67	
Other Expenses						
Beach Control	46,000.00	35,700.00	35,152.16	368.16	547.84	
Salaries and Wages	7,100.00	8,100.00	7,504.55		227.29	
Other Expenses						

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS, PARKS & PUBLIC PROPERTY						
Director's Office	10,000.00	10,000.00	10,000.00	-	-	-
Salaries and Wages						
Streets and Roads	571,225.00	584,725.00	570,781.82	13,943.18	13,943.18	
Salaries and Wages	91,000.00	52,800.00	28,712.29	5,480.87	18,606.84	
Other Expenses						
Motor Vehicle Maintenance	304,570.00	205,520.00	194,435.91	9,768.14	11,084.09	
Salaries and Wages	49,000.00	69,000.00	47,611.14		11,620.72	
Other Expenses						
Buildings and Grounds	278,086.00	295,886.00	267,229.43	3,586.78	25,069.79	
Salaries and Wages	164,500.00	189,500.00	135,105.66	52,122.93	2,271.41	
Other Expenses						
Recreation	210,000.00	224,200.00	224,074.61	10,129.77	125.39	
Salaries and Wages	87,127.00	87,127.00	67,498.78		9,498.45	
Other Expenses						
City Engineer	27,625.00	29,225.00	29,151.95	42,034.80	73.05	
Salaries and Wages	120,200.00	147,600.00	105,489.25		75.95	
Other Expenses						
Solid Waste/Recycling	111,409.00	141,809.00	119,873.53	4,106.63	21,935.47	
Salaries and Wages	1,109,635.00	1,036,227.00	997,322.66		34,797.71	
Other Expenses						
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office	10,000.00	10,000.00	10,000.00	-	-	-
Salaries and Wages						
Legal Services and Costs	350,000.00	365,000.00	241,739.78	42,463.33	80,796.89	
Other Expenses						
City Clerk	76,950.00	76,950.00	76,545.09		404.91	
Salaries and Wages	33,724.00	33,724.00	24,503.10	1,783.83	7,437.07	
Other Expenses	26,200.00	26,200.00	11,403.05	10,140.00	4,656.95	
Revision and Codification of Ordinances						
Elections	7,325.00	7,325.00	6,021.73		1,303.27	
Other Expenses						
Audit Fee	50,600.00	50,600.00	50,580.00		20.00	
Other Expenses						

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Municipal Land Use Law (N.J.S.A. 40:55 D-1)						
Planning Board	6,000.00	6,500.00	6,500.00			
Salaries and Wages	31,100.00	38,100.00	32,101.96	1,716.54	4,281.50	
Other Expenses						
Financial Administration	280,435.00	270,435.00	260,680.86	1,689.15	8,064.99	
Salaries and Wages	90,325.00	94,925.00	61,337.69	29,781.72	3,805.59	
Other Expenses						
Assessment of Taxes	105,190.00	109,890.00	109,872.56	627.00	17.44	
Salaries and Wages	13,595.00	13,595.00	10,939.94		2,028.06	
Other Expenses						
Collection of Taxes	105,350.00	105,350.00	93,578.79	7,193.33	11,771.21	
Salaries and Wages	18,840.00	18,840.00	9,028.90		2,617.77	
Other Expenses						
Information Technology	73,262.00	76,062.00	76,044.73	17.27	17.27	
Salaries and Wages	231,140.00	219,140.00	148,824.25	70,140.24	175.51	
Other Expenses						
Municipal Court	270,000.00	270,000.00	252,802.05	702.04	17,197.95	
Salaries and Wages	19,650.00	19,650.00	12,720.75		6,227.21	
Other Expenses						
Municipal Prosecutor	25,000.00	25,000.00	22,916.63	2,083.37	(0.00)	
Salaries and Wages						
Public Defender (P.L. 1997, C.256)	9,000.00	9,375.00	9,375.00			
Other Expenses						
Insurance	134,272.00	154,472.00	136,042.56	11,862.74	6,566.70	
General Liability	895,719.00	780,719.00	780,092.47		626.53	
Workers Compensation	2,008,571.00	1,943,321.00	1,877,326.64	11,678.83	54,315.53	
Employee Group Health	75,000.00	75,000.00	67,597.76		7,402.24	
Health Waiver						
UNIFORM CONSTRUCTION CODE						
Inspection of Buildings	345,500.00	353,800.00	353,417.32		382.68	
Salaries and Wages	11,250.00	11,250.00	3,534.08	2,643.17	5,072.75	
Other Expenses						
Inspection of Housing	88,433.00	88,433.00	79,869.02	1,244.28	8,563.98	
Salaries and Wages	7,850.00	7,850.00	743.99		5,861.73	
Other Expenses						
Electrical and Plumbing Inspections	14,432.00	16,982.00	16,947.54		34.46	
Salaries and Wages						

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNCLASSIFIED						
Utility Expenses and Bulk Purchases						
Gasoline	145,000.00	105,000.00	90,138.83	9,861.17	5,000.00	
Electricity	555,000.00	585,000.00	522,388.54	62,384.80	226.66	
Telephone	100,000.00	70,000.00	60,013.82	9,042.18	944.00	
Natural Gas	120,000.00	50,000.00	34,074.21	10,000.00	5,925.79	
Terminal Leave	300,000.00	440,000.00	440,000.00	-	-	
TOTAL OPERATIONS WITHIN "CAPS"	20,753,284.00	20,643,417.87	19,493,954.81	508,274.76	641,188.30	-
Contingent						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	20,753,284.00	20,643,417.87	19,493,954.81	508,274.76	641,188.30	-
Detail:						
Salaries and Wages	13,640,869.00	13,638,669.00	13,333,407.52	7,359.30	297,902.18	-
Other Expenses	7,112,415.00	7,004,748.87	6,160,547.29	500,915.46	343,286.12	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	516,583.00	518,583.00	518,511.00		72.00	
Social Security System (O.A.S.I.)	272,500.00	279,500.00	279,392.91		107.09	
Consolidated Police and Firemen's Pension Fund	8,891.52	8,991.52	8,981.44		10.08	
Police and Firemen's Retirement System	2,006,268.00	2,006,268.00	2,006,268.00		-	
Unemployment	15,000.00	15,000.00	6,016.09		8,983.91	
Medicare Insurance	170,000.00	184,000.00	183,753.06		246.94	
Lifeguard Pension Fund						
Defined Contribution Retirement Program	6,000.00	6,000.00	3,907.39	98.88	1,993.73	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,995,242.52	3,018,342.52	3,006,829.89	98.88	11,413.75	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	23,748,526.52	23,661,760.39	22,500,784.70	508,373.64	652,602.05	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"	41,500.00	41,500.00	39,579.29	135.00	1,920.71	-
Borough of Longport - Uniform Construction Code Salaries and Wages	2,250.00	2,250.00	2,110.84		4.16	-
Other Expenses	43,750.00	43,750.00	41,690.13	135.00	1,924.87	-

(A) Public and Private Programs Off-Set by Revenues					
DWI	825.00		825.00		-
DDEF	110.00		110.00		-
Recycling Tonnage Grant	38,230.34		38,230.34		-
Bulletproof Vest Partnership	1,989.41		1,989.41		-
State Housing Inspection	8,363.00		8,363.00		-
Clean Communities Program	71,051.06		71,051.06		-
Match for Grant	12,000.00		12,000.00		12,000.00
Community Development Block Grant	1,125.95		1,125.95		-
Alcohol Education and Rehabilitation	231,000.00		231,000.00		-
DOT Municipal Aid Program	350.00		350.00		-
Municipal Alliance	3,553.11		3,553.11		-
Body Armor Replacement	17,000.00		17,000.00		-
Emergency Management Assistance					
Total Public and Private Programs Off-Set by Revenues	102,524.34	385,597.87	373,597.87		12,000.00

Total Public and Private Programs Off-Set by Revenues	146,274.34	429,347.87	415,288.00	135.00	13,924.87	-
Total Operations - Excluded from "CAPS"	41,500.00	41,500.00	39,579.29		1,920.71	-
Detail:	104,774.34	387,847.87	375,708.71	135.00	12,004.16	-
Salaries and Wages						
Other Expenses						

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements Capital Improvement Fund	250,000.00	250,000.00	250,000.00	-	-	-
Total Capital Improvements	<u>250,000.00</u>	<u>250,000.00</u>	<u>250,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service	1,390,000.00	1,425,000.00	1,425,000.00	-	-	39,521.67
Payment of Bond Principal	360,150.00	360,150.00	320,628.33	-	-	-
Interest on Bonds	25,772.00	33,630.13	33,630.13	-	-	-
Interest on Notes						
Green Trust Loan Program:	57,637.00	91,545.00	91,544.07	(0.00)	(0.00)	0.93
Loan Repayments for Principal and Interest						
Total Debt Service	<u>1,833,559.00</u>	<u>1,910,325.13</u>	<u>1,870,802.53</u>	<u>-</u>	<u>(0.00)</u>	<u>39,522.60</u>
(E) Deferred Charges	150,000.00	150,000.00	150,000.00	-	-	-
Special Emergency Authorizations - 5 years						
Total Deferred Charges	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(K) Local District School Purposes	1,175,000.00	1,185,000.00	1,185,000.00	-	-	13,569.17
Payment of Bond Principal	232,370.00	232,370.00	218,800.83	-	-	-
Interest on Bonds						
Total Local District School Purposes	<u>1,407,370.00</u>	<u>1,417,370.00</u>	<u>1,403,800.83</u>	<u>-</u>	<u>-</u>	<u>13,569.17</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>3,787,203.34</u>	<u>4,157,043.00</u>	<u>4,089,891.36</u>	<u>135.00</u>	<u>13,924.87</u>	<u>53,091.77</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>27,535,729.86</u>	<u>27,818,803.39</u>	<u>26,590,676.06</u>	<u>508,508.64</u>	<u>666,526.92</u>	<u>53,091.77</u>
(M) Reserve for Uncollected Taxes	<u>2,760,213.27</u>	<u>2,760,213.27</u>	<u>2,760,213.27</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 30,295,943.13</u>	<u>30,579,016.66</u>	<u>29,350,889.33</u>	<u>508,508.64</u>	<u>666,526.92</u>	<u>53,091.77</u>

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

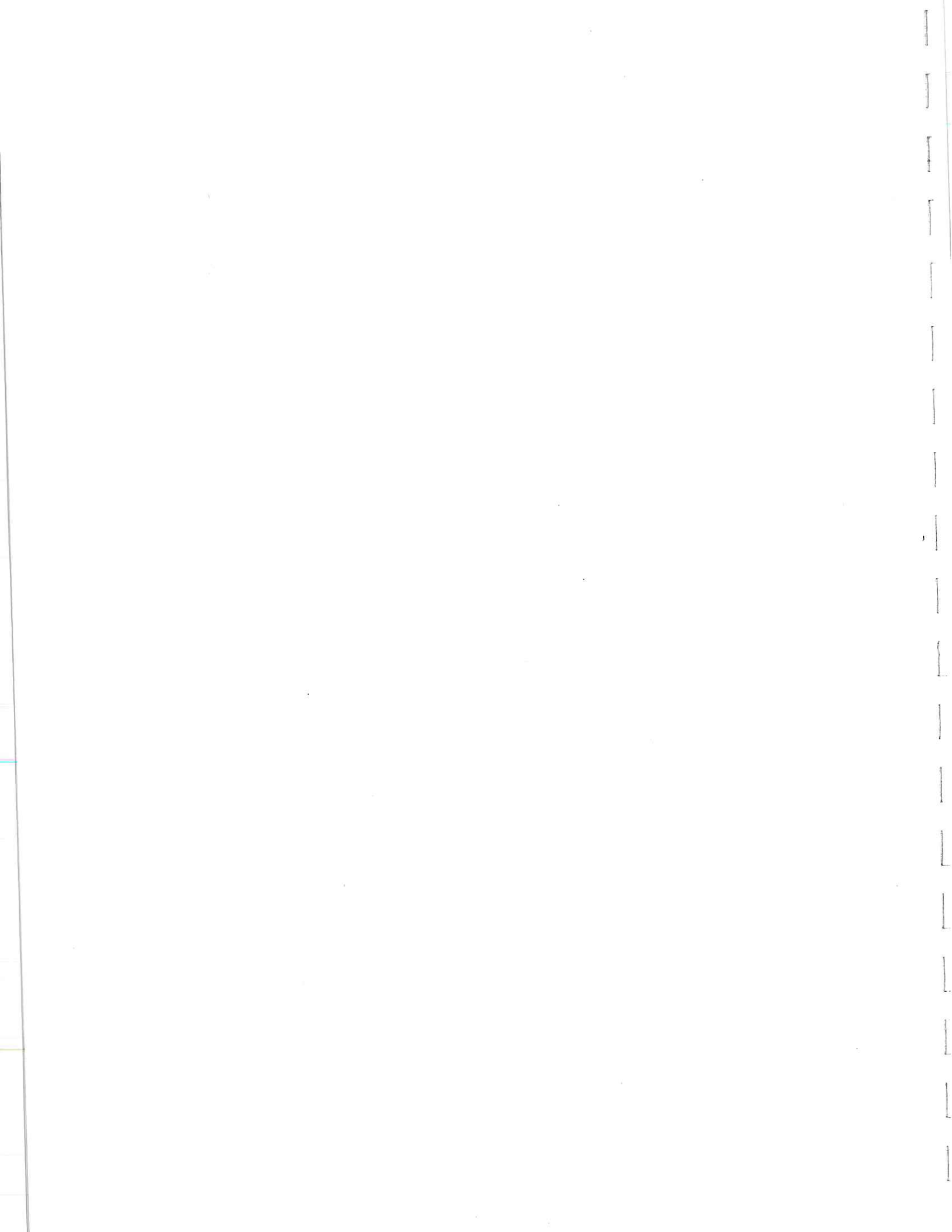
**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Encumbered	Reserved	
Budget		30,295,943.13			53,091.77
Appropriations by 40A-4-87		283,073.53			-
Emergency Appropriations		<u>30,579,016.66</u>		Cancelled Overexpended	<u>53,091.77</u>
Reserve for Uncollected Taxes		2,760,213.27			
Federal and State Grants		373,597.87			
Deferred Charges		150,000.00			
Disbursements		26,067,078.19			
		<u>29,350,889.33</u>			

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

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EXHIBIT B - TRUST FUNDS



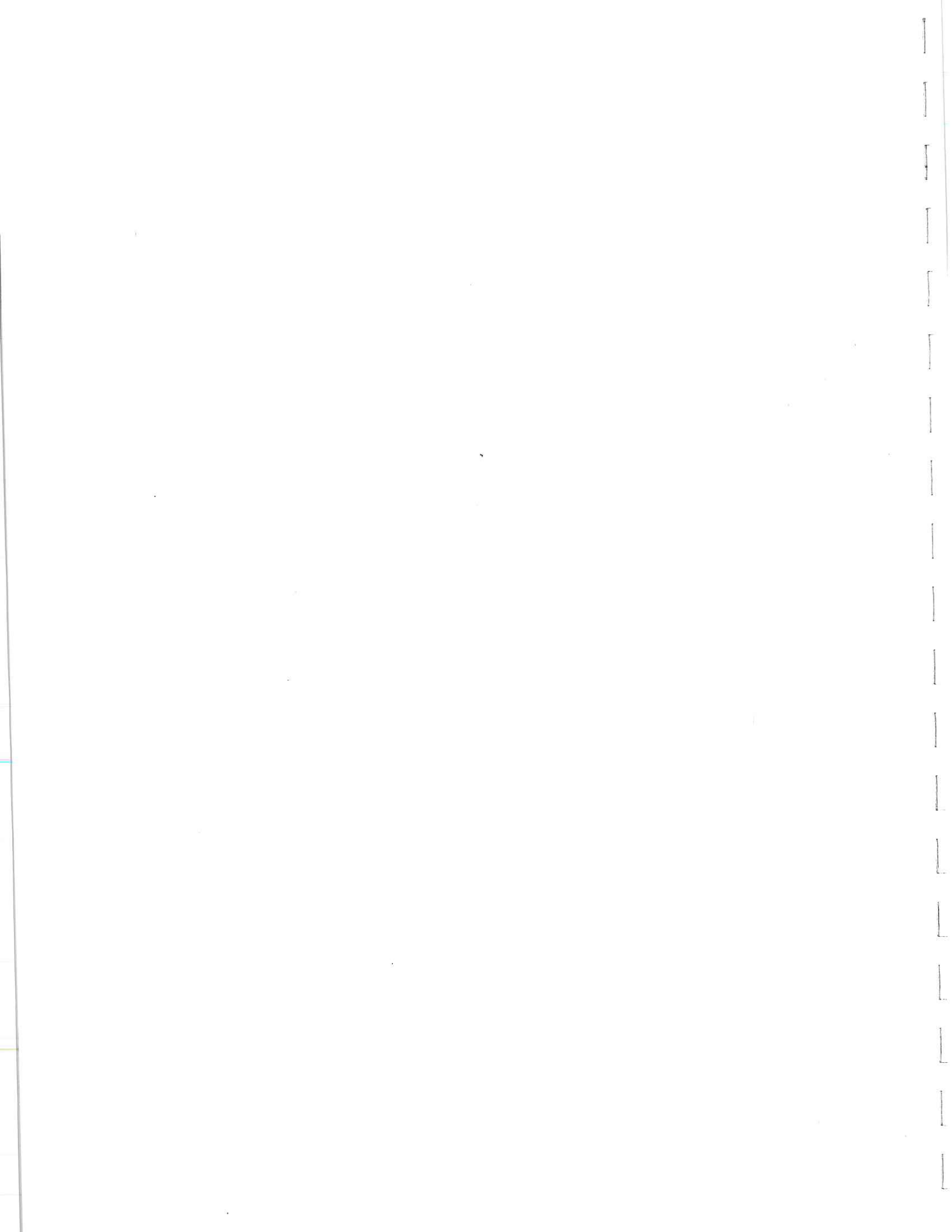
**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Dog License Fund:		
Cash	\$ 15,146.00	10,053.80
	<u>15,146.00</u>	<u>10,053.80</u>
Other Funds:		
Cash - Treasurer	1,919,641.35	2,968,684.32
Cash Held in Trust	3,000.00	3,000.00
	<u>1,922,641.35</u>	<u>2,971,684.32</u>
	<u>1,937,787.35</u>	<u>2,981,738.12</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	5,524.80	1,938.60
Due to State of New Jersey	18.60	18.00
Prepaid Dog License Fees	173.00	132.00
Reserve for Dog Fund Expenditures	9,429.60	7,965.20
	<u>15,146.00</u>	<u>10,053.80</u>
Other Funds:		
Payroll Deductions Payable	148,563.19	139,030.07
Due to Current Fund	349.98	169.47
Miscellaneous Reserves	1,773,728.18	2,832,484.78
	<u>1,922,641.35</u>	<u>2,971,684.32</u>
Total	\$ <u>1,937,787.35</u>	<u>2,981,738.12</u>

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

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EXHIBIT C - GENERAL CAPITAL FUND



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

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash	\$ 1,555,740.53	1,699,832.22
Deferred Charges to Future Taxation -		
Funded	18,249,365.26	19,717,951.35
Unfunded	16,417,532.00	2,667,901.00
Interfunds and Receivables		
Due from State of New Jersey - Green Acres Grant	-	83,306.25
Due from NJEIT	1,311,000.00	1,311,000.00
	<u>37,533,637.79</u>	<u>25,479,990.82</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	319,470.32	1,106,345.50
Interfunds:		
Due to Current Fund	36,550.47	53,263.92
Bond Anticipation Notes Payable	2,137,500.00	2,137,500.00
Serial Bonds Payable	10,275,000.00	11,800,000.00
School Serial Bonds - Type 1 Payable	5,270,000.00	6,488,000.00
Green Trust Loan Payable	90,095.22	118,951.35
Green Acres Loan Payable	1,303,270.04	333,522.72
NJEIT Loan Payable	1,311,000.00	1,311,000.00
Improvement Authorizations:		
Funded	1,877,264.16	1,033,866.46
Unfunded	14,291,616.97	165,371.57
Reserve for Payment of Bonds	221,974.71	1,056.00
Reserve for Payment of School Bonds	40,671.38	90,671.38
Capital Improvement Fund	224,304.00	731,487.00
Fund Balance	134,920.52	108,954.92
	<u>\$ 37,533,637.79</u>	<u>25,479,990.82</u>

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

2016	530,401.00
2017	14,280,032.00

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

	<u>2017</u>	<u>2016</u>
Beginning Balance January 1	\$ 108,954.92	108,954.92
Increased by:		
Premium from Refunding Bond	10,720.02	
Premium on Bond Anticipation Note	15,245.58	
Decreased by:		
None		
Ending Balance December 31	<u>\$ 134,920.52</u>	<u>108,954.92</u>

EXHIBIT D - WATER AND SEWER UTILITY

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

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,166,101.48	2,177,935.92
Change Fund	100.00	100.00
Due from Utility Capital	707.66	707.66
	<u>2,166,909.14</u>	<u>2,178,743.58</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	824,411.84	841,578.79
	<u>824,411.84</u>	<u>841,578.79</u>
Deferred Charge		
Overexpenditure of Appropriations	-	20,765.78
	<u>-</u>	<u>20,765.78</u>
Total of Operating Fund	<u>2,991,320.98</u>	<u>3,041,088.15</u>
Capital Fund:		
Cash	477,872.99	374,262.27
Fixed Capital - Completed	12,021,714.84	12,021,714.84
Fixed Capital - Authorized and Uncompleted	25,125,012.00	20,148,582.00
NJEIT Bonds Receivable	370,951.00	1,163,375.00
Due from Current Fund	7,239.42	-
Total of Capital Fund	<u>38,002,790.25</u>	<u>33,707,934.11</u>
Total Assets	<u>\$ 40,994,111.23</u>	<u>36,749,022.26</u>

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

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

	2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 35,180.00	54,848.76
Encumbrances Payable	197,023.47	36,318.56
Accounts Payable	6,604.28	-
Water and Sewer Rent Overpayments	23,983.53	20,814.51
Accrued Interest on Bonds and Notes	113,065.83	61,820.35
	375,857.11	173,802.18
Reserve for Receivables	824,411.84	841,578.79
Fund Balance	1,791,052.03	2,025,707.18
Total of Operating Fund	2,991,320.98	3,041,088.15
Capital Fund:		
Contracts Payable	25,003.98	284,344.28
Improvement Authorizations:		
Funded	527,766.75	1,170,293.97
Unfunded	5,444,674.24	255,190.00
Water and Sewer Serial Bonds Payable	11,715,000.00	12,670,000.00
NJEIT Bonds Payable	4,150,596.00	4,354,518.00
Bond Anticipation Notes	1,015,000.00	1,015,000.00
Due to Utility Operating	707.66	707.66
Reserves for Amortization	11,053,123.77	9,894,201.77
Deferred Reserve for Amortization	3,986,577.07	3,986,577.07
Fund Balance	84,340.78	77,101.36
Total of Capital Fund	38,002,790.25	33,707,934.11
Total Liabilities, Reserves and Fund Balance	\$ 40,994,111.23	36,749,022.26

There were Bonds and Notes Authorized But Not Issued at December 31, 2017 and 2016 of \$5,226,430 and \$250,000 respectively

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

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

	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 547,914.26	-
Rents	5,148,136.83	5,159,687.90
Miscellaneous Anticipated Revenue	83,313.97	130,814.04
Miscellaneous Unanticipated Revenue	28,856.70	-
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	66,209.82	71,357.68
Total Income	<u>5,874,431.58</u>	<u>5,361,859.62</u>
<u>Expenditures</u>		
Operating	3,978,326.00	3,687,356.00
Debt Service	1,468,830.69	1,276,379.93
Deferred Charges and Statutory Expenditures	114,015.78	89,750.00
Total Expenditures	<u>5,561,172.47</u>	<u>5,053,485.93</u>
Excess(Deficit) in Revenues	313,259.11	308,373.69
Fund Balance January 1	<u>2,025,707.18</u>	<u>1,717,333.49</u>
Total	2,338,966.29	2,025,707.18
Decreased by:		
Utilization as Anticipated Revenue	547,914.26	-
Fund Balance December 31	<u>\$ 1,791,052.03</u>	<u>2,025,707.18</u>

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

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

	<u>2017</u>	<u>2016</u>
Balance January 1,	\$ 77,101.36	77,101.36
Increased by:		
Premium on Sale of Notes	7,239.42	-
Balance December 31,	<u>\$ 84,340.78</u>	<u>77,101.36</u>

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

**WATER AND SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 547,914.26	547,914.26	-
Rents - Sewer	5,000,000.00	5,148,136.83	148,136.83
Miscellaneous Receipts	53,961.00	83,313.97	29,352.97
Unanticipated Revenue		28,856.70	28,856.70
	<u>\$ 5,601,875.26</u>	<u>5,808,221.76</u>	<u>206,346.50</u>

Analysis of Realized RevenueRents

Consumer Accounts Receivable

5,148,136.83Miscellaneous

Interest on Deposits

4,249.23

Interest on Delinquent Rents

78,314.74

Fire Hydrant Service

750.0083,313.97

Cash

83,313.97

Non-Cash

-

83,313.97

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

**WATER AND SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations			Expended			Unexpended Balance Canceled	Over-Expended
	Budget	Budget after Modification	Paid or Charged	Encumbered	Reserved			
Operating								
Salaries and Wages	\$ 1,134,033.00	1,164,033.00	1,144,739.59		19,293.41			
Other Expenses	1,440,543.00	1,323,543.00	1,154,627.11	161,017.47	7,898.42			
ACMUA- Treatment Costs	1,215,750.00	1,215,750.00	1,172,989.00	36,006.00	6,755.00			
Current Fund Allocation	275,000.00	275,000.00	275,000.00		-			
	<u>4,065,326.00</u>	<u>3,978,326.00</u>	<u>3,747,355.70</u>	<u>197,023.47</u>	<u>33,946.83</u>			
Debt Service								
Principal	695,000.00	775,000.00	775,000.00		-			
Interest on Notes	12,992.00	12,992.00	12,992.00		-			
Interest on Bonds	466,157.00	466,157.00	425,651.95		-	40,505.05		
NJEIT Principal and Interest	255,233.26	255,233.26	255,186.74		-	46.52		
	<u>1,429,382.26</u>	<u>1,509,382.26</u>	<u>1,468,830.69</u>			<u>40,551.57</u>		
Deferred Charges and Statutory Expenditures								
Overexpenditures of Appropriations	20,917.00	20,917.00	20,765.78			151.22		
Contribution to:								
Social Security System (O.A.S.I.)	85,000.00	92,000.00	91,379.19		620.81			
Unemployment Compensation	1,000.00	1,000.00	637.64		362.36			
Defined Contribution Retirement Plan	250.00	250.00			250.00			
	<u>107,167.00</u>	<u>114,167.00</u>	<u>112,782.61</u>		<u>1,233.17</u>			
Deficit in Operations in Prior Years								
	<u>\$ 5,601,875.26</u>	<u>5,601,875.26</u>	<u>5,328,969.00</u>	<u>197,023.47</u>	<u>35,180.00</u>	<u>40,702.79</u>		
Accrued interest on Bonds 12/31/16			693,830.69					
Deferred Charges			20,765.78					
Disbursed			4,614,372.53					
			<u>5,328,969.00</u>					

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

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2017</u>	<u>2016</u>
General Fixed Assets:		
Land and Buildings	\$ 27,402,480.00	27,402,480.00
Machinery and Equipment	4,056,526.00	4,667,671.00
Vehicles	<u>4,706,564.00</u>	<u>3,905,019.00</u>
Total General Fixed Assets	<u><u>36,165,570.00</u></u>	<u><u>35,975,170.00</u></u>
Investment in General Fixed Assets	\$ <u><u>36,165,570.00</u></u>	\$ <u><u>35,975,170.00</u></u>

See Accompanying Notes to Financial Statements

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

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

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

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

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

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. No depreciation has been provided for in the financial statements.

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

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

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

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

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

Interest on Delinquent Taxes – It is the policy of the City of Ventnor City to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

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

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

amount of charges in excess of \$1,500.00 becoming delinquent after due date.

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

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

D. Required Financial Statements

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "Irrevocable Split-Interest Agreements". This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the Township's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Township's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85 "Omnibus 2017". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86 "Certain Debt Extinguishment Issues". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, may have an effect on the Township's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2017 and 2016 statutory budgets included a reserve for uncollected taxes in the amount of \$2,760,213.27 and 2,744,999.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2017 and 2016 statutory budgets was \$2,030,000.00 and \$2,500,000.00. In addition, the entity operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2017 and 2016 statutory budgets was \$425,028.76 and \$0.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2017 and 2016 calendar years:

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

<u>Budget Category</u>	<u>2017</u>	<u>2016</u>
<u>Current Fund:</u>		
Police		
Salaries and Wages		195,125.00
Other Expenses		(34,750.00)
Fire		
Salaries and Wages		227,352.00
City Administrator		
Salaries and Wages		(57,000.00)
Other Expenses	49,140.00	
Motor Vehicle Maintenance		
Salaries and Wages	(99,050.00)	(73,800.00)
Solid Waste/Recycling		
Salaries and Wages	30,400.00	
Other Expenses	(73,408.00)	
Recreation		
Salaries and Wages		21,300.00
City Engineer		
Other Expenses		(39,764.00)
Financial Administration		
Other Expenses		72,412.00
Insurance		
Group Health	(115,000.00)	92,463.00
Health Waiver	(65,250.00)	
Inspection of Housing		
Salaries and Wages		24,270.00
Telephone	(30,000.00)	(35,800.00)
Natural Gas	(70,000.00)	(77,300.00)
Gasoline	(40,000.00)	(45,000.00)
Electric	30,000.00	(27,000.00)
Terminal Leave	140,000.00	(139,912.00)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2017 and 2016, the following budget insertions were approved:

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

<u>Budget Category</u>	<u>2017</u>	<u>2016</u>
DWI Checkpoint	\$ 825.00	1,536.00
Clean Communities Program	32,636.06	
Atlanticare Growing Green		500.00
Bulletproof Vest	1,989.41	
Alcohol Education Rehabilitation	1,125.95	513.67
Body Armor	3,553.11	3,547.55
Municipal Alliance		13,289.51
Safe and Secure		98,415.13
State Housing Inspection	1,944.00	
Municipal Aid Program - Monmouth	231,000.00	
Emergency Management Assistance	10,000.00	5,000.00

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City approved a special emergency appropriation in 2014 for tax maps. The unfunded balance as of December 31, 2017 was \$60,000. The required amount is included in the 2018 budget. The City approved a special emergency appropriation in 2015 for \$600,000 for a City wide revaluation. The unfunded balance as of December 31, 2017 was \$360,000. The required amount is included in the 2018 budget.

Note 3: INVESTMENTS

As of December 31, 2017 and 2016, the municipality had no investments.

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

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

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2017 and 2016, \$1,057,415.99 and \$2,127,319.45 of the municipality's bank balance of \$16,325,820.32 and \$14,118,767.08 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2017 and 2016:

	Balance 12/31/2016	Additions	Retirements/ Adjustments	Balance 12/31/2017
Land and Buildings	\$ 27,402,480.00			27,402,480.00
Equipment and Machinery	4,667,671.00	180,186.00	(28,679.00)	4,819,178.00
Vehicles	3,905,019.00	174,163.00	(135,270.00)	3,943,912.00
	<u>\$ 35,975,170.00</u>	<u>354,349.00</u>	<u>(163,949.00)</u>	<u>36,165,570.00</u>

	Balance 12/31/2015	Additions	Retirements/ Adjustments	Balance 12/31/2016
Land and Buildings	\$ 27,402,480.00			27,402,480.00
Equipment and Machinery	3,142,302.00	1,719,951.00	(194,582.00)	4,667,671.00
Vehicles	4,392,264.00	114,092.00	(601,337.00)	3,905,019.00
	<u>\$ 34,937,046.00</u>	<u>1,834,043.00</u>	<u>(795,919.00)</u>	<u>35,975,170.00</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/16	Issued	Retired	Balance 12/31/17
Bond Anticipation Notes payable:				
General	\$ 2,137,500.00	2,137,500.00	2,137,500.00	2,137,500.00
Utility	1,015,000.00	1,015,000.00	1,015,000.00	1,015,000.00
	<u>\$ 3,152,500.00</u>	<u>3,152,500.00</u>	<u>3,152,500.00</u>	<u>3,152,500.00</u>

	Balance 12/31/15	Issued	Retired	Balance 12/31/16
Bond Anticipation Notes payable:				
General	\$ 2,137,500.00	2,137,500.00	2,137,500.00	2,137,500.00
Utility	1,015,000.00	1,015,000.00	1,015,000.00	1,015,000.00
	<u>\$ 3,152,500.00</u>	<u>3,152,500.00</u>	<u>3,152,500.00</u>	<u>3,152,500.00</u>

At December 31, 2017 the entity has authorized but not issued bonds in the amount of \$14,280,032.00 and \$5,226,430.00 in the General Capital Fund and Utility Capital Fund respectively.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2017 and 2016 consisted of the following:

	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within One Year
Bonds payable:					
General	\$ 13,292,238.91		1,373,287.56	11,918,951.35	1,418,856.13
Utility	13,345,000.00		675,000.00	12,670,000.00	695,000.00
Utility- NJEIT	5,387,000.00		1,032,482.00	4,354,518.00	203,922.00
Total	<u>32,024,238.91</u>	-	<u>3,080,769.56</u>	<u>28,943,469.35</u>	<u>2,317,778.13</u>
Other liabilities:					
School	7,638,000.00		1,150,000.00	6,488,000.00	1,150,000.00
PERS Liability	12,248,262.00	4,973,657.00		17,221,919.00	
PFRS Liability	29,481,958.00	17,522,755.00		47,004,713.00	
Compensated Absences Payable	<u>2,395,931.22</u>	<u>50,710.11</u>	<u>241,441.65</u>	<u>2,205,199.68</u>	-
Total long-term liabilities	<u>\$ 83,788,390.13</u>	<u>22,547,122.11</u>	<u>4,472,211.21</u>	<u>101,863,301.03</u>	<u>3,467,778.13</u>

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Balance 12/31/16	Issued	Retired	Refunded	Balance 12/31/17	Amounts Due Within One Year
Bonds payable:						
General	\$ 11,918,951.35	4,568,225.00	58,811.09	4,760,000.00	11,668,365.26	1,535,247.71
Utility	12,670,000.00	7,015,000.00	775,000.00	7,195,000.00	11,715,000.00	720,000.00
Utility - NJEIT	4,354,518.00		203,922.00		4,150,596.00	208,922.00
Total	28,943,469.35	11,583,225.00	1,037,733.09	11,955,000.00	27,533,961.26	2,464,169.71
Other liabilities:						
School	6,488,000.00	1,110,000.00	1,185,000.00	1,143,000.00	5,270,000.00	1,215,000.00
PERS Liability	17,221,919.00				17,221,919.00	
PFRS Liability	47,004,713.00				47,004,713.00	
Compensated Absences Payable	2,205,199.68	596,813.87	658,523.75		2,143,489.80	-
Total long-term liabilities	\$ 101,863,301.03	13,290,038.87	2,881,256.84	13,098,000.00	99,174,083.06	3,679,169.71

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

\$8,315,000.00 General Improvement Bond dated 12/1/10 payable in annual installments through 12/1/25. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2017 was \$1,800,000.

\$2,140,000.00 Refunding Bonds dated 5/9/13 payable in annual installments through 8/1/19. Interest is paid semiannually at 2% per annum. The balance remaining as of December 31, 2017 was \$755,000.

\$6,365,000.00 General Improvement Bond dated 12/4/13 payable in annual installments through 12/1/25. Interest is paid semiannually at rates varying from 2.00% to 3.25% per annum. The balance remaining as of December 31, 2017 was \$4,520,000.

\$3,235,000 Refunding Bonds dated 9/22/17 payable in annual installments through 12/1/2025. Interest is paid semiannually at 4% per annum. The balance remaining as of December 31, 2017 was \$3,200,000.

\$4,345,000.00 School Refunding Bonds dated 5/15/09 payable in annual installments through 2/1/21. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The net present value of this savings is \$289,374. The balance remaining as of December 31, 2017 was \$1,690,000.

\$2,823,000.00 School Bonds dated 12/1/10 payable in annual installments through 12/1/25. Interest is paid semiannually at rates varying from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2017 was \$580,000.

\$3,760,000.00 School Refunding Bonds dated 10/1/14 payable in annual installments through 10/1/20. Interest is paid semiannually at rates varying from 1.00% to 4.00% per annum. The net present value of this savings is \$258,812.48. The balance at December 31, 2017 was \$1,900,000.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

\$1,110,000 School Refunding Bonds dated 9/22/17 payable in annual installments through 12/1/2025. Interest is paid semiannually at a rate of 4.00% per annum. The net present value of this savings is \$258,812.48. The balance at December 31, 2017 was \$1,100,000.

\$500,000.00 Green Trust Loan Payable dated 4/30/01 payable in semiannual installments through 10/30/20. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$15,546 are applied first to interest and then to principal. The balance remaining as of December 31, 2017 was \$90,095.22.

\$1,333,225.00 Green Trust Loan Payable dated 2/16/17 payable in semiannual installments through 2035. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$30,254.51 are applied first to interest and then to principal. The balance remaining as of December 31, 2017 was \$1,303,270.04.

During 2014 the City entered into an agreement with NJEIT to finance bulkhead improvements in the amount of \$1,311,000.00. The terms of the Loan/Grant are not finalized.

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

\$12,240,000.00 Water and Sewer Bonds dated 12/1/10 payable in annual installments through 10/1/30. Interest is paid semiannually at rates from 3.00% to 4.375% per annum. The balance remaining as of December 31, 2017 was \$1,735,000.

\$3,635,000.00 Water and Sewer dated 12/4/13 payable in annual installments through 12/1/31. Interest is paid semiannually at rates varying from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2017 was \$3,045,000.

\$7,195,000 Refunding Water and Sewer Bond dated 9/22/17 payable in annual installments through 12/1/30. Interest is paid semiannually at a rate of 4.00% per annum. The balance remaining as of December 31, 2017 was \$6,935,000.

During 2014 the City entered into an agreement with NJEIT to finance utility improvements in the amount of \$5,387,000, of which a portion of the principal was forgiven. The principal is payable in annual installments through 8/1/35. Interest is paid semiannually at rates varying from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2017 was \$4,150,596.

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**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2018	\$ 1,535,247.71	353,756.21	928,922.00	478,556.26
2019	1,582,061.70	317,292.22	953,922.00	456,056.26
2020	1,253,912.04	276,641.88	993,922.00	430,031.26
2021	1,234,552.71	240,996.71	1,018,922.00	402,231.26
2022	1,265,850.22	198,499.20	1,058,922.00	369,181.26
2023-2027	4,159,645.11	358,851.99	5,694,680.00	1,304,943.80
2028-2032	386,225.74	46,646.36	4,474,610.00	351,687.54
2033-2035	250,870.03	8,853.23	741,766.00	16,050.00
	<u>\$ 11,668,365.26</u>	<u>1,801,537.80</u>	<u>15,865,666.00</u>	<u>3,808,737.64</u>

Year	School Debt	
	Principal	Interest
2018	\$ 1,215,000.00	196,850.00
2019	1,255,000.00	151,825.00
2020	1,270,000.00	102,300.00
2021	630,000.00	52,600.00
2022	210,000.00	36,000.00
2023-2025	690,000.00	55,800.00
	<u>\$ 5,270,000.00</u>	<u>595,375.00</u>

As of December 31, 2017 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$354,258.46 and to the utility budget was \$438,643.95.

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**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

<u>Summary of Municipal Debt</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 10,275,000.00	\$ 11,800,000.00	\$ 13,145,000.00
School	5,270,000.00	6,488,000.00	7,638,000.00
Loan	1,393,365.26	118,951.35	147,238.91
NJEIT	1,311,000.00	1,311,000.00	1,311,000.00
Bond Anticipation Note	2,137,500.00	2,137,500.00	2,137,500.00
Sewer Utility - Bonds and Notes	11,715,000.00	12,670,000.00	13,345,000.00
Sewer Utility - Bond Anticipation Notes	1,015,000.00	1,015,000.00	1,015,000.00
Sewer Utility - NJEIT	4,150,596.00	4,354,518.00	5,387,000.00
Total Issued	<u>37,267,461.26</u>	<u>39,894,969.35</u>	<u>44,125,738.91</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	27,259,397.26	13,760,352.35	15,133,639.91
Sewer Utility - Bonds and Notes	14,280,032.00	530,401.00	530,401.00
Sewer Utility - Bonds and Notes	5,226,430.00	250,000.00	250,000.00
Total Authorized But Not Issued	<u>46,765,859.26</u>	<u>14,540,753.35</u>	<u>15,914,040.91</u>
	<u>\$ 19,506,462.00</u>	<u>\$ 780,401.00</u>	<u>\$ 780,401.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 56,773,923.26</u>	<u>\$ 40,675,370.35</u>	<u>\$ 44,906,139.91</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.330%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 5,270,000.00	5,270,000.00	-
Sewer Utility Debt	22,107,026.00	22,107,026.00	-
General Debt	29,396,897.26		29,396,897.26
	<u>\$ 56,773,923.26</u>	<u>27,377,026.00</u>	<u>29,396,897.26</u>

Net Debt \$29,396,897.26 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,209,728,436.67 = 1.330%.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	77,340,495.28
Net Debt		29,396,897.26
Remaining Borrowing Power	\$	<u>47,943,598.02</u>

The City of Ventnor City School District, as a K-12 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017 and 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	\$ 2,300,000.00	2,030,000.00
Utility	600,000.00	547,914.26

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2017</u>	<u>2018 Budget Appropriation</u>	<u>Balance to Succeeding</u>
Current fund:			
Special Emergency Appropriation	\$ 420,000.00	150,000.00	270,000.00
	<u>\$ 420,000.00</u>	<u>150,000.00</u>	<u>270,000.00</u>

The appropriations in the 2017 Budget are not less than that required by statute.

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$17,677,514.00 and \$17,819,977.00 have been raised for the 2017 and 2016 calendar years and remitted to the school district.

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 11: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/17	Balance 12/31/16
Prepaid Taxes	\$ 5,832,157.12	910,752.17
Cash Liability for Taxes Collected in Advance	\$ 5,832,157.12	910,752.17

Note 12: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Pension Plan For Lifeguards

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.20%, through June 30, 2017 and 7.34% thereafter, of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2017, 2016, and 2015 were \$518,511.00, \$469,094.00 and \$438,894.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2017, 2016, and 2015 were \$2,006,268.00, \$1,996,318.00, and \$1,800,147.00.

The total payroll for the year ended December 31, 2017, 2016, and 2015 was \$14,612,117.36, \$14,766,236.93 and \$13,977,401.00. Payroll covered by PFRS was \$7,753,285.00, \$7,916,951.00 and \$7,876,334.00. Payroll covered by PERS was \$3,958,870.00, \$3,992,568.00 and \$3,940,085.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2017, 2016, and 2015 was \$0, \$0 and \$0. The City's trust for the Lifeguard Pension at December 31, 2017 and 2016 was \$305,093.05 and \$335,363.72, respectively. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2017, 2016, and 2015 were \$50,059.19, \$36,918.20 and \$31,087.68.

Significant Legislation

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

**CITY OF VENTNOR CITY
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Chapter 78's provisions impacting employee pension and health benefits include:

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

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

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

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

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

Note 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized. GASB statement 68 requires that the June 30, 2017 actuarial valuation be used for this disclosure, but as of the date of this report the 2017 actuarial valuations are not yet available from the Division of Pensions. The Division of Local Government Services has stated that disclosing the 2016 valuation is in compliance with the Regulatory Basis of Accounting described in Note 1.

The following represents the municipality's pension liabilities as June 30, 2016:

Public Employees' Retirement System

The Municipality has a liability of \$17,221,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be .05814850350%, which would be an increase of 6.57% from its proportion measured as of June 30, 2015.

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**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$1,889,105.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 320,275	
Changes of assumptions	3,567,462	
Changes in proportion	999,393	
Net difference between projected and actual earnings on pension plan investments	656,687	
Total	<u>\$ 5,543,817</u>	<u>-</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2017	\$	1,254,600
2018		1,254,600
2019		1,434,266
2020		1,200,242
2021		400,109
Total	<u>\$</u>	<u>5,543,817</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy

**CITY OF VENTNOR CITY
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Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	\$20,638,812.17	17,221,919.00	14,404,006.24

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The Municipality has a liability of \$47,004,713.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.24606502080%, which would be an increase of 0.19% from its proportion measured as of June 30, 2015.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$5,258,048.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	(308,123)
Changes of assumptions	6,510,539	
Changes in proportion	1,013,287	(173,843)
Net difference between projected and actual earnings on pension plan investments	3,293,526	
Total	\$ 10,817,352	(481,966)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	2,499,228
2017		2,499,228
2018		3,317,214
2019		1,943,298
2020		76,419
Total	\$	10,335,386

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	\$ 59,755,056.83	47,004,713.00	36,611,750.47

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.24606502080% for 2016. The net pension liability amount allocated to the Municipality was \$3,947,230.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$504,154.00 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

Note 14: POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2017, there were 107,314 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2017.

Note 15: ACCRUED SICK AND VACATION BENEFITS

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$2,143,489.80 in 2017 and \$2,205,199.68 in 2016. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the entity's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The entity does not accrue the liability.

Note 16: ECONOMIC DEPENDENCY

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

Note 17: RISK MANAGEMENT

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

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2017 and 2016 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the City’s trust fund for the previous three years:

Calendar Year	City Contributions	Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2017	-	49.06	16,272.57	70,572.24	16,417.62
2016	-	117.38	45,708.88	61,387.92	70,668.23
2015	-	-	1,871.59	30,450.64	86,229.89

Note 18: DEFERRED COMPENSATION

Employees of the City of Ventnor City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Employees. As part of its fiduciary role, the entity has an obligation of due care in selecting the third party administrator. In the opinion of the entity's legal counsel, the entity has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 19: CONTINGENT LIABILITIES

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

**CITY OF VENTNOR CITY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

Note 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2017, the following interfunds were included on the balance sheets of the various funds of City of Ventnor City:

	Due From	Due To
Current Fund:		
General Capital Fund	\$ 36,550.47	
Animal Control Fund	5,524.80	
Other Trust	349.98	
Grant Fund		284,012.04
Utility Capital Fund		7,239.42
Grant Fund:		
Current Fund	284,012.04	
Trust Fund:		
Current - Animal Control Fund		5,524.80
Current		349.98
General Capital Fund:		
Current Fund		36,550.47
Utility Operating:		
Utility Capital		707.66
Utility Capital Fund:		
Utility Operating	707.66	
Current Fund	7,239.42	
	<u>\$ 334,384.37</u>	<u>334,384.37</u>

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

**CITY OF VENTNOR CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 21: COMMITMENTS

The City has seven employees as of December 31, 2017 that are currently receiving payments for terminal leave. The employees were entitled to terminal leave payments. The scheduled payments are as follows:

2018	520,897.32
2019	396,754.99
2020	242,965.92
2021	89,462.69

Note 21: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through April 2, 2018, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 2, 2018, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 2, 2018

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2016	\$	5,147,331.83
Increased by Receipts:		
Taxes Receivable		52,242,333.41
Tax Title Liens		1,431.71
Prepaid Taxes		5,832,157.12
Revenue Accounts Receivable		3,150,164.42
Miscellaneous Revenue		544,176.37
Due from State - Sr. Citizens and Veterans		76,375.00
Due to Capital		16,713.45
Due to Utility Capital		7,239.42
Due to Federal and State Grant Fund		318,810.41
Tax Overpayments		184,080.53
		<u>62,373,481.84</u>
		67,520,813.67
Decreased by Disbursements:		
Current Year Appropriation		26,067,078.19
Prior Year Appropriations		107,283.60
County Taxes		11,494,450.37
Local District School Taxes		17,677,513.98
Reserve for Revaluation		188,938.06
Emergency Notes Payable		320,000.00
Federal and State Disbursements		602,608.41
Refund of Prior Year's Revenue		1,263.74
Reserve for Hurricane Sandy		6,821.20
DCA Training Fees		7,960.00
		<u>56,473,917.55</u>
Balance December 31, 2017	\$	<u><u>11,046,896.12</u></u>

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

Year	Balance Dec. 31, 2016	Current Year Levy	Added Taxes	Collections by Cash		Overpayments	Transferred To Tax Title Lien	Adjustments	Balance Dec. 31, 2017
				2016	2017				
Arrears	\$ -								
2015	25,252.59				18,897.55			6,355.04	-
2016	1,188,731.77			1,184,400.03			1,748.80	2,582.94	(0.00)
	1,213,984.36			1,203,297.58			1,748.80	8,937.98	(0.00)
2017		53,419,237.26	177,607.20	910,752.17	51,353,210.32		437.20	96,409.37	1,236,035.40
	\$ 1,213,984.36	53,419,237.26	177,607.20	910,752.17	52,556,507.90		2,186.00	105,347.35	1,236,035.40

Cash Receipts
Senior Citizens and Veterans
Overpayments Applied

52,242,333.41
77,750.00
236,424.49
52,556,507.90

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	53,419,237.26
Added Taxes (54-4-63.1 et. Seq.)	<u>177,607.20</u>
	<u>53,596,844.46</u>
Tax Levy:	
General County Taxes	10,280,701.52
County Library Taxes	710,873.85
County Open Space Taxes	28,472.37
County Health Taxes	448,339.59
County Added and Omitted Taxes	<u>38,248.93</u>
Total County Taxes	11,506,636.26
Local School District Tax	17,677,514.00
Local Tax for Municipal Purposes	24,271,828.79
Add: Additional Tax Levied	<u>140,865.41</u>
	<u>24,412,694.20</u>
	<u>53,596,844.46</u>

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

Balance December 31, 2016		\$	95,379.42
Increased by:			
Transfers from Taxes Receivable	2,186.00		
			2,186.00
			97,565.42
Decreased by:			
Collections	1,431.71		
Cancelled	96,133.71		
			97,565.42
Balance December 31, 2017		\$	-

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2016	Accrued in 2017	Treasurer	Balance Dec. 31, 2017
Licenses:				
Alcoholic Beverages	-	3,870.00	3,870.00	-
Other	-	14,299.00	14,299.00	-
Fees and Permits	-	241,633.70	241,633.70	-
Fines and Costs:				
Municipal Court	13,680.34	-		15,181.98
Interest and Costs on Taxes	-	308,727.27	308,727.27	-
Parking Meters	-	99,613.10	99,613.10	-
Interest Earned on Investments	-	15,533.77	15,533.77	-
Beach Control Fees	-	273,107.00	273,107.00	-
Land Rental	-	87,501.00	87,501.00	-
Viking Rowing Foundation, Inc. Lease Agreement	-	31,091.60	31,091.60	-
Payment in Lieu of Taxes	-	162,494.00	162,494.00	-
Cable Television Franchise Fees	-	61,376.27	61,376.27	-
City Lease Fees	-	48,654.96	48,654.96	-
Ambulance Service Fees	-	184,267.49	184,267.49	-
Recreation Fees	-	78,219.50	78,219.50	-
Supplemental Energy Receipts Tax	-	-		-
Energy Receipts Tax	-	608,112.00	608,112.00	-
Uniform Construction Code Fees	-	345,780.00	345,780.00	-
Borough of Longport-Uniform Construction Code	-	43,750.00	43,750.00	-
Utility Fund Allocation	-	275,000.00	275,000.00	-
Reserve to Pay School Bonds	-	50,000.00	50,000.00	-
Miscellaneous Revenue Not Anticipated		544,176.37	544,176.37	-
	<u>\$ 13,680.34</u>	<u>3,695,842.43</u>	<u>3,694,340.79</u>	<u>15,181.98</u>

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor's Office					
Salaries and Wages	\$ 179.42	179.42		179.42	-
Other Expenses	3,136.94	3,136.94	1,008.80	2,128.14	-
Police					
Salaries and Wages	31,322.95	31,322.95		31,322.95	-
Other Expenses	4,652.94	4,652.94	1,210.16	3,442.78	-
Fire					
Salaries and Wages	0.18	0.18		0.18	-
Other Expenses	9,972.13	9,972.13	2,902.31	7,069.82	-
Uniform Fire Safety Act					
Other Expenses	96.56	96.56	51.27	45.29	-
Radio and Communications					
Salaries and Wages	282.49	282.49		282.49	-
Other Expenses	690.05	690.05	642.78	47.27	-
City Administrator					
Salaries and Wages	17.70	17.70		17.70	-
Office of Emergency Management					
Salaries and Wages	1.82	1.82		1.82	-
Other Expenses	967.87	967.87	626.92	340.95	-
Electrical Division					
Salaries and Wages	775.31	775.31		775.31	-
Other Expenses	3,550.82	3,550.82	1,758.35	1,792.47	-
Celebration of Public Events					
Other Expenses	2,251.99	2,251.99	514.67	1,737.32	-
Beach Patrol					
Salaries and Wages	251.60	251.60		251.60	-
Other Expenses	0.40	0.40		0.40	-
Beach Control					
Salaries and Wages	0.50	0.50		0.50	-
Other Expenses	4.60	4.60		4.60	-
DEPARTMENT OF PUBLIC WORKS, PARKS & PUBLIC PROPERTY					
Streets and Roads					
Salaries and Wages	58.48	58.48	35.98	22.50	-
Other Expenses	4,466.27	4,466.27	1,282.58	3,183.69	-
Motor Vehicle Maintenance					
Salaries and Wages	12.59	12.59		12.59	-
Other Expenses	6,954.47	6,954.47	3,596.74	3,357.73	-
Buildings and Grounds					
Salaries and Wages	1,637.54	1,637.54	1,628.55	8.99	-
Other Expenses	19,494.66	19,494.66	14,694.06	4,800.60	-
Recreation					
Salaries and Wages	72.45	72.45		72.45	-
Other Expenses	3,958.83	3,958.83	1,265.36	2,693.47	-
City Engineer					
Salaries and Wages	1.00	1.00		1.00	-
Other Expenses	29,634.45	29,634.45	2,722.45	26,912.00	-
Solid Waste/Recycling					
Salaries and Wages	968.48	968.48		968.48	-
Other Expenses	284.75	284.75		284.75	-
DEPARTMENT OF REVENUE AND FINANCE					
Legal Services and Costs					
Other Expenses	33,280.53	33,280.53	28,301.32	4,979.21	-
City Clerk					
Salaries and Wages	1.22	1.22		1.22	-
Other Expenses	2,969.72	2,969.72	50.00	2,919.72	-
Codification of Ordinances	3,505.00	3,505.00	3,211.90	293.10	-
Elections					
Other Expenses	1,453.51	1,453.51		1,453.51	-
Planning Board					
Other Expenses	1,807.75	1,807.75	659.24	1,148.51	-
Human Resources					
Salaries and Wages	0.06	0.06		0.06	-
Financial Administration					
Salaries and Wages	867.58	867.58	796.35	71.23	-
Other Expenses	3,694.76	3,694.76	3,546.69	148.07	-
Assessment of Taxes					
Salaries and Wages	50.40	50.40		50.40	-
Other Expenses	143.23	143.23	95.00	48.23	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Collection of Taxes					
Salaries and Wages	0.55	0.55		0.55	-
Other Expenses	503.55	503.55		503.55	-
Information Technology					
Salaries and Wages	23.32	23.32		23.32	-
Other Expenses	11,995.78	11,995.78	11,778.01	217.77	-
Municipal Court					
Salaries and Wages	0.97	0.97		0.97	-
Other Expenses	1,129.36	1,129.36	388.73	740.63	-
Municipal Prosecutor					
Salaries and Wages	0.22	0.22		0.22	-
Insurance					
General Liability	3,072.02	3,072.02		3,072.02	-
Workers Compensation	0.67	0.67		0.67	-
Employee Group Health	69,437.41	69,437.41	9,627.65	59,809.76	-
Health Waiver	24.31	24.31		24.31	-
Inspection of Buildings					
Salaries and Wages	0.11	0.11		0.11	-
Other Expenses	1,766.09	1,766.09	1,750.00	16.09	-
Inspection of Housing					
Salaries and Wages	2.67	2.67		2.67	-
Other Expenses	36.84	36.84		36.84	-
Electrical and Plumbing					
Salaries and Wages	0.24	0.24		0.24	-
Utilities					
Telephone	419.91	419.91		419.91	-
Gasoline	23,571.22	23,571.22	7,205.44	16,365.78	-
Natural Gas	8,122.17	8,122.17	8,122.17	-	-
Electricity	34.21	34.21		34.21	-
STATUTORY EXPENDITURES					
Contribution to					
Social Security System	1,175.97	1,175.97		1,175.97	-
Consolidated Police and Firemen's Pension Fund	0.09	0.09		0.09	-
Medicare Insurance	643.60	643.60		643.60	-
Define Contribution Retirement Program	1,037.61	1,037.61	103.24	934.37	-
OPERATIONS EXCLUDED FROM "CAPS"					
Borough of Longport-Uniform Construction Code Office					
Salaries and Wages	501.00	501.00		501.00	-
Other Expenses	4,293.92	4,293.92	1,375.74	2,918.18	-
All Other Accounts - No Change	12,000.00	12,000.00		12,000.00	
	<u>\$ 313,267.81</u>	<u>313,267.81</u>	<u>110,952.46</u>	<u>202,315.35</u>	<u>-</u>
Appropriation Reserves	137,537.48		107,283.60	Paid	
Accounts Payable and Encumbrances	175,730.33		3,668.86	Accounts Payable	
	<u>313,267.81</u>		<u>110,952.46</u>		

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

Balance December 31, 2016		
School Tax Payable	\$	-
Increased by:		
Levy - Calender Year January 1, 2017 to December 31, 2017		<u>17,677,514.00</u>
		17,677,514.00
Decreased by:		
Payments		<u>17,677,513.98</u>
Balance December 31, 2017		
School Tax Payable		<u><u>0.02</u></u>
Current Year Liability for Local School District School Tax:		
Tax Paid		17,677,513.98
Tax Payable Ending		<u>0.02</u>
		17,677,514.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations	\$	<u><u>17,677,514.00</u></u>

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

Purpose	Balance Dec. 31, 2016	Transferred From 2017 Revenues	Received	Adjustments	Balance Dec. 31, 2017
FEDERAL GRANTS:					
FEMA Assistance to Firefighters	\$ 77,743.00	3,553.11	3,553.11	-	77,743.00
Body Armor		1,989.41			1,989.41
Bulletproof Vest	20,659.00		20,659.00		-
CDBG	29,341.34				29,341.34
FEMA					
Total Federal	<u>127,743.34</u>	<u>5,542.52</u>	<u>24,212.11</u>	<u>-</u>	<u>109,073.75</u>
STATE GRANTS:					
New Jersey Transportation Trust Fund 2013	41,474.14				41,474.14
New Jersey Transportation Trust Fund 2017 - Monmouth		231,000.00			231,000.00
Recycling Tonnage		25,145.12	19,871.38		5,273.74
Emergency Medical Assistance		17,000.00			17,000.00
Municipal Alliance		350.00	350.00		-
Clean Communities		32,636.06	32,636.06		-
Alliance for Prevention of Alcohol and Drug Abuse	0.08				0.08
Alcohol Education, Rehabilitation and Enforcement		1,125.95	1,125.95		-
DWI		825.00	825.00		-
NJ Historical Trust	133,645.77				133,645.77
Safe and Secure Program	38,415.13				38,415.13
State Housing Inspection		1,944.00	1,944.00		-
Post Sandy Planning Assistance	260,000.00		180,883.91		79,116.09
Total State	<u>473,535.12</u>	<u>310,026.13</u>	<u>237,636.30</u>	<u>-</u>	<u>545,924.95</u>
	\$ <u>601,278.46</u>	<u>315,568.65</u>	<u>261,848.41</u>	<u>-</u>	<u>654,998.70</u>
		Cash	261,848.41		
		Unappropriated Reserves			
			<u>261,848.41</u>		

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

	Balance December 31, 2016		2017	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2017
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
Community Development Block Grant	\$ 88,173.31			82,253.06	5,920.25		(0.00)
Post Sandy Planning Assistance	230,318.75			220,728.74	9,271.46		318.55
Federal Bulletproof Vest Partnership			1,989.41				1,989.41
Body Armor Replacement Program-2017	3,547.55		3,553.11	3,323.23			3,553.11
Body Armor Replacement Program-2016	316.77			316.77			224.32
Body Armor Replacement Program-2015	5,633.75		17,000.00	12,400.00			10,233.75
Emergency Management	1,645.00						1,645.00
FEMA							
Total Federal	329,635.13	-	22,542.52	319,021.80	15,191.71	-	17,964.14
STATE GRANTS:							
NJ Transportation Trust Fund Authority Act - 2012	148,414.85						148,414.85
NJ Transportation Trust Fund Authority Act	1,443.38						1,443.38
NJ Transportation Trust Fund Authority Act - 2015	140,250.00						140,250.00
New Jersey Transportation Trust Fund 2017 - Monmouth			231,000.00	5,129.22			231,000.00
Recycling Tonnage Grant	15,745.11						10,615.89
Recycling Tonnage Grant	31,465.70						31,465.70
Recycling Tonnage Grant-2013	20,300.00		38,230.34				20,300.00
Recycling Tonnage Grant-2017	12,000.00			12,000.00			38,230.34
Alliance for the Prevention of Alcohol and Drug Abuse	1,000.00			1,000.00			-
Alliance for the Prevention of Alcohol and Drug Abuse-2015	8,647.25		350.00	1,260.00	2,250.00		5,137.25
Alliance for the Prevention of Alcohol and Drug Abuse-2016							350.00
Alliance for the Prevention of Alcohol and Drug Abuse-2017			1,125.95				1,125.95
Alcohol Education, Rehabilitation and Enforcement-2017	513.67						513.67
Alcohol Education, Rehabilitation and Enforcement-2016	88.40						88.40
Alcohol Education, Rehabilitation and Enforcement-2015	711.14						711.14
Alcohol Education, Rehabilitation and Enforcement-2014	815.51			815.51			-
Clean Communities	182.18			182.18			-
Clean Communities-2013	972.59			972.59			-
Clean Communities-2015			71,051.06	16,897.55	6,914.20		47,239.31
Clean Communities-2017			110.00				110.00
Drunk Driving Enforcement Fund-2017							440.00
Drunk Driving Enforcement Fund-2015	440.00						440.00
Drunk Driving Enforcement Fund-2014	13,003.10						11,151.17
DWI			825.00	1,415.49	436.44		330.00
Highway Project Over the Limit	9,000.00			495.00			9,000.00
Special DWI-2014	558.50						558.50
Special DWI-2015	679.40						679.40
Special DWI-2016	1,756.00						1,756.00
Click It Ticket	4,000.00						4,000.00
NJ Historic Trust Fund	248,619.62			243,419.07			5,200.55
Growing Green	500.00						500.00
State Cooperative Housing	2,734.00						11,097.00
State Housing Inspection	3,403.00						3,403.00
Safe and Secure Program	98,415.13						98,415.13
Safe and Secure Program-2015	4,445.49						4,445.49
Safe and Secure Program-2014	3,200.00						3,200.00
Pedestrian Safety Program	8,000.00						8,000.00
Buckle Up	120.00						120.00
Green Community							
Total State	781,424.02	-	351,055.35	283,566.61	9,600.64	-	839,292.12
Total	1,111,059.15	-	373,597.87	602,608.41	24,792.35	-	857,256.26

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

Purpose	Balance	Transferred	Received	Adjustments	Balance
	Dec. 31, 2016	To 2017 Appropriations			Dec. 31, 2017
STATE GRANTS:					
Recycling Tonnage Grant	13,085.22	13,085.22	13,760.00	-	13,760.00
Municipal Alliance			40,273.00		40,273.00
Safe and Secure Communities Grant	38,415.13	38,415.00			0.13
Clean Communities	6,419.00	6,419.00	2,929.00		2,929.00
State Housing Inspection	110.00	110.00			-
Drunk Driver Enforcement Fund					
Total State	<u>58,029.35</u>	<u>58,029.22</u>	<u>56,962.00</u>	<u>-</u>	<u>56,962.13</u>
\$	<u>58,029.35</u>	<u>58,029.22</u>	<u>56,962.00</u>	<u>-</u>	<u>56,962.13</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2016	\$ 10,053.80	2,971,684.32
Increased by Receipts:		
Dog License Fees 2017	5,154.20	
Due to State of New Jersey	961.60	
Prepaid Dog Licenses		
Payroll Deductions Payable		15,188,539.66
Miscellaneous Trust Reserves		3,471,153.00
Due from Current		321.65
	<u>6,115.80</u>	<u>18,660,014.31</u>
	16,169.60	21,631,698.63
Decreased by Disbursements		
Statutory Expenditures	62.60	
Due to State of New Jersey	961.00	
Payroll Deductions Payable		15,179,006.54
Miscellaneous Trust Reserves		4,529,909.60
Due to Current Fund		141.14
	<u>1,023.60</u>	<u>19,709,057.28</u>
Balance December 31, 2017	\$ <u><u>15,146.00</u></u>	<u><u>1,922,641.35</u></u>

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

Balance December 31, 2016	\$	7,965.20
Increased by:		
Dog License Fees Collected	5,245.20	
Prepaid Licenses	41.00	
		5,286.20
		13,251.40
Decreased by:		
Statutory Excess	3,759.20	
Expenditures under N.J.S. 4:19-15:11	62.60	
		3,821.80
Balance December 31, 2017	\$	9,429.60

License Fees Collected:

Year	Amount
2016	\$ 4,452.80
2015	4,976.80
	\$ 9,429.60

Exhibit B-3

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

Balance December 31, 2016		\$	1,938.60
Increased by:			
Statutory Excess	<u>3,586.20</u>		<u>3,586.20</u>
			5,524.80
Decreased by:			
Paid to Current Fund			<u> </u>
Balance December 31, 2017		\$	<u><u>5,524.80</u></u>

Exhibit B-4

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

Balance December 31, 2016		\$	18.00
Increased by:			
Prepaid	23.40		
2017 State License Fees	<u>938.20</u>		<u>961.60</u>
			979.60
Decreased by:			
Disbursements to the State			<u>961.00</u>
Balance December 31, 2017		\$	<u><u>18.60</u></u>

**TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

Balance December 31, 2016		\$ 139,030.07
Increased by:		
Receipts	<u>15,188,539.66</u>	<u>15,188,539.66</u>
		15,327,569.73
Decreased by:		
Disbursements	<u>15,179,006.54</u>	<u>15,179,006.54</u>
Balance December 31, 2017		\$ <u><u>148,563.19</u></u>

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Increased by			Decreased by			Balance Dec 31, 2017
	Balance Dec 31, 2016	Receipts	Current Fund	Disbursements	2017 Budget Appropriation	Current Fund	
<u>Reserve</u>							
Developer's Escrow	\$ 28.47	167.69		141.14			55.02
Tax Title Lien Redemption	141.00	153.96					294.96
	<u>\$ 169.47</u>	<u>321.65</u>	<u>-</u>	<u>141.14</u>	<u>-</u>	<u>-</u>	<u>349.98</u>

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Reserve	Increased by		Decreased by		Balance Dec 31, 2017
	Balance Dec 31, 2016	Receipts	Collections made by Current Fund	Disbursements	
Small Cities Revolving Loan Fund	\$ 43,764.00	130.82		130.82	43,764.00
Developers Escrow	134,934.23	93,278.16		51,918.70	176,293.69
Law Enforcement Trust	728.61	76.00			804.61
Federal Forfeitures	149.20	0.23			149.43
Parking Offense Adjudication Act	5,325.51	2,455.00		2,881.00	4,899.51
Life Guard Pension Fund	335,363.72	20,760.13		50,059.19	306,064.66
Unemployment Trust	70,668.23	16,321.63		70,572.24	16,417.62
Evidence Trust	4,148.62	980.08		463.52	4,665.18
Tax Sale Premiums	1,722,100.00	521,500.00		1,492,500.00	751,100.00
Tax Title Lien Redemptions	260,052.95	2,293,261.32		2,357,634.61	195,679.66
Boardwalk Benches	11,489.24	33,550.00		24,393.08	20,646.16
Snow Removal	28,989.83	15,000.00			43,989.83
Recreation Trust	1,750.00				1,750.00
Self-Insurance	3,000.00				3,000.00
Trust Other	16,728.42				16,728.42
Penalties Collected Under the Uniform Fire Code	19,536.85	3,221.50			22,758.35
Police Detail	61,664.52	30,618.13		62,434.27	29,848.38
Accumulated Absences	112,090.85	440,000.00		416,922.17	135,168.68
	<u>\$ 2,832,484.78</u>	<u>3,471,153.00</u>	<u>-</u>	<u>4,529,909.60</u>	<u>1,773,728.18</u>

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

Balance December 31, 2016		\$	1,699,832.22
Increased by:			
Receipts	1,898,169.98		
	<hr/>		<hr/>
			1,898,169.98
			3,598,002.20
Decreased by:			
Disbursements	2,042,261.67		
	<hr/>		<hr/>
			2,042,261.67
Balance December 31, 2017		\$	<u>1,555,740.53</u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance		Receipts		Debt Issued		Disbursements		Transfers		Balance
	Dec. 31, 2016		Miscellaneous				Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2017
Fund Balance	\$ 108,954.92		10,720.02								134,920.52
Receivable State of NJ - Green Acres Grant	(83,306.25)		83,306.25								-
Due from NJEIT	(1,311,000.00)										(1,311,000.00)
Green Acres Loan	333,522.72						333,522.72				
Capital Improvement Fund	731,487.00		250,000.00						757,183.00		224,304.00
Contracts Payable	1,106,345.50								1,106,345.50		319,470.32
Reserve for Payment of Bonds	1,056.00		220,918.71								221,974.71
Reserve for Payment of School Bonds	90,571.38										40,671.38
Due to Current	53,263.92								15,245.58		36,550.47
Improvement Authorizations:											
1997-02 Various Improvements	1,250.00										1,250.00
1998-19 Acquisition of Real Property	67,668.06										67,668.06
2002-03 Various Improvements	20,017.45										20,017.45
2006-02 Rehabilitation of Ventnor Fishing Pier	(224,151.00)				224,151.00						-
2007-06 Rehabilitation of Ventnor Fishing Pier	(306,250.00)				306,250.00						-
2007-09 Various Improvements	2,955.26										2,955.26
2009-14 Various Improvements	135,127.42								997.79		97,280.98
2011-11 Various Improvements	508,970.12										504,470.12
2013-10 Various Improvements	213,658.15								7,916.82		42,344.20
2014-25 Repair and Replace Bulkheads	84,220.00										105,700.00
2014-27 Various Improvements	165,371.57								14,438.50		11,584.97
2017-38 Various Projects					802,824.00				18,158.00		607,697.80
2017-41 General Capital Improvements									277,959.21		342,880.29
2017-42 Park and Beach Improvements										85,000.00	85,000.00
	\$ 1,699,832.22		564,944.98		1,333,225.00		1,657,271.08	384,990.59	2,198,244.40	2,198,244.40	1,555,740.53

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

Balance December 31, 2016		\$ 731,487.00
Increased by:		
2017 Budget Appropriation	250,000.00	
	<hr/>	<hr/>
		250,000.00
		981,487.00
Decreased by:		
Finance Improvement Authorizations	757,183.00	
	<hr/>	<hr/>
		757,183.00
Balance December 31, 2017		\$ <u><u>224,304.00</u></u>

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

Balance December 31, 2016		\$ 19,717,951.35
Increased by:		
Green Acres Fishing Pier Loan	1,303,270.04	
		1,303,270.04
		21,021,221.39
Decreased by:		
2017 Budget Appropriation:		
General Serial Bonds	1,425,000.00	
School Serial Bonds	1,185,000.00	
Green Trust Loans Payable	28,856.13	
NJEIT Loans Payable	-	
Refunding	133,000.00	
		2,771,856.13
Balance December 31, 2017		\$ <u><u>18,249,365.26</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Raised in 2017 Budget	Other	Balance Dec. 31, 2017	Bond Anticipation Notes	Analysis of Balance		
								Expenditures	Unexpended Improvement Authorizations	
2006-02	Rehabilitation of Ventnor Fishing Pier	\$ 224,151.00			224,151.00	-				
2007-06	Rehabilitation of Ventnor Fishing Pier	306,250.00			306,250.00	-				
2014-27	Various Improvements	2,137,500.00				2,137,500.00	2,137,500.00		(0.00)	
2017-38	Various Improvements		802,824.00		802,824.00					
2017-41	Various Improvements		12,580,032.00			12,580,032.00			12,580,032.00	
2017-42	Various Park and Beach Improvements		1,700,000.00			1,700,000.00			1,700,000.00	
		<u>\$ 2,667,901.00</u>	<u>15,082,856.00</u>	<u>-</u>	<u>1,333,225.00</u>	<u>16,417,932.00</u>	<u>2,137,500.00</u>	<u>-</u>	<u>14,280,032.00</u>	
Improvement Authorizations Unfunded Less: Unexpended Proceeds of Bond Anticipation Notes Issued: Ord. Number 2014-27 \$ 11,584.97										
								<u>11,584.97</u>		<u>11,584.97</u>
										<u>\$14,280,032.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Refunded	Balance Dec. 31, 2017
			Date	Amount						
General Improvement Bonds of 2010	12/1/2010	8,315,000	12/1/2018	575,000.00	3.000%	5,685,000.00				1,800,000.00
			12/1/2019	600,000.00	3.500%			550,000.00	3,335,000.00	
			12/1/2020	625,000.00	3.500%					
Refunding Improvement Bonds of 2013	4/10/2013	2,140,000	8/1/2018	375,000.00	2.000%	1,115,000.00		360,000.00		755,000.00
			8/1/2019	380,000.00	2.000%					
General Improvement Bonds of 2013	12/4/2013	6,365,000	12/1/2018	495,000.00	2.000%	5,000,000.00		480,000.00		4,520,000.00
			12/1/2019	510,000.00	2.000%					
			12/1/2020	535,000.00	2.250%					
			12/1/2021	560,000.00	3.000%					
			12/1/2022	580,000.00	3.000%					
			12/1/2023	600,000.00	3.000%					
			12/1/2024	610,000.00	3.000%					
12/1/2025	630,000.00	3.250%								
Refunding Improvement Bonds of 2017	9/22/2017	3,235,000	12/1/2021	610,000.00	4.000%		3,235,000.00	35,000.00		3,200,000.00
			12/1/2022	620,000.00	4.000%					
			12/1/2023	635,000.00	4.000%					
			12/1/2024	650,000.00	4.000%					
			12/1/2025	685,000.00	4.000%					
\$						<u>11,800,000.00</u>	<u>3,235,000.00</u>	<u>1,425,000.00</u>	<u>3,335,000.00</u>	<u>10,275,000.00</u>
							<u>3,235,000.00</u>	<u>1,425,000.00</u>		
							<u>3,235,000.00</u>	<u>1,425,000.00</u>		

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017			Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Refunded	Balance Dec. 31, 2017
			Date	Amount	Rate						
School Refunding Bonds	6/1/2009	4,345,000	2/1/2018	405,000.00	3.000%	2,085,000.00		395,000.00		1,690,000.00	
			2/1/2019	420,000.00	4.000%						
			2/1/2020	435,000.00	4.000%						
School Bonds	12/1/2010	2,823,000	2/1/2021	430,000.00	4.000%	1,898,000.00		175,000.00	1,143,000.00	580,000.00	
			12/1/2018	185,000.00	3.000%						
			12/1/2019	195,000.00	3.500%						
Refunding Series 2014		3,760,000	12/1/2020	200,000.00	3.500%	2,505,000.00		605,000.00		1,900,000.00	
			10/1/2018	625,000.00	4.000%						
			10/1/2019	640,000.00	4.000%						
Refunding Series 2017	9/22/2017	1,110,000	10/1/2020	635,000.00	4.000%		1,110,000.00			1,100,000.00	
			12/1/2021	200,000.00	4.000%						
			12/1/2022	210,000.00	4.000%						
			12/1/2023	225,000.00	4.000%						
			12/1/2024	225,000.00	4.000%						
12/1/2025	240,000.00	4.000%									
						\$ 6,488,000.00	1,110,000.00	1,185,000.00	1,143,000.00	5,270,000.00	
								1,185,000.00			
								1,185,000.00			

Refunded
Redeemed

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
Boathouse Renovations	4/30/2001	500,000	2018	29,436.14	2.000%	118,951.35		28,856.13	90,095.22
			2019	30,027.81					
			2020	30,631.27					
Fishing Pier	2/16/2017	1,335,000	2018	60,811.57	2.000%		1,333,225.00	29,954.96	1,303,270.04
			2019	62,033.89					
			2020	63,280.77					
			2021	64,552.71					
			2022	65,850.22					
			2023	67,173.81					
			2024	68,524.00					
			2025	69,901.33					
			2026	71,306.36					
			2027	72,739.61					
			2028	74,201.68					
			2029	75,693.13					
			2030	77,214.57					
			2031	78,766.57					
			2032	80,349.79					
2033	81,964.81								
2034	83,612.30								
2035	85,292.92								
						\$ 118,951.35	-	28,856.13	90,095.22

**GENERAL CAPITAL FUND
SCHEDULE OF NJEIT LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
Repair and Replace Bulkheads		1,311,000.00				\$ 1,311,000.00			1,311,000.00
						\$ 1,311,000.00			1,311,000.00

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Various Improvements	2014-27	12/9/2015	12/8/2016	12/7/2017	1.28%	2,137,500.00	2,137,500.00	2,137,500.00	2,137,500.00
			12/7/2017	10/31/2018	2.50%				-
						\$ 2,137,500.00	2,137,500.00	2,137,500.00	2,137,500.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Debt Issued	Other	Balance Dec. 31, 2017
2006-02	Rehabilitation of Fishing Pier	\$ 224,151.00		224,151.00		-
2007-06	Rehabilitation of Fishing Pier	306,250.00		306,250.00		-
2017-38	Various Improvements		802,824.00	802,824.00		-
2017-41	Various Improvements		12,580,032.00			12,580,032.00
2017-42	Various Park and Beach Improvements		1,700,000.00			1,700,000.00
		<u>\$ 530,401.00</u>	<u>15,082,856.00</u>	<u>1,333,225.00</u>	<u>-</u>	<u>14,280,032.00</u>

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

	Operating
Balance December 31, 2016	\$ 2,177,935.92
Increased by Receipts:	
Sewer Rents Receivable	5,148,136.83
Miscellaneous	112,170.67
Overpayments	3,169.02
	5,263,476.52
	7,441,412.44
Decreased by Disbursements:	
2017 Appropriations	4,614,372.53
2016 Appropriation Reserves	18,353.22
Accrued Interest on Bonds & Notes	642,585.21
	5,275,310.96
Balance December 31, 2017	\$ <u><u>2,166,101.48</u></u>

WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2016	Budget Appropriation	Receipts		Disbursements		Transfers	Balance Dec. 31, 2017
			Debt Issued	Miscellaneous	Improvement Authorizations	Miscellaneous		
Fund Balance	\$ 77,101.36							84,340.78
Due from Utility Operating	707.66							707.66
Due from Current Fund	284,344.28							(7,239.42)
Contracts Payable	(1,163,375.00)							25,003.98
NUJET Bonds & Loans Receivable				792,424.00				(370,951.00)
<u>Improvement Authorizations:</u>								
<u>Ordinance</u>								
<u>Number</u>								
2006-14	8,132.14							8,132.14
2009-15b	1,800.00							1,800.00
2009-15c	36,754.37							36,754.37
2010-14a	24,150.42				24,150.42			0.00
2010-14b	59,128.55							59,128.55
2010-14c	303,907.86				234,366.20			49,512.68
2011-9a	81,158.43				7,860.00			73,298.43
2011-9d	100,000.00							100,000.00
2011-9e	9,710.00							9,710.00
2013-9a	18,754.00							18,754.00
2013-9b	74,611.51				3,219.00			71,392.51
2013-9c	62,804.47							62,804.47
2013-9d	33,087.97				154,524.97			33,087.97
2013-9e	75,000.00							75,000.00
2013-9f	32,008.02				27,971.71			4,036.31
2014-26	254,476.23				74,889.96			304,430.58
2017-39					161,831.02			(161,831.02)
	\$ 374,262.27				688,813.28		316,587.68	477,872.99
				792,424.00				

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

Balance December 31, 2016		\$ 841,578.79
Increased by:		
Utility Rents Levied	5,130,969.88	5,130,969.88
		5,972,548.67
Decreased by:		
Collections Canceled	5,148,136.83	5,148,136.83
Balance December 31, 2017		\$ 824,411.84

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

Balance December 31, 2016		\$ -
No Activity		-
Balance December 31, 2017		\$ -

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

Balance December 31, 2016	\$ 20,814.51
Increase by:	
Overpayments created	3,169.02
Decreased by:	
Overpayments refunded	<u> </u>
Balance December 31, 2017	<u>\$ 23,983.53</u>

**WATER AND SEWER OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES**

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed	Over-Expended
Operating: Other Expenses	\$ 47,515.06	47,515.06	24,957.50	22,557.56	
Other Accounts No Change	43,652.26	43,652.26	-	43,652.26	
	<u>\$ 91,167.32</u>	<u>91,167.32</u>	<u>24,957.50</u>	<u>66,209.82</u>	<u>-</u>
		Cash Disbursed	18,353.22		
		Accounts Payable	6,604.28		

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

Balance December 31, 2016		\$ 61,820.35
Increased by:		
Accrued interest charged to 2017 budget appropriation - Interest on bonds		<u>693,830.69</u>
		755,651.04
Decreased by:		
Disbursements		<u>642,585.21</u>
Balance December 31, 2017		<u>\$ 113,065.83</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2017

Description	Principal Outstanding Dec. 31, 2017	Interest Rate	From	To	# of Days	Amount
Water and Sewer Bonds of 2010	1,735,000	3.0% to 4.375%	12/01/17	12/31/17	30	5,060.42
Water and Sewer Bonds of 2013	3,045,000	3.00%	12/01/17	12/31/17	30	7,612.50
Refunding Water and Sewer Bond- 2017	6,935,000	4.00%	09/22/17	12/31/17	100	77,055.56
NJEIT Bonds Payable	2,860,596	0.00%	08/01/17	12/31/17	152	-
NJEIT Bonds Payable	1,290,000	4.00%	08/01/17	12/31/17	152	21,786.67
Bond Anticipation Notes	1,015,000	2.50%	12/09/17	12/31/17	22	1,550.69
						<u>113,065.83</u>

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

Account	Balance Dec. 31, 2016	Additions		Balance Dec. 31, 2017
		Budget Capital Outlay	Ordinance	
Office Equipment	\$ 72,997.00			72,997.00
Other Equipment	2,067,838.42		-	2,067,838.42
Building and Improvements	792,974.00			792,974.00
Water System Improvements	3,210,673.42		-	3,210,673.42
Sewer System Improvements	2,379,307.00			2,379,307.00
Combined Improvements	3,497,925.00			3,497,925.00
	<u>\$ 12,021,714.84</u>	<u>-</u>	<u>-</u>	<u>12,021,714.84</u>

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

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2016	2017 Authorizations		Costs to Fixed Capital	Transferred/ Canceled	Balance Dec. 31, 2017
					Deferred Reserve for Amortization	Deferred Charge to Future Revenue			
2009-06	Reconstruction of Sewer Lines	03/19/09	1,000,000 \$	1,000,000.00					1,000,000.00
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	1,700,000.00					1,700,000.00
2009-15b	Repainting the Water Tower	06/18/09	290,000	290,000.00					290,000.00
2009-15c	Purchase of Water Meters	06/18/09	617,400	617,400.00					617,400.00
2009-15d	Purchase of Vehicles	06/18/09	65,000	65,000.00					65,000.00
2009-15e	Purchase of Vehicles	06/18/09	70,000	70,000.00					70,000.00
2009-15f	Purchase of Equipment	06/18/09	180,000	180,000.00					180,000.00
2010-14a	Replacement of sanitary sewer mains	10/06/10	4,639,473	4,639,473.00					4,639,473.00
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170	1,824,170.00					1,824,170.00
2010-14c	Improve and upgrade electrical at wells 5, 7 and	10/06/10	729,668	729,668.00					729,668.00
2010-14f	Acquisition of equipment	10/06/10	72,967	-					-
2010-14g	Installation of pumps etc. at Lily Park	10/06/10	334,431	-					-
2011-9a	Replacement of Meter Batteries	06/16/11	500,000	500,000.00					500,000.00
2011-9b	Rehab Water Tower	06/16/11	950,000	-					-
2011-9c	Rehab Well House # 10	06/16/11	150,000	150,000.00					150,000.00
2011-9d	Purchase of Generator	06/16/11	100,000	100,000.00					100,000.00
2011-9e	Remote Reader Antenna	06/16/11	180,000	-					-
2011-9f	Purchase Directional Drill	06/16/11	420,000	-					-
2013-9a	Replacement of Water Meters	04/18/13	25,000	25,000.00					25,000.00
2013-9b	Renovations to Main Water Plant	04/18/13	100,000	100,000.00					100,000.00
2013-9c	Renovations to Wells	04/18/13	200,000	200,000.00					200,000.00
2013-9d	Replacement of Sewer and Water Mains	04/18/13	1,750,000	1,750,000.00					1,750,000.00
2013-9e	Acquisition of Water Plant Heating System	04/18/13	75,000	75,000.00					75,000.00
2013-9f	Acquisition of Fire Hydrants	04/18/13	80,000	80,000.00					80,000.00
2013-9g	Acquisition of Vehicles	04/18/13	120,000	120,000.00					120,000.00
2014-26	Repairs to Stormwater System	10/16/14	5,387,000	5,387,000.00					5,387,000.00
2015-23	Repairs to Stormwater System	11/19/15	250,000	250,000.00					250,000.00
2015-24	Replacement of Sewer and Water Mains	11/19/15	295,871	295,871.00					295,871.00
2017-39	Water & Sewer Improvements	11/16/17	400,000			400,000.00			400,000.00
2017-40	Utility Improvements	11/16/17	4,576,430			4,576,430.00			4,576,430.00
				\$ 20,148,582.00		4,976,430.00		-	25,125,012.00

WATER AND SEWER CAPITAL UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement/Authorization	Date	Ordinance Amount	Balance Dec. 31, 2016		2017 Authorizations Down Payment or Capital Improvement Fund	Deferred Charges to Future Revenue	Prior Year Encumbrance	Paid or Charged	Transfers or Canceled	Balance Dec. 31, 2017	
				Funded	Unfunded						Funded	Unfunded
2009-06	Reconstruction of Sewer Lines	03/19/09	1,000,000.00	\$ 8,132.14							8,132.14	
2009-15b	Repainting the Water Tower	06/18/09	290,000.00	1,800.00							1,800.00	
2009-15c	Purchase of Water Meters	06/18/09	617,400.00	36,754.37							36,754.37	
2010-14a	Replacement of sanitary sewer mains	10/06/10	4,639,473.00	24,150.42				4,975.00	24,150.42		59,128.55	
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170.00	59,128.55					259,370.18		49,512.56	
2010-14c	Improve and upgrade electrical at wells	10/06/10	729,668.00	303,907.86								
2011-9a	Replacement of Meter Batteries	06/16/11	500,000.00	80,968.43	190.00				7,860.00		58,298.43	15,000.00
2011-9d	Purchase of Generator	06/16/11	100,000.00	95,000.00	5,000.00							100,000.00
2011-9e	Remote Reader Antenna	06/16/11	180,000.00	9,710.00							9,710.00	
2013-9a	Replacement of Water Meters	04/18/13	25,000.00	18,754.00								18,754.00
2013-9b	Renovations to Main Water Plant	04/18/13	100,000.00	74,611.51					3,219.00		71,392.51	
2013-9c	Renovations to Wells	04/18/13	200,000.00	62,804.47							62,804.47	
2013-9d	Replacement of Sewer and Water Mains	04/18/13	1,750,000.00	33,087.97				154,524.97	154,524.97		33,087.97	
2013-9e	Acquisition of Water Plant Heating System	04/18/13	75,000.00	75,000.00								75,000.00
2013-9f	Acquisition of Fire Hydrants	04/18/13	80,000.00	32,008.02					27,971.71		4,036.31	
2014-26	Repairs to Stormwater System	10/16/14	5,387,000.00	254,476.23				124,844.31	74,889.96		304,430.58	
2015-23	Repairs to Stormwater System	11/19/15	250,000.00		250,000.00							250,000.00
2017-39	Water & Sewer Improvements	11/16/17	400,000.00			400,000.00			161,831.02			238,168.98
2017-40	Utility Improvements	11/16/17	4,976,430.00			4,576,430.00						4,576,430.00
				\$ 1,170,293.97	255,190.00		4,976,430.00	284,344.28	713,817.26		527,766.75	5,444,674.24

Disbursed D-6
Encumbered D
713,817.26

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

Ordinance	Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
2011-9	Various Repairs and Equipment	12/9/2015	12/9/2015	115,000.00	1.04% \$	115,000.00			-
2011-9	Various Repairs and Equipment	12/9/2016	12/9/2016	115,000.00	2.50%		115,000.00	115,000.00	115,000.00
2013-9	Replacement of Sewer and Water Mains	12/9/2015	12/9/2015	900,000.00	1.04%	900,000.00			-
2013-9	Replacement of Sewer and Water Mains	12/9/2016	12/9/2016	900,000.00	2.50%		900,000.00	900,000.00	900,000.00
						\$ 1,015,000.00	1,015,000.00	1,015,000.00	1,015,000.00

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Refunded	Balance Dec. 31, 2017
			Date	Amount						
Water and Sewer Bonds of 2010	12/01/10	12,240,000	12/01/18	560,000.00	3.00%	\$ 9,470,000.00				1,735,000.00
			12/01/19	575,000.00	3.50%			540,000.00	7,195,000.00	
			12/01/20	600,000.00	3.50%					
Water and Sewer Bonds of 2013	12/04/13	3,635,000	12/01/18	160,000.00	2.00%	3,200,000.00		155,000.00		3,045,000.00
			12/01/19	170,000.00	2.00%					
			12/01/20	180,000.00	2.25%					
			12/01/21	190,000.00	3.00%					
			12/01/22	200,000.00	3.00%					
			12/01/23	200,000.00	3.00%					
			12/01/24	210,000.00	3.00%					
			12/01/25	220,000.00	3.25%					
			12/01/26	230,000.00	3.375%					
			12/01/27	240,000.00	3.50%					
			12/01/28	250,000.00	3.625%					
			12/01/29	260,000.00	3.75%					
			12/01/30	265,000.00	4.00%					
		12/01/31	270,000.00	4.00%						
Refunding Water and Sewer Bond- 2017	09/22/17	7,195,000	12/01/21	615,000.00	4.00%		7,015,000.00	80,000.00		6,935,000.00
			12/01/22	640,000.00	4.00%					
			12/01/23	670,000.00	4.00%					
			12/01/24	695,000.00	4.00%					
			12/01/25	695,000.00	4.00%					
			12/01/26	690,000.00	4.00%					
			12/01/27	705,000.00	4.00%					
			12/01/28	730,000.00	4.00%					
			12/01/29	745,000.00	4.00%					
			12/01/30	750,000.00	4.00%					

	\$ 12,670,000.00	7,015,000.00	775,000.00	7,195,000.00	11,715,000.00
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**WATER AND SEWER CAPITAL UTILITY FUND
STATEMENT OF WATER AND SEWER NJEIT LOAN PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Outstanding December 31, 2017 Amount				
NJEIT Series 2016 A-1	05/26/16	3,125,466			0.00%	3,019,518.00	158,922.00	2,860,596.00
			02/01/18	105,948.00	0.00%			
			08/01/18	52,974.00	0.00%			
			02/01/19	105,948.00	0.00%			
			08/01/19	52,974.00	0.00%			
			02/01/20	105,948.00	0.00%			
			08/01/20	52,974.00	0.00%			
			02/01/21	105,948.00	0.00%			
			08/01/21	52,974.00	0.00%			
			02/01/22	105,948.00	0.00%			
			08/01/22	52,974.00	0.00%			
			02/01/23	105,948.00	0.00%			
			08/01/23	52,974.00	0.00%			
			02/01/24	105,948.00	0.00%			
			08/01/24	52,974.00	0.00%			
			02/01/25	105,948.00	0.00%			
			08/01/25	52,974.00	0.00%			
			02/01/26	105,948.00	0.00%			
			08/01/26	52,974.00	0.00%			
			02/01/27	105,948.00	0.00%			
			08/01/27	52,974.00	0.00%			
			02/01/28	105,948.00	0.00%			
			08/01/28	52,974.00	0.00%			
			02/01/29	105,948.00	0.00%			
			08/01/29	52,974.00	0.00%			
			02/01/30	105,948.00	0.00%			
			08/01/30	52,974.00	0.00%			
			02/01/31	105,948.00	0.00%			
			08/01/31	52,974.00	0.00%			
			02/01/32	105,948.00	0.00%			
			08/01/32	52,974.00	0.00%			
			02/01/33	105,948.00	0.00%			
			08/01/33	52,974.00	0.00%			
			02/01/34	105,948.00	0.00%			
			08/01/34	52,974.00	0.00%			
		02/01/35	105,948.00	0.00%				
		08/01/35	52,974.00	0.00%				

WATER AND SEWER CAPITAL UTILITY FUND
STATEMENT OF WATER AND SEWER NJEIT LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Date	Maturities of Loans Outstanding		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
				December 31, 2017	Amount				
NJEIT Series 2016 A-1	05/26/16	1,335,000	02/01/18	50,000.00	50,000.00	5.00%	1,335,000.00	45,000.00	1,290,000.00
			02/01/19	50,000.00	50,000.00	5.00%			
			02/01/20	55,000.00	55,000.00	5.00%			
			02/01/21	55,000.00	55,000.00	5.00%			
			02/01/22	60,000.00	60,000.00	5.00%			
			02/01/23	65,000.00	65,000.00	5.00%			
			02/01/24	65,000.00	65,000.00	4.00%			
			02/01/25	70,000.00	70,000.00	4.00%			
			02/01/26	70,000.00	70,000.00	4.00%			
			02/01/27	75,000.00	75,000.00	4.00%			
			02/01/28	80,000.00	80,000.00	2.00%			
			02/01/29	80,000.00	80,000.00	2.00%			
			02/01/30	80,000.00	80,000.00	2.00%			
			02/01/31	85,000.00	85,000.00	2.13%			
			02/01/32	85,000.00	85,000.00	3.00%			
		02/01/33	85,000.00	85,000.00	3.00%				
		02/01/34	90,000.00	90,000.00	3.00%				
		02/01/35	90,000.00	90,000.00	3.00%				
							\$ 4,354,518.00	203,922.00	4,150,596.00

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

Balance December 31, 2016		\$ 9,894,201.77
Increased by:		
Serial Bonds Paid by Operating Budget	775,000.00	
NJEIT Paid by Operating Budget	203,922.00	
Refunding Bond Principal Reduction	180,000.00	
Transferred from Deferred Reserve for Amortization	<u>-</u>	
		<u>1,158,922.00</u>
Decreased by:		
Improvement Authorizations Cancelled		<u>-</u>
Balance December 31, 2017		<u><u>\$ 11,053,123.77</u></u>

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2016	Fixed Capital Authorized	To Reserve for Amortization	Bond Paid/ Loan Forgiven	Balance Dec. 31, 2017
2009-06	Various Capital Improvements	2009	\$ 162,488.87				162,488.87
2009-15c	Purchase of water meters	6/18/09	887,976.69				887,976.69
2010-14a	Various Capital Improvements	10/06/10	1,903,629.51				1,903,629.51
2014-26	Repairs to Stormwater System	10/16/14	1,032,482.00				1,032,482.00
			<u>\$ 3,986,577.07</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,986,577.07</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	BANS Issued	Raised in Budget	Balance Dec. 31, 2017
2015-23	Repairs to Stormwater System	\$ 250,000.00				250,000.00
2017-39	Water & Sewer Utility Improvements		400,000.00			400,000.00
2017-40	Water & Sewer Utility Improvements		4,576,430.00			4,576,430.00
		<u>\$ 250,000.00</u>	<u>4,976,430.00</u>	<u>-</u>	<u>-</u>	<u>5,226,430.00</u>

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement."

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$17,500. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Committee's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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

Custodial Services
Well #7 Upgrades
FY 2013-2015 CDBG Various Drainage Improvements

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 5, 2017, 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 28, 2017 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>
2017	0
2016	1
2015	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 2017 and 2016 Taxes	5
Payment of 2017 and 2016 Utility Bills	5
Delinquent Taxes	5
Delinquent Utility	5

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

Deposit of Municipal Funds

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

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

CITY OF VENTNOR CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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.

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2017	\$ 53,419,237.26	52,263,962.49	97.84%
2016	50,511,085.00	49,322,353.00	97.65%
2015	52,179,156.00	50,093,426.00	96.00%
2014	50,739,280.34	48,092,180.85	94.78%
2013	50,065,628.54	47,058,631.00	93.99%

Comparative Schedule of Tax Rate Information

	2017	2016	2015	2014	2013
Tax Rate	\$ 2.648	\$ 2.186	2.17	2.06	1.99
Apportionment of Tax Rate:					
Municipal	1.133	0.950	0.952	0.896	0.847
County	0.570	0.482	0.471	0.445	0.447
School	0.945	0.754	0.742	0.717	0.695
Assessed Valuation	2,017,342,800	2,362,000,750	2,401,034,387	2,462,173,390	2,514,557,682

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.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2017	\$ -	1,236,035.40	1,236,035.40	2.31%
2016	95,379.42	1,213,984.36	1,309,363.78	2.59%
2015	95,379.42	1,176,848.27	1,272,227.69	2.44%
2014	62,266.32	1,669,257.14	1,731,523.46	3.41%
2013	51,135.92	1,794,996.32	1,846,132.24	3.69%

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.

FINANCIAL STATEMENT FINDINGS

NONE

STATUS OF PRIOR RECOMMENDATIONS

NONE

RECOMMENDATIONS

NONE

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

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

Very truly yours,

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

April 2, 2018