

**CITY OF PORT REPUBLIC**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

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

**CITY OF PORT REPUBLIC  
TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>PART 1</b>		
Independent Auditor's Report		1 - 2
<b>CURRENT FUND</b>		
Comparative Balance Sheet - Regulatory Basis	A	3 - 4
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1	5 - 6
Statement of Revenues -Regulatory Basis	A-2	7 - 10
Statement of Expenditures - Regulatory Basis	A-3	11 - 18
<b>TRUST FUND</b>		
Comparative Balance Sheet - Regulatory Basis	B	19-20
<b>CAPITAL FUND</b>		
Comparative Balance Sheet - Regulatory Basis	C	21
Schedule of Fund Balance - Regulatory Basis	C-1	22
<b>GENERAL FIXED ASSETS ACCOUNT GROUP</b>		
Balance Sheet - Regulatory Basis	G	23
<b>NOTES TO FINANCIAL STATEMENTS</b>		24 - 35
<b>SUPPLEMENTARY DATA</b>		
Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		36 - 37
Schedule of Expenditures of Federal and State Awards		38
<b>CURRENT FUND</b>		
Schedule of Cash - Treasurer	A-4	39
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-5	40-41

**CITY OF PORT REPUBLIC  
TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
Schedule of Tax Title Liens	A-6	42
Schedule of Revenue Accounts Receivable	A-7	43
Schedule of 2009 Appropriation Reserves	A-8	44
Schedule of Local District School Tax	A-9	45
Schedule of State Grants Receivable	A-10	46
Schedule of Reserve for State Grants - Appropriated	A-11	47
Schedule of Reserve for State Grants - Unappropriated	A-12	48
<b>TRUST FUNDS</b>		
Schedule of Cash - Treasurer	B-2	49
Schedule of Reserve for Dog Expenditures	B-3	50
Schedule of Amount Due to/(from) Current Fund - Dog License Fund	B-4	51
Schedule of Amount Due to State of New Jersey - Department of Health	B-5	51
Schedule of Reserve for Unemployment Compensation	B-6	52
Schedule of Contractors Deposits	B-7	52
Schedule of Reserve for Sanitary Landfill Closure	B-8	53
Schedule of Reserve for Recycling Trust	B-9	53
Schedule of Reserve for LOSAP	B-10	54
Schedule of Due to Current Fund	B-11	55
Schedule of Reserve for Celebration Trust	B-12	55
Schedule of Reserve for Open Space Trust	B-13	56
Schedule of Reserve for Recreation Trust	B-14	56
<b>CAPITAL FUNDS</b>		
Schedule of Due from Current Fund	C-2	57
Analysis of Cash	C-3	58
Schedule of Capital Improvement Fund	C-4	59
Statement of Improvement Authorizations	C-5	60
<b>PART II</b>		
General Comments		61-63
Status of Prior Recommendations		64
Recommendations		64

**CITY OF PORT REPUBLIC**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2010**



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of City Council  
City of Port Republic, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the City of Port Republic, New Jersey, as of December 31, 2010 and 2009, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the City of Port Republic's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The Length of Service Awards Program of the City of Port Republic has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the City's financial statements.

As described in Note 1, the City of Port Republic, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and analysis as required by the Governmental Accounting Standards Board to be presented as required Supplemental Information, but not required by the Division of Local Government services, Department of

Community Affairs, State of New Jersey. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the fourth paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Port Republic as of December 31, 2010 and 2009 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the City of Port Republic, New Jersey as of December 31, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2011 on our consideration of the City of Port Republic's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming and opinion on the financial statements of the City of Port Republic taken as a whole. The supplemental schedules listed in the table of contents are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*Swartz & Co., LLC*  
Swartz & Co., LLC  
Certified Public Accountants

May 6, 2011

**EXHIBIT A - CURRENT FUND**

1991-1992  
1993-1994



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

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 895,541	1,017,492
Change Fund		25	25
		<hr/>	<hr/>
		895,566	1,017,517
		<hr/>	<hr/>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	73,224	70,771
Tax Title Liens Receivable	A-6	10,435	-
Property Acquired for Taxes-Assessed Valuation		923,101	923,101
Property Deeded to the City		386,300	386,300
Revenue Accounts Receivable			
Municipal Court	A-7	2,787	1,820
Due From:			
Grant Fund	A	34,207	27,430
Dog Trust	B	823	746
Open Space Trust	B	13,041	13,041
Other Trust Funds	B	1,774	1,731
		<hr/>	<hr/>
		1,445,692	1,424,940
		<hr/>	<hr/>
Deferred Charges:			
Special Emergency		155,000	
Emergency Authorization		-	25,000
		<hr/>	<hr/>
		155,000	25,000
		<hr/>	<hr/>
		2,496,258	2,467,457
		<hr/>	<hr/>
Federal and State Grant Fund:			
State Grants Receivable	A-10	600,376	485,487
		<hr/>	<hr/>
		600,376	485,487
		<hr/>	<hr/>
		<u>\$ 3,096,634</u>	<u>2,952,944</u>

See Accompanying Notes to Financial Statements

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<b>Regular Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3:A-8	\$ 111,670	111,984
Reserve for Encumbrances		50,155	40,548
Prepaid Taxes		21,090	21,855
County of Atlantic - Added Taxes		1,448	1,513
Local School District Tax Payable	A-9	305,150	266,773
Due to State of New Jersey -			
Construction Training Fees		864	864
Veterans and Senior Citizens		14,050	13,399
Marriage License Fees		150	50
Reserve for Garden State Trust		-	1,835
Due to:			
General Capital	C	57,008	57,009
		<u>561,585</u>	<u>515,830</u>
Reserves for Receivables and Other Assets	A	1,445,692	1,424,940
Fund Balance	A-1	488,981	526,687
		<u>2,496,258</u>	<u>2,467,457</u>
<b>Federal and State Grant Fund:</b>			
Reserve for Encumbrances		-	2,269
Due to Current Fund		34,207	27,430
Reserve for State Grants			
Appropriated	A-11	566,169	454,452
Unappropriated	A-12	-	1,336
		<u>600,376</u>	<u>485,487</u>
		<u>\$ 3,096,634</u>	<u>2,952,944</u>

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

	Ref.	2010	2009
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$ 214,570	188,000
Miscellaneous Revenue Anticipated	A-2	443,088	426,232
Receipts from Delinquent Taxes	A-2	65,940	51,135
Receipts from Current Taxes	A-2	2,401,352	2,375,623
Non Budget Revenue	A-2	59,433	41,441
Interfund Returned		-	94,611
Other Credits to Income:			
Unexpended Balance of Approp Reserves	A-8	119,677	151,449
Total Income		<u>3,304,060</u>	<u>3,328,491</u>
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	300,618	307,141
Other Expenses	A-3	706,357	680,317
Deferred Charges and Statutory Expenditures	A-3	69,904	27,785
Capital Improvements	A-3	166,000	80,500
County Tax		485,246	491,154
County Share of Added Taxes		1,448	1,513
Municipal Open Space Taxes		15,541	15,454
Local District School Tax	A-8	1,530,305	1,453,550
Interfund Created		6,777	13,041
Refund of Prior Year Revenue		-	2,000
Total Expenditures		<u>3,282,196</u>	<u>3,072,455</u>
Excess in Revenue		<u>\$ 21,864</u>	<u>256,036</u>

See Accompanying Notes to Financial Statements

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31,  
(CONTINUED)**

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred Charges to Budget of Succeeding Year		\$ 155,000	25,000
Statutory Excess to Fund Balance		176,864	281,036
Fund Balance January 1	A	526,687	433,651
		703,551	714,687
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	214,570	188,000
Balance December 31	A	\$ 488,981	526,687

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 214,570		214,570	
Miscellaneous Revenues:					
Section A: Local Revenues					
Fines and Costs:					
Municipal Court	A-7	18,000		28,727	10,727
Interest and Costs on Taxes	A-7	9,500		11,899	2,399
Interest on Investments and Deposits	A-7	4,500		2,570	(1,930)
Communication Tower Rental - Bell Atlantic Nynex & Sprint	A-7	55,000		54,604	(396)
Total Section A		87,000	-	97,800	10,800
Section B: State Aid Without Offsetting Appropriations					
Energy Receipts Tax	A-7	176,307		176,307	-
Garden State Trust		1,835		1,835	-
Total Section B		178,142	-	178,142	-
Section F: Special Items of General Revenue Anticipated with Prior Written Consent of Dir. of Local Government Services - Public and Private Revenues offset with Appropriations:					
N.J. Transportation Trust Fund Authority Act	A-10	150,000		150,000	
Recycling Tonnage Grant	A-10	2,088		2,088	
Clean Communities Program	A-10	4,000		4,000	
Alcohol Education, Rehabilitation and Enforcement Fund	A-10	464	754	1,218	
Municipal Alliance on Alcohol and Drug Abuse	A-10	9,840		9,840	
Total Section F		166,392	754	167,146	

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Total Miscellaneous Revenues	A-1	431,534	754	443,088	10,800
Receipts from Delinquent Taxes	A-1:A-2	70,000		65,940	(4,060)
Amount to be Raised by Taxes for Support of Municipal Budget a) Local Tax for Municipal Purposes	A-2	445,615		443,406	(2,209)
Total Amount to Be Raised by Taxes		445,615	-	443,406	(2,209)
Budget Totals		1,161,719	754	1,167,004	4,531
Non-Budget Revenues: Other Non-Budget Revenue	A-2			59,433	59,433
		\$ 1,161,719	754	1,226,437	63,964

Ref. A-3 A-3

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	<u>Ref.</u>	
Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-5	2,401,352
Allocated to:		
School, County Taxes, Muni Open Spaces		<u>2,032,540</u>
Balance for Support of Municipal Budget Appropriations		368,812
Increased by:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>74,594</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>443,406</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	<u>65,940</u>
		<u><u>65,940</u></u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

Ref.

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Building Permits	\$	24,478	
Tax Collector	\$	584	
Reimbursement		20,223	
Treasurer		10,556	
Clerk		3,592	
			59,433
A-1:A-2			\$ 59,433



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Appropriations		Expended		Unexpended Balance Canceled	Over- expended
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<b>GENERAL GOVERNMENT:</b>						
Mayor and Council						
Salaries and Wages	4,200	4,200	4,200		-	
Other Expenses	1,500	1,500	1,430	52	18	
Municipal Clerk						
Salaries And Wages	91,900	93,050	92,692		358	
Other Expenses	30,000	36,327	28,253	7,457	617	
Codification of Ordinances						
Financial Administration						
Salaries and Wages	8,777	8,838	8,121		717	
Other Expenses	5,000	6,466	4,906	1,559	1	
Audit Service						
Other Expenses	23,200	23,200	23,200		-	
Revenue Administration (Tax Collector)						
Salaries and Wages	10,760	10,760	10,760		-	
Other Expenses	4,525	4,525	4,396		129	
Assessment of Taxes						
Salaries and Wages	10,500	9,747	9,724		23	
Other Expenses	5,950	1,133	1,049	84	-	
Liquidation of Tax Title Liens						
Other Expenses	100	100			100	
Legal Services and Costs						
Salaries and Wages	10,455	10,455	10,455		-	
Other Expenses	15,000	24,658	23,568	1,085	5	
Engineering Services and Costs						
Other Expenses	13,750	35,501	34,984	507	10	

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	Appropriations		Expended		Unexpended Balance Canceled	Over- expended
	Budget	Budget After Modification	Paid or Charged	Encumbered		
Municipal Court	39,000	39,000	37,320		1,680	
Salaries & Wages	6,300	6,300	5,640	624	36	
Other Expenses						
Public Defender	1,200	1,200	750		450	
Other Expenses						
<b>LAND USE ADMINISTRATION:</b>						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages	1,000	1,000	736		264	
Other Expenses	1,500	2,647	2,119	528	-	
<b>INSURANCE:</b>						
Disability Insurance	1,500	1,500	303		1,197	
Liability Insurance	43,572	36,570	36,570		-	
Workers Compensation Insurance						
Group Insurance Plan for Employees	73,840	73,840	73,066		774	
<b>PUBLIC SAFETY:</b>						
Police Department	50	50			50	
Other Expenses						
911 Service	2,000	2,000	2,000		-	
Emergency Management Service						
Salaries and Wages	400	400	400		-	
Other Expenses	5,000	10,040	7,780	2,252	8	
Aid to Volunteer Fire Companies	28,000	28,000	20,220	7,780	-	
First Aid Organization - Contribution	10,000	10,000	10,000		-	

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	Appropriations		Expended			Unexpended Balance Canceled	Over- expended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
Municipal Prosecutor Salaries and Wages	6,460	4,846	4,846	-	-		
Other Expenses		1,077	1,077	-	-		
<b>PUBLIC WORKS:</b>							
Streets and Road Maintenance							
Salaries and Wages	73,000	77,275	76,122		1,153		
Other Expenses	22,000	177,000	92,540	1,752	82,708		
Garbage and Trash Removal							
Salaries and Wages	3,000	3,000	2,391		609		
Other Expenses	110,000	92,378	87,065	5,313	-		
Monitoring Wells	2,500	2,500		1,142	1,358		
Building and Grounds							
Salaries and Wages	7,500	7,500	6,251		1,249		
Other Expenses	28,000	14,239	12,032	645	1,562		
Gypsy Moth Program							
Other Expenses	500	-					
<b>HEALTH AND HUMAN SERVICES:</b>							
Animal Control Service (Dog Regulation)							
Other Expenses	2,500	2,500	1,573	405	522		
Aid to Outreach	2,000	2,000	2,000				
<b>PARKS AND RECREATION:</b>							
Parks and Playgrounds							
Salaries and Wages	8,200	8,526	8,525		1		
Other Expenses:							
Miscellaneous Other Expenses	15,000	15,000	2,172	12,686	142		

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	Appropriations			Expended		Unexpended Balance Canceled	Over- expended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
<b>STATE UNIFORM CONSTRUCTION CODE</b>							
Construction Official Salaries and Wages	11,000	7,873	7,873	-	-	-	-
Other Expenses	700	-	-	-	-	-	-
Plumbing Inspector Salaries and Wages	3,315	3,315	2,886	429	-	-	-
Building Inspector Salaries and Wages	3,500	5,501	5,500	1	1	-	-
Electrical Inspector Salaries and Wages	3,315	3,382	3,381	-	1	-	-
Code Enforcement Salaries and Wages	3,700	-	-	-	-	-	-
Fire Protection Official Salaries and Wages	2,700	1,950	1,950	-	-	-	-
<b>UNCLASSIFIED:</b>							
Celebration of Public Events	5,200	5,200	4,171	-	1,029	-	-
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>							
Electricity	10,340	10,340	7,270	2,381	689	-	-
Street lighting	16,500	16,500	16,072	307	121	-	-
Telephone	11,000	11,000	7,457	941	2,602	-	-
Heating Oil	7,200	7,200	4,000	2,448	752	-	-
Gasoline	6,000	6,000	4,570	207	1,223	-	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>814,109</b>	<b>969,109</b>	<b>816,366</b>	<b>50,155</b>	<b>102,588</b>	<b>-</b>	<b>-</b>
Contingent	-	-	-	-	-	-	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT</b>	<b>814,109</b>	<b>969,109</b>	<b>816,366</b>	<b>50,155</b>	<b>102,588</b>	<b>-</b>	<b>-</b>

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	Appropriations		Paid or		Expended		Unexpended Balance Canceled	Over- expended
	Budget	Budget After Modification	Charged	Encumbered	Reserved	Reserved		
Detail:								
Salaries and Wages	302,682	300,618	294,133	-	6,485	-	-	-
Other Expenses	511,427	668,491	522,233	50,155	96,103	-	-	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>								
<b>STATUTORY EXPENDITURES:</b>								
Contribution to:								
Public Employees' Retirement System	18,904	18,904	18,904	-	-	-	-	-
Social Security	25,000	25,000	22,555	-	2,445	-	-	-
Unemployment Compensation Insurance	1,000	1,000	-	-	1,000	-	-	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>	<b>44,904</b>	<b>44,904</b>	<b>41,459</b>	<b>-</b>	<b>3,445</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>859,013</b>	<b>1,014,013</b>	<b>857,825</b>	<b>50,155</b>	<b>106,033</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS" LOSAP</b>	<b>11,500</b>	<b>11,500</b>	<b>10,925</b>	<b>-</b>	<b>575</b>	<b>-</b>	<b>-</b>	<b>-</b>
Group Insurance Plan for Employees	6,760	6,760	6,760	-	-	-	-	-
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>18,260</b>	<b>18,260</b>	<b>17,685</b>	<b>-</b>	<b>575</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	Appropriations		Expended		Unexpended Balance Canceled	Over- expended
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved		
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Public and Private Programs Offset by Revenues						
Municipal Alliance Program	9,840	9,840	9,840	-	-	-
Municipal Alliance Program - Local Match	2,460	2,460	2,460	-	-	-
Alcohol Education Rehabilitation	1,218	1,218	1,218	-	-	-
Recycling Tonnage Grant	2,088	2,088	2,088	-	-	-
Green Acres Open Space Roehl Property	-	-	-	-	-	-
Clean Communities Program	4,000	4,000	4,000	-	-	-
<b>Total Public and Private Programs Offset by Revenue</b>	<b>19,606</b>	<b>19,606</b>	<b>19,606</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>37,866</b>	<b>37,866</b>	<b>37,291</b>	<b>-</b>	<b>575</b>	<b>-</b>
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses (including Contingent)	37,866	37,866	37,291	-	575	-
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Firefighter Equipment	8,000	8,000	8,000	-	-	-
Purchase of Office Equipment	6,000	6,000	2,938	-	-	-
Engineer Costs for Capital Projects	2,000	2,000	-	3,062	-	-
NJ Transportation Trust Fund Auth Act - Church St	150,000	150,000	150,000	-	-	-
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	<b>166,000</b>	<b>166,000</b>	<b>160,938</b>	<b>-</b>	<b>5,062</b>	<b>-</b>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

	Appropriations		Expended		Unexpended Balance Canceled	Over- expended
	Budget	Budget After Modification	Paid or Charged	Encumbered		
<b>DEFERRED CHARGES:</b>						
Emergency Authorizations	25,000	25,000	25,000			
<b>TOTAL DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>	25,000	25,000	25,000			
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	228,866	228,866	223,229		5,637	
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	1,087,879	1,242,879	1,081,054	50,155	111,670	
Reserve for Uncollected Taxes	74,594	74,594	74,594			
<b>TOTAL GENERAL APPROPRIATIONS</b>	1,162,473	1,317,473	1,155,648	50,155	111,670	
Budget	A-2		A-1	A	A:A-1	
Appropriations by 40A-4-87	A-3	1,161,719		Reimbursed		
Emergency Appropriation	A-2	754	1,155,648	Disbursed		
		155,000				
		<u>1,317,473</u>	<u>1,155,648</u>			

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

	<u>Ref.</u>	<u>PAID OR</u> <u>CHARGED</u>
Federal and State Grants	A-10	\$ 169,606
Deferred Charges		25,000
Reserve for Uncollected Taxes		74,594
Disbursed	A-4	<u>886,448</u>
		<u>\$ 1,155,648</u>



**EXHIBIT B - TRUST FUNDS**

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

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Animal Control Fund			
Cash	B-2	\$ 1,680	1,537
Due from the State of New Jersey	B-5	33	52
		<u>1,713</u>	<u>1,589</u>
Length of Service Award Program (unaudited)			
Investments held for LOSAP		<u>110,150</u>	<u>80,253</u>
		<u>110,150</u>	<u>80,253</u>
Other Funds:			
Cash - Treasurer	B-2	<u>92,920</u>	<u>81,823</u>
		<u>92,920</u>	<u>81,823</u>
Total		<u>\$ 204,783</u>	<u>163,665</u>

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

<u>Liabilities, Reserves, and Fund Balance</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Animal Control Fund			
Due to the Current Fund	A:B-4	\$ 823	746
Reserve for Dog Fund	B-3	890	843
		<u>1,713</u>	<u>1,589</u>
Length of Service Award Program (unaudited)			
Reserve for LOSAP	B-10	<u>110,150</u>	<u>80,253</u>
		<u>110,150</u>	<u>80,253</u>
Other Funds:			
Contractors Deposits	B-7	22,586	26,883
Reserves for:			
Unemployment Compensation	B-6	3,782	3,758
Sanitary Landfill Closure Fund	B-8	449	441
Recycling Tonnage Trust	B-9	2,691	2,675
Celebration Trust	B-12	53	52
Municipal Open Space Trust	B-13	48,344	32,781
Recreation Trust	B-14	200	461
Interfunds			
Due to Current Fund	A:B-11	<u>14,815</u>	<u>14,772</u>
		<u>92,920</u>	<u>81,823</u>
Total		<u>\$ 204,783</u>	<u>163,665</u>

See Accompanying Notes to Financial Statements

**EXHIBIT C - GENERAL CAPITAL FUND**

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

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Cash	C-2	\$ 169	168
Due from Current Fund		57,008	57,009
		<u>57,177</u>	<u>57,177</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded	C-5	9,773	9,773
Capital Improvement Fund	C-4	17,487	17,487
Fund Balance	C-1	29,917	29,917
		<u>\$ 57,177</u>	<u>57,177</u>

There were \$0 and \$0, Bonds and Notes Authorized But Not Issued at December 31, 2010 and December 31, 2009, respectively.

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

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 29,917
No Activity in 2010		-
Balance December 31, 2010	C	<u>\$ 29,917</u>

See Accompanying Notes to Financial Statements

**EXHIBIT G - GENERAL FIXED ASSETS**

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

	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Land	\$ 1,807,573	1,807,573
Buildings	340,457	340,457
Transportation Equipment	141,718	141,718
Total General Fixed Assets	<u>2,289,748</u>	<u>2,289,748</u>
Investment in General Fixed Assets	\$ <u>2,289,748</u>	<u>2,289,748</u>

See Accompanying Notes to Financial Statements



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**CITY OF PORT REPUBLIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010 and 2009**

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

**A. Reporting Entity**

The City of Port Republic was incorporated in 1905 and is located in Southern New Jersey in Atlantic County. The population estimate by the US Department of Census as of July 2003 is 1,037. The City provides to its citizens the following services: recreation, public improvements, planning and zoning and general administrative services.

The City is governed by a Mayor and a seven-member City Council. The Mayor is the chief executive officer and Council is the legislative body of the City. The Mayor is elected to a four-year term and two City Council members are elected to alternating three-year terms. One City Council Member is elected at-large for a four-year term. The City Clerk monitors the daily administrative responsibilities.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The Board of Education of the City is a component unit. However, under the regulatory basis of accounting in New Jersey, the component unit is neither blended nor shown in a discrete presentation in the financial statements of the City. The Board of Education does have an independent audit performed and a copy is available at the Board's offices.

**B. Description of Funds**

The accounting policies of the City of Port Republic 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 Port Republic accounts for its financial transactions through the following separate funds:

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

**CITY OF PORT REPUBLIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010 and 2009**

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.

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

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from 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 City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts 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.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the City to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of the foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which

**CITY OF PORT REPUBLIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010 and 2009**

are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

General Fixed Assets -- The City has developed a fixed assets accounting and reporting system in accordance with the requirements of the State of New Jersey, Division of Local Government Services. This reporting system 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.

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. Fixed Assets with an original cost of less than \$5,000 are not capitalized.

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.

**CITY OF PORT REPUBLIC  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010 and 2009**

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2010:

	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
Land	\$ 1,807,573			1,807,573
Building	340,457			340,457
Transportation Equipment	141,718			141,718
	<u>\$ 2,289,748</u>	<u>-</u>	<u>-</u>	<u>2,289,748</u>

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

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

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

Use of Estimates -- The preparation of financial statements in conformity with 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. Comparative Data**

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

**CITY OF PORT REPUBLIC  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010 and 2009**

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2010 and 2009 statutory budgets included a reserve for uncollected taxes in the amount of \$74,594 and \$73,645, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2010 and 2009 statutory budgets was \$214,570 and \$188,000, respectively.

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

<u>Budget Category</u>	<u>Increase</u>	<u>Decrease</u>
Legal Services - Other Expenses	9,658	
Engineer Services and Costs - Other Expenses	21,751	
Liability Insurance		7,002
Emergency Services - Other Expenses	5,040	
Garbage and Trash Removal - Other Expenses		17,622
Building and Grounds - Other Expenses		13,761

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2010, the City Council approved total budget insertions in the amount of \$754.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There was a special emergency appropriation authorized by City Council during the 2010 calendar year for the repair of the bulkhead.

**CITY OF PORT REPUBLIC  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010 and 2009**

**Note 3: INVESTMENTS**

As of December 31, 2010, the municipality had no investments.

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

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

**Concentration of Credit Risk.** The municipality places no limit on the amount the City may invest in any one issuer.

**Note 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2010 and 2009, \$0 and \$300,030 of the municipality’s bank balance of \$1,022,386 and \$1,132,184, respectively, was exposed to custodial credit risk.

As of December 31, 2010 and 2009, cash and cash equivalents of the City consisted of the following:

	<u>2010</u>	<u>2009</u>
Checking Account	\$ 1,022,386	832,154
Cash Management	-	300,030

**CITY OF PORT REPUBLIC  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010 and 2009**

**Note 5: NOTES PAYABLE**

Summary of Municipal Debt

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Bonds & Notes Issued	\$ -		
Bonds & Notes Authorized But Not Issued			
Net Bonds & Notes Issued and Authorized But Not Issued	<u>                    </u>	<u>                    </u>	<u>                    </u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.00%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ -		-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ -</u>	<u>-</u>	<u>-</u>

Net Debt \$0 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$150,953,239= 0.00%.

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

3 1/2% of Equalized Valuation Basis ( Municipal)	\$ 5,283,363
Net Debt	-
Remaining Borrowing Power	<u>\$ 5,283,363</u>

The foregoing information is in agreement with the Annual Debt Statement filed by the City.



**CITY OF PORT REPUBLIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010 and 2009**

**Note 6: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2010 that were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011 were as follows:

Current Fund	\$94,000
--------------	----------

**Note 7: SCHOOL TAXES**

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>2010</u>	<u>2009</u>
Total Liability	\$ 765,151	726,773
Deferred	460,000	460,000
Current Liability	<u>\$ 305,151</u>	<u>266,773</u>

**Note 8: TAXES COLLECTED IN ADVANCE**

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

	<u>Balance 12/31/2010</u>	<u>Balance 12/31/2009</u>
Prepaid Taxes	\$ 21,090	21,855
Cash Liability for Taxes Collected in Advance	<u>\$ 21,090</u>	<u>21,855</u>

**Note 9: PENSION FUNDS**

Description of Plans

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

**CITY OF PORT REPUBLIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010 and 2009**

*Public Employees' Retirement System*

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 8.0% of covered payroll. The City's contributions to PERS for the years ending December 31, 2010, 2009 and 2008 were \$18,904, \$18,496 and \$14,226 respectively, equal to the required contributions for each year.

**Note 10: POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994

The State made post-retirement (PRM) contributions of \$1.38 billion for Fiscal Year 2009 and \$3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The City provides post-retirement health benefits to qualified employees with at least 25 years of service. This includes medical, dental, optical and prescription plans. At December 31, 2010, the City provided benefits to 0 retirees. The approximate annual cost of providing these benefits during the year 2010 was \$0.

**CITY OF PORT REPUBLIC  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010 and 2009**

**Note 11: ACCRUED SICK AND VACATION BENEFITS**

The City has permitted employees to accrue unused vacation and sick pay, which may be taken as time off. The City allows the employees to accumulate a maximum of 24 days of sick time and 7 days of vacation time. The City has no policy of payments to employees at retirement or termination.

**Note 12: ECONOMIC DEPENDENCY**

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

**Note 13: LITIGATION**

During the normal course of operations, lawsuits are occasionally brought against the governmental unit. There are presently no outstanding lawsuits that would result in a contingent liability to the City.

**Note 14: RISK MANAGEMENT**

The City 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 City maintains commercial insurance coverage for property, liability and surety bonds. There was no decrease in coverage during the year and there were no payments in excess of coverage.

**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 last three years.

<u>Calender Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	0	24	0	3,782
2009	0	271	0	3,758
2008	0	647	0	3,487

**Note 15: INTERFUND BALANCES**

As of December 31, 2010, the following interfunds were included on the balance sheets of the

**CITY OF PORT REPUBLIC  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010 and 2009**

various funds of the City of Port Republic:

	Due From	Due To
Current Fund:		
Grant Fund	\$ 34,207	
Animal Control Fund	823	
Open Space Trust Fund	13,041	
Other Trust Funds	1,774	
Capital Fund		57,008
Capital Fund:		
Current Fund	57,008	
Grant Fund:		
Current Fund		34,207
Trust Funds		
Current Fund -		
Animal Control Fund		823
Open Space Trust Fund		13,041
Other Trust Funds		1,774
	<u>\$ 106,853</u>	<u>106,853</u>

The interfunds occurred since the Grant and the Capital Funds have no bank accounts. The interfund with the Animal Control Fund is due to the statutory excess resulting in 2010. The interfund in the other Trust Funds is a result of interest earnings that were not transferred to the Current Fund prior to December 31 and bills paid by the Current Fund.

**Note 16: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)**

During the year 2001 the voters of the City of Port Republic approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

**Note 17: OPEN SPACE TAXING DISTRICT**

**CITY OF PORT REPUBLIC  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010 and 2009**

The voters of the City approved the establishment of an Open Space, Recreation, Farmland and Historic Preservation Trust Fund Taxing District effective January 1, 2005. The amount assessed each year, \$.02 per \$100 of assessed valuation, will be placed in an interest-bearing account for the acquisition, development, capital maintenance and payment of debt service on lands acquired for recreation and conservation purposes. During 2010, \$15,541 was raised and \$15,541 was paid to the Open Space Trust Fund.

**Note 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the balance sheets of the various funds:

	Balance 12/31/09	Incurred in 2010	Balance 12/31/10
Current Fund:			
Special Emergency		155,000	155,000
Emergency Appropriation	\$ 25,000	-	-
	<u>\$ 25,000</u>	<u>155,000</u>	<u>155,000</u>

The required statutory amount will be included in the 2011 Local Municipal Budget.

**Note 19: SUBSEQUENT EVENTS**

The City has evaluated subsequent events through May 6, 2011, the date which the financial statements were available to be issued. It was noted that in January 2011, the above ground oil storage tank was discovered to be leaking. The cost to the City for remediation and consequent damages has not been determined as of the date of the audit.

**SUPPLEMENTARY INFORMATION**



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

The Honorable Mayor and  
Members of City Council  
City of Port Republic, New Jersey

We have audited the financial statements - regulatory basis of the City of Port Republic, New Jersey as of and for the year ended December 31, 2010, and have issued our report thereon dated May 6, 2011. Our report disclosed that, as described in Note 1 to the financial statements - regulatory basis, the City of Port Republic, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division")

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable

possibility that a material misstatement of the City of Port Republic, New Jersey's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Port Republic, New Jersey in a separate letter dated May 6, 2011.

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

*Kenneth W. Moore, CPA*

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

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

May 6, 2011



**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's # or CFDA #	Grant Period	Program or Award Amount	Balance Dec. 31, 2009	Receipts or Revenue Recognized	Disbursements/ Expenditures	Canceled	Balance Dec. 31, 2010	Total Cumulative State Expenditures
<b>State of New Jersey</b>									
NJ Transportation Trust Fund Authority Act	6320-480-601381-61	1/1/10-12/31/10	150,000	-	150,000	49,302		100,698	49,302
Reconstruction of Church									
Department of Environmental Protection									
Clean Communities Act	4900-765-178920	1/1/09-12/31/09	4,000	19	4,000	19		-	4,000
Clean Communities Act	4900-765-178920	1/1/10-12/31/10	4,000	-		2,016		1,984	2,016
Recycling Tonnage Grant	4830-752-050580-50	1/1/09-12/31/09	2,279	2,279				2,279	
Recycling Tonnage Grant	4830-752-050580-50	1/1/10-12/31/10	2,088	2,088				2,088	
Department of Community Affairs									
Alcohol Education Rehabilitation	9735-760-098-Y900-001	1/1/09-12/31/09	933	933				933	
Alcohol Education Rehabilitation	9735-760-098-Y900-001	1/1/10-12/31/10	1,218	-	1,218			1,218	
<b>Total State Assistance</b>				<b>5,319</b>	<b>155,218</b>	<b>51,337</b>		<b>109,200</b>	
<b>Federal Assistance</b>									
Housing and Urban Development Community Development Block Grant	14.218	1/1/09-12/31/09	7,075	7,075				7,075	
Environmental Protection Municipal Storm Grant	66.XXX	1/1/09-12/31/09	4,444	4,444				4,444	
<b>Total Federal Assistance</b>				<b>11,519</b>				<b>11,519</b>	

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2009		\$ 1,017,492
Increased by Receipts:		
Taxes Receivable	A-5	2,365,237
Delinquent Taxes	A-2	65,940
Prepaid Taxes	A	21,090
Revenue Accounts Receivable	A-7	274,107
State of New Jersey -		
Senior Citizens and Veterans		17,750
Due to the State - Construction Training Fees		2,000
Due to State - Marriage Licenses		175
Miscellaneous Revenue Not Anticipated	A-2	59,433
Due From Grant Fund	A-10	50,921
		<u>2,856,653</u>
		3,874,145
Decreased by Disbursements:		
2010 Appropriations	A-3	886,448
2009 Appropriation Reserves	A-8	32,855
Due To Grant Funds - Reserves	A-11	60,159
Due to State - Marriage Licenses		75
Due to State - Construction Training Fees		2,000
Refund of Tax Overpayments		2,839
Due to Open Space Trust		15,541
County Taxes		485,246
County Taxes - Added		1,513
Local District School Tax	A-9	1,491,928
		<u>2,978,604</u>
Balance December 31, 2010	A	<u>\$ 895,541</u>

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

YEAR	Balance Dec. 31, 2009	2010 Levy	Added Taxes	Overpayments Created	Overpayments 2009	Collections by Cash 2010	Overpayments Applied	Transfers to Arrears and Cancellations	Transferred to Tax Title Liens	Balance Dec. 31, 2010
2009	70,771	-	-	-	-	65,940	-	-	4,831	-
2010	70,771	2,470,493	14,156	2,839	21,855	2,382,336	-	5,253	4,820	73,224
	70,771	2,470,493	14,156	2,839	21,855	2,448,276	-	5,253	9,651	73,224

Ref. A A-6 A

Cash Collected	A-4	\$ 2,431,177
Senior Citizen & Veteran Allowances		<u>17,099</u>
		<u>\$ 2,448,276</u>

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

Analysis of 2010 Property Tax Levy

Tax Yield

General Property Tax		\$2,470,493	
Added Taxes (54:4-63.1,63.12 et.seq.)		14,156	
		14,156	
			2,484,649

Tax Levy

	<u>Ref.</u>		
Local District School Tax (Abstract)	A-9	1,530,305	
County Tax (Abstract)		485,246	
Due County for Added and Omitted Taxes (54:4-63.1,63.12 et. seq.)		1,448	
Municipal Open Space Trust		15,541	
			2,032,540

Local Tax for Municipal Purposes		445,615	
Add: Additional Tax Levied	A-2	6,494	

Local Tax for Municipal Purposes Levied			452,109
			\$2,484,649

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2009	A	\$	-
Increased by:			
Interest and Costs Accrued by Sale of May 13, 2010		\$	784
Transfers from Taxes Receivable	A-5	<u>9,651</u>	<u>10,435</u>
			10,435
Decreased by:			
Collections	A-2	<u>-</u>	<u>-</u>
Balance December 31, 2010	A	<u>\$</u>	<u>10,435</u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2009	Accrued in 2010	Collected	Balance Dec. 31, 2010
Interest on Taxes	A-2		11,899	11,899	
Municipal Court:					
Fines and Costs	A-2	1,820	29,694	28,727	2,787
Energy Receipts Tax	A-2		176,307	176,307	
Garden State Trust	A-2		1,835	1,835	
Communication Tower Rental	A-2		54,604	54,604	
Investment Interest	A-2		2,570	2,570	
		<u>1,820</u>	<u>276,909</u>	<u>275,942</u>	<u>2,787</u>

Ref.            A            Res.            A

Cash Receipts            274,107            A-4  
Reserve            1,835  
275,942

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2009**

	Balance Dec. 31, 2009	Balance After Transfers	Paid or Charged	Balance Lapsed
Municipal Clerk				
Other Expenses	8,330	8,330	1,661	6,669
Assessment of Taxes				
Other Expenses	373	373	22	351
Legal				
Other Expenses	20,022	20,022	9,522	10,500
Planning Board				
Other Expenses	1,365	1,365	696	669
Other Expenses	12,047	12,047	3,786	8,261
Garbage and Trash Removal				
Other Expenses	7,723	7,723	4,844	2,879
Building and Grounds				
Other Expenses	6,712	6,712	2,574	4,138
Animal Control Service				
Other Expenses	1,085	1,085	754	331
Parks and Playgrounds				
Other Expenses	5,811	5,811	1,331	4,480
Electricity	953	953	953	-
Street Lighting	1,162	1,162	1,102	60
Telephone	4,674	4,674	1,929	2,745
Heating Oil	2,199	2,199	1,403	796
Gasoline	3,715	3,715	44	3,671
Capital Improvements				
Engineer Costs	20,000	20,000	2,234	17,766
Other Accounts - No Changes	56,361	56,361	-	56,361
	<u>152,532</u>	<u>152,532</u>	<u>32,855</u>	<u>119,677</u>
Reserves	111,984	A-4	32,855	A-1
Encumbrances	40,548	A	-	
	<u>152,532</u>		<u>32,855</u>	

See Accompanying Auditor's Report

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

	<u>Ref.</u>	
Balance December 31, 2009		
School Tax Payable		\$ 266,773
Deferred School Tax		460,000
		726,773
Increased By:		
Levy for School Year 2010	A-1:A-5	1,530,305
		2,257,078
Decreased By:		
Payments	A-4	1,491,928
		765,150
Balance December 31, 2010		
School Tax Payable		\$ 305,150
Deferred School Tax		460,000
		\$765,150
2010 Liability for Local School Tax:		
Tax Paid		1,491,928
Tax Payable December 31, 2010		765,150
		2,257,078
Less: Tax Payable December 31, 2009		726,773
Amount Charged to 2010 Operations	A-1	\$1,530,305

See Accompanying Auditor's Report



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

Grant	Balance Dec. 31, 2009	Transferred from 2010 Budget Revenues	Received	Canceled	Balance Dec. 31, 2010
<b>State of New Jersey:</b>					
New Jersey Transportation Grant Church		150,000	37,049		112,951
Clean Communities Program		4,000	4,000		-
Wetland Preservation Park	6,508				6,508
Dept. of Environmental Protection	1,705				1,705
Recycling Tonnage		2,088	2,088		-
Alcohol Education Rehabilitation		1,218	1,218		-
<b>Department of Housing and Urban Development</b>					
Community Development Block Grant	8,600				8,600
Atlantic County Municipal Alliance	3,887	9,840	7,902		5,825
Atlantic County Open Spaces	61,804				61,804
Atlantic County Open Spaces - 6	2,983				2,983
Atlantic County Open Spaces - 8	400,000				400,000
	<u>\$ 485,487</u>	<u>167,146</u>	<u>52,257</u>	<u>-</u>	<u>600,376</u>
Ref. A		A-2	A-10		A
		Unappropriated Reserves	1,336		
		Cash A-4	50,921		
		<u>\$</u>	<u>52,257</u>		

**STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVE FOR FEDERAL AND STATE GRANTS**

Grant	Balance Dec. 31, 2009	Transferred from 2010 Budget Appropriations	Expended	Prior Encumbered Reversed	Encumbered	Canceled	Balance Dec. 31, 2010
<b>State of New Jersey:</b>							
Recycling Tonnage	\$ 2,279	2,088					4,367
Clean Communities Grant	19	4,000	2,035				1,984
New Jersey Transportation Grant Church		150,000	49,302				100,698
Alcohol Education Rehabilitation Dept. of Environmental Protection	933 4,444	1,218					2,151 4,444
<b>Department of Housing and Urban Development</b>							
Community Development Block Grant	7,075						7,075
<b>County:</b>							
Atlantic County Drug Alliance- County	7,810	9,840	8,044	2,112			11,718
Atlantic County Drug Alliance- Local	6,520	2,460					8,980
Atlantic County Open Spaces - 4	30,992		158	158			30,992
Atlantic County Open Spaces - 7	-		620				-
Atlantic County Open Spaces - 9	394,380						393,760
	<u>\$ 454,452</u>	<u>169,606</u>	<u>60,159</u>	<u>2,270</u>	<u>-</u>	<u>-</u>	<u>566,169</u>
Ref. A	A	A-3	A-4	A	A	A-9	A

**STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVE FOR FEDERAL AND STATE GRANTS**

Grant	Balance Dec. 31, 2009	Transferred to	2010 Budget Appropriations	Received	Balance Dec. 31, 2010
Alcohol Education Rehabilitation	\$ 464		464		-
Recycling Tonnage Grant	872		872		-
	<u>\$ 1,336</u>		<u>1,336</u>		<u>-</u>

Ref. A A-10

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2009	B	\$ <u>1,537</u>	\$ <u>81,823</u>
Increased by Receipts:			
Dog License Fees	B-3	332	-
Dog License Fees - State Share	B-5	121	-
Withheld Taxes	B-6		24
Sanitary Landfill	B-8		8
Recycling	B-9		16
Due Current	B-11	2	43
Celebration Receipts	B-12		1
Municipal Open Space Tax Levy	B-13		<u>15,563</u>
		<u>455</u>	<u>15,655</u>
		<u>1,992</u>	<u>97,478</u>
Decreased by Disbursements:			
Due to Current Fund	B-4		-
Due to State of New Jersey	B-5	102	-
Dog Fund Expenditures	B-3	210	-
Payments to Contractors	B-7		4,297
Sanitary Landfill Expenditures	B-8		-
Payments to Current Fund	B-11		-
Municipal Celebration Expenditures	B-12		-
Recreation Expenditures	B-14		<u>261</u>
		<u>312</u>	<u>4,558</u>
Balance December 31, 2010	B	\$ <u><u>1,680</u></u>	\$ <u><u>92,920</u></u>

See Accompanying Auditor's Report

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

	Ref.		
Balance December 31, 2009	B	\$	843
Increased by:			
Dog License Fees Collected	B-2		332
			1,175
Decreased by:			
Statutory Excess Expenditures			75
		210	
			285
Balance December 31, 2010	B	\$	890

License Fees Collected:

Year	Amount
2009	\$ 483
2008	407
	\$ 890

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO/(FROM) CURRENT FUND - DOG LICENSE FUND**

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 746
Increased by:		
Statutory Excess		75
Interest Due Current Fund		<u>2</u>
		823
Decreased by:		
Payments	B-2	<u>-</u>
Balance December 31, 2010	B	<u>\$ 823</u>

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

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ (52)
Increased by:		
2010 State License Fees	B-2	<u>121</u>
		69
Decreased by:		
Disbursements to the State	B-2	<u>102</u>
Balance December 31, 2010	B	<u>\$ (33)</u>

**TRUST FUND  
SCHEDULE OF UNEMPLOYMENT COMPENSATION  
OTHER TRUST FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	3,758
Increased by:			
Payroll Deductions	B-2	\$	<u>24</u>
			<u>24</u>
			3,782
Decreased by:			
Payments	B-2		<u>-</u>
			<u>-</u>
Balance December 31, 2010	B	\$	<u><u>3,782</u></u>

**TRUST FUND  
SCHEDULE OF CONTRACTORS DEPOSITS  
OTHER TRUST FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	26,883
Increased by:			
Contractors Deposits	B-2	\$	<u>-</u>
			<u>-</u>
			26,883
Decreased by:			
Payments for Contractors	B-2		<u>4,297</u>
			<u>4,297</u>
Balance December 31, 2010	B	\$	<u><u>22,586</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR SANITARY LANDFILL CLOSURE**  
**OTHER TRUSTS FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009			\$ 441
Increased by:			
Miscellaneous	B-2	\$ 8	
Decreased by:			
Payments to Engineer	B-2	\$ -	<u>8</u>
			-
Balance December 31, 2010			\$ <u><u>449</u></u>

**SCHEDULE OF RESERVE FOR RECYCLING TRUST**  
**OTHER TRUST FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 2,675
Increased by:			
Municipal Recycling Receipts	B-2		<u>16</u>
Decreased by:			
Recycling Expenditures	B-2		<u>2,691</u>
Balance December 31, 2010	B		\$ <u><u>2,691</u></u>

See Accompanying Auditor's Report



**TRUST FUND  
SCHEDULE OF RESERVE FOR LOSAP TRUST  
OTHER TRUST FUNDS  
(Unaudited)**

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 80,253
Increased by Receipts:			
Appreciation in Investments		11,947	
Deposits from Budget	A-3	<u>18,400</u>	
			<u>30,347</u>
			110,600
Decrease by Payments			
Participant Withdrawals		-	
Administrative Fees		<u>450</u>	
			<u>450</u>
Balance December 31, 2010	B		<u>\$ 110,150</u>

**SCHEDULE OF DUE TO CURRENT FUND  
OTHER TRUST FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	14,772
Increased by:			
Due from Tax Title Lien Redemption - Interest	B-2	3	
Due from Contractors Deposits - Interest	B-2	40	
Municipal Open Space Expenditures	B-13	<u>-</u>	<u>43</u>
			14,815
Decreased by:			
Payment to Current Fund	B-2	<u>-</u>	<u>-</u>
Balance December 31, 2010	B	\$	<u><u>14,815</u></u>

**SCHEDULE OF RESERVE FOR CELEBRATION TRUST  
OTHER TRUST FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	52
Increased by:			
Municipal Celebration Receipts	B-2	<u>1</u>	
			53
Decreased by:			
Celebration Expenditures	B-2	<u>-</u>	<u>-</u>
Balance December 31, 2010	B	\$	<u><u>53</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST  
OTHER TRUST FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 32,781
Increased by Receipts:			
Tax Levy	B-2	15,541	
Interest Earned		<u>22</u>	
			15,563
			<hr style="width: 100%;"/>
			48,344
Decreased by:			
Acquisition of Land	B-11		<u>-</u>
Balance December 31, 2010	B		<u>\$ 48,344</u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR RECREATION TRUST  
OTHER TRUST FUNDS**

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 461
Increased by Receipts:			
Recreation Fees Collected	B-2		<u>-</u>
			461
Decreased by:			
Recreation Expenditures	B-2		<u>261</u>
Balance December 31, 2010	B		<u>\$ 200</u>

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

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 168
Increased by:		
Due to Current	A	1
		<hr style="width: 100%;"/>
		1
Decreased by:		
Due to Current	C-3	
		<hr style="width: 100%;"/>
Balance December 31, 2010	C	<u>\$ 169</u>

See Accompanying Auditor's Report

GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance		Receipts		Disbursements		Transfers		Balance
	Dec. 31, 2009		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 29,917								29,917
Capital Improvement Fund	17,487								17,487
Due from Current Fund	(57,009)			1					(57,008)
<u>Improvement Authorizations:</u>									
02-01 Various Improvements	9,773								9,773
01-02 Constr of park and Landfill Closure				1					169
	\$ 168								169
	C		C-2	C-2	C-2	C-2	C-2		C-C-2

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

Balance December 31, 2009	<u>Ref.</u> C	\$ 17,487
Increased by:		
Budget Appropriation	A-3:C-2	-
		<hr/>
Decreased by:		17,487
Appropriated to Finance Preliminary Costs		
		<hr/>
Balance December 31, 2010	C	<hr/> <u>\$17,487</u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2009		2010 Authorizations Capital Improvement Fund	Deferred Charge to Future Taxation	Paid or Charged	Encumbrances	Canceled	Balance Dec. 31, 2010	
				Funded	Unfunded						Funded	Unfunded
01-02	Constr of Park and Landfill Closure	03/15/03	14,000	9,773							9,773	
				\$ 9,773							9,773	
						C		C-2		C-1	C	C

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**CITY OF PORT REPUBLIC**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2010**

## **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 contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$21,000."

The governing body of the City of Port Republic has the responsibility of determining whether the expenditures in any category will exceed \$21,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City's counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising.

Reconstruction of Church Street  
Repairs to the Bulkhead

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any payments in excess of \$21,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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

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

The governing body, on January 5, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED by the City Council of the City of Port Republic, in accordance with N.J.S.A. 54:4-67, which authorizes the Governing Body to fix the rate of interest to be charged, in the City of Port Republic, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount in excess of \$1,500 of the delinquent to be calculated from the date when the taxes and assessments

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

Our examination of interest collected on delinquent taxes did not reveal any charges that were not in agreement with the above resolution.

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

A tax sale was held on May 13, 2010 and was complete.

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

<u>Year</u>	<u>Number</u>
2010	4
2009	0
2008	0

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

### **Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges 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>
Payments of 2010 and 2011 Taxes	10
Delinquent Taxes	5
Municipal Court	10
Tax Title Liens	1

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

### 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>Cash Collections</u>	<u>Percentage of Collections</u>
2010	\$2,484,649	2,401,352	96.65%
2009	2,447,001	2,375,623	97.08%
2008	2,379,659	2,329,972	97.91%
2007	2,287,941	2,237,705	97.80%
2006	2,118,644	2,092,705	98.78%

### Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	3.188	3.157	3.122	3.075	2.969
Apportionment of Tax Rate:					
Municipal	0.574	0.620	0.631	0.609	0.579
Municipal Open Space	0.020	0.020	0.020	0.020	0.202
County	0.625	0.636	0.592	0.595	0.632
Local School	1.969	1.881	1.879	1.851	1.738
Assessed Valuation	77,705,854	77,267,839	75,557,356	73,058,758	70,723,238

### Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	10,435	73,223	83,658	3.37%
2009	0	70,771	70,771	2.89%
2008	0	51,135	51,135	2.15%
2007	0	47,659	47,659	2.08%
2006	43,777	20,061	63,838	3.01%

## STATUS OF PRIOR RECOMMENDATIONS

1. That all interfunds be liquidated prior to the end of the year.

This recommendation was not cleared in 2010.

Management Response - The City will investigate the feasibility of opening individual bank accounts.

## RECOMMENDATIONS

1. \*\* That all interfunds are liquidated.

\*\* Recommendation made in prior year.

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 assistance in implementing my recommendations, please do not hesitate to call.

Very truly yours,

*Kenneth Moore, CPA*

Kenneth Moore, CPA  
Registered Municipal Accountant  
No. 231

*Swartz & Co., LLC*

Swartz & Co., LLC