

**CITY OF CORBIN CITY**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

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



# CITY OF CORBIN CITY

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**CITY OF CORBIN CITY**

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**CITY OF CORBIN CITY**

**PART 1**

**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 Township Committee  
City of Corbin City, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the City of Corbin City, New Jersey, as of December 31, 2010, 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 current fund for the year ended December 31, 2010. These financial statements are the responsibility of the City of Corbin City's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements for the year ended December 31, 2009 were audited by other auditors, whose report date March 31, 2010, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unqualified opinion under the regulatory basis of accounting.

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 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 Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

the Division of Local government Services, Department of Community Affairs, State of New Jersey. The affect on the financial statements of the variances between the prescribed basis of accounting and 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 and present its financial statements on the basis of accounting discussed in the preceding 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 Corbin City as of December 31, 2010 or the results of its operations for the year 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 Corbin City, New Jersey, as of December 31, 2010 and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the current fund 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 March 31, 2011 on our consideration of the City of Corbin City's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming and opinion on the financial statement of the City of Corbin City. 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.

*Robert E. Swartz, CPA*

Robert E. Swartz, CPA  
Registered Municipal Accountant  
No. 319

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

March 31, 2011

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**EXHIBIT A - CURRENT FUND**

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**CURRENT FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<b>ASSETS</b>			
Regular Fund:			
Cash and Cash Equivalents	A-4:A-5	\$ 828,149	888,550
Investments			
Cash - Change Fund		<u>25</u>	<u>225</u>
		<u>828,174</u>	<u>888,775</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	57,748	73,127
Tax Title Liens Receivable	A-7	18,902	16,403
Property Acquired for Taxes		239,100	239,100
Revenue Accounts Receivable	A-8	-	1,131
Due from General Capital Fund		17	26,551
Due from Grant Fund	A	24,997	2,588
Due from Animal Control	B	1,691	1,241
Due from Other Trusts	B	<u>11,439</u>	<u>4,059</u>
		<u>353,894</u>	<u>364,200</u>
		<u>1,182,068</u>	<u>1,252,975</u>
Federal and State Grant Fund:			
State Grant Fund:			
State Grants Receivable	A-11	<u>250,685</u>	<u>276,629</u>
		<u>250,685</u>	<u>276,629</u>
		<u>\$ 1,432,753</u>	<u>1,529,604</u>

**CURRENT FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities:			
Encumbrances Payable		\$ 8,100	13,551
Appropriation Reserves	A-3:A-9	64,471	113,166
Prepaid Taxes		14,803	12,925
Tax Overpayments		872	2,500
Local District School Tax Payable	A-10	353,232	349,941
Amount Due State Senior Citizens		1,680	1,930
Reserve for Master Plan		17,249	17,249
Reserve for Codification		6,819	6,819
Reserve for Tax Map		310	310
Reserve for Garden State Preservation Trust		47,046	70,569
Due to Unemployment	B	4,795	-
Due to County - Added Taxes		<u>6,270</u>	<u>1,722</u>
 Total Liabilities		 525,647	 590,682
 Reserves for Receivables and Other Assets	 A	 353,894	 364,200
Fund Balance	A-1	<u>302,527</u>	<u>298,092</u>
		 <u>1,182,068</u>	 <u>1,252,974</u>
 Federal and State Grant Fund:			
Due to Current Fund	A	24,997	2,588
Reserve for State Grants - Appropriated	A-13	221,638	273,613
Unappropriated	A-14	<u>4,050</u>	<u>429</u>
		 <u>250,685</u>	 <u>276,630</u>
		 <u>\$ 1,432,753</u>	 <u>1,529,604</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE  
REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$ 256,587	292,042
Miscellaneous Revenue Anticipated	A-2	155,795	289,148
Receipts from Delinquent Taxes	A-2	76,712	69,427
Receipts from Current Taxes	A-2	1,024,049	954,884
Non Budget Revenue	A-2	26,299	24,257
Other Credits to Income:			
Interfunds Returned		26,551	-
Statutory Excess in Animal Control Fund		-	446
Unexpended Balance of Approp Reserves	A-9	108,827	81,643
Total Income		<u>1,674,820</u>	<u>1,711,847</u>
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	104,319	119,663
Other Expenses	A-3	265,048	393,322
Deferred Charges and Statutory			
Expenditures	A-3	20,667	15,865
Capital Improvements	A-3	18,292	10,000
Debt Service	A-3	15,161	15,160
Local District School Tax	A-10	789,755	786,464
County Tax		181,549	168,685
Amount Due County Added Taxes		6,270	1,722
Interfunds Created		12,737	7,575
Total Expenditures		<u>1,413,798</u>	<u>1,518,456</u>
Excess in Revenue		<u>\$ 261,022</u>	<u>193,391</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
(CONTINUED)**

	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Statutory Excess to Fund Balance		261,022	193,391
Fund Balance January 1	A	298,092	396,743
Decreased by:		559,114	590,134
Utilization as Anticipated Revenue	A-1:A-2	256,587	292,042
Balance December 31	A	<u>302,527</u>	<u>298,092</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
		BUDGET	SPECIAL NJS 40A:4-87 REALIZED	
Surplus Anticipated	A-1	256,587	256,587	
Fund Balance Anticipated				
<b>Miscellaneous Revenues:</b>				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	A-8	1,200	1,500	300
Fees and Permits	A-8	700	2,055	1,355
Interest and Costs on Taxes	A-8	5,000	11,161	6,161
Total Section A		6,900	14,716	7,816
Section B: State Aid Without				
Offsetting Appropriations				
Energy Receipts Tax	A-8	55,076	55,076	-
Consolidated Municipal Property Tax Relief Act	A-8	5	5	-
Garden State Preservation Trust		70,569	70,569	-
Total Section B		125,650	125,650	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS**

Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
	BUDGET	SPECIAL NJS 40A:4-87 REALIZED	
Section F: Special Items of General Revenue			
	429	429	
	15,000	15,000	
	15,429	15,429	-
Total Section F			
A-1	147,979	155,795	7,816
Total Miscellaneous Revenues			
A-1:A-2	30,000	76,712	46,712
Receipts from Delinquent Taxes			

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	ANTICIPATED		EXCESS OR (DEFICIT)
		BUDGET	SPECIAL NJS 40A:4-87 REALIZED	
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes		84,276	145,121	60,845
Budget Totals		<u>518,842</u>	<u>634,215</u>	<u>115,373</u>
Non-Budget Revenues:	A-2			
Other Non-Budget Revenue			26,299	26,299
		<u>518,842</u>	<u>660,514</u>	<u>141,672</u>

Ref.      A-3                      A-3

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

	<u>Ref.</u>	
Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	\$1,024,049
Allocated to:		
School, County Taxes		<u>974,283</u>
Balance for Support of Municipal Budget Appropriations		49,766
Decreased by:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>95,355</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>145,121</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-6	72,926
Tax Title Liens	A-7	<u>3,786</u>
		<u><u>\$76,712</u></u>

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

Ref.

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Treasurer:

Ambulance Fees	\$	5,734
Interest on Deposits		7,362
Senior Citizens/Veterans Admin Fee		160
Miscellaneous Other		<u>13,043</u>

A-1:A-2

\$26,299

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDED		UNEXPENDED		OVER-
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELED	EXPENDED
<b>GENERAL GOVERNMENT:</b>							
Mayor and Council							
Salaries and Wages	\$ 9,507	9,507	8,621		886		
Other Expenses	5,700	5,700	2,495		3,205		
City Clerk's Office							
Salaries and Wages	42,079	42,079	41,977		102		
Other Expenses	12,000	12,000	9,943		2,057		
City Registrar							
Salaries and Wages	1,000	1,000	1,000		-		
Election							
Other Expenses	500	500	500		-		
Financial Administration							
Salaries and Wages	9,166	9,166	9,144		22		
Other Expenses	8,137	8,137	6,932		1,205		
Audit Service							
	8,025	8,025	8,025		-		
Tax Assessment Administration							
Salaries and Wages	8,422	8,422	8,402		20		
Other Expenses	1,061	1,061	564		497		
Computerized Data Processing							
	6,983	6,983	-		6,983		
Tax Collector							
Salaries and Wages	11,437	11,437	11,408		29		
Other Expenses	4,900	4,900	2,999		1,901		
Liquidation of Tax Title Liens and Foreclosed Property							
Other Expenses	100	100	-		100		
Legal Services and Costs							
Salaries and Wages	11,639	11,639	11,611		28		
Other Expenses	5,000	2,900	538		2,362		
Engineering Services and Costs							
Other Expenses	5,000	5,000	3,360		1,640		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
Planning Board	1,500	1,500	700			800	
Salaries and Wages	7,720	7,720	532			7,188	
Other Expenses							
Zoning Code Enforcement Officer	8,714	8,714	5,948			2,766	
Salaries and Wages	2,060	2,060	236			1,824	
Other Expenses							
Insurance	7,280	7,280	6,790			490	
Employee Group Insurance	25,000	25,000	18,041			6,959	
Other Insurance Premiums	1,425	1,425	725			700	
Surety Bond Premiums							
PUBLIC SAFETY:							
Municipal Court	5,000	5,000	5,000			-	
Other Expenses							
Aid to Volunteer Fire Companies in Adjoining Municipalities	3,000	3,000	3,000			-	
First Aid Organization Contribution	3,000	3,000	3,000			-	
Emergency Management Service	797	797	796			1	
Salaries and Wages	500	500	500			-	
Other Expenses							
PUBLIC WORKS FUNTIONS							
Buildings and Grounds	2,060	2,060	1,002			1,058	
Salaries and Wages	20,000	20,000	15,748			4,252	
Other Expenses							
Road Repairs and Maintenance	11,210	11,210	600			10,610	
Other Expenses							
Solid Waste Collection	57,696	57,696	49,126	7,000		1,570	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	BUDGET	APPROPRIATIONS BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
				ENCUMBERED	RESERVED	
HEALTH AND WELFARE:						
Dog Registration		2,000	1,012		988	
Other Expenses	2,000					
Utilities						
Electricity	8,000	8,000	6,212	500	1,288	
Street Lighting	4,000	4,000	2,956	300	744	
Telephone	2,300	2,700	2,404	250	46	
Gasoline	900	900	395	50	455	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>324,818</b>	<b>323,118</b>	<b>252,242</b>	<b>8,100</b>	<b>62,776</b>	<b>-</b>
Contingent						
<b>TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAPS"</b>	<b>324,818</b>	<b>323,118</b>	<b>252,242</b>	<b>8,100</b>	<b>62,776</b>	<b>-</b>
Detail:						
Salaries and Wages	106,321	106,321	98,607	-	5,712	-
Other Expenses (Including Contingent)	218,497	216,797	153,635	8,100	57,064	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS			EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELED	OVER- EXPENDED
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>							
(2) Statutory Expenditures:							
Public Employees Retirement System	6,450	6,450	6,450	-	-	-	-
Social Security System (O.A.S.I)	9,422	9,422	7,727	-	1,695	-	-
Unemployment Comp. Ins (NJSA 43:21-3 et seq)	4,795	4,795	4,795	-	-	-	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>	<b>20,667</b>	<b>20,667</b>	<b>18,972</b>	<b>-</b>	<b>1,695</b>	<b>-</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>345,485</b>	<b>343,785</b>	<b>271,214</b>	<b>8,100</b>	<b>64,471</b>	<b>-</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>							
(A) Operations - Excluded from "CAPS"							
Public Employees' Retirement System	700	700	700	-	-	-	-
Snow Emergency- NJSA 40A:4-45	12,700	12,700	12,700	-	-	-	-
Group Health Insurance	720	720	720	-	-	-	-
Interlocal Municipal Service Agreements: EMT Service Agreement with Upper Township	15,000	16,700	16,700	-	-	-	-
Public and Private Revenues Offset by Appropriations Recycling Tonnage Grant	429	429	429	-	-	-	-
Atlantic County Community Development Block Grant Program: Housing Rehab	15,000	15,000	15,000	-	-	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	BUDGET	APPROPRIATIONS BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	44,549	46,249	46,249	-	-	-	-	-
Detail:								
Salaries & Wages	-	-	-	-	-	-	-	-
Other Expenses	44,549	46,249	46,249	-	-	-	-	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	18,292	18,292	18,292	-	-	-	-	-
Capital Improvement Fund								
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	18,292	18,292	18,292	-	-	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	3,615	3,615	3,615	-	-	-	-	-
Payment of Bond Principal	11,546	11,546	11,546	-	-	-	-	-
Interest on Bonds								
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	15,161	15,161	15,161	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	78,002	79,702	79,702	-	-	-	-	-
SUBTOTAL GENERAL APPROPRIATIONS	423,487	423,487	350,916	8,100	64,471	-	-	-
Reserve for Uncollected Taxes	95,355	95,355	95,355	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS	518,842	518,842	446,271	8,100	64,471	-	-	-
A-2			A-1		A:A-1			
Budget			518,842					
Appropriations by 40A.4-87			-					
Emergency Appropriations			-					
			<u>518,842</u>					

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



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

	<u>Ref.</u>	<u>PAID OR CHARGED</u>
Federal and State Grants		\$15,429
Capital Improvements		18,292
Due to Unemployment Trust		4,795
Reserve for Uncollected Taxes		95,355
Disbursed	A-4	<u>312,400</u>
		<u><u>\$446,271</u></u>

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**EXHIBIT B - TRUST FUND**

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**TRUST FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS**

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
<b>ASSETS</b>			
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 2,622	2,244
Due from State of NJ			4
		<u>2,622</u>	<u>2,248</u>
Other Funds			
Cash - Treasurer	B-1	35,858	34,772
Due from Payroll Account			
Unemployment	B-9	232	
Due from Current Fund			
Unemployment	B-9	4,795	
		<u>40,885</u>	<u>34,772</u>
		<u>43,507</u>	<u>37,020</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Animal Control Fund			
Reserve for Dog Expenditures	B-2	931	1,006
Due to Current Fund	A,B-3	\$1,691	1,241
		<u>2,622</u>	<u>2,247</u>
Other Funds			
Due to Current Fund	B-6	11,439	11,643
Due to Unemployment from Payroll Ded.	B-5	232	
Reserve for Small Cities		6,889	6,769
Reserve for Tax Title Lien Redemptions		8,799	11,599
Reserve for Payroll Deductions	B-5	3,163	3,332
Reserve for Historical Trust	B-7	1,437	1,430
Reserve for Unemployment	B-9	5,684	-
Reserve for Developer's Escrow	B-10	3,242	-
		<u>40,885</u>	<u>34,773</u>
		<u>\$ 43,507</u>	<u>37,020</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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**EXHIBIT C - CAPITAL FUND**

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**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<b>ASSETS</b>			
Cash	C-2	\$ 150,380	167,254
Deferred Charges to Future Taxation - Funded	C-6	253,845	257,460
		<u>404,225</u>	<u>424,714</u>

**LIABILITIES, RESERVES AND FUND BALANCE**

Capital Improvement Fund	C-4	99,235	80,943
USDA Rural Development Bonds	C-6	253,845	257,460
Due to Current Fund	A:C-3	17	26,551
Improvement Authorizations: Funded	C-5	51,128	59,760
		<u>\$404,225</u>	<u>424,714</u>

C-1

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

Balance at December 31, 2010 and 2009	<u>\$ -</u>
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**EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP**

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**STATEMENT OF GENERAL FIXED ASSETS  
REGULATORY BASIS**

	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2009</u>
General Fixed Assets:		
Land	\$520,000	520,000
Buildings	157,000	157,000
Furniture and Equipment	<u>53,289</u>	<u>53,289</u>
	<u>730,289</u>	<u>730,289</u>
Investment in General Fixed Assets	<u>\$730,289</u>	<u>730,289</u>

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

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

**A. Reporting Entity**

The financial statements of the City of Corbin City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Corbin City, 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 City has no component units.

**B. Description of Funds**

The accounting policies of the City of Corbin 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 Corbin 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.

General Fixed Asset 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.

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

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.

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 City of Corbin City has developed a general 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.

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.



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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land was acquired.

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 operations.

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

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

	Balance As of <u>12/31/09</u>	<u>Additions</u>	<u>Disposals</u>	Balance As of <u>12/31/10</u>
Land	\$520,000			520,000
Buildings	157,000			157,000
Furniture and Equipment	53,289			53,289
Total General Fixed Assets	<u>\$730,289</u>			<u>730,289</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. A ten (10) day grace period is permitted provided a resolution has been adopted by the City Council. NJSA 54:4-67 permits municipalities to charge interest on delinquent balances at a rate of 8% per annum on the first \$1,500 of delinquency and 18% per annum on any amount of taxes in excess of \$1,500. 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.

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

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

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

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

**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 Assets and Statement of Activities.

**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 City's financial position. However, comparative data has not been presented in the Statement of Revenue-Regulatory Basis and the Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2010 and 2009 statutory budgets included a reserve for uncollected taxes in the amount of \$95,355 and \$106,726, 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 \$256,587 and \$292,042, 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 Committee. There were no significant budget transfers approved in the 2010 calendar year.

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. No significant budget insertions were approved during the 2010 calendar year.

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. The Governing Body did not approve any emergency authorizations during the 2010 calendar year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

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

**Note 3: INVESTMENTS**

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

**Interest Rate Risk.** The City 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 City investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the City or the school districts of which the City is a part; 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 City places no limit on the amount the City may invest in any one issuer.

**Note 4: CASH AND CASH EQUIVALENTS**

**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, \$0 of the government's bank balance of \$1,015,989 was exposed to custodial credit risk. As of December 31, 2009, \$0 of the government's bank balance of \$1,096,171 was exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

Paid by Current Fund:

The City is obligated to the United States Rural Development Authority for notes issued in January, 2002 with an original amount of \$280,000 payable in semi-annual installments of \$7,580 with the payment being first applied to interest at 4.50% and the balance applied to principal. The balance on January 1, 2010 was \$257,640 which was reduced by principal payments of \$3,617 leaving an ending balance of \$253,843 on December 31, 2010. The scheduled 2011 principal payment is \$3,779. The final payment is due in 2042.

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

Summary of Municipal Debt

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
Issued	\$ 253,843	257,460	260,917
Authorized but not issued	None	None	None

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 .49%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$253,843	0	253,843

Net Debt \$253,846 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$51,581,305 = .49%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$1,805,346
Net Debt	253,843
Remaining Borrowing Power	<u>\$1,551,503</u>

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

<u>Calender</u> <u>Year</u>	<u>General</u>		<u>All Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2011	\$3,779	11,381	15,160
2012	3,951	11,209	15,160
2013	4,131	11,029	15,160
2014	4,319	10,841	15,160
2015	4,515	10,645	15,160
2016-2020	25,852	49,948	75,800
2021-2025	32,293	43,507	75,800
2026-2030	40,342	35,458	75,800
2031-2035	50,395	25,405	75,800
2036-2040	62,955	12,845	75,800
2041-2042	21,311	955	22,266
	<u>\$253,843</u>	<u>223,223</u>	<u>477,066</u>

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

**Note 6: FUND BALANCES APPROPRIATED**

As of the date of this audit, the City has not adopted the 2011 municipal budget but the preliminary introduced budget includes an appropriated fund balance of \$250,000. Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit. The total amount of fund balance available to the City to appropriate in the 2011 budget is \$302,527.

**Note 7: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, no deferred charges were shown on the balance sheets of the various funds.

**Note 8: SCHOOL TAXES**

Local District School Tax has been raised, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance	Balance
	<u>12/31/10</u>	<u>12/31/09</u>
Balance of Tax	\$393,232	393,232
Deferred	40,000	43,291
Tax Payable	<u>\$353,232</u>	<u>349,941</u>

**Note 9: TAXES COLLECTED IN ADVANCE**

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

	Balance	Balance
	<u>12/31/10</u>	<u>12/31/09</u>
Prepaid Taxes	\$14,803	12,925
Cash Liability for Taxes Collected in Advance	<u>\$14,803</u>	<u>12,925</u>

**Note 10: 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

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009**

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).

### ***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, 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 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 6.9% of covered payroll. The City's contributions to PERS for the years ended December 31, 2010 and 2009 were \$6,450 and \$6,232 respectively, equal to the required contributions for each year. The amount of contribution for calendar year 2008 is not available.

### **Note 11: POST-RETIREMENT BENEFITS**

As indicated in Note 10 above, employees of the City of Corbin City are members of the Public Employees' Retirement System (PERS) however, as of December 31, 2010 there is no liability for post-retirement benefits.

### **Note 12: ACCRUED SICK AND VACATION BENEFITS**

The City does not permit employees to accrue unused vacation or sick pay.

### **Note 13: ECONOMIC DEPENDENCY**

The City of Corbin City is not economically dependent on any one business or industry within the City.

### **Note 14: LITIGATION**

From time to time, the City is a defendant in legal proceedings relating to its operations as a municipality. There are presently no outstanding lawsuits that would result in a contingent liability to the City.

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

**Note 15: 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. During the year ended December 31, 2010 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**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 current year (information for the preceding two years was not available):

Calendar <u>Year</u>	City <u>Contributions</u>	Interest <u>Earned</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2010	4,795	1	1,171	1,260	5,684
2009					977

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

**Note 16: INTERFUND BALANCES**

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

	<u>From</u>	<u>To</u>
Current Fund:		
Animal Control Fund	1,691	
Other Trusts	11,439	
Grant Fund	24,997	
General Capital Fund	17	
Unemployment Trust		4,795
Grant Fund:		
Current Fund		24,997
Trust Fund:		
Current -		
Other Trusts		11,439
Unemployment Trust	4,795	
Animal Control Fund		1,691
General Capital Fund:		
Current Fund		17
	<u>42,939</u>	<u>42,939</u>

The balances are primarily the result of interest being earned on funds that are due to the current fund. In addition, the grant fund had prior year cancellations that related to current fund expenditures.

**Note 17: SUBSEQUENT EVENTS**

The City received property known as the Carl Road School in a transfer from the Corbin City Board of Education. Along with the property, the City also received cash of approximately \$85,000 to use for the ongoing maintenance and operation of the property until the final disposition of the school has been determined.

The City has evaluated other subsequent events through March 31, 2011, the date the financial statements were available to be issued and did not identify any other significant events for disclosure.



## **SUPPLEMENTARY DATA**

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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 Corbin City, New Jersey

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

Internal Control Over Financial Reporting

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

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

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

We noted certain matters that we reported to management of the City of Corbin City, New Jersey in a separate letter dated March 31, 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.

*Robert E. Swartz, CPA*

Robert E. Swartz, CPA  
Registered Municipal Accountant  
No. 319

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

March 31, 2011

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 201**

Federal or State Grantor/Pass - Through Grantor/Program Title	CFDA#	Grant Period	Program or Award Amount	Balance at 1/1/2010	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cancelled	Balance at 12/31/2010	Total Cumulative Expenditures
US Department of Agriculture Rural Development		2007	\$ 90,000	\$ 83,129		40,909		42,220	47,780
US Department of HUD CDBG - Atlantic County: ADA - City Hall Improvements	14.218	2005	15,000	1,531				1,531	13,469
ADA - City Hall Improvements	14.218	2006	15,000	15,000				15,000	-
ADA - City Hall Improvements	14.218	2008	15,000	15,000				15,000	-
Housing Rehabilitation	14.218	2009	15,000	15,000	15,000			15,000	-
	14.218	2010						15,000	-
<b>Total Federal Assistance</b>				<b>\$ 129,660</b>	<b>15,000</b>	<b>40,909</b>	<b>-</b>	<b>103,751</b>	

**SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal or State Grantor/Pass - Through Grantor/Program Title	Pass-Through Grantor's #	Grant Period	Program or Award Amount	Balance at 1/1/2010	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cancelled	Balance at 12/31/2010	Total Cumulative State Expenditures
State of New Jersey									
Administrative Office of the Courts									
Alcohol and Rehab Fund		2002	\$ 3	\$ 3	50			3	-
Alcohol and Rehab Fund		2010	50					50	-
Department of Community Affairs									
Smart Planning Grant			35,000	5,331		5,331		-	35,000
Share Grant		2009	20,000	6,065		1,000		5,065	14,935
Department of Environmental Protection									
Clean Communities Act		2006	4,000	4,000		2,176	1,824	-	2,176
Clean Communities Act		2007	4,000	945		945		-	4,000
Clean Communities Act		2008	4,000	4,000			4,000	-	-
Clean Communities Act		2009	4,000	4,000			4,000	-	-
Clean Communities Act		2010			4,000			4,000	-
Recycling Tonnage Grant		2004	261	261				261	-
Recycling Tonnage Grant		2007	610	610				610	-
Recycling Tonnage Grant		2008	110	110				110	-
Recycling Tonnage Grant		2009	197	197				197	-
Recycling Tonnage Grant		2010	429		429			429	-
Stormwater Grant		2006	9,062	6,721				6,721	2,341
Stormwater Grant		2009	1,510	1,510				1,510	-
<b>Total State Assistance</b>			<b>\$ 33,753</b>		<b>4,479</b>	<b>9,452</b>	<b>9,824</b>	<b>18,956</b>	

SEE ACCOMPANYING AUDITOR'S REPORT

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2010**

**Note 1: BASIS OF PRESENTATION**

The accompanying schedule of state awards includes the state grant activity of the City of Corbin City, New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a regulatory basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs.

**Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statement. Receipts from state grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

		State
Expenditures per Schedule of State Awards	\$	9,452
Expenditure per Schedule of Federal Awards		<u>40,909</u>
Total State and Federal Expenditures		<u>50,361</u>
Expenditures reported in Basic Financial Statements		<u>57,580</u>
Difference	\$	<u><u>7,219</u></u>

The \$7,219 is an expenditure against a grant awarded by the County of Atlantic

***AUDIT FINDINGS AND RESPONSES***

**None**

***STATUS OF PRIOR RECOMMENDATIONS***

**None**



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>	
Balance December 31, 2009			\$888,550
Increased by Receipts:			
Collector	A-5	\$ 1,105,550	
Revenue Accounts Receivable	A-8	58,636	
State of New Jersey Senior Citizens		8,000	
Marriage Licences		25	
Miscellaneous Revenue	A-2	26,299	
Due from Capital fund	C-2	26,551	
State of New Jersey:			
Reserve for In Lieu-Green Acres	A	47,046	
Due to Grant Fund	A-11	<u>43,414</u>	
			<u>1,315,521</u>
			2,204,071
Decreased by Disbursements:			
2010 Appropriations	A-3	312,400	
2009 Appropriation Reserves	A-9	4,339	
Encumbrances Payable		13,551	
Due from Capital Fund	C-3	18,292	
Due from Grant Fund	A-12	57,580	
Marriage licenses		25	
County Taxes		183,271	
Local District School Tax	A-10	<u>786,464</u>	
			<u>1,375,922</u>
Balance December 31, 2010	A		<u><u>\$828,149</u></u>

SEE ACCOMPANYING AUDITOR'S REPORT

**CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2009	A	\$	-
Increased by Receipts:			
Prepaid Taxes - 2011		\$	14,803
Taxes Receivable	A-6		1,075,800
Tax Title Liens	A-7		3,786
Interest and Costs on Taxes	A-2		<u>11,161</u>
			<u>1,105,550</u>
			1,105,550
Decreased by Disbursements:			
Payment to Treasurer	A-4		<u>1,105,550</u>
Balance December 31, 2010	A	<u>\$</u>	<u>-</u>

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

YEAR	BALANCE Dec. 31, 2009	2010 LEVY	ADDED TAXES	DISALLOWED SENIOR CITIZEN	OVERPAYMENTS CREATED	COLLECTIONS BY CASH OVERPAYMENTS			CANCELLATIONS	TRANSFERRED TO TAX TITLE LIENS	TRANSFERRED TO ARREARS	BALANCE Dec. 31, 2010
						2009	2010	APPLIED				
2008	\$ 73,127											10
2009						72,926						191
	73,127					72,926						201
2010		1,052,288	36,100			12,925	1,011,124		1,773	5,019		57,547
	\$ 73,127	1,052,288	36,100			12,925	1,084,050		1,773	5,019		57,748

Ref. A

A-7

A

Cash Collected	A-5	1,075,800
Senior Citizen & Veteran Allowances		<u>8,250</u>
		<u>1,084,050</u>

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

Analysis of 2010 Property Tax Levy

Tax Yield			
General Property Tax		\$1,052,288	
Added Taxes (54:4-63.1,63.12 et.seq.)		<u>36,100</u>	
			<u>\$ 1,088,388</u>
Tax Levy	<u>Ref.</u>		
Local District School Tax (Abstract)	A-10	786,464	
County Tax (Abstract)		152,406	
County Library		16,377	
County Health		9,930	
County Open Space Preservation		2,836	
Due County for Added and Omitted Taxes (54:4-63.1,63.12 et. seq.)		<u>6,270</u>	
			974,283
Local Tax for Municipal Purposes		84,276	
Add: Additional Tax Levied		<u>29,829</u>	
Local Tax for Municipal Purposes Levied			<u>114,105</u>
			<u>\$1,088,388</u>

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2009	A		\$16,403
Increased by:			
Transfers from Taxes Receivable	A-6	\$ 5,019	
Prior year adjustment		1,212	
Interest and Costs on Tax Sales Dated July 13, 2010	Res.	<u>54</u>	
			<u>6,285</u>
Decreased By:			
Collections	A-5	<u>3,786</u>	
			<u>3,786</u>
Balance December 31, 2010	A		<u><u>\$18,902</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

<u>Ref.</u>	BALANCE DEC. 31, 2009	ACCRUED IN 2010	COLLECTED BY COLLECTOR	TREASURER	BALANCE DEC. 31, 2010
Municipal Court:					
Fines and Costs	\$ 581	(581)			-
Alcoholic Beverages		1,500		1,500	-
Fees and Permits		2,055		2,055	-
Misc Refunds	550	(550)			-
Energy Receipts Tax		55,076		55,076	-
Consolidated Municipal Property Tax Relief Act		5		5	-
	<u>\$ 1,131</u>	<u>57,505</u>	<u>-</u>	<u>58,636</u>	<u>-</u>

Ref.	A	Res.	A-5	A-4	A
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SEE ACCOMPANYING AUDITOR'S REPORT

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

	BALANCE DEC. 31, 2009	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDED
Municipal Clerk	\$ 11,869	11,869	23	11,846	
Other Expenses					
Financial Administration					
Other Expenses	1,151	1,151	209	942	
Tax Assessor					
Other Expenses	443	443	10	433	
Solid Waste Collection	1,104	1,104	935	169	
Zoning					
Other Expenses	1,736	1,736	35	1,701	
Municipal Court					
Other Expenses	8,435	8,435	2,500	5,935	
Electric	2,707	2,707	137	2,570	
Telephone	739	739	145	594	
Street Lighting	1,883	1,883	301	1,582	
Natural Gas	1,089	1,089	44	1,045	
Other Accounts - No Changes	82,010	82,010		82,010	
	<u>\$ 113,166</u>	<u>113,166</u>	<u>4,339</u>	<u>108,827</u>	<u>-</u>
	A	A	A-4	A-1	

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>		
Balance December 31, 2009			
School Tax Payable	A	\$ 349,941	
School Tax Deferred		<u>43,291</u>	
			\$ 393,232
Increased By:			
Levy - School Year July 1, 2010 to June 30, 2011	A-1:A-6		<u>786,464</u>
			1,179,696
Decreased By:			
Payments	A-4		<u>786,464</u>
Balance December 31, 2010			
School Tax Payable	A	353,232	
School Tax Deferred	A	<u>40,000</u>	
			<u><u>393,232</u></u>
2010 Liability for Local School Tax:			
Tax Paid		786,464	
Tax Payable 12/31/2010		<u>353,232</u>	
			1,139,696
Less: Tax Payable 12/31/2009		<u>349,941</u>	
Amount Charged to 2010 Operations	A-1		<u><u>\$789,755</u></u>



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

<u>Purpose</u>	<u>Balance Dec. 31, 2009</u>	<u>Transferred from 2010 Budget Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2010</u>
Atlantic County Open Space Grant	\$ 682				682
Atlantic County Community Block Grant - 03	90				90
Atlantic County Community Block Grant - 05	3,284				3,284
Atlantic County Community Block Grant - 07	15,000				15,000
Atlantic County Community Block Grant - 08	15,000				15,000
Atlantic County Community Block Grant - 09	15,000				15,000
Atlantic County Community Block Grant - 10		15,000			15,000
US Rural Development Grant	90,000				90,000
DC/A-Smart Future Planning Grant - Comm Vision	35,000		35,000		-
Department of Community Affairs	11,010		5,945		5,065
Atlantic County Open Space Grant Financial Assistance Program	90,000				90,000
Community Development Block Grant	1,564				1,564
Recycling		429	429		-
	<u>\$ 276,630</u>	<u>15,429</u>	<u>41,374</u>	<u>-</u>	<u>250,685</u>

Ref.	A	A-2	A-4	A
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SEE ACCOMPANYING AUDITOR'S REPORT

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>Transferred from 2010 Budget Appropriations</u>	<u>Expended</u>	<u>Encumbrances</u>	<u>Cancellation of Reserve</u>	<u>Balance Dec. 31, 2010</u>
Reserve for Municipal Court Alcohol Education and Rehab	\$ 3					3
Clean Community Program - 2007	945		945			-
Clean Community Program - 2008	4,000		2,176		1,824	-
Clean Community Program - 2009	4,000				4,000	-
Reserve Clean Community Program - 2006	4,000				4,000	-
Stormwater Program	6,721					6,721
Reserve for Stormwater - 2009	1,510					1,510
Recycling Tonnage Grant - 2004	261					261
Recycling Tonnage Grant - 2007	610					610
Recycling Tonnage Grant - 2008	110					110
Recycling Tonnage Grant - 2009	197					197
ADA City Hall Improvements - 2005	1,531					1,531
ADA City Hall Improvements - 2006	15,000					15,000
ADA City Hall Improvements - 2008	15,000					15,000
Housing Rehab - 2009	15,000	15,000				15,000
Housing Rehab - 2010		429				429
2010 Recycling						
City Matching Share - 2007	20,200					20,200
US Rural Development Grant - 2007	83,129		40,909			42,220
DCA-Smart Planning Grant-Comm Vision-2008	5,331		5,331			-
Department of Community Affairs-Share Grant	6,065		1,000			5,065
Atlantic County Open Space Financial Assistance Grant	90,000		7,219			82,781
	<u>\$ 273,613</u>	<u>15,429</u>	<u>57,580</u>	<u>-</u>	<u>9,824</u>	<u>221,638</u>
Ref.	A	A-3	A-4	A		A

SEE ACCOMPANYING AUDITOR'S REPORT

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	Transferred to	<u>2010 Budget Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2010</u>
Recycling Tonnage Grant	\$ 429		429		-
Clean Communities				4,000	4,000
Alcohol Rehab	<u>\$ 429</u>		<u>429</u>	<u>50</u> <u>4,050</u>	<u>50</u> <u>4,050</u>
Ref.	A		A-11	A-4	A

SEE ACCOMPANYING AUDITOR'S REPORT

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2009	B	\$2,244	34,772
Increased By:			
Interest	B-6; 9; 10	3	49
Dog License Fees		797	
Due from Current - Payroll			115,944
Building Permits	B-7		7,380
Planning & Zoning Escrow Fees	B-10		2,218
Unemployment			909
Tax Title Lien Redemptions			33,308
		<u>800</u>	<u>159,808</u>
		3,044	194,580
Decreased By:			
State Animal Control Fees	B-5	146	
Tax Title Lien Redemptions			33,308
Payroll			113,729
Due to Current Fund -			
Dog License Fees		276	
Unemployment			1,260
Adjustment to cash beginning balance			7,091
Payments to Professionals -			
Planning & Zoning Escrow	B-10		<u>3,334</u>
		<u>422</u>	<u>158,722</u>
Balance December 31, 2010	B	<u><u>\$2,622</u></u>	<u><u>35,858</u></u>

**Analysis of Balance @ 12/31/2010**

Payroll Account	6,886
Unemployment Trust	657
Planning and Zoning Escrow	10,957
Small Cities	6,788
USDA	101
Tax Title Lien Redemption	8,799
Historic Survey	1,670
TTL Premiums	
	<u><u>\$35,858</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

	<u>Ref.</u>	
Balance December 31, 2009	B	\$1,006
Increased by:		
Dog License Fees Collected		797
Kennel Licenses		
		797
		1,803
Decreased by:		
Expenditures Under N.J.S.A. 4:19-15.11		422
Statutory Excess Due Current Fund	B-3	450
		872
Balance December 31, 2010	B	\$931

License Fees Collected	<u>Year</u>	<u>Amount</u>
	2009	442
	2008	489
		\$931
		\$931

**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT FUND -  
ANIMAL CONTROL FUND**

	<u>Ref.</u>	
Balance December 31, 2009	A:B	\$ 1,241
Increased by:		
Statutory Excess in Reserve for Dog Fund Expenditures	B-3	450
		450
Balance December 31, 2010	A:B	\$ 1,691

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

	<u>Ref.</u>	
Decreased by Disbursements:	B	\$ (4)
Increased by:		
2010 State License Fees	B-2	142
Adustment	B-2	8
		150
		146
Decreased By:		
Payments	B-1	146
		146
	B	\$ -

**TRUST FUND  
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2009	B		\$3,332
Increased By:			
Prior Year Adjustment		1,339	
Interest on Investments	B-1	8	
Due from Current Fund		<u>115,936</u>	
			117,283
Decreased By:			
Disbursements	B-1	112,820	
Transfer to Unemployment	B-8	909	
Due to Unemployment	B-8	232	
Due to Current Fund		<u>3,491</u>	
			117,452
Balance December 31, 2010	B		<u><u>\$3,163</u></u>
<b>Analysis of Balance</b>			
Fed WH		711	
Fica		2,235	
NJ Withholding Tax		186	
NJ Family Leave		31	
		<u>          </u>	<u><u>\$3,163</u></u>

**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT**

	<u>Ref.</u>	
Balance December 31, 2009	B	\$4,059
Increased By:		
Interest & Prior year adjustment	B	7,380
		7,380
Balance December 31, 2010	B	\$11,439

**Analysis of Balance**

Payroll Trust		3,491
Historical Trust		233
Developers Escrow		7,715
		\$11,439

**TRUST FUND  
SCHEDULE OF RESERVE FOR HISTORICAL SOCIETY EXPENDITURES**

	<u>Ref.</u>	
Balance December 31, 2009	B	\$1,430
Increased By:		
Prior year adjustment		5
Interest		2
		7
Balance December 31, 2010	B	\$1,437



**TRUST FUND  
SCHEDULE OF RESERVE FOR UNEMPLOYMENT**

	<u>Ref.</u>		
Balance December 31, 2009	B		\$1,007
Increased by:			
Interest Earned	B-1	1	
Payroll Transfer	B-5	909	
Due from Payroll	B-5	232	
Budget Appropriation - Current Operating Budget	B-1	4,795	
		<hr/>	<hr/>
			5,937
			6,944
Unemployment claims			1,260
			<hr/>
Balance December 31, 2010	B		<u><u>\$5,684</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW**

	<u>Ref.</u>		
Balance December 31, 2009	B		\$7,584
Increased by:			
Interest Earned	B-1	15	
Escrow Deposits	B-1	2,218	
		<hr/>	<hr/>
			2,233
			9,817
Decreased by:			
Due to Current Fund		3,241	
Disbursements to Professionals	B-1	3,334	
		<hr/>	<hr/>
			6,575
Balance December 31, 2010	B		<u><u>\$3,242</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2010
	Dec. 31, 2009		Misc.	Bond Anticipation Note	Improvement Authorizations	Misc.	From	To	
Capital Improvement Fund	\$ 80,943		18,292						99,235
Due to Current Fund	26,551		17		26,551				17
<u>Improvement Authorizations</u>									
5-94 Purchase of Computer, Printer and Related Equipment and the Purchase and Installation of Street Lights	5,243				1,332				3,911
5-97 Purchase and Installation of Street Lights	106								106
4-00 Construction of Storm Drainage System	16,825								16,825
6-04 Construction of ADA Ramp	1,457								1,457
2007 Install Gazebo at the City Beach	404								404
2007 Improvements to Municipal Building	20,000								20,000
11-09 Improvements to Municipal Building	15,725				7,300				8,425
	<u>\$ 167,254</u>		<u>18,309</u>	<u>-</u>	<u>35,183</u>		<u>-</u>	<u>-</u>	<u>150,380</u>

Ref. C

C-5

C

**GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT FUND**

	<u>Ref.</u>		
Balance December 31, 2009	C:A		\$26,551
Increased by:			
Interest on Bank Account	C-2	\$ 17	
2010 Budget Appropriations:			
Capital Improvement Fund	C-2	<u>18,292</u>	
			18,309
Decreased by:			
Received in Cash	A-4	18,292	
Paid to Current Fund	A-4	<u>26,551</u>	
			<u>44,843</u>
Balance December 31, 2010	C:A		<u><u>\$17</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2009	C	\$80,943
Increased by:		
2010 Budget Appropriation	C-1	<u>18,292</u>
Balance December 31, 2010	C	<u><u>\$99,235</u></u>

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

IMPROVEMENT DESCRIPTION	ORD. DATE	ORD. No.	AMOUNT	Dec. 31, 2009		2010 AUTHORIZATIONS		PAID OR		Dec. 31, 2010	
				FUNDED	UNFUNDED	CAPITAL IMPROVEMENT FUND	CHARGED	ENCUMBRANCES CANCELLED	FUNDED	UNFUNDED	
Purchase of Computer, Printer and Related Equipment and the Purchase and Installation of Street Lights	7/11/94	5-94	32,300 \$	5,244			1,333				3,911
Purchase and Installation of Street Lights	7/14/97	5-97	9,000	106							106
Construction of Storm Drainage System	2/28/00	4-00	347,000	16,825							16,825
Construction of ADA Ramp	12/13/04	6-04	20,565	1,457							1,457
Install Gazebo at the City Beach	11/13/07	2007		404							404
Improvements to Municipal Building	11/13/07	2007		20,000							20,000
Improvements to Municipal Buildings	11/9/09	11-09		15,725			7,300				8,425
			\$	59,761			8,633				51,128
			Ref.	C	C	C-2	C-1	C	C	C	C

**GENERAL CAPITAL FUND  
SCHEDULE OF RURAL DEVELOPMENT BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
			Date	Amount					
Various General Improvements	1/4/02	280,000	2011	\$ 3,779	4.500%				
			2012	3,951	4.500%				
			2013	4,131	4.500%				
			2014	4,319	4.500%				
			2015	4,515	4.500%				
			2016	4,721	4.500%				
			2017	4,936	4.500%				
			2018	5,160	4.500%				
			2019	5,395	4.500%				
			2020	5,640	4.500%				
			2021	5,897	4.500%				
			2022	6,165	4.500%				
			2023	6,446	4.500%				
			2024	6,739	4.500%				
			2025	7,046	4.500%				
			2026	7,367	4.500%				
			2027	7,702	4.500%				
			2028-2042	156,322	4.500%	257,460		3,615	253,845
						\$ 257,460	-	3,615	253,845

C                      C-2:5                      C-5                      C

SEE ACCOMPANYING AUDITOR'S REPORT

**CITY OF CORBIN CITY**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2010**

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## **GENERAL COMMENTS**

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or 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 \$26,000, except by contract or agreement."

The governing body of the City of Corbin City has the responsibility of determining whether the expenditures in any category will exceed \$21,000 (between January 1, 2010 and June 30, 2010) or \$26,000 (effective July 1, 2010) within the fiscal year. Where a question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested by public advertising during the 2010 calendar year.

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 (between January 1, 2010 and June 30, 2010) or \$26,000 (effective July 1, 2010) "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement 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 3, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Mayor and Common Council of the City of Corbin City, County of Atlantic and State of New Jersey, that:

During the year 2010, all taxes will be due and payable in four (4) installments,

on the first day of February, May, August and November, and

WHEREAS, pursuant to N.J.S.A. 54:4-67 and N.J.S.A. 54:5-61, the City of Corbin City may charge interest penalties of delinquent taxes and tax title liens; and

WHEREAS, it is the intention of the City to adopt the penalties as provided in the statutes aforesaid;

NOW, THEREFORE, BE IT RESOLVED, by the Common Council of the City of Corbin City, County of Atlantic and State of New Jersey, that pursuant to N.J.S.A. 54:4-67, interest shall be charged for the non-payment of taxes beginning on the tenth calendar day following the date upon which the same became payable, at the rate of eight (8%) percent per annum on the first \$1,500 of the delinquency, and at the rate of eighteen (18%) percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax was payable until the date of actual payment. Should the combination of interest, taxes and other municipal charges accumulate to a delinquency totaling in excess of \$10,000.00, an additional interest penalty shall be added at the rate of six (6%) percent per annum on top of all taxes, interest and charges due.

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

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

The tax sale was held on July 31, 2010 and was not complete. Certain properties that were in bankruptcy were not included in the sale.

The following comparison is made of the number of tax title liens receivable on December 31st the number for the last three years was not available:

<u>Year</u>	<u>Number</u>
2010	8

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

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>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2010	\$1,088,388	1,024,049	94.08%
2009	1,031,971	954,884	92.53%
2008	1,113,621	1,040,197	93.41%
2007	1,010,692	950,649	94.05%

### Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	3.216	3.187	3.370	3.349
Apportionment of Tax Rate:				
Municipal	0.258	0.207	0.144	0.144
County	0.555	0.526	1.194	1.172
Local School	2.403	2.454	1.022	1.007
Assessed Valuation	32,726,880	32,053,300	30,546,300	29,499,500

### 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 four 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	\$17,636	57,748	75,384	6.93%
2009	16,403	73,127	89,530	8.68%
2008	11,059	70,687	81,746	7.34%
2007	6,953	58,813	65,767	6.51%

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

Very truly yours,

*Robert E. Swartz, CPA*

Robert E. Swartz, CPA  
Registered Municipal Accountant  
No. 319

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

March 31, 2011