

**CITY OF VENTNOR CITY**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**



# CITY OF VENTNOR CITY

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**CITY OF VENTNOR CITY**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2018**







# 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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 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 July 23, 2019 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

July 23, 2019

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**EXHIBIT A - CURRENT FUND**



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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 7,720,899.80	11,046,896.12
Cash - Change	530.00	530.00
Total Cash	7,721,429.80	11,047,426.12
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	25,878.42	21,608.90
Total Other Receivables	25,878.42	21,608.90
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,198,572.56	1,236,035.40
Tax Title and Other Liens	13,616.87	-
Property Acquired for Taxes - at Assessed Valuation	267,200.00	267,200.00
Revenue Accounts Receivable	12,082.68	15,181.98
Demolition Lien Receivable	3,776.94	5,360.03
Interfund Receivable:		
General Capital Fund	36,550.47	36,550.47
Trust - Other	2,468.59	349.98
Animal Control Fund	5,524.80	5,524.80
Total Receivables and Other Assets	1,539,792.91	1,566,202.66
Deferred Charges:		
Special Emergency Appropriation - Revaluation	240,000.00	360,000.00
Special Emergency Appropriation - Tax Map	30,000.00	60,000.00
Total Deferred Charges	270,000.00	420,000.00
Total Regular Fund	9,557,101.13	13,055,237.68
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,202,934.12	654,998.70
Due from Current Fund	532,844.32	284,012.04
Total Federal and State Grant Fund	1,735,778.44	939,010.74
Total Current Fund	\$ 11,292,879.57	13,994,248.42

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 606,469.61	666,526.92
Reserve for Encumbrances	672,486.38	508,508.64
Accounts Payable	68,227.36	3,668.86
Prepaid Taxes	949,072.55	5,832,157.12
Overpaid Taxes	326,604.82	193,278.96
Local School Tax Payable	0.06	0.02
County Added Tax Payable	52,713.46	38,248.93
Interfund Payable:		
Federal and State Grant Fund	532,844.32	284,012.04
Water & Sewer Utility Capital Fund	7,239.42	7,239.42
Other		
Reserve for Judgements	42,500.00	42,500.00
Reserve for Revaluation	115,603.00	125,290.94
	<u>3,373,760.98</u>	<u>7,701,431.85</u>
Reserve for Receivables and Other Assets	1,539,792.91	1,566,202.66
Fund Balance	<u>4,643,547.24</u>	<u>3,787,603.17</u>
Total Regular Fund	<u>9,557,101.13</u>	<u>13,055,237.68</u>
Federal and State Grant Fund:		
Unappropriated Reserves	29,389.63	56,962.13
Appropriated Reserves	1,443,023.41	857,256.26
Encumbrances Payable	263,365.40	24,792.35
	<u>1,735,778.44</u>	<u>939,010.74</u>
Total Federal and State Grant Fund	<u>1,735,778.44</u>	<u>939,010.74</u>
Total Current Fund	<u>\$ 11,292,879.57</u>	<u>13,994,248.42</u>



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

	2018	2017
Revenue and Other Income Realized		
Fund Balance	\$ 2,300,000.00	2,030,000.00
Miscellaneous Revenue Anticipated	4,129,478.57	3,523,762.29
Receipts from Delinquent Taxes	1,237,396.65	1,204,729.29
Receipts from Current Taxes	52,274,407.35	52,263,962.49
Non Budget Revenue	369,241.89	544,176.37
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	807,599.14	202,315.35
Interfund Returned		12,946.74
Total Income	61,118,123.60	59,781,892.53
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	13,436,689.28	13,638,669.00
Other Expenses	7,141,148.50	7,004,748.87
Deferred Charges & Statutory Expenditures	3,349,813.10	3,018,342.52
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	161,417.00	41,500.00
Other Expenses	760,684.87	387,847.87
Capital Improvements	250,000.00	250,000.00
Debt Service	2,064,869.79	1,870,802.53
Deferred Charges	150,000.00	150,000.00
Type I School Debt Service	1,411,850.00	1,403,800.83
Local District School Tax	17,055,694.00	17,677,514.00
County Tax	12,126,174.56	11,468,387.33
County Share of Added Tax	52,713.43	38,248.93
Refund of Prior Year's Revenue	1,125.00	1,263.74
Prior Year Tax Overpayments		60,622.32
Total Expenditures	57,962,179.53	57,011,747.94
Excess/(Deficit) in Revenue	3,155,944.07	2,770,144.59

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

	2018	2017
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	3,155,944.07	2,770,144.59
Fund Balance January 1	3,787,603.17	3,047,458.58
	6,943,547.24	5,817,603.17
Decreased by:		
Utilization as Anticipated Revenue	2,300,000.00	2,030,000.00
Fund Balance December 31	\$ 4,643,547.24	3,787,603.17

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 2,300,000.00		2,300,000.00	-
Total Fund Balance Anticipated	<u>2,300,000.00</u>	<u>-</u>	<u>2,300,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	3,625.00		92,123.00	88,498.00
Other	14,000.00		15,788.00	1,788.00
Fees and Permits	237,500.00		273,261.13	35,761.13
Fines and Costs:				
Municipal Court	207,000.00		235,445.38	28,445.38
Interest and Costs on Taxes	255,000.00		278,428.27	23,428.27
Interest Earned on Investments	15,000.00		70,656.50	55,656.50
Parking Meters	60,000.00		145,525.34	85,525.34
Beach Control Fees	225,000.00		289,243.50	64,243.50
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	120,000.00		130,008.00	10,008.00
Cable Television Franchise Fees	50,000.00		64,256.46	14,256.46
City Lease Fees	40,000.00		52,709.54	12,709.54
Ambulance Service Fees	140,000.00		123,911.98	(16,088.02)
Recreation Fees	60,000.00		77,743.00	17,743.00
Total Section A: Local Revenues	<u>1,545,125.00</u>	<u>-</u>	<u>1,967,692.70</u>	<u>422,567.70</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, 2018**

	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	-
<b>Total Section B: State Aid Without Offsetting Appropriations</b>	<b>608,112.00</b>	-	<b>608,112.00</b>	-
Section C: Uniform Construction Code Fees Uniform Construction Code Fees	290,000.00		306,572.00	16,572.00
<b>Total Section C: Uniform Construction Code Fees</b>	<b>290,000.00</b>	-	<b>306,572.00</b>	<b>16,572.00</b>
Section D: Special Items - Interlocal Municipal Service Agreements Offset with Appropriations Borough of Longport - Uniform Construction Code Office	43,750.00		43,750.00	-
<b>Total Section D: Special Items of General Revenue Anticipated</b>	<b>43,750.00</b>	-	<b>43,750.00</b>	-
Section F: Special Items - Public and Private Programs Off-Set with Appropriations Recycling Tonnage Grant Alcohol Education & Rehabilitation Clean Communities Bulletproof Vest Emergency Management Assistance NJ DOT Municipal Aid Program DWI DOT-Bikeway Program Sustainable Jersey Safe and Secure Communities Resilient NJ Grant Municipal Alliance	12,805.23	12,805.23 3,185.61 31,365.84 3,640.00 19,400.00 368,000.00 165.00 190,000.00 14,715.00 60,000.00 88,242.96 14,110.00	25,610.46 3,185.61 31,365.84 3,640.00 19,400.00 368,000.00 165.00 190,000.00 14,715.00 119,917.00 88,242.96 14,110.00	- - - - - - - - - - - -
<b>Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations</b>	<b>72,722.23</b>	<b>805,629.64</b>	<b>878,351.87</b>	-

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	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				
	2,884,709.23	805,629.64	4,129,478.57	439,139.70
Total Miscellaneous Revenues:	<u>1,113,627.50</u>		<u>1,237,396.65</u>	<u>123,769.15</u>
Receipts from Delinquent Taxes				
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	22,653,324.22		24,060,908.20	1,407,583.98
Amount for Local District Tax	1,411,850.00		1,411,850.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>24,065,174.22</u>	<u>-</u>	<u>25,472,758.20</u>	<u>1,407,583.98</u>
Budget Totals	<u>30,363,510.95</u>	<u>805,629.64</u>	<u>33,139,633.42</u>	<u>1,970,492.83</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:			369,241.89	369,241.89
	<u>30,363,510.95</u>	<u>805,629.64</u>	<u>33,508,875.31</u>	<u>2,339,734.72</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	52,274,407.35	
Less: Reserve for Tax Appeals Pending	-	
Net Revenue from Collections	52,274,407.35	
Allocated to:		
School, County and Other Taxes	29,234,581.99	
Balance for Support of Municipal Budget Appropriations	23,039,825.36	
Increased by:		
Appropriation "Reserved for Uncollected Taxes"	2,432,932.84	
Amount for Support of Municipal Budget Appropriations	25,472,758.20	

Receipts from Delinquent Taxes:

Delinquent Tax Collection	1,237,396.65	
Tax Title Lien Collections	-	
Total Receipts from Delinquent Taxes	1,237,396.65	

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Fire	13,598.00	
Police	994.00	
Lifeguards	1,560.00	
City Clerk	52,701.15	
Miscellaneous Collector & Assessor	13,606.00	
Building/Housing/Electrical	58,800.00	
Reimbursements	19,204.90	
Jury Duty	5.00	
Shared Services-Brigantine	4,500.00	
Gov Deals	4,708.20	
Workers Compensation Reimbursements	1,710.00	
JIF	6,300.00	
Insurance Refunds	145,720.43	
Recycling	2,798.45	
Annual Maintenance Ventnor Gardens	3,635.20	
Restitution	170.00	
DMV Fines	1,395.50	
Premium on Sale of BAN's	32,666.22	
Senior & Vets Admin Fee	1,470.00	
Miscellaneous	3,698.84	
Total Miscellaneous Revenue Not Anticipated:	369,241.89	

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor's Office						
Salaries and Wages	\$ 78,350.00	80,950.00	80,949.41		0.59	
Other Expenses	23,000.00	23,000.00	9,600.28	7,405.71	5,994.01	
Police						
Salaries and Wages	4,436,946.00	4,326,846.00	4,247,262.15		79,583.85	
Other Expenses	260,900.00	240,900.00	149,793.14	52,853.25	38,253.61	
Fire						
Salaries and Wages	4,206,184.00	4,166,184.00	4,134,122.66		32,061.34	
Other Expenses	116,569.00	116,569.00	84,732.30	19,900.11	11,936.59	
Uniform Fire Safety Act (P.L. 1983, C.383)						
Other Expenses	8,371.00	8,371.00	6,858.24	1,481.85	30.91	
Radio and Communications						
Salaries and Wages	611,701.00	551,701.00	542,558.03		9,142.97	
Other Expenses	31,000.00	31,000.00	18,945.32		12,054.68	
City Administrator						
Salaries and Wages	15,600.00	15,600.00	14,835.00		765.00	
Other Expenses	211,300.00	211,300.00	147,127.50	57,390.00	6,782.50	
Office of Emergency Management						
Other Expenses	8,800.00	8,800.00	7,763.81	608.37	427.82	
Dog Control						
Other Expenses	8,400.00	8,400.00	7,000.00	1,400.00	-	
Electrical Division						
Salaries and Wages	78,100.00	78,100.00	75,835.07		2,264.93	
Other Expenses	34,500.00	34,500.00	8,514.05	18,803.00	7,182.95	
Celebration of Public Events						
Salaries and Wages	45,000.00	45,000.00	36,310.22	1,474.00	7,215.78	
Beach Patrol						
Salaries and Wages	547,988.00	537,988.00	535,651.98		2,336.02	
Other Expenses	27,809.00	27,809.00	26,211.26	363.77	1,233.97	
Beach Control						
Salaries and Wages	46,000.00	46,000.00	43,972.84		2,027.16	
Other Expenses	8,000.00	9,930.00	9,738.80	190.75	0.45	

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, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEPARTMENT OF PUBLIC WORKS, PARKS &amp; PUBLIC PROPERTY</b>						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-	
Streets and Roads						
Salaries and Wages	616,592.00	626,592.00	617,916.34	8,675.66	8,675.66	
Other Expenses	48,000.00	48,000.00	31,873.32	15,258.46	868.22	
Motor Vehicle Maintenance						
Salaries and Wages	292,530.00	227,530.00	211,335.87	16,194.13	16,194.13	
Other Expenses	67,000.00	77,000.00	55,994.25	14,565.73	6,440.02	
Buildings and Grounds						
Salaries and Wages	273,726.00	298,826.00	284,471.86	1,723.28	12,630.86	
Other Expenses	174,800.00	184,800.00	150,385.38	33,859.35	555.27	
Recreation						
Salaries and Wages	271,781.00	271,781.00	245,737.45	26,043.55	26,043.55	
Other Expenses	81,100.00	81,100.00	76,743.74	3,873.41	482.85	
City Engineer						
Other Expenses	131,700.00	109,700.00	64,462.39	44,820.31	417.30	
Solid Waste/Recycling						
Salaries and Wages	105,900.00	131,100.00	125,518.47	5,581.53	5,581.53	
Other Expenses	1,117,876.00	1,101,846.00	1,088,233.73	5,924.92	7,687.35	
<b>DEPARTMENT OF REVENUE AND FINANCE</b>						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-	
Legal Services and Costs						
Other Expenses	380,000.00	300,000.00	233,682.26	59,493.99	6,823.75	
City Clerk						
Salaries and Wages	95,100.00	87,500.00	87,440.00	60.00	60.00	
Other Expenses	33,994.00	33,994.00	26,918.90	5,006.31	2,068.79	
Revision and Codification of Ordinances						
Elections	12,000.00	12,000.00	5,892.63	4,500.00	1,607.37	
Other Expenses	13,300.00	13,300.00	5,705.74	7,594.26	7,594.26	
Audit Fee						
Other Expenses	60,000.00	51,000.00	50,560.00	440.00	440.00	
Municipal Land Use Law (N.J.S.A. 40:55 D-1)						
Planning Board						
Salaries and Wages	6,000.00	16,500.00	11,561.75	4,938.25	4,938.25	
Other Expenses	47,100.00	31,100.00	26,936.57	3,153.74	1,009.69	

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, 2018**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
Financial Administration							
Salaries and Wages	294,544.00	290,944.00	282,530.51	919.20	7,494.29		
Other Expenses	96,205.50	79,205.50	54,435.31	24,499.65	270.54		
Assessment of Taxes							
Salaries and Wages	117,100.00	117,100.00	109,564.04	3,344.00	7,535.96		
Other Expenses	15,705.00	15,705.00	11,499.94		861.06		
Collection of Taxes							
Salaries and Wages	117,100.00	115,600.00	107,970.73		7,629.27		
Other Expenses	18,940.00	11,940.00	7,644.80	2,303.88	1,991.32		
Information Technology							
Salaries and Wages	72,752.00	107,252.00	76,183.47		31,068.53		
Other Expenses	305,265.00	369,265.00	188,311.78	179,845.48	1,107.74		
Municipal Court							
Salaries and Wages	266,018.00	255,918.00	255,845.37	2,470.20	72.63		
Other Expenses	19,850.00	14,450.00	7,796.69		4,183.11		
Municipal Prosecutor							
Salaries and Wages	30,000.00	30,000.00	30,000.00		-		
Public Defender (P.L. 1997, C.256)							
Other Expenses	12,000.00	12,000.00	12,000.00		-		
Insurance							
General Liability	136,000.00	116,000.00	102,151.56	12,800.00	1,048.44		
Workers Compensation	822,664.00	722,664.00	719,504.03		3,159.97		
Employee Group Health	1,824,745.00	1,997,750.00	1,845,521.75	36,714.51	115,513.74		
Health Waiver	75,000.00	75,000.00	64,746.34		10,253.66		
UNIFORM CONSTRUCTION CODE							
Inspection of Buildings							
Salaries and Wages	349,162.88	362,162.88	361,873.31		289.57		
Other Expenses	5,550.00	5,550.00	4,788.70	336.17	425.13		
Inspection of Housing							
Salaries and Wages	103,909.34	83,909.34	82,007.61		1,901.73		
Other Expenses	6,700.00	6,700.00	1,390.23	1,012.60	4,297.17		
Electrical and Plumbing Inspections							
Salaries and Wages	34,605.06	30,605.06	29,349.71		1,255.35		

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, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>UNCLASSIFIED</b>						
Utility Expenses and Bulk Purchases						
Gasoline	145,000.00	145,000.00	109,660.59	35,339.41	-	
Electricity	600,000.00	605,500.00	594,560.17		10,939.83	
Telephone	85,000.00	85,000.00	60,240.47	3,660.56	21,098.97	
Natural Gas	70,000.00	70,000.00	43,644.05	15,190.41	11,165.54	
Terminal Leave	400,000.00	560,000.00	560,000.00			
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>20,676,832.78</b>	<b>20,577,837.78</b>	<b>19,332,373.87</b>	<b>672,486.38</b>	<b>572,977.53</b>	<b>-</b>
Contingent	5,000.00	-				
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>20,681,832.78</b>	<b>20,577,837.78</b>	<b>19,332,373.87</b>	<b>672,486.38</b>	<b>572,977.53</b>	<b>-</b>
Detail:						
Salaries and Wages	13,607,689.28	13,436,689.28	13,174,493.63	2,642.48	259,553.17	-
Other Expenses	7,074,143.50	7,141,148.50	6,157,880.24	669,843.90	313,424.36	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	536,989.00	542,769.00	542,768.03		0.97	
Social Security System (O.A.S.I.)	282,500.00	308,000.00	298,839.32		9,160.68	
Consolidated Police and Firemen's Pension Fund	8,980.10	8,980.10	8,980.10			
Police and Firemen's Retirement System	2,153,349.00	2,166,064.00	2,166,063.78		0.22	
Unemployment	70,000.00	120,000.00	109,289.47		10,710.53	
Medicare Insurance	188,000.00	198,000.00	190,584.11		7,415.89	
Defined Contribution Retirement Program	6,000.00	6,000.00	2,227.20		3,772.80	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>3,245,818.10</b>	<b>3,349,813.10</b>	<b>3,318,752.01</b>	<b>-</b>	<b>31,061.09</b>	<b>-</b>

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, 2018**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	23,927,650.88	23,927,650.88	22,651,125.88	672,486.38	604,038.62
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Borough of Longport - Uniform Construction Code					
Salaries and Wages	41,500.00	41,500.00	41,319.01	180.99	
Other Expenses	2,250.00	2,250.00		2,250.00	
	<u>43,750.00</u>	<u>43,750.00</u>	<u>41,319.01</u>	<u>2,430.99</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues					
DWI		165.00	165.00	-	
DDEF		-	-	-	
Recycling Tonnage Grant	12,805.23	25,610.46	25,610.46	-	
Bulletproof Vest Partnership		3,640.00	3,640.00	-	
State Housing Inspection		-	-	-	
Safe and Secure Communities Program - P.L. 1994		119,917.00	119,917.00	-	
State Share	59,917.00	119,917.00	119,917.00	-	
Local Share		-	-	-	
Clean Communities Program		31,365.84	31,365.84	-	
Match for Grant		-	-	-	
Community Development Block Grant		3,185.61	3,185.61	-	
Alcohol Education and Rehabilitation		368,000.00	368,000.00	-	
DOT Municipal Aid Program		14,110.00	14,110.00	-	
Municipal Alliance		190,000.00	190,000.00	-	
DOT-Bikeway Program		-	-	-	
FEMA - Storm Reimbursements		88,242.96	88,242.96	-	
Resilient NJ Grant		14,715.00	14,715.00	-	
Sustainable Jersey		19,400.00	19,400.00	-	
Emergency Management Assistance		-	-	-	
Total Public and Private Programs Off-Set by Revenues	<u>72,722.23</u>	<u>878,351.87</u>	<u>878,351.87</u>	<u>-</u>	<u>-</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, 2018**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Total Operations - Excluded from "CAPS" Detail:	116,472.23	922,101.87	919,670.88	- 2,430.99	-
Salaries and Wages	41,500.00	161,417.00	161,236.01	- 180.99	-
Other Expenses	15,055.23	760,684.87	758,434.87	- 2,250.00	-
(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>
(D) Debt Service					
Payment of Bond Principal	1,445,000.00	1,445,000.00	1,445,000.00	-	-
Payment of Bond Anticipation Notes	102,500.00	102,500.00	99,697.00	-	2,803.00
Interest on Bonds	326,338.00	326,338.00	326,337.50	-	0.50
Interest on Notes	48,100.00	48,100.00	48,100.00	-	-
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	117,667.00	117,667.00	117,666.01	-	0.99
NJFIT:					
Principal	30,000.00	30,000.00	24,640.37	-	5,359.63
Interest	5,000.00	5,000.00	3,428.91	-	1,571.09
Total Debt Service	<u>2,074,605.00</u>	<u>2,074,605.00</u>	<u>2,064,869.79</u>	<u>- 0.00</u>	<u>9,735.21</u>
(E) Deferred Charges					
Special Emergency Authorizations - 5 years	150,000.00	150,000.00	150,000.00	-	-
Total Deferred Charges	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>	<u>-</u>	<u>-</u>
(K) Local District School Purposes					
Payment of Bond Principal	1,215,000.00	1,215,000.00	1,215,000.00	-	-
Interest on Bonds	196,850.00	196,850.00	196,850.00	-	-
Total Local District School Purposes	<u>1,411,850.00</u>	<u>1,411,850.00</u>	<u>1,411,850.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>4,002,927.23</u>	<u>4,808,556.87</u>	<u>4,796,390.67</u>	<u>- 2,430.99</u>	<u>9,735.21</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, 2018**

	Appropriations	Paid or Charged	Expended	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Encumbered	Reserved
SUBTOTAL GENERAL APPROPRIATIONS	27,930,578.11	28,736,207.75	672,486.38	606,469.61
(M) Reserve for Uncollected Taxes	<u>2,432,932.84</u>	<u>2,432,932.84</u>		-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 30,363,510.95</u>	<u>31,169,140.59</u>	<u>672,486.38</u>	<u>606,469.61</u>
Budget Appropriations by 40A:4-87 Emergency Appropriations		30,363,510.95 805,629.64		Cancelled Overexpended
		<u>31,169,140.59</u>		<u>9,735.21</u>
Reserve for Uncollected Taxes Federal and State Grants Deferred Charges		2,432,932.84 878,351.87 150,000.00		-
Disbursements		26,419,164.68		<u>9,735.21</u>
		<u>29,880,449.39</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>2018</u>	<u>2017</u>
Dog License Fund:		
Cash	\$ 18,298.60	15,146.00
	<u>18,298.60</u>	<u>15,146.00</u>
Other Funds:		
Cash - Treasurer	2,086,135.70	1,919,641.35
Cash Held in Trust	3,000.00	3,000.00
	<u>2,089,135.70</u>	<u>1,922,641.35</u>
	<u>2,107,434.30</u>	<u>1,937,787.35</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	5,524.80	5,524.80
Due to State of New Jersey	-	18.60
Prepaid Dog License Fees	-	173.00
Reserve for Dog Fund Expenditures	12,773.80	9,429.60
	<u>18,298.60</u>	<u>15,146.00</u>
Other Funds:		
Payroll Deductions Payable	146,223.64	148,563.19
Due to Current Fund	2,468.59	349.98
Miscellaneous Reserves	1,940,443.47	1,773,728.18
	<u>2,089,135.70</u>	<u>1,922,641.35</u>
Total	<u>\$ 2,107,434.30</u>	<u>1,937,787.35</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>2018</u>	<u>2017</u>
Cash	\$ 2,000,884.17	1,555,740.53
Deferred Charges to Future Taxation -		
Funded	15,215,368.19	18,249,365.26
Unfunded	25,632,906.00	16,417,532.00
Interfunds and Receivables		
Due from NJEIT	70,703.00	1,311,000.00
	<u>42,919,861.36</u>	<u>37,533,637.79</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,724,152.01	319,470.32
Interfunds:		
Due to Current Fund	36,550.47	36,550.47
Bond Anticipation Notes Payable	2,037,803.00	2,137,500.00
Serial Bonds Payable	8,830,000.00	10,275,000.00
School Serial Bonds - Type 1 Payable	4,055,000.00	5,270,000.00
Green Trust Loan Payable	60,659.08	90,095.22
Green Acres Loan Payable	1,242,458.48	1,303,270.04
NJEIT Loan Payable	1,027,250.63	1,311,000.00
Improvement Authorizations:		
Funded	1,313,318.79	1,877,264.16
Unfunded	21,770,798.29	14,291,616.97
Reserve for Payment of Bonds	212,646.09	262,646.09
Capital Improvement Fund	474,304.00	224,304.00
Fund Balance	134,920.52	134,920.52
	<u>\$ 42,919,861.36</u>	<u>37,533,637.79</u>

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

2017	14,280,032.00
2018	23,595,103.00

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

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 134,920.52	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>134,920.52</u>

**EXHIBIT D - WATER AND SEWER UTILITY**





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

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Operating Fund:		
Cash	\$ 1,951,155.34	2,166,101.48
Change Fund	100.00	100.00
Due from Utility Capital	707.66	707.66
	<u>1,951,963.00</u>	<u>2,166,909.14</u>
Receivables and Other Assets with Full Reserves:		
Utility Liens Receivable	777.48	-
Consumer Accounts Receivable	733,700.68	824,411.84
	<u>734,478.16</u>	<u>824,411.84</u>
 Total of Operating Fund	 <u>2,686,441.16</u>	 <u>2,991,320.98</u>
Capital Fund:		
Cash	21,052.52	477,872.99
Fixed Capital - Completed	12,021,714.84	12,021,714.84
Fixed Capital - Authorized and Uncompleted	25,125,012.00	25,125,012.00
NJEIT Bonds Receivable	300,210.00	370,951.00
Due from Current Fund	7,239.42	7,239.42
 Total of Capital Fund	 <u>37,475,228.78</u>	 <u>38,002,790.25</u>
 Total Assets	 <u>\$ 40,161,669.94</u>	 <u>40,994,111.23</u>

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

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

	<u>2018</u>	<u>2017</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 58,297.87	35,180.00
Encumbrances Payable	95,788.76	197,023.47
Accounts Payable	7,614.44	6,604.28
Utility Rent Prepayments & Overpayments	121,359.89	23,983.53
Accrued Interest on Bonds and Notes	116,196.15	113,065.83
	<u>399,257.11</u>	<u>375,857.11</u>
Reserve for Receivables	734,478.16	824,411.84
Fund Balance	1,552,705.89	1,791,052.03
Total of Operating Fund	<u>2,686,441.16</u>	<u>2,991,320.98</u>
Capital Fund:		
Contracts Payable	340,306.20	25,003.98
Improvement Authorizations:		
Funded	421,340.68	527,766.75
Unfunded	4,708,236.62	5,444,674.24
Water and Sewer Serial Bonds Payable	10,995,000.00	11,715,000.00
NJEIT Bonds Payable	3,941,674.00	4,150,596.00
Bond Anticipation Notes	998,091.00	1,015,000.00
Due to Utility Operating	707.66	707.66
Reserves for Amortization	11,998,954.77	11,053,123.77
Deferred Reserve for Amortization	3,986,577.07	3,986,577.07
Fund Balance	84,340.78	84,340.78
Total of Capital Fund	<u>37,475,228.78</u>	<u>38,002,790.25</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 40,161,669.94</u>	<u>40,994,111.23</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2018 and 2017 of \$5,226,430 and \$5,226,430 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,**

	2018	2017
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 600,000.00	547,914.26
Rents	5,207,769.04	5,148,136.83
Miscellaneous Anticipated Revenue	83,028.26	83,313.97
Miscellaneous Unanticipated Revenue	46,988.20	28,856.70
Other Credits to Income:		
Cancelled Accounts Payable	6,090.28	-
Unexpended Balance of Appropriation Reserves	85,576.70	66,209.82
Total Income	6,029,452.48	5,874,431.58
<u>Expenditures</u>		
Operating	4,195,859.00	3,978,326.00
Debt Service	1,378,039.62	1,468,830.69
Deferred Charges and Statutory Expenditures	93,900.00	114,015.78
Total Expenditures	5,667,798.62	5,561,172.47
Excess(Deficit) in Revenues	361,653.86	313,259.11
Fund Balance January 1	1,791,052.03	2,025,707.18
Total	2,152,705.89	2,338,966.29
Decreased by:		
Utilization as Anticipated Revenue	600,000.00	547,914.26
Fund Balance December 31	\$ 1,552,705.89	1,791,052.03

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>2018</u>	<u>2017</u>
Balance January 1,	\$ 84,340.78	77,101.36
Increased by:		
Premium on Sale of Notes	-	7,239.42
Balance December 31,	<u>\$ 84,340.78</u>	<u>84,340.78</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, 2018**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 600,000.00	600,000.00	-
Rents - Sewer	5,100,000.00	5,207,769.04	107,769.04
Miscellaneous Receipts	59,938.00	83,028.26	23,090.26
Unanticipated Revenue		46,988.20	46,988.20
	<u>\$ 5,759,938.00</u>	<u>5,937,785.50</u>	<u>177,847.50</u>

**Analysis of Realized Revenue**

Rents

Consumer Accounts Receivable

5,207,769.04

Miscellaneous

Interest on Deposits

5,253.97

Interest on Delinquent Rents

77,474.29

Fire Hydrant Service

300.00

83,028.26

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

**WATER AND SEWER OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations			Expended		Unexpended Balance Canceled
	Budget	Budget after Modification	Paid or Charged	Encumbered	Reserved	
<b>Operating</b>						
Salaries and Wages	\$ 1,222,404.00	1,209,054.00	1,202,686.28		6,367.72	
Other Expenses	1,385,955.00	1,385,955.00	1,238,839.34	95,788.76	51,326.90	
ACMJA- Treatment Costs	1,325,850.00	1,325,850.00	1,325,848.00		2.00	
Current Fund Allocation	275,000.00	275,000.00	275,000.00		-	
	<u>4,209,209.00</u>	<u>4,195,859.00</u>	<u>4,042,373.62</u>	<u>95,788.76</u>	<u>57,696.62</u>	<u>-</u>
<b>Debt Service</b>						
Payment on Bond Principal	720,000.00	720,000.00	720,000.00		-	-
Payment on Bond Anticipation Notes	35,000.00	35,000.00	16,909.00			18,091.00
Interest on Notes	433,500.00	433,500.00	432,067.70		-	1,432.30
Interest on Bonds	15,000.00	27,700.00	27,612.79		-	87.21
NJEIT Principal and Interest	253,979.00	253,979.00	181,450.13		-	72,528.87
	<u>1,457,479.00</u>	<u>1,470,179.00</u>	<u>1,378,039.62</u>	<u>-</u>	<u>-</u>	<u>92,139.38</u>
<b>Deferred Charges and Statutory Expenditures</b>						
Contribution to:						
Social Security System (O.A.S.I.)	92,000.00	92,650.00	92,640.96		9.04	
Unemployment Compensation	1,000.00	1,000.00	657.79		342.21	
Defined Contribution Retirement Plan	250.00	250.00			250.00	
	<u>93,250.00</u>	<u>93,900.00</u>	<u>93,298.75</u>	<u>-</u>	<u>601.25</u>	<u>-</u>
	<u>\$ 5,759,938.00</u>	<u>5,759,938.00</u>	<u>5,513,711.99</u>	<u>95,788.76</u>	<u>58,297.87</u>	<u>92,139.38</u>
Accrued interest on Bonds			641,130.62			
Disbursed			4,872,581.37			
			<u>5,513,711.99</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>2018</u>	<u>2017</u>
General Fixed Assets:		
Land and Buildings	\$ 27,402,480.00	27,402,480.00
Machinery and Equipment	4,231,384.00	4,056,526.00
Vehicles	4,919,180.00	4,706,564.00
Total General Fixed Assets	<u>36,553,044.00</u>	<u>36,165,570.00</u>
Investment in General Fixed Assets	\$ <u>36,553,044.00</u>	\$ <u>36,165,570.00</u>

See Accompanying Notes to Financial Statements

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**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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, 2018 AND 2017**

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

**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, 2018 AND 2017**

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

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

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

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

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

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

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

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

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

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

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

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

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

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

**D. Required Financial Statements**

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

**E. Comparative Data**

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

**F. Recent Accounting Pronouncements Not Yet Effective**

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City'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 City'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, will not have any effect on the City's financial reporting.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”. This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have any effect on the City’s financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period”. This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City’s financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 “Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61”. This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City’s financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, “Conduit Debt Obligations”. This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the City’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 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$2,432,932.84 and 2,760,213.27. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$2,300,000.00 and \$2,030,000.00. 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 2018 and 2017 statutory budgets was \$600,000.00 and \$547,914.26.

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**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 2: BUDGETARY INFORMATION – Continued**

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 2018 and 2017 calendar years:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund:</u>		
Police		
Salaries and Wages	(110,100.00)	
Radio and Communications		
Salaries and Wages	(60,000.00)	
City Administrator		
Other Expenses		49,140.00
Motor Vehicle Maintenance		
Salaries and Wages	(65,000.00)	(99,050.00)
Solid Waste/Recycling		
Salaries and Wages	25,200.00	30,400.00
Other Expenses	(16,030.00)	(73,408.00)
Buildings and Grounds		
Salaries and Wages	25,100.00	
City Engineer		
Other Expenses	(22,000.00)	
Legal Services and Costs		
Other Expenses	(80,000.00)	
Financial Administration		
Other Expenses	(17,000.00)	
Insurance		
General Liability	(20,000.00)	
Workers Compensation	(100,000.00)	
Group Health	173,005.00	(115,000.00)
Health Waiver		(65,250.00)
Information Technology		
Salaries and Wages	34,500.00	
Other Expenses	64,000.00	
Telephone		(30,000.00)
Natural Gas		(70,000.00)
Gasoline		(40,000.00)
Electric	5,500.00	30,000.00
Terminal Leave	160,000.00	140,000.00



**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 2: BUDGETARY INFORMATION – Continued**

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 2018 and 2017, the following budget insertions were approved:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
DWI Checkpoint	\$ 165.00	825.00
Clean Communities Program	31,365.84	32,636.06
DOT-Bikeway Program	190,000.00	
Bulletproof Vest	3,640.00	1,989.41
Alcohol Education Rehabilitation	3,185.61	1,125.95
Body Armor		3,553.11
Municipal Alliance	14,110.00	
Safe and Secure	60,000.00	
State Housing Inspection		1,944.00
Municipal Aid Program - Monmouth		231,000.00
Emergency Management Assistance	19,400.00	10,000.00
Recycling Tonnage	12,805.23	
NJDOT Municipal Aid Program	368,000.00	
Sustainable Jersey	14,715.00	
Resilient NJ Grant	88,242.96	

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, 2018 was \$30,000. 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, 2018 was \$240,000. The required amount is included in the 2019 budget.

**Note 3: INVESTMENTS**

As of December 31, 2018 and 2017, 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.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 3: INVESTMENTS - Continued**

**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.

**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, 2018, and 2017, \$1,139,445.96 and \$1,057,415.99 of the municipality's bank balance of \$15,366,044.15 and \$16,325,820.32 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, 2018 and 2017:

	Balance 12/31/2017	Additions	Retirements/ Adjustments	Balance 12/31/2018
Land and Buildings	\$ 27,402,480.00			27,402,480.00
Equipment and Machinery	4,706,564.00	368,399.00	(155,783.00)	4,919,180.00
Vehicles	4,056,526.00	194,058.00	(19,200.00)	4,231,384.00
	<u>\$ 36,165,570.00</u>	<u>562,457.00</u>	<u>(174,983.00)</u>	<u>36,553,044.00</u>

	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	174,163.00	(135,270.00)	4,706,564.00
Vehicles	3,905,019.00	180,186.00	(28,679.00)	4,056,526.00
	<u>\$ 35,975,170.00</u>	<u>354,349.00</u>	<u>(163,949.00)</u>	<u>36,165,570.00</u>

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/17	Issued	Retired	Balance 12/31/18
Bond Anticipation Notes payable:				
General	\$ 2,137,500.00	2,037,803.00	2,137,500.00	2,037,803.00
Utility	1,015,000.00	998,091.00	1,015,000.00	998,091.00
	<u>\$ 3,152,500.00</u>	<u>3,035,894.00</u>	<u>3,152,500.00</u>	<u>3,035,894.00</u>

	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>

At December 31, 2018 the entity has authorized but not issued bonds in the amount of \$23,595,103.00 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, 2018 and 2017 consisted of the following:

	Balance 12/31/16	Issued	Retired	Refunded	Balance 12/31/17	Amounts Due Within One Year
Bonds payable:						
General	\$ 13,229,951.35	4,568,225.00	58,811.09	4,760,000.00	12,979,365.26	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	<u>30,254,469.35</u>	<u>11,583,225.00</u>	<u>1,037,733.09</u>	<u>11,955,000.00</u>	<u>28,844,961.26</u>	<u>2,464,169.71</u>
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		3,843,323.00		13,378,596.00	
PFRS Liability	47,004,713.00		9,442,168.00		37,562,545.00	
Compensated Absences Payable	<u>2,205,199.68</u>	<u>596,813.87</u>	<u>658,523.75</u>		<u>2,143,489.80</u>	-
Total long-term liabilities	<u>\$ 103,174,301.03</u>	<u>13,290,038.87</u>	<u>16,166,747.84</u>	<u>13,098,000.00</u>	<u>87,199,592.06</u>	<u>3,679,169.71</u>

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 7: LONG TERM DEBT - Continued**

	Balance 12/31/17	Issued	Retired	Balance 12/31/18	Amounts Due Within One Year
Bonds payable:					
General	\$ 12,979,365.26	1,298,515.00	3,117,512.07	11,160,368.19	1,629,022.25
Utility	11,715,000.00		720,000.00	10,995,000.00	745,000.00
Utility - NJEIT	4,150,596.00		208,922.00	3,941,674.00	208,922.00
<b>Total</b>	<b>28,844,961.26</b>	<b>1,298,515.00</b>	<b>4,046,434.07</b>	<b>26,097,042.19</b>	<b>2,582,944.25</b>
Other liabilities:					
School	5,270,000.00		1,215,000.00	4,055,000.00	1,255,000.00
PERS Liability	13,378,596.00		1,982,530.00	11,396,066.00	
PFRS Liability	37,562,545.00		3,770,370.00	33,792,175.00	
Compensated Absences Payable	2,143,489.80	80,160.30	150,263.13	2,073,386.97	-
<b>Total long-term liabilities</b>	<b>\$ 87,199,592.06</b>	<b>1,378,675.30</b>	<b>11,164,597.20</b>	<b>77,413,670.16</b>	<b>3,837,944.25</b>

**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, 2018 was \$1,225,000.

\$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, 2018 was \$380,000.

\$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, 2018 was \$4,025,000.

\$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, 2018 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, 2018 was \$1,285,000.

\$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, 2018 was \$395,000.

\$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, 2018 was \$1,275,000.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 7: LONG TERM DEBT - Continued**

\$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, 2018 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, 2018 was \$60,659.08.

\$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, 2018 was \$1,242,458.48.

\$325,000.00 NJEIT Loan dated 2/8/2018 payable in annual installments through 8/1/20137. Interest is paid semiannually at rates varying from 5.00% to 3.00% per annum. The balance remaining as of December 31, 2018 was \$325,000.00.

\$726,891.00 NJEIT Loan dated 2/8/2018 payable in annual installments through 8/1/20137. This is an Interest Free Loan. The balance remaining as of December 31, 2018 was \$702,250.63.

**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, 2018 was \$1,175,000.

\$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, 2018 was \$2,885,000.

\$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, 2018 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, 2018 was \$3,941,674.

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**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 7: LONG TERM DEBT - Continued**

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

<u>Year</u>	<u>General Fund</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,629,022.25	329,760.98	953,922.00	456,056.26
2020	1,300,872.59	288,610.64	993,922.00	430,031.26
2021	1,281,513.26	252,465.47	1,018,922.00	402,231.26
2022	1,317,810.77	209,467.96	1,058,922.00	369,181.26
2023	1,354,134.36	165,194.37	1,093,922.00	334,581.26
2024-2028	3,196,475.73	256,092.92	5,819,610.00	1,116,681.30
2029-2033	678,791.62	62,202.03	3,499,610.00	213,318.78
2034-2035	401,747.61	11,593.66	497,844.00	8,100.00
	<u>\$ 11,160,368.19</u>	<u>1,575,388.03</u>	<u>14,936,674.00</u>	<u>3,330,181.38</u>

<u>Year</u>	<u>School Debt</u>	
	<u>Principal</u>	<u>Interest</u>
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	225,000.00	27,600.00
2024-2025	465,000.00	28,200.00
	<u>\$ 4,055,000.00</u>	<u>398,525.00</u>

As of December 31, 2018 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 \$374,437.50 and to the utility budget was \$459,680.49.

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**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 7: LONG TERM DEBT - Continued**

<u>Summary of Municipal Debt</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 8,830,000.00	10,275,000.00	11,800,000.00
School	4,055,000.00	5,270,000.00	6,488,000.00
Loan	1,303,117.56	1,393,365.26	118,951.35
NJEIT	1,027,250.63	1,311,000.00	1,311,000.00
Bond Anticipation Note	2,037,803.00	2,137,500.00	2,137,500.00
Sewer Utility - Bonds and Notes	10,995,000.00	11,715,000.00	12,670,000.00
Sewer Utility - Bond Anticipation Notes	998,091.00	1,015,000.00	1,015,000.00
Sewer Utility - NJEIT	3,941,674.00	4,150,596.00	4,354,518.00
Total Issued	<u>33,187,936.19</u>	<u>37,267,461.26</u>	<u>39,894,969.35</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	23,595,103.00	14,280,032.00	530,401.00
Sewer Utility - Bonds and Notes	5,226,430.00	5,226,430.00	250,000.00
Total Authorized But Not Issued	<u>\$ 28,821,533.00</u>	<u>\$ 19,506,462.00</u>	<u>\$ 780,401.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 62,009,469.19</u>	<u>\$ 56,773,923.26</u>	<u>\$ 40,675,370.35</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 1.215%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 13,370,071.00	13,370,071.00	-
Sewer Utility Debt	21,161,195.00	21,161,195.00	-
General Debt	27,478,203.19		27,478,203.19
	<u>\$ 62,009,469.19</u>	<u>34,531,266.00</u>	<u>27,478,203.19</u>

Net Debt \$27,478,203.19 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,183,953,393.67 = 1.258%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 76,438,368.78
Net Debt	27,478,203.19
Remaining Borrowing Power	<u>\$ 48,960,165.59</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.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2018 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019 and 2018 were as follows:

		<u>2019</u>	<u>2018</u>
Current Fund	\$	2,643,000.00	2,300,000.00
Water & Sewer Utility		600,000.00	600,000.00

**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, 2018, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2018	2019 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriations	\$ 270,000.00	170,000.00	100,000.00
	<u>\$ 270,000.00</u>	<u>170,000.00</u>	<u>100,000.00</u>

The appropriations in the 2019 Budget are not less than that required by statute.

**Note 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$17,055,694.00 and \$17,677,514.00 have been raised for the 2018 and 2017 calendar years and remitted to the school district.

**Note 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/18	Balance 12/31/17
Prepaid Taxes	\$ 949,072.55	5,832,157.12
Cash Liability for Taxes Collected in Advance	<u>\$ 949,072.55</u>	<u>5,832,157.12</u>



**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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.

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 45<sup>th</sup> birthday and after he has completed 20 years of services, the last 10 must have been completed immediately preceding his application.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 12: PENSION FUNDS - Continued**

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 7.34%, through June 30, 2018 and 7.50% 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, 2018, 2017, and 2016 were \$542,768.03, \$518,511.00 and \$469,094.00.

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, 2018, 2017, and 2016 were \$2,166,063.78, \$2,006,268.00, and \$1,996,318.00.

The total payroll for the year ended December 31, 2018, 2017, and 2016 was \$14,675,588.68 \$14,612,117.36 and \$14,766,236.93. Payroll covered by PFRS was \$7,620,206.00, \$7,753,285.00 and \$7,916,951.00. Payroll covered by PERS was \$4,181,091.00, \$3,958,870.00 and \$3,992,568.00.

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, 2018, 2017, and 2016 was \$0, \$0 and \$0. The City's trust for the Lifeguard Pension at December 31, 2018 and 2017 was \$274,120.34 and \$306,064.66 respectively. Currently there are only three individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2018, 2017, and 2016 were \$53,102.73, \$50,059.19 and \$36,918.20.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 12: PENSION FUNDS - Continued**

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

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

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 12: PENSION FUNDS - Continued**

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.

The following represents the municipality’s pension liabilities as June 30, 2018:

**Public Employees’ Retirement System**

The Municipality has a liability of \$11,396,066.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the Municipality’s proportion would be 0.057878894%, which would be an increase of 0.71% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$866,021.00. At December 31, 2018, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 217,325.00	(58,762.00)
Changes of assumptions	1,877,883.00	(3,643,856.00)
Changes in proportion	585,056.00	(93,643.00)
Net difference between projected and actual earnings on pension plan investments		(106,896.00)
Total	<u>\$ 2,680,264.00</u>	<u>(3,903,157.00)</u>

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 13: PENSION LIABILITIES- Continued**

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,		
2019	\$	49,342.93
2020		(84,566.37)
2021		(542,404.51)
2022		(485,957.64)
2023		(159,307.47)
Total	<u>\$</u>	<u>(1,222,893.00)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy 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 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Note 13: PENSION LIABILITIES- Continued**

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 (7.00% at June 30, 2018) 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount Rate*

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% 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

**CITY OF VENTNOR CITY  
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**Note 13: PENSION LIABILITIES- Continued**

projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 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 5.66%, 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 (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Municipality's proportionate share of the net pension liability	\$ 13,700,953.96	11,396,066.00	9,463,574.45

*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 \$33,792,175.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the Municipality's proportion would be 0.2497269637%, which would be an increase of 2.64% from its proportion measured as of June 30, 2017.

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NOTES TO FINANCIAL STATEMENTS  
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**Note 13: PENSION LIABILITIES- Continued**

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$2,950,972.00. At December 31, 2018, 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	\$ 343,791.00	\$ (139,840.00)
Changes of assumptions	2,900,604.00	(8,660,351.00)
Changes in proportion	1,280,801.00	(333,753.00)
Net difference between projected and actual earnings on pension plan investments		(184,874.00)
Total	<u>\$ 4,525,196.00</u>	<u>\$ (9,318,818.00)</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:

Year ended June 30,	
2018	\$ 211,307.22
2019	(831,598.80)
2020	(2,248,701.08)
2021	(1,458,128.75)
2022	(466,500.58)
Total	<u>\$ (4,793,622.00)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement



**CITY OF VENTNOR CITY  
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**Note 13: PENSION LIABILITIES- Continued**

assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount Rate*

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
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**Note 13: PENSION LIABILITIES- Continued**

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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, 2018, 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 (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
District's proportionate share of the net pension liability	\$ 44,019,086.80	33,792,175.00	25,358,528.28

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, 2017 State special funding situation net pension liability amount of \$1,838,050,687.00 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, 2018 State special funding situation pension expense of \$217,714,180.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

**CITY OF VENTNOR CITY  
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**Note 13: PENSION LIABILITIES- Continued**

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 2017, the State contributed an amount less than the actuarially determined amount.

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 0.2497269637% for 2018. The net pension liability amount allocated to the Municipality was \$4,590,108.00. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$543,691.00 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 – OTHER POST-RETIREMENT BENEFITS**

*General Information about the Plan:*

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**CITY OF VENTNOR CITY  
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 14– OTHER POST-RETIREMENT BENEFITS - Continued**

*Allocation Methodology:*

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation as applicable, the Collective Total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

*Special Funding Situation:*

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

**CITY OF VENTNOR CITY  
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**NOTE 14 – OTHER POST-RETIREMENT BENEFITS – Continued**

*Net OPEB Liability:*

*Components of Net OPEB Liability*

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

	<b>June 30, 2018</b>
	<b>Collective</b>
	<b>Total</b>
Total OPEB Liability	\$ 15,981,103,227
Plan Fiduciary Net Position	314,485,086
Net OPEB Liability	<u>\$ 15,666,618,141</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

At June 30, 2018, the State’s proportionate share for the Special Funding Situation that is associated with the City is \$27,990,263. The State’s proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.450450% which was an increase from the prior year of 5.36%.

For the Year ended June 30, 2018, the State of New Jersey realized Total OPEB Expense in the amount of \$847,298 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates

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**NOTE 14 – OTHER POST-RETIREMENT BENEFITS - Continued**

were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

*Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate*

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

The following presents the Net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the Net OPEB 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 (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Collective			
Net OPEB Liability \$	18,381,085,096	\$ 15,666,618,141	\$ 13,498,373,388

**CITY OF VENTNOR CITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 14 – OTHER POST-RETIREMENT BENEFITS - Continued**

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate*

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Collective			
Net OPEB Liability \$	13,068,471,450	\$ 15,666,618,141	\$ 19,029,006,023

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	<u>Collective Totals</u>	
	<u>Deferred Outflow s of Resources</u>	<u>Deferred Inflow s of Resources</u>
Differences between expected and actual experience	\$	\$ (3,180,882,321)
Changes of assumptions		(3,974,042,874)
Net difference between projected and actual earnings on OPEB plan investments	8,279,239	
Changes in proportion and differences between contributions and proportionate share of contributions	2,106,728,269	(2,106,728,269)
Total	<u>\$ 2,115,007,508</u>	<u>\$ (9,261,653,464)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>Collective Totals</u>
2019	\$ (1,049,390,011)
2020	(1,049,390,011)
2021	(1,049,390,011)
2022	(1,050,264,681)
2023	(1,051,678,489)
Thereafter	(1,896,532,753)
Total	<u>\$ (7,146,645,956)</u>

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

*Collective OPEB Expenses reported by the State of New Jersey*

**CITY OF VENTNOR CITY  
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**NOTE 14 – OTHER POST-RETIREMENT BENEFITS - Continued**

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2018 are as follows:

Service cost	\$	896,235,148
Interest on Total OPEB Liability		764,082,232
Expected Investment Return		(9,389,460)
Administrative Expenses		8,200,113
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:		
Differences between Expected and Actual Experience		(445,501,726)
Changes in Assumptions		(606,176,763)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments		2,288,478
Total Collective OPEB Expense	\$	<u>609,738,022</u>

**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 \$2,073,386.96 in 2018 and \$2,143,489.80 in 2017. 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.

**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.



**CITY OF VENTNOR CITY  
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**Note 17: RISK MANAGEMENT- Continued**

**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:

<u>Calendar Year</u>	<u>City Contributions</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 103,000.00	32.74	21,229.64	85,966.81	54,713.19
2017	-	49.06	16,272.57	70,572.24	16,417.62
2016	-	117.38	45,708.88	61,387.92	70,668.23

**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  
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**Note 20: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2018, 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	2,468.59	
Grant Fund		532,844.32
Utility Capital Fund		7,239.42
Grant Fund:		
Current Fund	532,844.32	
Trust Fund:		
Current - Animal Control Fund		5,524.80
Current		2,468.59
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>\$ 585,335.26</u>	<u>585,335.26</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.

**Note 21: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through July 23, 2019, 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.

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 23, 2019, 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

July 23, 2019

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2017	\$	11,046,896.12
Increased by Receipts:		
Taxes Receivable		47,604,146.88
Prepaid Taxes		949,072.55
Revenue Accounts Receivable		3,251,126.70
Miscellaneous Revenue		369,241.89
Due from State - Sr. Citizens and Veterans		70,105.48
Federal & State Grants Receivable		290,143.45
Unappropriated Federal & State Grants		12,700.50
Tax Overpayments		133,325.86
		52,679,863.31
		63,726,759.43
Decreased by Disbursements:		
Current Year Appropriation		26,419,164.68
Prior Year Appropriations		302,695.52
Accounts Payable		182.40
County Taxes		12,164,423.46
Local District School Taxes		17,055,693.96
Reserve for Revaluation		9,687.94
Federal and State Disbursements		54,011.67
		56,005,859.63
Balance December 31, 2018	\$	7,720,899.80

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

Year	Balance Dec. 31, 2017	Current Year Levy	Collections by Cash		Overpayments	Transferred To Tax Title Lien	Adjustments	Balance Dec. 31, 2018
			2017	2018				
2017	\$ 1,236,035.40	-	1,237,396.65	1,237,396.65	-	13,481.52	(14,842.77)	(0.00)
	1,236,035.40	-	-	1,237,396.65	-	13,481.52	(14,842.77)	(0.00)
2018		53,258,149.83	5,832,157.12	46,442,250.23			17,514.59	1,198,572.56
	\$ 1,236,035.40	53,258,149.83	5,832,157.12	47,679,646.88	-	13,481.52	2,671.82	1,198,572.56

Cash Receipts  
Senior Citizens and Veterans

47,604,146.88

75,500.00

47,679,646.88

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	53,258,149.83
Added Taxes (54:4-63.1 et. Seq.)	<u>232,344.67</u>
	<u>53,490,494.50</u>
Tax Levy:	
General County Taxes	10,892,242.50
County Library Taxes	729,418.20
County Open Space Taxes	28,994.34
County Health Taxes	475,519.52
County Added and Omitted Taxes	52,713.43
Total County Taxes	<u>12,178,887.99</u>
Local School District Tax	17,055,694.00
Local Tax for Municipal Purposes	24,065,174.22
Add: Additional Tax Levied	<u>190,738.29</u>
	<u>24,255,912.51</u>
	<u>53,490,494.50</u>



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

Balance December 31, 2017		\$	-
Increased by:			
Transfers from Taxes Receivable	13,481.52		
Interest and Costs Accrued by Sale	135.35		
			13,616.87
			13,616.87
Decreased by:			
None			
			-
Balance December 31, 2018		\$	13,616.87

-

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued in 2018	Treasurer	Balance Dec. 31, 2018
Licenses:				
Alcoholic Beverages		92,123.00	92,123.00	-
Other		15,788.00	15,788.00	-
Fees and Permits		273,261.13	273,261.13	-
Fines and Costs:				
Municipal Court	15,181.98			12,082.68
Interest and Costs on Taxes		278,428.27	278,428.27	-
Parking Meters		145,525.34	145,525.34	-
Interest Earned on Investments		70,656.50	70,656.50	-
Beach Control Fees		289,243.50	289,243.50	-
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		130,008.00	130,008.00	-
Cable Television Franchise Fees		64,256.46	64,256.46	-
City Lease Fees		52,709.54	52,709.54	-
Ambulance Service Fees		123,911.98	123,911.98	-
Recreation Fees		77,743.00	77,743.00	-
Supplemental Energy Receipts Tax		9,766.00	9,766.00	-
Energy Receipts Tax		598,346.00	598,346.00	-
Uniform Construction Code Fees		306,572.00	306,572.00	-
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		369,241.89	369,241.89	-
	<u>\$ 15,181.98</u>	<u>3,617,269.29</u>	<u>3,620,368.59</u>	<u>12,082.68</u>

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>OPERATIONS WITHIN "CAPS"</b>				
<b>GENERAL GOVERNMENT:</b>				
Mayor's Office				
Salaries and Wages	\$ 2,000.59	2,000.59		2,000.59
Other Expenses	14,634.05	14,634.05	1,944.03	12,690.02
Police				
Salaries and Wages	116,001.63	116,001.63		116,001.63
Other Expenses	25,290.23	25,290.23	20,171.87	5,118.36
Fire				
Salaries and Wages	53,794.11	53,794.11		53,794.11
Other Expenses	37,392.50	37,392.50	29,049.36	8,343.14
Uniform Fire Safety Act				
Other Expenses	1,984.84	1,984.84	583.23	1,401.61
Radio and Communications				
Salaries and Wages	3,260.93	3,260.93		3,260.93
Other Expenses	7,004.64	7,004.64		7,004.64
City Administrator				
Salaries and Wages	1,360.00	1,360.00		1,360.00
Other Expenses	25,215.50	25,215.50	8,140.00	17,075.50
Office of Emergency Management				
Other Expenses	97.18	97.18		97.18
Dog Control				
Other Expenses	700.00	700.00	700.00	-
Electrical Division				
Salaries and Wages	1,251.16	1,251.16		1,251.16
Other Expenses	10,411.60	10,411.60	3,991.30	6,420.30
Celebration of Public Events				
Other Expenses	29,398.96	29,398.96	5,470.02	23,928.94
Beach Patrol				
Salaries and Wages	1,000.06	1,000.06		1,000.06
Other Expenses	2,405.46	2,405.46	2,361.79	43.67
Beach Control				
Salaries and Wages	547.84	547.84		547.84
Other Expenses	595.45	595.45	105.04	490.41
<b>DEPARTMENT OF PUBLIC WORKS, PARKS &amp; PUBLIC PROPERTY</b>				
Streets and Roads				
Salaries and Wages	13,943.18	13,943.18		13,943.18
Other Expenses	24,087.71	24,087.71	4,279.12	19,808.59
Motor Vehicle Maintenance				
Salaries and Wages	11,084.09	11,084.09		11,084.09
Other Expenses	21,388.86	21,388.86	8,689.32	12,699.54
Buildings and Grounds				
Salaries and Wages	28,656.57	28,656.57	3,586.78	25,069.79
Other Expenses	54,394.34	54,394.34	47,483.69	6,910.65
Recreation				
Salaries and Wages	125.39	125.39		125.39
Other Expenses	19,628.22	19,628.22	9,797.55	9,830.67
City Engineer				
Salaries and Wages	73.05	73.05		73.05
Other Expenses	42,110.75	42,110.75	26,130.00	15,980.75
Solid Waste/Recycling				
Salaries and Wages	21,935.47	21,935.47		21,935.47
Other Expenses	38,904.34	38,904.34	4,101.82	34,802.52
<b>DEPARTMENT OF REVENUE AND FINANCE</b>				
Legal Services and Costs				
Other Expenses	123,260.22	123,260.22	4,216.00	119,044.22
City Clerk				
Salaries and Wages	404.91	404.91		404.91
Other Expenses	9,220.90	9,220.90	1,546.29	7,674.61
Codification of Ordinances	14,796.95	14,796.95	10,140.00	4,656.95
Elections				
Other Expenses	1,303.27	1,303.27		1,303.27

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
Audit Fee				
Other Expenses	20.00	20.00		20.00
Planning Board				
Other Expenses	5,998.04	5,998.04	762.16	5,235.88
Financial Administration				
Salaries and Wages	9,754.14	9,754.14	1,689.15	8,064.99
Other Expenses	33,587.31	33,587.31	6,514.50	27,072.81
Assessment of Taxes				
Salaries and Wages	17.44	17.44		17.44
Other Expenses	2,655.06	2,655.06	585.82	2,069.24
Collection of Taxes				
Salaries and Wages	11,771.21	11,771.21		11,771.21
Other Expenses	9,811.10	9,811.10	4,060.04	5,751.06
Information Technology				
Salaries and Wages	17.27	17.27		17.27
Other Expenses	70,315.75	70,315.75	56,656.02	13,659.73
Municipal Court				
Salaries and Wages	17,197.95	17,197.95		17,197.95
Other Expenses	6,929.25	6,929.25	210.00	6,719.25
Municipal Prosecutor				
Salaries and Wages	2,083.37	2,083.37	2,083.37	-
Insurance				
General Liability	18,429.44	18,429.44	11,862.74	6,566.70
Workers Compensation	626.53	626.53		626.53
Employee Group Health	65,994.36	65,994.36	11,491.99	54,502.37
Health Waiver	7,402.24	7,402.24		7,402.24
Inspection of Buildings				
Salaries and Wages	382.68	382.68		382.68
Other Expenses	7,715.92	7,715.92	2,511.25	5,204.67
Inspection of Housing				
Salaries and Wages	8,563.98	8,563.98		8,563.98
Other Expenses	7,106.01	7,106.01	1,244.28	5,861.73
Electrical and Plumbing				
Salaries and Wages	34.46	34.46		34.46
Utilities				
Telephone	9,986.18	9,986.18	6,793.79	3,192.39
Gasoline	14,861.17	14,861.17	2,728.69	12,132.48
Natural Gas	15,925.79	15,925.79	7,578.61	8,347.18
Electricity	62,611.46	62,611.46	57,942.92	4,668.54
<b>STATUTORY EXPENDITURES</b>				
Contribution to				
Public Employees' Retirement System	72.00	72.00		72.00
Social Security System	107.09	107.09		107.09
Consolidated Police and Firemen's Pension Fund	10.08	10.08		10.08
Unemployment	8,983.91	8,983.91		8,983.91
Medicare Insurance	246.94	246.94		246.94
Define Contribution Retirement Program	2,092.61	2,092.61	98.88	1,993.73
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
Borough of Longport-Uniform Construction Code Office				
Salaries and Wages	1,920.71	1,920.71		1,920.71
Other Expenses	139.16	139.16	135.00	4.16
Match for Grant	12,000.00	12,000.00		12,000.00
	<u>\$ 1,175,035.56</u>	<u>1,175,035.56</u>	<u>367,436.42</u>	<u>807,599.14</u>
Appropriation Reserves	666,526.92		302,695.52	Paid
Accounts Payable and Encumbrances	508,508.64		64,740.90	Accounts Payable
	<u>1,175,035.56</u>		<u>367,436.42</u>	

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

Balance December 31, 2017		
School Tax Payable	\$	0.02
Increased by:		
Levy - Calender Year January 1, 2018 to December 31, 2018		17,055,694.00
		17,055,694.02
Decreased by:		
Payments		<u>17,055,693.96</u>
Balance December 31, 2018		
School Tax Payable		<u><u>0.06</u></u>
Current Year Liability for Local School District School Tax:		
Tax Paid		17,055,693.96
Tax Payable Ending		<u>0.06</u>
		17,055,694.02
Less: Tax Payable Beginning		<u>0.02</u>
Amount charged to Current Year Operations	\$	<u><u>17,055,694.00</u></u>

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

Purpose	Balance Dec. 31, 2017	Transferred From 2018 Revenues	Received	Balance Dec. 31, 2018
<b>FEDERAL GRANTS:</b>				
FEMA Assistance to Firefighters	\$ 77,743.00			77,743.00
Bulletproof Vest	1,989.41	3,640.00		5,629.41
Emergency Medical Assistance	17,000.00	19,400.00	9,400.00	27,000.00
FEMA	29,341.34			29,341.34
<b>Total Federal</b>	<b>126,073.75</b>	<b>23,040.00</b>	<b>9,400.00</b>	<b>139,713.75</b>
<b>STATE GRANTS:</b>				
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
New Jersey Transportation Trust Fund - Burk Avenue			147,000.00	49,000.00
New Jersey Transportation Trust Fund - Bikeway				190,000.00
New Jersey Transportation Trust Fund - 2018 Municipal Aid				172,000.00
Recycling Tonnage	5,273.74			30,884.20
Municipal Alliance			14,110.00	-
Clean Communities			31,365.84	-
Alliance for Prevention of Alcohol and Drug Abuse	0.08			0.08
Alcohol Education, Rehabilitation and Enforcement			3,185.61	-
Sustainable Jersey				14,715.00
DWI			165.00	-
NJ Historical Trust	133,645.77			133,645.77
Safe and Secure Program	38,415.13		84,917.00	33,142.13
Resilient NJ				88,242.96
Post Sandy Planning Assistance	79,116.09			79,116.09
<b>Total State</b>	<b>528,924.95</b>	<b>815,038.87</b>	<b>280,743.45</b>	<b>1,063,220.37</b>
<b>\$</b>	<b>654,998.70</b>	<b>838,078.87</b>	<b>290,143.45</b>	<b>1,202,934.12</b>

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

	Balance December 31, 2017		2018 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances				
<b>FEDERAL GRANTS:</b>						
Community Development Block Grant		5,920.25			5,920.25	-
Post Sandy Planning Assistance	318.55	9,271.46			431.25	9,158.76
Federal Bulletproof Vest Partnership	1,989.41		3,640.00			5,629.41
Body Armor Replacement Program-2017	3,553.11		-	3,553.11		0.00
Body Armor Replacement Program-2016	224.32			224.32		-
Emergency Management	10,233.75		19,400.00	5,207.12	24,426.63	-
FEMA	1,645.00					1,645.00
<b>Total Federal</b>	<b>17,964.14</b>	<b>15,191.71</b>	<b>23,040.00</b>	<b>8,984.55</b>	<b>30,778.13</b>	<b>16,433.17</b>
<b>STATE GRANTS:</b>						
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				196,000.00	140,250.00
New Jersey Transportation Trust Fund - Burk Avenue					21,600.00	-
New Jersey Transportation Trust Fund - Bikeway						168,400.00
New Jersey Transportation Trust Fund - 2018 Municipal Aid						172,000.00
New Jersey Transportation Trust Fund 2017 - Monmouth	231,000.00			1,494.82		231,000.00
Recycling Tonnage Grant	10,615.89					9,121.07
Recycling Tonnage Grant	31,465.70					31,465.70
Recycling Tonnage Grant-2013	20,300.00					20,300.00
Recycling Tonnage Grant-2017	38,230.34					38,230.34
Recycling Tonnage Grant-2018			25,610.46			25,610.46
Alliance for the Prevention of Alcohol and Drug Abuse			14,110.00			14,110.00
Alliance for the Prevention of Alcohol and Drug Abuse-2016	5,137.25	2,250.00		2,117.73	2,250.00	3,019.52
Alliance for the Prevention of Alcohol and Drug Abuse-2017	350.00					350.00
Alcohol Education, Rehabilitation and Enforcement-2018			3,185.61			3,185.61
Alcohol Education, Rehabilitation and Enforcement-2017	1,125.95			286.79		839.16
Alcohol Education, Rehabilitation and Enforcement-2016	513.67			513.67		-
Alcohol Education, Rehabilitation and Enforcement-2015	88.40			88.40		-
Alcohol Education, Rehabilitation and Enforcement-2014	711.14			711.14		-
Resilient NJ Grant						-
Sustainable Jersey						88,242.96
Clean Communities-2015		6,914.20			7,218.00	6,247.00
Clean Communities-2017	47,239.31				5,340.27	-
Clean Communities-2018			31,365.84			13,193.02
Drunk Driving Enforcement Fund-2017	110.00					110.00
Drunk Driving Enforcement Fund-2015	440.00					440.00
Drunk Driving Enforcement Fund-2014	11,151.17			2,779.35		8,629.26
Highway Project Over the Limit	9,000.00	436.44			179.00	9,000.00

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

	Balance December 31, 2017		2018 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances				
DWI	330.00		165.00	165.00		330.00
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	5,200.55					5,200.55
Growing Green	500.00					500.00
State Cooperative Housing	11,097.00					11,097.00
State Housing Inspection	3,403.00					3,403.00
Safe and Secure Program - 2018			119,917.00			119,917.00
Safe and Secure Program	98,415.13					98,415.13
Safe and Secure Program-2014	4,445.49					4,445.49
Pedestrian Safety Program	3,200.00					3,200.00
Buckle Up	8,000.00					8,000.00
Green Community	120.00					120.00
<b>Total State</b>	<b>839,292.12</b>	<b>9,600.64</b>	<b>855,311.87</b>	<b>45,027.12</b>	<b>232,587.27</b>	<b>1,426,590.24</b>
<b>\$</b>	<b>857,256.26</b>	<b>24,792.35</b>	<b>878,351.87</b>	<b>54,011.67</b>	<b>263,365.40</b>	<b>1,443,023.41</b>



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

Purpose	Balance Dec. 31, 2017	Transferred To 2018 Appropriations	Received	Adjustments	Balance Dec. 31, 2018
<b>STATE GRANTS:</b>					
Municipal Alliance	\$ 13,760.00				13,760.00
Safe and Secure Communities Grant	40,273.00	40,273.00			-
PSEG Grant - 2019			2,357.50		2,357.50
Clean Communities	0.13				0.13
State Housing Inspection	2,929.00		10,343.00		13,272.00
<b>Total State</b>	<u>56,962.13</u>	<u>40,273.00</u>	<u>12,700.50</u>	<u>-</u>	<u>29,389.63</u>
	<u>\$ 56,962.13</u>	<u>40,273.00</u>	<u>12,700.50</u>	<u>-</u>	<u>29,389.63</u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2017	\$ 15,146.00	1,922,641.35
Increased by Receipts:		
Dog License Fees 2018	3,561.80	
Due to State of New Jersey	386.80	
Prepaid Dog Licenses		
Payroll Deductions Payable		6,291,953.83
Miscellaneous Trust Reserves		2,577,103.11
Due from Current	40.11	2,468.59
	<u>3,988.71</u>	<u>8,871,525.53</u>
	19,134.71	10,794,166.88
Decreased by Disbursements		
Statutory Expenditures	217.60	
Due to State of New Jersey	578.40	
Payroll Deductions Payable		6,294,293.38
Miscellaneous Trust Reserves		2,410,387.82
Due to Current Fund	40.11	349.98
	<u>836.11</u>	<u>8,705,031.18</u>
Balance December 31, 2018	\$ <u><u>18,298.60</u></u>	<u><u>2,089,135.70</u></u>

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

Balance December 31, 2017		\$	9,429.60
Increased by:			
Dog License Fees Collected	3,561.80		
Prepaid Licenses	_____		3,561.80
			12,991.40
Decreased by:			
Statutory Excess			
Expenditures under N.J.S. 4:19-15:11	217.60		
			217.60
Balance December 31, 2018		\$	12,773.80

License Fees Collected:

Year	Amount
2017	\$ 5,245.20
2016	4,976.80
	\$ 10,222.00

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

Balance December 31, 2017	\$	5,524.80
Increased by:		
Statutory Excess	<u>40.11</u>	<u>40.11</u>
		5,564.91
Decreased by:		
Paid to Current Fund		<u>40.11</u>
Balance December 31, 2018	\$	<u><u>5,524.80</u></u>

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

Balance December 31, 2017	\$	18.60
Increased by:		
2018 State License Fees	<u>559.80</u>	<u>559.80</u>
		578.40
Decreased by:		
Disbursements to the State		578.40
Balance December 31, 2018	\$	<u><u>-</u></u>

**TRUST FUND**  
**SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

Balance December 31, 2017		\$	148,563.19
Increased by:			
Receipts	<u>6,291,953.83</u>		<u>6,291,953.83</u>
			6,440,517.02
Decreased by:			
Disbursements	<u>6,294,293.38</u>		<u>6,294,293.38</u>
Balance December 31, 2018		\$	<u><u>146,223.64</u></u>

**TRUST - OTHER FUNDS  
SCHEDULE OF DUE TO/(FROM) CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reserve	Increased by		Decreased by		Balance Dec 31, 2018
	Balance Dec 31, 2017	Receipts	Current Fund	2018 Budget Appropriation	
Payroll Agency	\$ -	199.18			199.18
Law Enforcement Trust		4.27			4.27
Federal Forfeiture Trust		30.05			30.05
Developer's Escrow	\$ 55.02	87.15		55.02	87.15
Evidence Trust		21.28			21.28
Uniform Fire		123.21			123.21
Tax Title Lien Redemption	294.96	409.81		294.96	409.81
Lifeguard Pension		1,593.64			1,593.64
	<u>\$ 349.98</u>	<u>2,468.59</u>	<u>-</u>	<u>-</u>	<u>2,468.59</u>

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reserve	Balance Dec 31, 2017	Increased by		Decreased by		Balance Dec 31, 2018
		Receipts	Collections made by Current Fund	Disbursements	Payments made by Current Fund	
Small Cities Revolving Loan Fund	\$ 43,764.00					43,764.00
Developers Escrow	176,293.69	66,676.80		41,439.37		201,531.12
Law Enforcement Trust	804.61			2.38		802.23
Federal Forfeitures	149.43	41,770.77		41,818.29		101.91
Parking Offense Adjudication Act	4,899.51	1,716.00		2,472.00		4,143.51
Life Guard Pension Fund	306,064.66	21,158.41		53,102.73		274,120.34
Unemployment Trust	16,417.62	21,262.38	103,000.00	85,966.81		54,713.19
Evidence Trust	4,665.18			10.76		4,654.42
Tax Sale Premiums	751,100.00	460,700.00		275,000.00		936,800.00
Tax Title Lien Redemptions	195,679.66	1,212,762.66		1,156,008.91		252,433.41
Boardwalk Benches	20,646.16	18,421.13		19,685.13		19,382.16
Snow Removal	43,989.83	17,000.00		9,883.02		51,106.81
Recreation Trust	1,750.00	2,585.69				4,335.69
Self-Insurance	3,000.00					3,000.00
Trust Other	16,728.42					16,728.42
Penalties Collected Under the Uniform Fire Code	22,758.35	1,100.00		69.52		23,788.83
Police Detail	29,848.38	46,430.60		29,687.50		46,591.48
Accumulated Absences	135,168.68		560,000.00	692,722.73		2,445.95
Merchant Fees		2,518.67		2,518.67		-
	\$ 1,773,728.18	1,914,103.11	663,000.00	2,410,387.82	-	1,940,443.47

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

Balance December 31, 2017		\$ 1,555,740.53
Increased by:		
Receipts	1,477,812.00	
	1,477,812.00	1,477,812.00
		3,033,552.53
Decreased by:		
Disbursements	1,032,668.36	
	1,032,668.36	1,032,668.36
Balance December 31, 2018		\$ <u><u>2,000,884.17</u></u>



**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 134,920.52							134,920.52
Due from NJEIT	(1,311,000.00)		1,227,812.00					(70,703.00)
Green Acres Loan								
Capital Improvement Fund	224,304.00	250,000.00						474,304.00
Contracts Payable	319,470.32							1,724,152.01
Reserve for Payment of Bonds	221,974.71			50,000.00				171,974.71
Reserve for Payment of School Bonds	40,671.38							40,671.38
Due to Current	36,550.47							36,550.47
<b>Improvement Authorizations:</b>								
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
2007-09 Various Improvements	2,955.26							2,955.26
2009-14 Various Improvements	97,280.98			51.80		997.79		83,734.67
2011-11 Various Improvements	504,470.12			21,506.49		188.00		482,775.63
2013-10 Various Improvements	42,344.20			4,253.76		13,956.96		32,050.30
2014-25 Repair and Replace Bulkheads	105,700.00					1,311,000.00		93,215.00
2014-27 Various Improvements	11,584.97			1,365.10		13,073.40		11,584.97
2017-38 Various Projects	607,697.80			126,736.38		41,767.00		457,352.42
2017-41 General Capital Improvements	342,880.29			816,054.83		1,640,674.35		(1,835,889.68)
2017-42 Park and Beach Improvements	85,000.00			12,700.00				72,300.00
2018-28 Various School Improvements								
	\$ 1,555,740.53	250,000.00	1,227,812.00	982,668.36	4,653,137.33	4,653,137.33		2,000,884.17

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

Balance December 31, 2017		\$ 224,304.00
Increased by:		
2018 Budget Appropriation	250,000.00	
		250,000.00
		474,304.00
Decreased by:		
None		
		-
Balance December 31, 2018		\$ <u>474,304.00</u>

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

Balance December 31, 2017		\$ 18,249,365.26
Increased by:		
NJEIT Loans	1,298,515.00	
	<hr/>	<hr/> 1,298,515.00
		19,547,880.26
Decreased by:		
2018 Budget Appropriation:		
General Serial Bonds	1,445,000.00	
School Serial Bonds	1,215,000.00	
Green Trust Loans Payable	90,247.70	
NJEIT Loans Payable	24,640.37	
NJEIT Loan Forgiveness	246,624.00	
NJEIT Loan Cancelled	1,311,000.00	
	<hr/>	<hr/> 4,332,512.07
Balance December 31, 2018		\$ <u><u>15,215,368.19</u></u>





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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
General Improvement Bonds of 2010	12/1/2010	8,315,000	12/1/2019	600,000.00	3.500%	1,800,000.00	575,000.00	1,225,000.00
			12/1/2020	625,000.00	3.500%			
Refunding Improvement Bonds of 2013	4/10/2013	2,140,000	8/1/2019	380,000.00	2.000%	755,000.00	375,000.00	380,000.00
General Improvement Bonds of 2013	12/4/2013	6,365,000	12/1/2019	510,000.00	2.000%	4,520,000.00	495,000.00	4,025,000.00
			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%	3,200,000.00		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%			
<b>\$</b>						<u>10,275,000.00</u>	<u>1,445,000.00</u>	<u>8,830,000.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	December 31, 2018	Amount				
School Refunding Bonds	6/1/2009	4,345,000	2/1/2019	420,000.00	4.000%	\$ 1,690,000.00	405,000.00	1,285,000.00	
			2/1/2020	435,000.00	4.000%				
			2/1/2021	430,000.00	4.000%				
School Bonds	12/1/2010	2,823,000	12/1/2019	195,000.00	3.500%	580,000.00	185,000.00	395,000.00	
			12/1/2020	200,000.00	3.500%				
Refunding Series 2014		3,760,000	10/1/2019	640,000.00	4.000%	1,900,000.00	625,000.00	1,275,000.00	
			10/1/2020	635,000.00	4.000%				
Refunding Series 2017	9/22/2017	1,110,000	12/1/2021	200,000.00	4.000%	1,100,000.00		1,100,000.00	
			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%				
						\$	<u>5,270,000.00</u>	<u>1,215,000.00</u>	<u>4,055,000.00</u>

**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, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
Boathouse Renovations	4/30/2001	500,000	2019	30,027.81	2.000%	90,095.22		29,436.14	60,659.08
			2020	30,631.27					
Fishing Pier	2/16/2017	1,335,000	2019	62,033.89	2.000%	1,303,270.04		60,811.56	1,242,458.48
			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	85,292.93								
						<b>\$ 1,393,365.26</b>	<b>-</b>	<b>90,247.70</b>	<b>1,303,117.56</b>



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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Outstanding December 31, 2018 Amount					
Repair and Replace Bulkheads	N/A	1,311,000.00	N/A	N/A	N/A	\$ 1,311,000.00		1,311,000.00	-
Repair and Replace Bulkheads 2014-25	2/8/2018	325,000.00	8/1/2019	10,000.00	5.000%		325,000.00		325,000.00
			8/1/2020	10,000.00	5.000%				
			8/1/2021	10,000.00	5.000%				
			8/1/2022	15,000.00	5.000%				
			8/1/2023	15,000.00	5.000%				
			8/1/2024	15,000.00	5.000%				
			8/1/2025	15,000.00	5.000%				
			8/1/2026	15,000.00	5.000%				
			8/1/2027	15,000.00	5.000%				
			8/1/2028	20,000.00	3.000%				
			8/1/2029	20,000.00	3.000%				
			8/1/2030	20,000.00	3.000%				
			8/1/2031	20,000.00	3.000%				
			8/1/2032	20,000.00	3.125%				
			8/1/2033	20,000.00	3.125%				
			8/1/2034	20,000.00	3.250%				
			8/1/2035	20,000.00	3.250%				
			8/1/2036	20,000.00	3.375%				
			8/1/2037	25,000.00	3.375%				
Repair and Replace Bulkheads 2014-25	2/8/2018	726,891.00	2/1/2019	12,320.18	0.000%		973,515.00	271,264.37	702,250.63
(Original \$973,515 - \$246,624 Principal Forgiveness)			8/1/2019	24,640.37	0.000%				
			2/1/2020	12,320.18	0.000%				
			8/1/2020	24,640.37	0.000%				
			2/1/2021	12,320.18	0.000%				
			8/1/2021	24,640.37	0.000%				
			2/1/2022	12,320.18	0.000%				
			8/1/2022	24,640.37	0.000%				
			2/1/2023	12,320.18	0.000%				
			8/1/2023	24,640.37	0.000%				
			2/1/2024	12,320.18	0.000%				
			8/1/2024	24,640.37	0.000%				
			2/1/2025	12,320.18	0.000%				
			8/1/2025	24,640.37	0.000%				
			2/1/2026	12,320.18	0.000%				
			8/1/2026	24,640.37	0.000%				
			2/1/2027	12,320.18	0.000%				
			8/1/2027	24,640.37	0.000%				
			2/1/2028	12,320.18	0.000%				
			8/1/2028	24,640.37	0.000%				
			2/1/2029	12,320.18	0.000%				

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Outstanding December 31, 2018					
Repair and Replace Bulkheads 2014-25 (Original \$973,515 - \$246,624 Principal Forgiveness)	2/8/2018	726,891.00	8/1/2029	24,640.37	0.000%				
			2/1/2030	12,320.18	0.000%				
			8/1/2030	24,640.37	0.000%				
			2/1/2031	12,320.18	0.000%				
			8/1/2031	24,640.37	0.000%				
			2/1/2032	12,320.18	0.000%				
			8/1/2032	24,640.37	0.000%				
			2/1/2033	12,320.18	0.000%				
			8/1/2033	24,640.37	0.000%				
			2/1/2034	12,320.18	0.000%				
			8/1/2034	24,640.37	0.000%				
			2/1/2035	12,320.18	0.000%				
			8/1/2035	24,640.37	0.000%				
			2/1/2036	12,320.18	0.000%				
			8/1/2036	24,640.37	0.000%				
			2/1/2037	12,320.18	0.000%				
			8/1/2037	24,640.55	0.000%				
						\$ 1,311,000.00			
							1,298,515.00	1,582,264.37	1,027,250.63
							1,227,812.00		
							70,703.00		
							1,298,515.00		
								1,311,000.00	
								24,640.37	
								246,624.00	
								1,582,264.37	

**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, 2017	Dec. 31, 2018
Various Improvements	2014-27	12/9/2015	12/7/2017	10/31/2018	2.50%	2,137,500.00	-
Various Improvements	2014-27	12/9/2015	10/22/2018	10/29/2019	3.50%		2,037,803.00
						\$ 2,137,500.00	2,037,803.00
						2,137,500.00	2,037,803.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Debt Issued	Other	Balance Dec. 31, 2018
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
2018-28	Various School Improvements		9,315,071.00			9,315,071.00
		<u>\$ 14,280,032.00</u>	<u>9,315,071.00</u>	<u>-</u>	<u>-</u>	<u>23,595,103.00</u>

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

	Operating
Balance December 31, 2017	\$ 2,166,101.48
Increased by Receipts:	
Sewer Rents Receivable	5,183,785.51
Miscellaneous	130,016.46
Overpayments	121,359.89
	5,435,161.86
	7,601,263.34
Decreased by Disbursements:	
2018 Appropriations	4,872,581.37
2017 Appropriation Reserves	139,012.33
Accrued Interest on Bonds & Notes	638,000.30
Accruals Payable	514.00
	5,650,108.00
Balance December 31, 2018	\$ <u><u>1,951,155.34</u></u>

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

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers	Balance Dec. 31, 2018
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous		
Fund Balance	\$ 84,340.78						84,340.78
Due from Utility Operating	707.66						707.66
Due from Current Fund	(7,239.42)						(7,239.42)
Contracts Payable	25,003.98				25,003.98		340,306.20
NJEIT Bonds & Loans Receivable	(370,951.00)		70,741.00				(300,210.00)
<u>Improvement Authorizations:</u>							
<u>Ordinance</u>							
<u>Number</u>							
2009-06 Reconstruction of Sewer Lines	8,132.14			-		8,132.14	-
2009-15b Repainting the Water Tower	1,800.00						1,800.00
2009-15c Purchase of Water Meters	36,754.37			25,819.00			10,935.37
2010-14b Replacement of well and well house #8	59,128.55			4,466.50			59,128.55
2010-14c Improve and upgrade electrical at wells	49,512.68						45,046.18
2011-9a Replacement of Meter Batteries	73,298.43			66,213.53		7,084.90	-
2011-9d Purchase of Generator	100,000.00			25,448.57			-
2011-9e Remote Reader Antenna	9,710.00			9,710.00			74,551.43
2013-9a Replacement of Water Meters	18,754.00			7,828.06			10,925.94
2013-9b Renovations to Main Water Plant	71,392.51						71,392.51
2013-9c Renovations to Wells	62,804.47						62,804.47
2013-9d Replacement of Sewer and Water Mains	33,087.97			(9,564.37)		42,652.34	-
2013-9e Acquisition of Water Plant Heating System	75,000.00						75,000.00
2013-9f Acquisition of Fire Hydrants	4,036.31			4,036.31			(0.00)
2014-26 Repairs to Stormwater System	304,430.58						304,430.58
2017-39 Water & Sewer Improvements	(161,831.02)			24,082.29		38,386.69	(224,300.00)
2017-40 Utility Improvements				344,517.60		244,050.13	(588,567.73)
	\$ 477,872.99	-	70,741.00	502,557.49	25,003.98	340,306.20	21,052.52

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

Balance December 31, 2017		\$ 824,411.84
Increased by:		
Utility Rents Levied	5,117,700.01	5,117,700.01
		5,942,111.85
Decreased by:		
Collections	5,183,785.51	
Prepaid & Overpaid Applied	23,983.53	
Transferred to Lien	642.13	
		5,208,411.17
Balance December 31, 2018		\$ <u><u>733,700.68</u></u>

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

Balance December 31, 2017		\$ -
Transferred from Accounts Receivable	642.13	
Interest & Costs	135.35	
		777.48
Balance December 31, 2018		\$ <u><u>777.48</u></u>

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

Balance December 31, 2017	\$ 23,983.53
Increase by:	
Overpayments created	121,359.89
Decreased by:	
Overpayments Applied	<u>(23,983.53)</u>
Balance December 31, 2018	<u>\$ 121,359.89</u>



**WATER AND SEWER OPERATING FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 19,293.41	19,293.41		19,293.41
Other Expenses	168,915.89	168,915.89	114,057.77	54,858.12
ACMUA-Treatment Costs	42,761.00	42,761.00	32,569.00	10,192.00
Statutory Expenditures:				
Contribution to:				
Social Security System	620.81	620.81		620.81
Unemployment Compensation	362.36	362.36		362.36
Defined Contribution Retirement Plan	250.00	250.00		250.00
	\$ 232,203.47	232,203.47	146,626.77	85,576.70
		Cash Disbursed	139,012.33	
		Accounts Payable	7,614.44	
			146,626.77	

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

Balance December 31, 2017		\$ 113,065.83
Increased by:		
Accrued interest charged to 2018 budget appropriation - Interest on bonds		<u>641,130.62</u>
		754,196.45
Decreased by:		
Disbursements		<u>638,000.30</u>
Balance December 31, 2018		<u>\$ 116,196.15</u>

**ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2018**

Description	Principal Outstanding Dec. 31, 2018	Interest Rate	From	To	# of Days	Amount
Water and Sewer Bonds of 2010	1,175,000	3.0% to 4.375%	12/01/18	12/31/18	30	3,427.08
Water and Sewer Bonds of 2013	2,885,000	3.25%	12/01/18	12/31/18	30	7,813.54
Refunding Water and Sewer Bond- 2017	6,935,000	4.00%	09/22/18	12/31/18	100	77,055.56
NJEIT Bonds Payable	2,701,674	0.00%	08/01/18	12/31/18	152	-
NJEIT Bonds Payable	1,240,000	4.00%	08/01/18	12/31/18	152	20,942.22
Bond Anticipation Notes	998,091	3.50%	10/29/18	12/31/18	63	6,957.75
						<u>116,196.15</u>

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

Account	Balance Dec. 31, 2017	Additions		Balance Dec. 31, 2018
		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		Balance Dec. 31, 2017	2018 Authorizations		Balance Dec. 31, 2018
		Date	Amount		Deferred Reserve for Amortization	Deferred Charge to Future Revenue	
2009-06	Reconstruction of Sewer Lines	03/19/09	1,000,000	\$ 1,000,000.00			1,000,000.00
2009-15a	Reconstruction of Sewer Lines	06/18/09	1,700,000	1,700,000.00			1,700,000.00
2009-15b	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	10/06/10	729,668	729,668.00			729,668.00
2011-9a	Replacement of Meter Batteries	06/16/11	500,000	500,000.00			500,000.00
2011-9c	Rehab Well House # 10	06/16/11	150,000	150,000.00			150,000.00
2011-9d	Purchase of Generator	06/16/11	100,000	100,000.00			100,000.00
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
				\$ 25,125,012.00			25,125,012.00
					-		-

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

Ordinance Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2017		Prior Year Encumbrance	Paid or Charged	Balance Dec. 31, 2018	
				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	-	25,819.00	1,800.00	-	-
2009-15c	Purchase of Water Meters	06/18/09	617,400.00	36,754.37	-	-	10,935.37	-	-
2010-14b	Replacement of well and well house #8	10/06/10	1,824,170.00	59,128.55	-	29,470.48	59,128.55	-	-
2010-14c	Improve and upgrade electrical at wells	10/06/10	729,668.00	49,512.68	25,003.98	-	45,046.18	-	-
2011-9a	Replacement of Meter Batteries	06/16/11	500,000.00	58,298.43	-	73,298.43	-	-	74,551.43
2011-9d	Purchase of Generator	06/16/11	100,000.00	100,000.00	-	25,448.57	-	-	-
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	-	7,828.06	-	-	10,925.94
2013-9b	Renovations to Main Water Plant	04/18/13	100,000.00	71,392.51	-	-	-	-	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	-	33,087.97	-	-	-
2013-9e	Replacement 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	4,036.31	-	4,036.31	-	-	-
2014 -26	Repairs to Stormwater System	10/16/14	5,387,000.00	304,430.58	-	-	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	238,168.98	-	62,468.98	-	-	175,700.00
2017-40	Utility Improvements	11/16/17	4,976,430.00	4,576,430.00	-	588,567.73	-	-	3,987,862.27
			\$	<u>527,766.75</u>	<u>5,444,674.24</u>	<u>25,003.98</u>	<u>867,867.67</u>	<u>421,340.68</u>	<u>4,708,236.62</u>
						Disbursed D-6	527,561.47		
						Encumbered D	340,306.20		
							<u>867,867.67</u>		

**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, 2017	Increased	Decreased	Balance Dec. 31, 2018
2011-9	Various Repairs and Equipment	12/9/2016	12/9/2017	115,000.00	2.50%	\$ 115,000.00		115,000.00	-
		12/9/2016	10/29/2018	115,000.00	3.50%		110,821.00		110,821.00
2013-9	Replacement of Sewer and Water Mains	12/9/2016	12/9/2017	900,000.00	2.50%	900,000.00		900,000.00	-
		12/9/2016	10/29/2018	115,000.00	3.50%		887,270.00		887,270.00
						<u>\$ 1,015,000.00</u>	<u>998,091.00</u>	<u>1,015,000.00</u>	<u>998,091.00</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount	December 31, 2018				
Water and Sewer Bonds of 2010	12/01/10	12,240,000	12/01/19	575,000.00	3.50%	\$ 1,735,000.00	560,000.00	1,175,000.00	
			12/01/20	600,000.00	3.50%				
Water and Sewer Bonds of 2013	12/04/13	3,635,000	12/01/19	170,000.00	2.00%	3,045,000.00	160,000.00	2,885,000.00	
			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%	6,935,000.00		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%				

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\$ 11,715,000.00      720,000.00      10,995,000.00

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Ref.                      D                      D-4                      D

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

Purpose	Date of Issue	Original Issue	Maturities of Loans				Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Outstanding December 31, 2018	Interest Rate	Amount			
NJEIT Series 2016 A-1	05/26/16	3,125,466	02/01/19	105,948.00	0.00%	\$	2,860,596.00	158,922.00	2,701,674.00
			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	Maturities of Loans			Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Outstanding December 31, 2018	Interest Rate			
NJEIT Series 2016 A-1	05/26/16	1,335,000	02/01/19	50,000.00	5.00%	1,290,000.00	50,000.00	1,240,000.00
			02/01/20	55,000.00	5.00%			
			02/01/21	55,000.00	5.00%			
			02/01/22	60,000.00	5.00%			
			02/01/23	65,000.00	5.00%			
			02/01/24	65,000.00	4.00%			
			02/01/25	70,000.00	4.00%			
			02/01/26	70,000.00	4.00%			
			02/01/27	75,000.00	4.00%			
			02/01/28	80,000.00	2.00%			
			02/01/29	80,000.00	2.00%			
			02/01/30	80,000.00	2.00%			
			02/01/31	85,000.00	2.13%			
			02/01/32	85,000.00	3.00%			
			02/01/33	85,000.00	3.00%			
02/01/34	90,000.00	3.00%						
02/01/35	90,000.00	3.00%						
						\$ 4,150,596.00	208,922.00	3,941,674.00

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

Balance December 31, 2017		\$ 11,053,123.77
Increased by:		
Serial Bonds Paid by Operating Budget	720,000.00	
BAN's Paid by Operating Budget	16,909.00	
NJEIT Paid by Operating Budget	208,922.00	
		945,831.00
Decreased by:		
None		
Balance December 31, 2018		\$ 11,998,954.77

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

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2017	To Reserve for Amortization	Balance Dec. 31, 2018
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>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, 2017	2018 Authorizations	Raised in Budget	Balance Dec. 31, 2018
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>\$ 5,226,430.00</u>	<u>-</u>	<u>-</u>	<u>5,226,430.00</u>

**CITY OF VENTNOR CITY**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2018**



## **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." Due to the City having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$40,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold "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:

- Installation of Emergency Generator
- General Repairs and Construction of Utilities on an as Needed Emergency Basis
- Water Chlorination Project at the Main Plant, Well #8, Well #10
- Architectural & Engineering Services for Firehouse #2
- Installation of Thermo Plastic Crosswalks
- Cold Water Meters
- Standard LX Single Maintenance Trailer
- Geotech Services
- Curb, Sidewalk, and Gutter Repairs
- Reconstruction of Burke Ave and Swarthmore Ave Driveways
- Replace Boardwalk Joists between Frankfurt and Weymouth Ave
- Design of Temporary Firehouse Facility Slab and Foundation
- Temporary Fabric Structure for Lease to the Fire Department
- Ventnor North Beach Streetscape Improvement Projects
- Furnishing & Delivering 15 Hydrants and 2 Resilient Wedge Gate Values

### **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 4, 2018, 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, 2018 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	1
2017	0
2016	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 2018 and 2017 Taxes	5
Payment of 2018 and 2017 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.



**Comparison of Tax Levies and Collections Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2018	\$ 53,490,494.50	52,274,407.35	97.73%
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%

**Comparative Schedule of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 2.634	2.648	2.186	2.17	2.06
Apportionment of Tax Rate:					
Municipal	1.121	1.133	0.950	0.952	0.896
County	0.599	0.570	0.482	0.471	0.445
School	0.914	0.945	0.754	0.742	0.717
Assessed Valuation	2,021,949,500	2,017,342,800	2,362,000,750	2,401,034,387	2,462,173,390

**Delinquent Taxes and Tax Title Liens**

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$ 13,616.87	1,198,572.56	1,212,189.43	2.27%
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%

**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**

**July 23, 2019**