

Report of Audit

on the

Financial Statements

of the

City of Margate City

in the

County of Atlantic
New Jersey

for the

Year Ended
December 31, 2008

CITY OF MARGATE CITY

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CITY OF MARGATE CITY

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2008



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board
of Commissioners
City of Margate City
County of Atlantic
Margate City, New Jersey 08402

We have audited the accompanying financial statements - statutory basis of the various individual funds and the account group of the City of Margate City, County of Atlantic, New Jersey as of December 31, 2008 and 2007, and for the year ended December 31, 2008 as listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory basis are the responsibility of the management of the City of Margate City, County of Atlantic. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards issued by the Comptroller General of the United States, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Margate City, County of Atlantic, prepares its financial statements on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In our opinion, because the City of Margate City prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the various individual funds of the City of Margate City as of December 31, 2008 and 2007 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2008.


However, in our opinion, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds and account groups of the City of Margate City, County of Atlantic, as of December 31, 2008 and 2007, and the results of its operations and changes in fund balance - statutory basis for the years then ended and the revenues, expenditures and changes in fund balance - statutory basis for the year ended December 31, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2009 on our consideration of the City of Margate City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - statutory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the City of Margate City, County of Atlantic, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 7, 2009

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CURRENT FUND

CITY OF MARGATE CITY

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
<u>ASSETS</u>			
Cash		\$ 4,991,635.59	\$ 5,193,124.96
Investment		44,752.24	44,752.24
	A-4	\$ 5,036,387.83	\$ 5,237,877.20
Change Fund	A-7	650.00	650.00
Due State of New Jersey - Senior Citizens and Veterans	A-8	3,299.12	10,549.12
		\$ 5,040,336.95	\$ 5,249,076.32
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 596,741.61	\$ 583,724.19
Tax Title Liens Receivable	A-10	1,582.95	1,474.05
Property Acquired for Taxes - Assessed Valuation	A-22	138,557.50	138,557.50
Revenue Accounts Receivable	A-13	3,207.15	4,636.85
Interfunds Receivable	A-12	933.43	486.20
	A	\$ 741,022.64	\$ 728,878.79
Deferred Charges	A-32	\$ 51,936.69	\$ 200,000.00
	A	\$ 5,833,296.28	\$ 6,177,955.11
Grant Fund:			
Grants Receivable	A-29	\$ 18,146.77	\$ 15,746.77
Interfunds Receivable	A-10	63,115.62	104,392.69
	A	\$ 81,262.39	\$ 120,139.46
	A	\$ 5,914,558.67	\$ 6,298,094.57

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

CITY OF MARGATE CITY

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
Appropriation Reserves	A-3:A-14	\$ 597,781.46	\$ 549,923.47
Prepaid Taxes	A-18	624,008.48	714,125.09
Accounts Payable	A-21	48,960.05	47,509.81
Tax Overpayments	A-17	39,671.79	177,627.25
Interfunds Payable	A-12	63,115.62	107,202.32
Reserve For:			
Marriage and Civil Union Licenses Due State	A-19	175.00	
Burial Permits Due State	A-20	70.00	
Premium on Tax Sale	A-15	14,550.00	
Sale of Municipal Assets	A-27	16,157.20	14,386.00
Prepaid Revenue	A-28	12,273.00	84.00
State Tax Appeals	A-23	13,952.11	13,952.11
Master Plan	A-24	3,000.00	22,500.00
		<u>\$ 1,433,714.71</u>	<u>\$ 1,647,310.05</u>
Reserve for Receivables and Other Assets	A	741,022.64	728,878.79
Fund Balance	A-1	<u>3,658,558.93</u>	<u>3,801,766.27</u>
	A	<u>\$ 5,833,296.28</u>	<u>\$ 6,177,955.11</u>
Grant Fund:			
Reserve for Grants - Unappropriated	A-31	\$ 3,397.42	\$ 9,365.65
Reserve for Grants - Appropriated	A-30	<u>77,864.97</u>	<u>110,773.81</u>
	A	<u>\$ 81,262.39</u>	<u>\$ 120,139.46</u>
	A	<u>\$ 5,914,558.67</u>	<u>\$ 6,298,094.57</u>

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

CITY OF MARGATE CITY

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - STATUTORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2008	YEAR ENDED DECEMBER 31, 2007
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 2,209,000.00	\$ 2,291,000.00
Miscellaneous Revenue Anticipated	A-2	2,611,426.29	2,930,784.62
Receipts From Delinquent Taxes	A-2	586,624.22	686,512.67
Receipts From Current Taxes	A-2	40,746,401.09	39,205,175.11
Non-Budget Revenue	A-2	261,643.20	246,411.90
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	402,352.89	258,301.24
Tax Overpayments Canceled	A-17	56,861.52	66,508.59
Reserves Canceled			250.00
Accounts Payable Canceled	A-21	1,435.90	
Interfunds Returned			5,421.70
<u>TOTAL REVENUE AND OTHER INCOME</u>		<u>\$ 46,875,745.11</u>	<u>\$ 45,690,365.83</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS"	A-3	\$ 16,404,550.00	\$ 15,744,150.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	413,100.00	418,000.00
Other Operations Excluded From "CAPS"	A-3	2,584,722.23	2,016,548.47
Municipal Debt Service	A-3	2,871,017.86	2,553,548.69
Capital Improvements	A-3	270,000.00	199,500.00
Deferred Charges	A-3	152,145.71	170,000.00
Type I School Debt Service	A-3	1,500,000.00	1,483,750.00
County Tax	A-26	10,415,960.08	10,588,384.32
County Share of Added Taxes	A-26	28,828.03	42,580.54
Local District School Tax	A-25	10,173,118.00	10,173,118.00
Interfunds Advanced		447.23	
Refund of Prior Year Revenue			1,310.78
<u>TOTAL EXPENDITURES</u>		<u>\$ 44,813,889.14</u>	<u>\$ 43,390,890.80</u>
Excess in Revenue		\$ 2,061,855.97	\$ 2,299,475.03
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-33	\$ 3,936.69	\$ 60,000.00
Statutory Excess to Fund Balance		\$ 2,065,792.66	\$ 2,359,475.03
Fund Balance, January 1	A	\$ 3,801,766.27	\$ 3,733,291.24
Decreased by:		\$ 5,867,558.93	\$ 6,092,766.27
Utilization as Anticipated Revenue	A-1:A-2	<u>2,209,000.00</u>	<u>2,291,000.00</u>
Fund Balance, December 31	A	<u>\$ 3,658,558.93</u>	<u>\$ 3,801,766.27</u>

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

CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS

YEAR ENDED DECEMBER 31, 2008

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	NJSA 40A: 4-87		
Fund Balance Anticipated	A-1	\$ 2,209,000.00		\$ 2,209,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	\$ 9,634.00	\$	\$ 9,735.00	\$ 101.00
Other	A-2	13,000.00		18,694.50	5,694.50
Fees and Permits:					
Construction Code Official	A-13	230,000.00		289,341.00	59,341.00
Other	A-2	128,000.00		122,711.03	(5,288.97)
Municipal Court:					
Fines and Costs	A-13	139,000.00		137,790.51	(1,209.49)
Interest and Costs on Taxes	A-13	113,000.00		138,700.04	25,700.04
Interest on Investments and Deposits	A-13	90,000.00		133,847.33	43,847.33
Beach Fees	A-2	232,000.00		252,120.50	20,120.50
Cable TV Franchise Fee	A-13	50,000.00		56,785.39	6,785.39
Energy Receipts Tax	A-13	880,623.00		880,623.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-29		15,746.77	15,746.77	
Body Armor Replacement Fund	A-29	3,981.82		3,981.82	
Recycling Tonnage Grant	A-29	1,704.95	6,743.10	8,448.05	
Clean Communities Program	A-29	1,678.88	19,641.02	21,319.90	
Buckle Up South Jersey	A-29	2,000.00		2,000.00	
Occupant Protection Program- Click it or Ticket	A-29		4,000.00	4,000.00	
COPS in Shops	A-29		2,000.00	2,000.00	
Uniform Fire Safety Act	A-13	11,000.00		12,743.57	1,743.57
Capital Surplus	A-13	270,000.00		270,000.00	
Beach Vending License	A-13	50,000.00		25,000.00	(25,000.00)
Ambulance Billing	A-13	150,000.00		205,837.88	55,837.88
<u>Total Miscellaneous Revenues</u>	A-1	\$ 2,375,622.65	\$ 48,130.89	\$ 2,611,426.29	\$ 187,672.75
Receipts From Delinquent Taxes	A-1:A-9	\$ 525,000.00		\$ 586,624.22	\$ 61,624.22
Amt. to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-9	\$ 19,130,927.71			
Local Tax for School Purposes	A-9	1,500,000.00			
	A-2	\$ 20,630,927.71		\$ 21,721,494.98	\$ 1,090,567.27
<u>BUDGET TOTALS</u>		\$ 25,740,550.36	\$ 48,130.89	\$ 27,128,545.49	\$ 1,387,995.13
Non-Budget Revenues	A-2			261,643.20	261,643.20
		\$ 25,740,550.36	\$ 48,130.89	\$ 27,390,188.69	\$ 1,649,638.33
	REF.	A-3	A-3		

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

CITY OF MARGATE CITY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2008

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A:9	\$ 40,746,401.09
Allocated To:		
County Taxes	A-9	\$ 10,444,788.11
Local District School Taxes	A-9	10,173,118.00
		<hr/>
Balance for Support of Municipal Budget Appropriations		\$ 20,128,494.98
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	1,593,000.00
		<hr/>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>21,721,494.98</u>
Licenses - Other:		
Clerk	A-13	\$ 13,283.50
Registrar	A-13	111.00
Building	A-13	5,300.00
		<hr/>
	A-2	\$ <u>18,694.50</u>
Other - Fees and Permits:		
Clerk	A-13	\$ 62,189.03
Building	A-13	60,659.00
Registrar	A-13	1,123.00
Tax Search	A-13	100.00
		<hr/>
		\$ 124,071.03
Less: Refunds	A-4	1,360.00
		<hr/>
	A-2	\$ <u>122,711.03</u>
Beach Fees	A-13	\$ 252,036.50
Add:		
Prepaid Applied	A-28	84.00
		<hr/>
	A-2	\$ <u>252,120.50</u>

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

CITY OF MARGATE CITY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2008

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:			
Tax Abatement		\$	29,706.00
Lease Municipal Property			12,877.40
State Housing Inspections			3,002.00
Cell Tower Rent			57,500.00
Miscellaneous			22,691.48
City Auction			1,395.00
Escrow Administration Fees			477.47
Lifeguard Advertising			14,000.00
Beach Donation			1,000.00
Reimbursement of Prior Year Costs			38,510.47
Lucy Committee			5,680.80
DMV Inspection Fees			1,147.38
Lease of Land			24,858.30
City Library Rent			45,000.00
Senior Citizens and Veterans Administrative Fee			2,730.00
			<hr/>
	A-4		\$ 260,576.30
Tax Collector	A-5		443.00
Reserve for Excess Animal Control Expenditures	A-12		758.40
			<hr/>
		\$	261,777.70
Less: Refunds	A-4		<hr/>
			134.50
<u>Total Non-Budget Revenue</u>	A-1:A-2	\$	<hr/> <hr/>
			261,643.20

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

CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>Operations Within "CAPS"</u>					
<u>Dept. of Public Affairs & Public Safety</u>					
Director - Public Affairs & Public Safety:					
Salaries and Wages	\$ 21,000.00	\$ 21,000.00	\$ 20,800.00	\$ 200.00	\$
Other Expenses	2,000.00	2,000.00	1,944.06	55.94	
Police:					
Salaries & Wages	3,797,000.00	3,775,000.00	3,719,602.35	55,397.65	
Other Expenses	192,000.00	202,000.00	193,863.34	8,136.66	
Municipal Prosecutor:					
Salaries and Wages	22,500.00	22,500.00	21,888.04	611.96	
Fire:					
Salaries and Wages	2,864,000.00	2,875,000.00	2,874,499.84	500.16	
Other Expenses	110,000.00	109,000.00	97,646.09	11,353.91	
Fire Prevention Bureau:					
Salaries and Wages	8,500.00	8,500.00	7,143.25	1,356.75	
Other Expenses	2,000.00	2,200.00	2,177.39	22.61	
Fire Safety Official:					
Salaries and Wages	11,000.00	11,000.00	10,816.00	184.00	
Other Expenses	10,000.00	5,000.00	4,483.91	516.09	
Uniform Fire Safety Act:					
Salaries and Wages	14,600.00	15,100.00	14,815.34	284.66	
Other Expenses	900.00	900.00	90.00	810.00	
Lifeguards:					
Salaries and Wages	442,000.00	442,500.00	442,186.57	313.43	
Other Expenses	22,000.00	23,000.00	22,767.33	232.67	
Beach Front Maintenance:					
Salaries and Wages	49,000.00	49,000.00	49,000.00		
Other Expenses	10,000.00	9,800.00	9,757.75	42.25	
Planning Board:					
Salaries and Wages	101,500.00	101,500.00	101,439.85	60.15	
Other Expenses	14,000.00	14,000.00	13,756.78	243.22	
Master Plan					
Zoning Commission:	15,000.00	15,000.00	14,839.70	160.30	
Other Expenses					
Legal Services and Costs:					
Salaries and Wages	75,500.00	75,500.00	75,368.19	131.81	
Other Expenses	55,000.00	85,000.00	77,093.53	7,906.47	
Board of Health:					
Salaries and Wages	100.00	100.00		100.00	
Other Expenses	50.00	50.00		50.00	
Aid to Health Care Facilities:					
Atlantic City Hospital	1,000.00	1,000.00		1,000.00	
Shore Memorial Hospital	1,000.00	1,000.00		1,000.00	
Emergency Management Services:					
Salaries and Wages	3,500.00	3,500.00	3,134.26	365.74	
Dog Regulation:					
Other Expenses	7,500.00	7,500.00	7,441.00	59.00	
Municipal Court:					
Salaries and Wages	191,000.00	191,000.00	186,419.82	4,580.18	
Other Expenses	25,000.00	20,000.00	19,139.59	860.41	
Public Defender:					
Other Expenses	4,500.00	4,500.00	3,600.00	900.00	

CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>Dept. of Revenue & Finance</u>					
Director - Revenue & Finance:					
Salaries and Wages	\$ 253,000.00	\$ 253,000.00	\$ 252,781.41	\$ 218.59	\$
Other Expenses	56,000.00	56,000.00	52,166.64	3,833.36	
Financial Administration:					
Audit	32,500.00	32,500.00	32,250.00	250.00	
Other Expenses	5,000.00	5,000.00	5,000.00		
Assessment of Taxes:					
Salaries and Wages	182,000.00	182,000.00	179,992.89	2,007.11	
Other Expenses	51,000.00	51,000.00	29,854.45	21,145.55	
Collection of Taxes:					
Salaries and Wages	285,000.00	287,000.00	286,612.49	387.51	
Other Expenses	16,000.00	16,000.00	15,827.18	172.82	
Tax Search Officer:					
Salaries and Wages	19,000.00	19,000.00	18,214.98	785.02	
City Clerk:					
Salaries and Wages	128,000.00	128,000.00	123,130.63	4,869.37	
Other Expenses	2,000.00	2,000.00	1,880.38	119.62	
Liquidation of Tax Title Liens & Foreclosed:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Elections:					
Other Expenses	6,000.00	6,000.00	4,631.73	1,368.27	
Insurance:					
Liability Insurance	282,000.00	282,000.00	281,728.26	271.74	
Workmen Comp. Insurance	480,000.00	480,000.00	479,210.00	790.00	
Group Insurance Plan for Employees	2,354,000.00	2,321,400.00	2,217,927.77	103,472.23	
<u>Dept. of Public Works, Parks, & Property</u>					
Public Works - Director's Office:					
Salaries & Wages	95,000.00	96,500.00	96,258.77	241.23	
Other Expenses	1,000.00	1,000.00	756.59	243.41	
City Engineer:					
Other Expenses	95,000.00	95,000.00	77,238.30	17,761.70	
Street Repairs & Maintenance:					
Salaries & Wages	1,236,000.00	1,283,000.00	1,271,475.83	11,524.17	
Other Expenses	312,000.00	312,000.00	284,581.44	27,418.56	
Rubbish Removal:					
Other Expenses	765,500.00	720,500.00	668,460.36	52,039.64	
Playgrounds:					
Salaries & Wages	85,000.00	85,000.00	80,919.26	4,080.74	
Other Expenses	305,000.00	260,000.00	113,606.76	146,393.24	
Property & Improvement:					
Salaries & Wages	44,000.00	45,000.00	44,773.94	226.06	
Other Expenses	40,000.00	55,000.00	51,515.34	3,484.66	
Street Lighting:					
Other Expenses	165,000.00	165,000.00	160,669.71	4,330.29	
Celebration of Public Events:					
Other Expenses	72,000.00	77,000.00	74,152.41	2,847.59	
Construction Official:					
Salaries & Wages	346,000.00	346,000.00	337,668.22	8,331.78	
Other Expenses	85,000.00	85,000.00	83,277.14	1,722.86	
Electrical Inspector:					
Salaries & Wages	28,000.00	28,000.00	27,402.38	597.62	
Other Expenses	10,000.00	10,000.00	9,297.08	702.92	
<u>Unclassified</u>					
Municipal Service Act - Condo Law	1,000.00	1,000.00		1,000.00	
Feasibility Studies	5,000.00	5,000.00	5,000.00		
Ambulance Billing	20,000.00	20,000.00	13,364.62	6,635.38	

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

CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>Utility Expenses & Bulk Purchases</u>					
Electricity	\$ 170,000.00	\$ 168,000.00	\$ 149,768.82	\$ 18,231.18	\$
Telephone	85,000.00	85,000.00	71,100.09	13,899.91	
Natural Gas	65,000.00	65,000.00	57,053.84	7,946.16	
Gasoline	140,000.00	170,000.00	168,803.96	1,196.04	
<u>Total Operations Within "CAPS"</u>	\$ 16,400,150.00	\$ 16,397,050.00	\$ 15,824,067.65	\$ 572,982.35	\$
<u>Contingent</u>	\$ 7,500.00	\$ 7,500.00	\$ 750.00	\$ 6,750.00	\$
<u>Total Operations Including Contingent Within "CAPS"</u>	\$ 16,407,650.00	\$ 16,404,550.00	\$ 15,824,817.65	\$ 579,732.35	\$
<u>Deferred Charges and Statutory Expenditures Within "CAPS"</u>					
<u>Statutory Expenditures</u>					
Contribution To:					
Social Security System (O.A.S.I.)	\$ 395,000.00	\$ 395,000.00	\$ 377,381.70	\$ 17,618.30	\$
Unemployment Compensation Insurance	15,000.00	18,100.00	17,915.99	184.01	
<u>Total Deferred Charges and Statutory Expenditures Within "CAPS"</u>	\$ 410,000.00	\$ 413,100.00	\$ 395,297.69	\$ 17,802.31	\$
<u>Total General Appropriations Within "CAPS"</u>	\$ 16,817,650.00	\$ 16,817,650.00	\$ 16,220,115.34	\$ 597,534.66	\$
<u>Operations Excluded From "CAPS"</u>					
Maintenance of Free Public Library	\$ 1,163,000.00	\$ 1,163,000.00	\$ 1,163,000.00		\$
Contribution to:					
Police & Firemen's Retirement System of N.J.	1,083,370.00	1,083,370.00	1,083,370.00		
Public Employees Retirement System	262,419.00	262,419.00	262,172.20	246.80	
Recycling Tax	14,500.00	14,500.00	14,500.00		
<u>State and Federal Programs Offset by Revenues</u>					
Clean Communities Prog. (NJSA 40A: 4-87 +\$19,641.02)	1,678.88	21,319.90	21,319.90		
Buckle up South Jersey	2,000.00	2,000.00	2,000.00		
Click It or Ticket (NJSA 40A: 4-87 +\$4,000.00)		4,000.00	4,000.00		
Recycling Tonnage Grant (NJSA 40A: 4-87 +\$6,743.10)	1,704.95	8,448.05	8,448.05		
Cops In Shops (NJSA 40A: 4-87 +\$2,000.00)		2,000.00	2,000.00		
Body Armor Replacement Fund	3,981.82	3,981.82	3,981.82		
Municipal Alliance on Alcoholism & Drug Abuse:					
State Aid (NJSA 40A: 4-87 +\$15,746.77)		15,746.77	15,746.77		
Local Match		3,936.69	3,936.69		
<u>Total Operations Excluded From "CAPS"</u>	\$ 2,532,654.65	\$ 2,584,722.23	\$ 2,584,475.43	\$ 246.80	\$
<u>Capital Improvements Excluded From "CAPS"</u>					
Capital Improvement Fund	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00		\$
<u>Total Capital Improvements Excluded from "CAPS"</u>	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00		\$

CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	\$ 1,670,000.00	\$ 1,670,000.00	\$ 1,670,000.00	\$	\$
Interest on Bonds	1,090,100.00	1,090,100.00	1,090,093.76		6.24
Waterfront Park	17,851.94	17,851.94	17,851.94		
Infrastructure Trust Loans	60,000.00	60,000.00	56,471.23		3,528.77
Public Library Park	\$ 37,148.06	\$ 37,148.06	\$ 36,600.93	\$	\$ 547.13
Total Municipal Debt Service Excluded From "CAPS"	\$ 2,875,100.00	\$ 2,875,100.00	\$ 2,871,017.86	\$	\$ 4,082.14
<u>Deferred Charges Excluded From "CAPS"</u>					
Deferred Charges:					
Ordinance 04-03	\$ 107.00	\$ 107.00	\$ 107.00	\$	\$
Ordinance 05-32	38.71	38.71	38.71		
Special Emergency Authorizations - 5 years	152,000.00	152,000.00	152,000.00		
Total Deferred Charged Excluded From "CAPS"	\$ 152,145.71	\$ 152,145.71	\$ 152,145.71	\$	\$
<u>Type I School Debt Service</u>					
Payment on Bond Principal	\$ 775,000.00	\$ 775,000.00	\$ 775,000.00		
Interest on Bonds	725,000.00	725,000.00	725,000.00	\$	\$
Total Type I School Debt Service Excluded From "CAPS"	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,500,000.00	\$	\$
Total General Appropriations Excluded From "CAPS"	\$ 7,329,900.36	\$ 7,381,967.94	\$ 7,377,639.00	\$ 246.80	\$ 4,082.14
Sub-Total - General Appropriations	\$ 24,147,550.36	\$ 24,199,617.94	\$ 23,597,754.34	\$ 597,781.46	\$ 4,082.14
Reserve for Uncollected Taxes	1,593,000.00	1,593,000.00	1,593,000.00		
Total General Appropriations	\$ 25,740,550.36	\$ 25,792,617.94	\$ 25,190,754.34	\$ 597,781.46	\$ 4,082.14
REF.	A-2		A-1	A:A-1	
Budget	A-3	\$ 25,740,550.36			
Budget Amendments 40A:4-87	A-2	48,130.89			
Emergencies 40A:4-55	A-32	3,936.69			
		\$ 25,792,617.94			
Reserve for Uncollected Taxes	A-2		\$ 1,593,000.00		
Disbursements	A-4		23,418,850.09		
Deferred Charges	A-32		152,000.00		
Reserve for Grants - Appropriated	A-30		61,433.23		
Accounts Payable	A-21		48,960.05		
			\$ 25,274,243.37		
Less: Refunds	A-4		83,489.03		
			\$ 25,190,754.34		

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

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TRUST FUND

"B"

CITY OF MARGATE CITY

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

<u>A S S E T S</u>	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2007</u>
Animal Control Fund:			
Cash	B:B-1	\$ <u>2,257.80</u>	\$ <u>2,069.00</u>
Other Funds:			
Cash	B-1	\$ 551,135.83	\$ 536,763.14
Due Current Fund	B-2		459.88
Due Payroll Account	B-13		4,980.19
	B	\$ <u>551,135.83</u>	\$ <u>542,203.21</u>
		\$ <u>553,393.63</u>	\$ <u>544,272.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due Current Fund	B-6	\$ 770.40	\$ 486.20
Due State of New Jersey	B-5	15.00	
Reserve for Animal Control Expenditures	B-4	1,472.40	1,582.80
	B	\$ <u>2,257.80</u>	\$ <u>2,069.00</u>
Other Funds:			
Due Current Fund	B-2	\$ 163.03	\$
Reserves For:			
Various Deposits	B-3	104,699.72	49,254.00
Developers' Deposits	B-7	69,389.58	123,841.28
Municipal Court Credit Card Fees	B-8		1,900.00
Pension Plan for Life Guards	B-9	106,140.34	106,933.95
Law Enforcement Trust Fund I	B-10	509.80	498.07
Law Enforcement Trust Fund II	B-11	12,126.13	15,375.21
Payroll Deductions Payable	B-12	258,107.23	244,400.70
	B	\$ <u>551,135.83</u>	\$ <u>542,203.21</u>
		\$ <u>553,393.63</u>	\$ <u>544,272.21</u>

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

GENERAL CAPITAL FUND

"C"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
<u>A S S E T S</u>			
Cash	C-2:C-3	\$ 4,742,005.62	\$ 45,626.30
Deferred Charges to Future Taxation:			
Funded	C-4	39,841,320.54	42,368,146.18
Unfunded	C-6	14,605,909.35	10,245,055.06
Due Current Fund	C-8		2,349.75
Due Water & Sewer Capital Fund	C-13	86,148.40	
Grants Receivable	C-19	224,250.00	300,500.00
		<u>\$ 59,499,633.91</u>	<u>\$ 52,961,677.29</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due Water & Sewer Operating Fund	C-5	\$	\$ 340,000.00
Due Water & Sewer Capital Fund	C-13		51,669.58
Serial Bonds Payable	C-10	23,730,000.00	25,400,000.00
Type I School Bonds Payable	C-15	14,965,000.00	15,740,000.00
Green Trust Loan Payable	C-12	451,392.69	496,144.57
Infrastructure Loan Payable	C-14	694,927.85	732,001.61
Bond Anticipation Notes Payable	C-21	8,000,000.00	
Improvement Authorizations:			
Funded	C-9	2,083,245.81	2,041,692.60
Unfunded	C-6:C-9	7,560,225.95	5,569,423.93
Reserve for:			
Contracts Payable	C-11	900,342.80	1,545,214.99
Capital Improvement Fund	C-7	40,384.98	5,634.98
Pay Bonds	C-18	225,000.00	225,000.00
Waterfront Park III	C-17	100.00	100.00
Environmental Trust	C-16	17,449.00	17,449.00
Grants Receivable	C-20	73,750.00	
Fund Balance	C-1	757,814.83	797,346.03
		<u>\$ 59,499,633.91</u>	<u>\$ 52,961,677.29</u>

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

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	
Balance, December 31, 2007	C	\$ 797,346.03
Increased by:		
State and County Aid Received on Funded Ordinances	C-2	230,468.80
		<u>\$ 1,027,814.83</u>
Decreased by:		
Disbursements - Current Anticipated Revenue	C-2	270,000.00
		<u>270,000.00</u>
Balance, December 31, 2008	C	<u><u>\$ 757,814.83</u></u>

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

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WATER AND SEWER UTILITY FUND

CITY OF MARGATE CITY
WATER AND SEWER UTILITY FUND
BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>BALANCE DECEMBER 31, 2007</u>
OPERATING FUND:			
Cash	D-5	\$ 1,374,632.94	\$ 650,284.22
Change Fund	D-10	100.00	100.00
Interfund Accounts Receivable	D-11		340,000.00
		<u>\$ 1,374,732.94</u>	<u>\$ 990,384.22</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D:D-6	\$ 28,254.41	\$ 32,063.56
<u>TOTAL OPERATING FUND</u>	D	<u>\$ 1,402,987.35</u>	<u>\$ 1,022,447.78</u>
WATER METER TRUST FUND:			
Cash	D-5	\$ 13,450.25	\$ 39,742.56
<u>TOTAL WATER METER TRUST FUND</u>	D	<u>\$ 13,450.25</u>	<u>\$ 39,742.56</u>
CAPITAL FUND:			
Fixed Capital	D-23	\$ 4,297,165.86	\$ 4,297,165.86
Fixed Capital - Authorized and Uncomplete	D-24	700,000.00	700,000.00
Due General Capital Fund	D-19		51,669.58
Due Water and Sewer Utility Fund	D-18	125,000.00	125,000.00
<u>TOTAL CAPITAL FUND</u>	D	<u>\$ 5,122,165.86</u>	<u>\$ 5,173,835.44</u>
		<u>\$ 6,538,603.46</u>	<u>\$ 6,236,025.78</u>

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

CITY OF MARGATE CITY
WATER AND SEWER UTILITY FUND
BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2007</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
OPERATING FUND:			
Liabilities:			
Appropriation Reserves	D-4:D-12	\$ 332,985.72	\$ 243,667.99
Reserve for Accounts Payable	D-7	40,947.27	25,608.25
Interfund Accounts Payable	D-11	125,000.00	125,000.00
Accrued Interest on Bonds and Notes	D-9	32,780.17	36,570.17
Prepaid Water and Sewer Rents	D-13	24,107.61	42,536.54
Water / Sewer Overpayments	D-14	31,204.08	
		<u>\$ 587,024.85</u>	<u>\$ 473,382.95</u>
Reserve for Receivables	D	28,254.41	32,063.56
Fund Balance	D-1	<u>787,708.09</u>	<u>517,001.27</u>
<u>TOTAL OPERATING FUND</u>	D	<u>\$ 1,402,987.35</u>	<u>\$ 1,022,447.78</u>
WATER METER TRUST FUND:			
Reserve for Water Meter Installations	D-8	\$ 13,450.25	\$ 39,742.56
<u>TOTAL WATER METER TRUST FUND</u>	D	<u>\$ 13,450.25</u>	<u>\$ 39,742.56</u>
CAPITAL FUND:			
Capital Improvement Fund	D-16	\$ 65,200.00	\$ 65,200.00
Due General Capital Fund	D-19	86,148.40	
Bonds Payable	D-20	1,410,000.00	1,580,000.00
Contracts Payable	D-21	434,363.27	67,201.82
Improvement Authorizations	D-22	113,648.13	618,627.56
Reserve for Amortization	D-17	1,647,165.86	1,647,165.86
Deferred Reserve for Amortization	D-15	1,240,000.00	1,070,000.00
		<u>\$ 4,996,525.66</u>	<u>\$ 5,048,195.24</u>
Fund Balance	D-2	<u>125,640.20</u>	<u>125,640.20</u>
<u>TOTAL CAPITAL FUND</u>	D	<u>\$ 5,122,165.86</u>	<u>\$ 5,173,835.44</u>
		<u>\$ 6,538,603.46</u>	<u>\$ 6,236,025.78</u>

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

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, <u>2008</u>	YEAR ENDED DECEMBER 31, <u>2007</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-1:D-3	\$ 230,314.00	\$ 325,245.00
Water and Sewer Rents	D-3	3,535,062.19	3,529,812.20
Miscellaneous Revenue	D-3:D-5	102,446.30	89,294.21
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	<u>213,512.33</u>	<u>15,554.33</u>
<u>TOTAL INCOME</u>		<u>\$ 4,081,334.82</u>	<u>\$ 3,959,905.74</u>
<u>EXPENDITURES</u>			
Operating	D-4	\$ 3,238,314.00	\$ 3,228,000.00
Debt Service	D-4	246,000.00	248,245.00
Deferred Charges and Statutory Expenditures	D-4	<u>96,000.00</u>	<u>99,000.00</u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 3,580,314.00</u>	<u>\$ 3,575,245.00</u>
Excess in Revenue		\$ 501,020.82	\$ 384,660.74
Fund Balance, January 1	D:D-1	<u>517,001.27</u>	<u>457,585.53</u>
		\$ 1,018,022.09	\$ 842,246.27
Decreased by:			
Utilization as Anticipated Revenue	D-1:D-3	<u>230,314.00</u>	<u>325,245.00</u>
Fund Balance, December 31	D:D-1	<u><u>\$ 787,708.09</u></u>	<u><u>\$ 517,001.27</u></u>

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

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

STATEMENT OF WATER AND SEWER CAPITAL FUND BALANCE-STATUTORY BASIS

	<u>REF.</u>	
Balance, December 31, 2007		
and December 31, 2008	D	\$ <u>125,640.20</u>

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

CITY OF MARGATE CITY
WATER AND SEWER UTILITY FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2008

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS</u>
Fund Balance Utilized	D-1	\$ 230,314.00	\$ 230,314.00	\$
Water and Sewer Rents	D-1	3,300,000.00	3,535,062.19	235,062.19
Miscellaneous	D-1:D-5	<u>50,000.00</u>	<u>102,446.30</u>	<u>52,446.30</u>
<u>BUDGET TOTALS</u>	D-4	\$ <u>3,580,314.00</u>	\$ <u>3,867,822.49</u>	\$ <u>287,508.49</u>

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

CITY OF MARGATE CITY
WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
<u>OPERATING:</u>				
Salaries and Wages	\$ 893,000.00	\$ 893,000.00	\$ 834,571.69	\$ 58,428.31
Other Expenses	1,050,314.00	1,050,314.00	930,281.59	120,032.41
Atlantic County Utilities Authority:				
Other Expenses - shared costs	1,295,000.00	1,295,000.00	1,140,475.00	154,525.00
<u>TOTAL OPERATING</u>	<u>\$ 3,238,314.00</u>	<u>\$ 3,238,314.00</u>	<u>\$ 2,905,328.28</u>	<u>\$ 332,985.72</u>
<u>DEBT SERVICE:</u>				
Bond Principal	\$ 170,000.00	\$ 170,000.00	\$ 170,000.00	
Interest on Bonds	76,000.00	76,000.00	76,000.00	
	<u>\$ 246,000.00</u>	<u>\$ 246,000.00</u>	<u>\$ 246,000.00</u>	
<u>STATUTORY EXPENDITURES:</u>				
Statutory Expenditures:				
Social Security System (O.A.S.I.)	\$ 86,000.00	\$ 86,000.00	\$ 86,000.00	
State Unemployment Insurance	10,000.00	10,000.00	10,000.00	
	<u>\$ 96,000.00</u>	<u>\$ 96,000.00</u>	<u>\$ 96,000.00</u>	
	<u>\$ 3,580,314.00</u>	<u>\$ 3,580,314.00</u>	<u>\$ 3,247,328.28</u>	<u>\$ 332,985.72</u>
<u>REF.</u>	D-3		D-1	D:D-1
Disbursements	D-5		\$ 3,155,537.12	
Reserve for Accounts Payable	D-7		40,947.27	
Reserve for Accrued Interest on Bonds	D-9		76,000.00	
			<u>\$ 3,272,484.39</u>	
Less: Refunds	D-5		25,156.11	
			<u>\$ 3,247,328.28</u>	

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF MARGATE CITY

STATEMENT OF GENERAL FIXED ASSETS

BALANCE SHEETS - STATUTORY BASIS

	BALANCE DECEMBER <u>31, 2008</u>	BALANCE DECEMBER <u>31, 2007</u>
FIXED ASSETS		
Land	\$ 50,903,100.00	\$ 50,903,100.00
Buildings	12,249,471.00	12,258,575.00
Machinery and Equipment	<u>6,422,090.20</u>	<u>5,701,443.20</u>
<u>TOTAL FIXED ASSETS</u>	\$ <u>69,574,661.20</u>	\$ <u>68,863,118.20</u>
 RESERVE		
Investments in General Fixed Assets	\$ <u>69,574,661.20</u>	\$ <u>68,863,118.20</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF MARGATE CITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Margate City is an instrumentality of the State of New Jersey established to function as a municipality. The City Commission consists of elected officials and is responsible for the fiscal control of the City.

Except as noted below, the financial statements of the City of Margate City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City of Margate City, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the City of Margate City do not include the operations of the Free Public Library or the Local Board of Education inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the City of Margate 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 respect to public funds. Under this method of accounting, the financial transactions and accounts of the City of Margate City are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the City accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund – resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund – receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created.

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

Water & Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally-owned water & sewer utility.

General Fixed Assets Account Group – utilized to account for property, land, buildings and equipment that have been acquired by other 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 accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the City's 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 the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 and constitute part of the City's statutory Appropriation Reserve balance. 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 and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets – N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the City as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$2,500.00 or more per unit.

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. No depreciation has been provided on general fixed assets or reported in the financial statements.

The City has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the City's most recent property revaluation. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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.

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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital – Water & Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water & Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The City presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The City considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The City of Margate City had the following cash and cash equivalents at December 31, 2008:

<u>Fund</u>	<u>Cash In Bank</u>	<u>Change Fund</u>	<u>Total</u>
Current Fund	\$ 4,991,635.59	\$ 650.00	\$ 4,992,285.59
Animal Control Trust Fund	2,257.80		2,257.80
Other Trust Fund	551,135.83		551,135.83
General Capital Fund	4,742,005.62		4,742,005.62
Water & Sewer Operating Fund	1,374,632.94	100.00	1,374,732.94
Water & Sewer Trust Fund	13,450.25		13,450.25
	<u> </u>	<u> </u>	<u> </u>
<u>Total December 31, 2008</u>	<u>\$ 11,675,118.03</u>	<u>\$ 750.00</u>	<u>\$ 11,675,868.03</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2008, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$574,327.05 was covered by Federal Depository Insurance and \$11,100,790.98 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the City are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The City of Margate City's investment activities during the year were in accordance with the above New Jersey Statute. The City of Margate City had an investment at December 31, 2008 in the amount of \$44,752.24 which consisted of 481 shares of Prudential Financial Inc. stock. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the City is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk or its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

Issued:	<u>2008</u>	<u>2007</u>	<u>2006</u>
Bonds Notes and Loans:			
General	\$32,876,320.54	\$26,628,146.18	\$28,004,615.88
Water & Sewer Utility	<u>1,410,000.00</u>	<u>1,580,000.00</u>	<u>1,745,000.00</u>
Total Issued	<u>\$34,286,320.54</u>	<u>\$28,208,146.18</u>	<u>\$29,749,615.88</u>
Authorized But Not Issued:			
Bond and Notes:			
General	\$6,643,409.35	\$10,245,055.06	\$10,020,107.00
Water & Sewer Utility	<u>700,000.00</u>	<u>700,000.00</u>	
	<u>7,343,409.35</u>	<u>\$10,945,055.06</u>	<u>\$10,020,107.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$41,629,729.89</u>	<u>\$39,153,201.24</u>	<u>\$39,769,722.88</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

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 0.99%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 14,965,000.00	\$ 14,965,000.00	\$
Sewer Utility Debt	2,110,000.00	2,110,000.00	
General Debt	<u>39,519,729.89</u>	<u>262,500.00</u>	<u>39,257,229.89</u>
	<u>\$ 56,594,729.89</u>	<u>\$ 17,337,500.00</u>	<u>\$ 39,257,229.89</u>

NET DEBT \$39,257,229.89 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$3,955,324,498.00 EQUALS 0.99%.

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2008	<u>\$3,955,324,498.00</u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$138,436,357.43
Net Debt	<u>41,367,229.87</u>
Remaining Borrowing Power	<u>\$97,069,127.56</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the City of Margate City for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
WATER & SEWER UTILITY PER N.J.S.40A:2-45

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$3,800,444.83
Deductions:		
Operating and Maintenance Cost	\$3,334,314.00	
Debt Service per Sewer Account	<u>246,000.00</u>	
Total Deductions		<u>3,580,314.00</u>
Excess in Revenue		<u>\$220,130.83</u>

LONG-TERM DEBT

General Serial Bonds:

\$8,785,000.00 General Obligation Bonds of 2000 due in annual installments of \$475,000.00 to \$700,000.00 at an interest rate of 5.05%	\$5,475,000.00
\$4,065,000.00 General Obligation Bonds of 2005 due in annual installments of \$720,000.00 to \$855,000.00 at a variable interest rate	\$1,580,000.00
\$17,125,000.00 General Obligation Bonds of 2006 due in annual installments of \$100,000.00 to \$1,200,000.00 at a variable interest rate	<u>\$16,675,000.00</u>
	<u>\$23,730,000.00</u>

Type I School Bonds:

\$19,040,000.00 Type I School Bonds of 2001 due in annual installments of \$725,000.00 to \$2,100,000.00 at a variable interest rate	<u>\$14,965,000.00</u>
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Water & Sewer Utility Bonds:

\$2,360,000.00 Water & Sewer Utility Bonds of 2000 due in annual installments of \$165,000.00 to \$220,000.00 at a variable interest rate	<u>\$1,410,000.00</u>
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Bond Anticipation Note:

\$8,000,000.00 Bond Anticipation Note of 2008 issues July 16, 2008 at an interest rate of 3.00% maturing on July 15,2009	<u>\$8,000,000.00</u>
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NOTE 3: LONG-TERM DEBT (CONTINUED)

Green Trust Loans:

\$262,500.00 Waterfront Park Acquisition Loan of 1992/2000 due in semi-annual installments of \$7,100.099 to \$8,837.59 at an interest rate of 2.00%	\$153,758.76
\$132,500.00 Library Park Phase I Loan of 1995 due in semi-annual installments of \$3,742.60 to \$4,259.42 at an interest rate of 2.00%	\$40,745.71
\$150,000.00 Library Park Phase II Loan of 1995 due in semi-annual installments of \$4,236.90 to \$4,821.99 at an interest rate of 2.00%	\$46,127.22
\$143,580.16 Library Park Phase III Loan of 1999 due in semi-annual installments of \$3,550.96 to \$4,419.94 at an interest rate of 2.12%	\$76,899.25
\$150,000.00 Library Park Phase IV Loan of 2005 due in semi-annual installments of \$3,163.74 to \$4,617.56 at an interest rate of 2.00%	<u>\$133,861.75</u>
	<u>\$451,392.69</u>

New Jersey Infrastructure Loans:

\$300,000.00 New Jersey Environmental Infrastructure Loan of 2001 due in annual installments of \$10,000.00 to \$25,000.00 at a variable interest rate	\$240,000.00
\$312,500.00 New Jersey Environmental Infrastructure Loan of 2001 due in semi-annual installments of \$379.81 to \$16,372.19 at an interest rate of 0.00%	\$212,048.39
\$160,000.00 New Jersey Environmental Infrastructure Loan of 2001 due in annual installments of \$5,000.00 to \$15,000.00 at a variable interest rate	\$130,000.00
\$164,949.00 New Jersey Environmental Infrastructure Loan of 2001 due in semi-annual installments of \$225.39 to \$9,715.89 at an interest rate of 0.00%	<u>\$112,879.46</u>
	<u>\$694,927.85</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2008 the City has authorized but not issued bonds and notes as follows:

General Capital Fund	\$6,643,409.35
Water & Sewer Utility Capital	<u>700,000.00</u>
	<u>\$ 7,343,409.35</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2008**

Calendar Year	General Capital		Type I School Bonds		Sewer Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$2,030,000.00	\$1,017,206.25	\$800,000.00	\$689,562.50	\$175,000.00	\$71,205.00
2010	2,375,000.00	924,487.50	850,000.00	652,012.50	185,000.00	62,367.50
2011	1,720,000.00	837,156.25	900,000.00	611,087.50	195,000.00	53,025.00
2012	1,720,000.00	758,296.25	950,000.00	567,150.00	205,000.00	43,177.50
2013	1,780,000.00	678,161.25	1,000,000.00	520,837.50	215,000.00	32,825.00
2014	1,890,000.00	594,413.75	1,025,000.00	472,743.75	215,000.00	21,967.50
2015	1,920,000.00	507,691.25	1,100,000.00	422,275.00	220,000.00	11,110.00
2016	1,900,000.00	420,331.25	1,150,000.00	368,837.50		
2017	1,200,000.00	333,981.25	1,200,000.00	313,025.00		
2018	1,200,000.00	282,981.25	1,200,000.00	256,025.00		
2019	1,200,000.00	231,981.25	1,200,000.00	199,025.00		
2020	1,200,000.00	180,981.25	1,200,000.00	142,025.00		
2021	1,200,000.00	129,681.25	1,200,000.00	85,025.00		
2022	1,200,000.00	78,081.25	1,190,000.00	28,262.50		
2023	1,195,000.00	26,140.63				
	<u>\$23,730,000.00</u>	<u>\$7,001,571.88</u>	<u>\$14,965,000.00</u>	<u>\$5,327,893.75</u>	<u>\$1,410,000.00</u>	<u>\$295,677.50</u>

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2008**

Calendar Year	Green Trust Loans			
	Waterfront Park Acquisition		Public Library Park Phase I	
	Principal	Interest	Principal	Interest
2009	\$14,850.64	\$3,001.29	\$7,828.07	\$775.97
2010	15,149.14	2,702.79	7,985.41	618.63
2011	15,453.64	2,398.30	8,145.91	458.12
2012	15,764.25	2,087.67	8,309.64	294.38
2013	16,081.12	1,770.82	8,476.67	127.36
2014	16,404.35	1,447.59		
2015	16,734.07	1,117.86		
2016	17,070.43	781.51		
2017	17,413.55	438.39		
2018	8,837.57	88.38		
	<u>\$153,758.76</u>	<u>\$15,834.60</u>	<u>\$40,745.70</u>	<u>\$2,274.46</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Green Trust Loans (Continued)

Calendar Year	Public Library Park Phase II		Public Library Park Phase III		Public Library Park Phase IV	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$8,861.96	\$878.45	\$7,427.24	\$1,501.03	\$6,683.49	\$2,643.99
2010	9,040.08	700.33	7,576.53	1,351.75	6,817.84	2,509.64
2011	9,221.80	518.62	7,728.81	1,199.45	6,954.88	2,372.60
2012	9,407.15	333.26	7,884.16	1,044.11	7,094.66	2,232.82
2013	9,596.23	144.19	8,042.63	885.64	7,237.27	2,090.21
2014			8,204.29	723.98	7,382.73	1,944.75
2015			8,369.20	559.08	7,531.13	1,796.35
2016			8,537.42	390.85	7,682.50	1,644.98
2017			8,709.03	219.25	7,836.93	1,490.55
2018			4,419.94	44.20	7,994.45	1,333.03
2019					8,155.17	1,172.35
2020					8,319.05	1,008.43
2021					8,486.26	841.22
2022					8,656.83	670.64
2023					8,830.84	496.64
2024					9,008.34	319.14
2025					9,189.38	138.07
	<u>\$46,127.22</u>	<u>\$2,574.85</u>	<u>\$76,899.25</u>	<u>\$7,919.34</u>	<u>\$133,861.75</u>	<u>\$24,705.41</u>

New Jersey Environmental Infrastructure Loans

Calendar Year	Loan "S340666-02"			Loan "0016001-001"		
	'Trust' Loan		'Fund' Loan	'Trust' Loan		'Fund' Loan
	Principal	Interest	Principal	Principal	Interest	Principal
2009	\$15,000.00	\$12,175.00	\$17,383.49	\$5,000.00	\$6,637.50	\$7,362.90
2010	15,000.00	11,425.00	16,903.73	10,000.00	6,387.50	10,368.16
2011	15,000.00	10,600.00	16,375.99	10,000.00	5,837.50	10,020.18
2012	15,000.00	9,775.00	15,848.24	10,000.00	5,287.50	9,672.20
2013	15,000.00	8,950.00	15,320.50	10,000.00	4,737.50	9,324.22
2014	15,000.00	8,125.00	14,792.75	10,000.00	4,187.50	8,976.25
2015	20,000.00	7,375.00	17,511.43	10,000.00	3,687.50	8,659.90
2016	20,000.00	6,375.00	16,871.74	10,000.00	3,187.50	8,343.56
2017	20,000.00	5,375.00	16,232.05	10,000.00	2,687.50	8,027.22
2018	20,000.00	4,375.00	15,592.37	10,000.00	2,187.50	7,710.88
2019	20,000.00	3,375.00	14,952.68	10,000.00	1,687.50	7,394.53
2020	25,000.00	2,375.00	17,511.42	10,000.00	1,187.50	7,078.18
2021	25,000.00	1,187.50	16,752.00	15,000.00	712.50	9,941.28
	<u>\$240,000.00</u>	<u>\$91,487.50</u>	<u>\$212,048.39</u>	<u>\$130,000.00</u>	<u>\$48,412.50</u>	<u>\$112,879.46</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2008, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2009, were as follows:

Current Fund	\$ 2,165,000.00
Sewer Utility Fund	\$ 314,000.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The City bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. City property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the City's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, 2008	BALANCE DECEMBER 31, 2007
Prepaid Taxes	<u>\$624,008.48</u>	<u>\$714,125.09</u>

NOTE 6: PENSION PLANS

City employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System, the Police and Firemen's Retirement System, and the Consolidated Police and Firemen's Pension Fund of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the cost are contributed by the employees. The City's share of pension costs, which is based upon the annual billings received from the State, amounted to \$877,552.80 for 2007 and \$1,345,542.20 for 2008.

Certain City employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the City, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off at a later date. The City annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2008.

NOTE 8: LITIGATION

The City is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the City's legal counsel would not be material.

NOTE 9: CONTINGENT LIABILITIES

The City participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2008, the City does not believe that any material liabilities will result from such audits.

NOTE 10: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2008 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51.

NOTE 11: 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. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 12: SUBSEQUENT EVENT

In 2009, the City received a loan from the New Jersey Department of Environmental Protection for \$449,500.00. The loan will be repaid in two annual installments through 2028 at an interest rate of 2%. The funds will be used for an upgrade to the Jerome Avenue recreation facility.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2008:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 933.43	\$ 63,115.62
Grant Fund	63,115.62	
Animal Control Trust Fund		770.40
Trust Other Fund		163.03
General Capital Fund	86,148.40	
Water & Sewer Utility Operating Fund		125,000.00
Water & Sewer Utility Capital Fund	<u>125,000.00</u>	<u>86,148.40</u>
	<u>\$ 275,197.45</u>	<u>\$ 275,197.45</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 14: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The City does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the City's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by Great West Retirement Services and Hartford Life.

The accompanying financial statements do not include the City's Deferred Compensation Plan activities. The City's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 15: Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008, the following deferred charges are shown:

	<u>Balance 12/31/08</u>	<u>2009 Budget</u>	<u>Raised in Succeeding Budgets</u>
Current Fund:			
Emergency 40A:4-46	\$ 3,936.69	\$ 3,936.69	\$
Master Plan	<u>48,000.00</u>	<u>12,000.00</u>	<u>36,000.00</u>
	<u>\$51,936.69</u>	<u>\$15,936.96</u>	<u>\$36,000.00</u>

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CITY OF MARGATE CITY

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2008

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2007	A	\$ 5,237,877.20	\$
Increased by Receipts:			
Tax Collector	A-5	\$ 41,194,946.74	\$
State of New Jersey-Senior Citizens and Veterans Deductions	A-8	136,500.00	
Interfunds	A-12:A-11	9,400,930.14	45,213.76
2008 Appropriation Refunds	A-3	83,489.03	
Revenue Accounts Receivable	A-13	2,415,171.71	
Miscellaneous Revenue Not Anticipated	A-2	260,576.30	
Petty Cash	A-6	1,250.00	
Change Fund	A-7	1,250.00	
Reserve for Grants-Unappropriated	A-31		3,397.42
Reserve for Redemption of Outside Liens	A-16	119,243.64	
Reserve for Tax Sale Premium	A-15	14,550.00	
Grants Receivable	A-29		45,730.89
Prepaid Revenue	A-28	12,273.00	
Reserve for Sale of Municipal Assets	A-27	1,771.20	
Reserve for State Library Aid	A-32	6,647.00	
		<u>53,648,598.76</u>	<u>94,342.07</u>
		\$ 58,886,475.96	\$ 94,342.07
Decreased by Disbursements:			
2008 Appropriations	A-3	\$ 23,418,850.09	\$
Appropriation Reserves	A-14	193,364.49	
Interfunds	A-12	9,448,642.36	
Tax Overpayments	A-17	20,809.94	
Local District School Taxes Payable	A-25	10,173,118.00	
County Taxes Payable	A-26	10,444,788.11	
Refund of:			
Fees and Permits	A-2	1,360.00	
Miscellaneous Revenue Not Anticipated	A-2	134.50	
Change Fund	A-7	1,250.00	
Petty Cash	A-6	1,250.00	
Reserve for Redemption of Outside Liens	A-16	119,243.64	
Marr./Civil Union Lic. Due State of NJ	A-19	750.00	
Burial Permit Fees Due State of NJ	A-20	100.00	
Reserve for Library Aid	A-32	6,647.00	
Reserve for Master Plan	A-24	19,500.00	
Reserve for Accounts Payable	A-21	280.00	
Reserve for Grants-Appropriated	A-30		94,342.07
		<u>53,850,088.13</u>	<u>94,342.07</u>
Balance, December 31, 2008	A	\$ <u>5,036,387.83</u>	\$ <u></u>

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

Increased by Receipts:

Taxes Receivable	A-9	\$	40,372,163.46	
Revenue Accounts Receivable	A-13		140,034.04	
Registrar - Marriage Licenses Due State	A-19		925.00	
Registrar - Burial Permits Due State	A-20		170.00	
Prepaid Taxes	A-18		624,008.48	
Miscellaneous Revenue Not Anticipated	A-2		443.00	
Tax Overpayments	A-17		<u>57,202.76</u>	
		\$		41,194,946.74

Decreased by Disbursements:

Paid to Treasurer	A-4	\$	<u><u>41,194,946.74</u></u>	
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"A-6"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF PETTY CASH

OFFICE

Finance Department
Police Department

ADVANCED

REIMBURSED

\$	250.00	\$	250.00
	<u>1,000.00</u>		<u>1,000.00</u>
\$	<u>1,250.00</u>	\$	<u>1,250.00</u>
	A-4		A-4

REF.

"A-7"

SCHEDULE OF CHANGE FUND

OFFICE

Beach Fee Collector
Tax Collector
Municipal Court

	<u>BALANCE DECEMBER 31, 2007</u>	<u>RECEIPTS FROM TREASURER</u>	<u>RETURNED TO TREASURER</u>	<u>BALANCE DECEMBER 31, 2008</u>	
\$	50.00	\$	1,250.00	\$	50.00
	300.00				300.00
	<u>300.00</u>				<u>300.00</u>
\$	<u>650.00</u>	\$	<u>1,250.00</u>	\$	<u>650.00</u>
<u>REF.</u>	A	A-4	A-4	A	

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2007 (Due From)	A	\$	10,549.12
Increased by:			
Senior Citizens Deductions Per Tax Billing	A-8	\$	18,750.00
Veterans Deductions Per Tax Billing	A-8		110,250.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector	A-8		<u>250.00</u>
			<u>129,250.00</u>
		\$	<u>139,799.12</u>
Decreased by:			
Received From State	A-4		<u>136,500.00</u>
Balance, December 31, 2008 (Due From)	A	\$	<u><u>3,299.12</u></u>

ANALYSIS OF STATE SHARE OF 2008 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing	A-8	\$	18,750.00
Veterans Deductions Per Tax Billing	A-8		110,250.00
Senior Citizens and Veterans Deductions Allowed by Collector	A-8		<u>250.00</u>
	A-9	\$	<u><u>129,250.00</u></u>

"A-10"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2007	A	\$ 1,474.05
Increased by:		
Transfer From Taxes Receivable	A-9	<u>108.90</u>
Balance, December 31, 2008	A	\$ <u><u>1,582.95</u></u>

"A-11"

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2007 (Due From)	A	\$ 104,392.69
Increased by:		
Transfers	A-12	<u>3,936.69</u>
		\$ <u>108,329.38</u>
Decreased by:		
Receipts	A-4	<u>45,213.76</u>
Balance, December 31, 2008 (Due From)	A	\$ <u><u>63,115.62</u></u>

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	GRANT FUND	ANIMAL CONTROL FUND	OTHER TRUST FUND	GENERAL CAPITAL FUND	SEWER OPERATING FUND
Balance, December 31, 2007						
A	\$ 107,202.32	\$ 104,392.69	\$	\$ 459.88	\$ 2,349.75	\$
A	486.20		486.20			
Receipts	\$ 9,400,930.14	\$ 49,128.31	\$ 4,086.20	\$ 1,855.00	\$ 8,607,941.67	\$ 737,918.96
Transfer	4,695.09	3,936.69	758.40			
Disbursements	9,448,642.36	94,342.07	3,612.00	2,477.91	8,610,291.42	737,918.96
Balance, December 31, 2008						
A	\$ 63,115.62	\$ 63,115.62	\$	\$	\$	\$
A	933.43		770.40	163.03		

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

ACCOUNTS	REF.	BALANCE DECEMBER 31, 2007	ACCRUED IN 2008	TREASURER	COLLECTOR	BALANCE DECEMBER 31, 2008
Clerk:						
Licenses:						
Alcoholic Beverages	A-2	\$	9,735.00	\$		\$
Other	A-2		13,283.50			
Fees and Permits	A-2		62,189.03			
Interest and Costs on Taxes	A-2		138,700.04		138,700.04	
Construction Code Official	A-2		289,341.00			
Interest on Investments and Deposits	A-2		133,847.33			
Building Department:						
Other Licenses	A-2		5,300.00			
Fees and Permits	A-2		60,659.00			
Registrar:						
Other Licenses	A-2		111.00		111.00	
Fees and Permits	A-2		1,123.00		1,123.00	
Municipal Court:						
Fines and Costs	A-2	4,636.85	136,360.81	137,790.51		3,207.15
Beach Fees	A-2		252,036.50	252,036.50		
Cable TV Franchise Fees	A-2		56,785.39	56,785.39		
Energy Receipts Tax	A-2		880,623.00	880,623.00		
Tax Searches	A-2		100.00		100.00	
Capital Surplus	A-2		270,000.00	270,000.00		
Uniform Fire Safety Act	A-2		12,743.57	12,743.57		
Beach Vending License	A-2		25,000.00	25,000.00		
Ambulance Billing	A-2		205,837.88	205,837.88		
		\$	2,553,776.05	\$	2,415,171.71	\$
		4,636.85			140,034.04	3,207.15
REF.		A		A-4	A-5	A

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF 2007 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2007	ACCOUNTS PAYABLE	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>					
City Clerk	\$ 56.05	\$	\$ 56.05	\$	\$ 56.05
Finance - Director's Office	225.40		225.40		225.40
Tax Collector	2.30		2.30		2.30
Tax Searcher	3,425.70		3,425.70		3,425.70
Tax Assessor	360.55		360.55		360.55
Planning Board	80.60		80.60		80.60
Construction	363.72		363.72		363.72
Electrical Inspector	942.28		942.28		942.28
Police Department	968.78		968.78		968.78
Public Safety - Director's Office	2,979.84		0.84		0.84
Emergency Management	86.34		86.34		86.34
Fire Department	628.20		628.20		628.20
Fire Prevention Bureau	856.76		856.76		856.76
Fire Safety Officer	600.00		600.00		600.00
Uniform Fire Safety Act	28.38		28.38		28.38
Public Works - Director's Office	1,336.98		1,336.98		1,336.98
Street Repairs	91,514.24		74,514.24		74,514.24
Property & Improvement	190.61		190.61		190.61
Board of Health	100.00		100.00		100.00
Playgrounds	5,255.47		5,155.47		5,155.47
Lifeguards	261.60		261.60		261.60
Municipal Court	41.09		41.09		41.09
Municipal Prosecutor	2,561.68		0.68		0.68
Beachfront Maintenance	162.81		162.81		162.81
Legal Services & Costs	30.72		30.72		30.72
<u>OTHER EXPENSES</u>					
City Clerk	263.18	59.86	323.04		323.04
Elections	5,763.70		5,763.70		5,763.70
Finance - Director's Office	3,607.75	1,429.84	5,037.59	3,893.76	1,143.83
Audit	250.00		250.00		250.00
Tax Collector	746.97	320.00	1,066.97	385.03	681.94
Liquidation of Tax Liens & Foreclosed Properties	5,000.00		5,000.00		5,000.00
Tax Assessor	3,110.02	1,190.64	4,300.66	1,127.66	3,173.00
Legal Expenses	575.35	667.53	4,242.88	3,485.59	757.29
Engineer	10,988.14		10,988.14	7,028.48	3,959.66
Planning Board	7,877.87		4,117.87		4,117.87
Zoning	943.77	89.40	1,033.17	89.40	943.77
Construction	1,373.02	103.58	1,476.60	103.58	1,373.02
Electrical Inspector	26.17		26.17	6.72	19.45
Liability Insurance	2.96		2.96		2.96
Workers Compensation	5,758.30		5,758.30		5,758.30
Group Health Insurance	112,080.51		112,080.51	2,583.32	109,497.19
Police & Firemen's Retirement System	661.60		661.60		661.60
Public Employee's Retirement System	1,785.60		1,785.60		1,785.60
Police Department	93.55	771.36	10,684.91	9,736.10	948.81
Public Safety - Director's Office	0.84		0.84		0.84
Fire Department	10,343.02	6,061.39	12,884.41	11,643.60	1,240.81
Fire Prevention Bureau	701.05		701.05		701.05
Fire Safety Officer	256.69	1,795.88	2,052.57	1,572.68	479.89
Uniform Safety Act	1,835.00		1,835.00	1,035.90	799.10
Public Works - Director's Office	217.38		217.38		217.38
Street Repairs	3,021.87	15,188.47	22,210.34	20,950.57	1,259.77
Property & Improvement	9,558.95	200.00	9,758.95	904.57	8,854.38
Rubbish Removal	72,707.63		72,707.63	52,746.07	19,961.56
Board of Health	50.00		50.00		50.00
Aid to Health Care Facilities - Atlantic City Hospital	1,000.00		1,000.00		1,000.00
Aid to Health Care Facilities - Shore Memorial Hospital	1,000.00		1,000.00		1,000.00
Playgrounds	38,026.38	3,309.66	41,436.04	41,337.45	98.59
Lifeguards	526.02		526.02	100.00	426.02
Beachfront Maintenance	390.62		390.62		390.62
Celebration of Public Events	663.55	870.50	2,534.05	2,423.10	110.95
Condo Act	1,000.00		1,000.00		1,000.00
Electric	23,544.17	10,299.27	33,843.44	10,299.27	23,544.17
Street Lighting	13,793.74		13,793.74		13,793.74
Telephone	12,676.86		12,676.86	4,516.55	8,160.31
Natural Gas	13,999.06		13,999.06		13,999.06

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF 2007 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2007	ACCOUNTS PAYABLE	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (Continued)</u>					
Gasoline	\$ 1,144.72	\$	\$ 13,144.72	\$ 12,688.26	\$ 456.46
Contingent	143.10	3,084.00	3,227.10	284.00	2,943.10
Social Security	42,415.71		42,415.71		42,415.71
Consolidated Police & Fire Retirement System	8,000.00		8,000.00		8,000.00
Unemployment Compensation Insurance	4,699.38		4,699.38		4,699.38
Municipal Court	4,454.83	352.53	4,807.36	513.63	4,293.73
Public Defender	600.01		600.01		600.01
Feasibility Study	396.54		396.54		396.54
Emergency Authorization - Ambulance Bill	8,787.79		8,787.79	3,909.20	4,878.59
	<u>\$ 549,923.47</u>	<u>\$ 45,793.91</u>	<u>\$ 595,717.38</u>	<u>\$ 193,364.49</u>	<u>\$ 402,352.89</u>
<u>REF.</u>	A	A-21		A-4	A-1

"A-15"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX SALE PREMIUM

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ <u>14,550.00</u>
Balance, December 31,2008	A	\$ <u><u>14,550.00</u></u>

"A-16"

SCHEDULE OF RESERVE FOR REDEMPTION OF OUTSIDE LIENS

Increased by:		
Receipts	A-4	\$ 119,243.64
Decreased by:		
Disbursements	A-4	\$ <u><u>119,243.64</u></u>

"A-17"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2007	A	\$	177,627.25
Increased by:			
Overpayments in 2008	A-5		<u>57,202.76</u>
		\$	<u>234,830.01</u>
Decreased by:			
Refunded	A-4	\$	20,809.94
Canceled	A-1		56,861.52
Applied to Taxes Receivable - Prior Year	A-9		3,928.46
Applied to Taxes Receivable - Current Year	A-9		<u>113,558.30</u>
			<u>195,158.22</u>
Balance, December 31, 2008	A	\$	<u><u>39,671.79</u></u>

"A-18"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2007	A	\$	714,125.09
Increased by:			
Collection of 2009 Taxes	A-5		<u>624,008.48</u>
		\$	<u>1,338,133.57</u>
Decreased by:			
Applied to 2008 Taxes	A-9		<u>714,125.09</u>
Balance, December 31, 2008	A	\$	<u><u>624,008.48</u></u>

"A-19"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR MARRIAGE & CIVIL UNION LICENSES - DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Increased by:		
Receipts	A-5	\$ 925.00
Decreased by:		
Disbursements	A-4	<u>750.00</u>
Balance, December 31, 2008	A	\$ <u><u>175.00</u></u>

"A-20"

SCHEDULE OF RESERVE FOR BURIAL PERMIT FEES - DUE STATE OF NEW JERSEY

Increased by:		
Receipts	A-5	\$ 170.00
Decreased by:		
Disbursements	A-4	<u>100.00</u>
Balance, December 31, 2008	A	\$ <u><u>70.00</u></u>

"A-21"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2007	A	\$	47,509.81
Increased by:			
2008 Budget Appropriations	A-3		<u>48,960.05</u>
		\$	<u>96,469.86</u>
Decreased by:			
Disbursements	A-4	\$	280.00
Canceled	A-1		1,435.90
Transferred to Appropriation Reserves	A-14		<u>45,793.91</u>
			<u>47,509.81</u>
Balance, December 31, 2008	A	\$	<u><u>48,960.05</u></u>

"A-22"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUE

Balance, December 31, 2007 and December 31, 2008	A	\$	<u><u>138,557.50</u></u>
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"A-23"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

	<u>REF.</u>	
Balance, December 31, 2007 and December 31, 2008	A	\$ <u>13,952.11</u>

"A-24"

SCHEDULE OF RESERVE FOR MASTER PLAN

Balance, December 31, 2007	A	\$ 22,500.00
Decreased by:		
Disbursements	A-4	<u>19,500.00</u>
Balance, December 31, 2008	A	\$ <u>3,000.00</u>

"A-25"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

REF.

Increased by:			
School Levy	A-1:A-9	\$	10,173,118.00
Decreased by:			
Disbursements	A-4	\$	<u>10,173,118.00</u>

"A-26"

SCHEDULE OF COUNTY TAXES PAYABLE

Increased by:			
2008 Levy	A-1:A-9	\$	10,415,960.08
Added and Omitted	A-1:A-9		<u>28,828.03</u>
		\$	10,444,788.11
Decreased by:			
Disbursements	A-4	\$	<u>10,444,788.11</u>

"A-27"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2007	A	\$ 14,386.00
Increased by:		
Receipts	A-4	<u>1,771.20</u>
Balance, December 31, 2008	A	\$ <u><u>16,157.20</u></u>

"A-28"

SCHEDULE OF PREPAID REVENUE

Balance, December 31, 2007	A	\$ 84.00
Increased by:		
Receipts	A-4	<u>12,273.00</u>
		\$ <u>12,357.00</u>
Decreased by:		
Applied to Revenue - Beach Fees	A-2	<u>84.00</u>
Balance, December 31, 2008	A	\$ <u><u>12,273.00</u></u>

CITY OF MARGATE CITY

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2007	BUDGET APPROPRIATION	RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2008
Body Armor Replacement	\$	\$ 3,981.82	\$	\$ 3,981.82	\$
Municipal Alliance Program	15,746.77	15,746.77	15,346.77		16,146.77
Clean Communities Program		21,319.90	19,641.02	1,678.88	
Recycling Tonnage Program		8,448.05	6,743.10	1,704.95	
Buckle Up South Jersey		2,000.00		2,000.00	
Click it or Ticket		4,000.00	4,000.00		
COPS in Shops		2,000.00			2,000.00
	<u>\$ 15,746.77</u>	<u>\$ 57,496.54</u>	<u>\$ 45,730.89</u>	<u>\$ 9,365.65</u>	<u>\$ 18,146.77</u>
REF. A		A-2:A-30	A-4	A-31	A

CITY OF MARGATE CITY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2007	BUDGET APPROPRIATION	EXPENDED	BALANCE DECEMBER 31, 2008
Drunk Driving Enforcement Fund	\$ 16,214.12	\$	\$ 16,214.12	\$
Body Armor Replacement	15,327.06	3,981.82		19,308.88
Municipal Alliance Program	19,683.46	19,683.46	19,183.46	20,183.46
Clean Communities Program		21,319.90	21,319.90	
Alcohol Education Rehabilitation Fund	2,081.46			2,081.46
Recycling Tonnage Program	3,984.98	8,448.05	34,375.01	12,433.03
Assistance to Firefighters	34,375.01			
State Police All Hazards Emergency	2,405.72			2,405.72
Municipal Stormwater Regulation	12,702.00			12,702.00
Buckle Up South Jersey	4,000.00	2,000.00		6,000.00
Click it or Ticket		4,000.00	1,249.58	2,750.42
COPS in Shops		2,000.00	2,000.00	
	\$ 110,773.81	\$ 61,433.23	\$ 94,342.07	\$ 77,864.97
REF.	A		A-4	A
Budget				
Matching Funds for Grants		\$ 57,496.54		
		3,936.69		
A-29				
A-33				
A-3		\$ 61,433.23		

CITY OF MARGATE CITY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

	BALANCE DECEMBER 31, 2007	RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2008
Clean Communities Program	\$ 1,678.88	\$	1,678.88	\$
Recycling Tonnage Grant	1,704.95		1,704.95	
Body Armor Replacement Fund	3,981.82	3,397.42	3,981.82	3,397.42
Buckle Up South Jersey	2,000.00		2,000.00	
	<u>\$ 9,365.65</u>	<u>\$ 3,397.42</u>	<u>\$ 9,365.65</u>	<u>\$ 3,397.42</u>
REF.	A	A-4	A-29	A

"A-32"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

REF.

Increased by:		
Receipts	A-4	\$ 6,647.00
Decreased by:		
Disbursements	A-4	\$ <u>6,647.00</u>

"A-33"

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2007	A	\$ 200,000.00
Increased by:		
2008 Appropriations - Emergency		
Municipal Alliance - Local Match	A-1:A-3	<u>3,936.69</u>
		\$ <u>203,936.69</u>
Decreased by:		
2008 Appropriations	A-3	<u>152,000.00</u>
Balance, December 31, 2008	A	\$ <u>51,936.69</u>

ANALYSIS OF BALANCE:

Special Emergency - Prepare Revised Master Plan	\$ 48,000.00
Special Emergency - Municipal Alliance - Local Match	<u>3,936.69</u>
	\$ <u>51,936.69</u>

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		<u>ANIMAL CONTROL</u>		<u>OTHER</u>
Balance, December 31, 2007	B		\$	2,069.00	\$ 536,763.14
Increased by Receipts:					
Reserve for Animal Control	B-4	\$	648.00	\$	
Due State of New Jersey	B-5		210.00		
Due Current Fund	B-6:B-2		3,612.00		2,477.91
Due Payroll Account	B-13				4,980.19
Reserve for:					
Developers' Deposits	B-7				9,700.67
Municipal Court Credit Card Fees	B-8				25,601.89
Various Trust Deposits	B-3				59,168.72
Pension Plan for Lifeguards	B-9				20,017.36
Law Enforcement Trust Fund I	B-10				11.73
Law Enforcement Trust Fund II	B-11				300.92
Payroll Deductions Payable	B-12				5,784,366.63
				<u>4,470.00</u>	<u>5,906,626.02</u>
			\$	6,539.00	\$ 6,443,389.16
Decreased by Disbursements:					
New Jersey State Board of Health	B-5	\$	195.00	\$	
Due Current Fund	B-6:B-2		4,086.20		
Reserves For:					1,855.00
Various Trust Deposits	B-3				3,723.00
Law Enforcement Trust Fund II	B-11				3,550.00
Developers' Deposits	B-7				64,152.37
Municipal Court Credit Card Fees	B-8				27,501.89
Pension Plan for Lifeguards	B-9				20,810.97
Payroll Deductions Payable	B-12				5,770,660.10
				<u>4,281.20</u>	<u>5,892,253.33</u>
Balance, December 31, 2008	B		\$	<u>2,257.80</u>	\$ <u>551,135.83</u>

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2007 (Due From)	B	\$ 459.88
Increased by:		
Disbursements	B-1	1,855.00
		<u>\$ 2,314.88</u>
Decreased by:		
Receipts	B-1	<u>2,477.91</u>
Balance, December 31, 2008 (Due To)	B	<u><u>\$ 163.03</u></u>

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DECEMBER 31, 2008</u>
Parking Offense Adjudication Act (POAA)	\$ 21,890.75	\$ 586.00	\$ 2,405.00	\$ 20,071.75
Public Defender		500.00		500.00
Water / Sewer Escrow		1,143.00		1,143.00
Lifeguard Boat Escrow	250.00			250.00
Miscellaneous Escrow Deposits	27,113.25	56,939.72	1,318.00	82,734.97
	<u>\$ 49,254.00</u>	<u>\$ 59,168.72</u>	<u>\$ 3,723.00</u>	<u>\$ 104,699.72</u>
<u>REF.</u>	B	B-1	B-1	B

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2007	B	\$ 1,582.80
Increased by:		
Dog Licenses	B-1	648.00
		<u>\$ 2,230.80</u>
Decreased by:		
Excess in Animal Control Expenditures	B-6	758.40
		<u>758.40</u>
Balance, December 31, 2008	B	<u><u>\$ 1,472.40</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2007	\$ 616.80
2006	<u>855.60</u>
	<u><u>\$ 1,472.40</u></u>

"B-5"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF DUE STATE DEPARTMENT OF HEALTH - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Increased by:			
State Registration Fees Collected	B-1	\$	210.00
Decreased by:			
Paid to State Department of Health	B-1		<u>195.00</u>
Balance, December 31, 2008 (Due To)	B	\$	<u><u>15.00</u></u>

"B-6"

SCHEDULE OF DUE CURRENT FUND - ANIMAL CONTROL TRUST FUND

Balance, December 31, 2007 (Due To)	B	\$	486.20
Increased by:			
Excess in Reserve for Animal Control Expenditures	B-4	\$	758.40
Receipts	B-1		<u>3,612.00</u>
			<u>4,370.40</u>
		\$	<u>4,856.60</u>
Decreased by:			
Disbursements	B-1		<u>4,086.20</u>
Balance, December 31, 2008 (Due To)	B	\$	<u><u>770.40</u></u>

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF DEVELOPERS' DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2007	B	\$ 123,841.28
Increased by:		
Receipts	B-1	<u>9,700.67</u>
		\$ <u>133,541.95</u>
Decreased by:		
Disbursements	B-1	<u>64,152.37</u>
Balance, December 31, 2008	B	\$ <u><u>69,389.58</u></u>

Detailed Analysis of Balance is on file in the Finance Office

"B-8"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR MUNICIPAL COURT CREDIT CARD FEES

	<u>REF.</u>	
Balance, December 31, 2007	B	\$ 1,900.00
Increased by:		
Budget Appropriation	B-1	25,601.89
		<u>\$ 27,501.89</u>
Decreased by:		
Disbursements	B-1	<u>\$ 27,501.89</u>

"B-9"

SCHEDULE OF RESERVE FOR PENSION PLAN FOR LIFEGUARDS

Balance, December 31, 2007	B	\$ 106,933.95
Increased by:		
Receipts	B-1	20,017.36
		<u>\$ 126,951.31</u>
Decreased by:		
Disbursements	B-1	<u>20,810.97</u>
Balance, December 31, 2008	B	<u>\$ 106,140.34</u>

"B-10"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND I

	<u>REF.</u>	
Balance, December 31, 2007	B	\$ 498.07
Increased by:		
Receipts	B-1	<u>11.73</u>
Balance, December 31, 2008	B	<u>\$ 509.80</u>

"B-11"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND II

Balance, December 31, 2007	B	\$ 15,375.21
Increased by:		
Receipts	B-1	<u>300.92</u>
		\$ 15,676.13
Decreased by:		
Disbursements	B-1	<u>3,550.00</u>
Balance, December 31, 2008	B	<u>\$ 12,126.13</u>

"B-12"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2007	B	\$ 244,400.70
Increased by:		
Receipts	B-1	<u>5,784,366.63</u>
		\$ 6,028,767.33
Decreased by:		
Disbursements	B-1	<u>5,770,660.10</u>
Balance, December 31, 2008	B	\$ <u>258,107.23</u>

"B-13"

SCHEDULE OF DUE PAYROLL ACCOUNT

Balance, December 31, 2007 (Due From)	B	\$ 4,980.19
Decreased by:		
Receipts	B-1	\$ <u>4,980.19</u>

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2007	C	\$	45,626.30
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-7	\$	270,000.00
Improvement Authorizations	C-6		145.71
State Aid	C-6		108,750.00
Bond Anticipation Notes Payable	C-21		8,000,000.00
Grants Receivable	C-19		150,000.00
Due Current Fund	C-8		8,610,291.42
Due Water & Sewer Operating Fund	C-5		1,327,795.96
Fund Balance	C-1		<u>230,468.80</u>
			18,697,451.89
		\$	<u>18,743,078.19</u>
Decreased by Disbursements:			
Contracts Payable	C-11	\$	3,317,516.96
Due Current Fund	C-8		8,607,941.67
Due Water and Sewer Capital Fund	C-13		137,817.98
Due Water & Sewer Operating Fund	C-5		1,667,795.96
Fund Balance	C-1		<u>270,000.00</u>
			<u>14,001,072.57</u>
Balance, December 31, 2008	C	\$	<u><u>4,742,005.62</u></u>

"C-3"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2008
Capital Improvement Fund	\$ 40,384.98
Grants Receivable	(224,250.00)
Due Water & Sewer Capital Fund	(86,148.40)
Reserve for Grants Receivable	73,750.00
Reserve to Pay Bonds	225,000.00
Reserve for Waterfront Park III	100.00
Reserve for Environmental Trust	17,449.00
Reserve for Contracts Payable	900,342.80
Fund Balance	757,814.83
Cash on Hand to Pay Notes - Listed on "C-6"	37,500.00
Unexpended Proceeds of Bond Anticipation Notes Listed on "C-6"	4,011,339.69
Improvement Authorizations Funded- Listed on "C-9"	2,083,245.81
Unfunded Improvements Expended- Listed on "C-6"	(3,094,523.09)
	<u>\$ 4,742,005.62</u>

REF.

C

"C-4"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2007	C	\$	42,368,146.18
Decreased by:			
Paid By Budget:			
Serial Bonds Payable	C-10	\$	1,670,000.00
Type I School Bonds Payable	C-15		775,000.00
Green Trust Loan Payable	C-12		44,751.88
Infrastructure Loan Payable	C-14		37,073.76
			<u>2,526,825.64</u>
Balance, December 31, 2008	C	\$	<u>39,841,320.54</u>

"C-5"

SCHEDULE OF DUE WATER & SEWER OPERATING FUND

Balance, December 31, 2007 (Due To)	C	\$	340,000.00
Increased by:			
Receipts	C-2		1,327,795.96
		\$	<u>1,667,795.96</u>
Decreased by:			
Disbursements	C-2	\$	<u>1,667,795.96</u>

CITY OF MARGATE CITY
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2007	2008 AUTHORIZATIONS	DECREASES	BALANCE DECEMBER 31, 2008	ANALYSIS OF BALANCE DECEMBER 31, 2008		
						BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
96-14	Various Capital Improvements	\$ 157,000.00	\$		\$ 157,000.00		\$ 157,000.00	\$
04-03/04-20	Various Capital Improvements	107.00		107.00				
04-21/07-06	Dredging Project	57,000.00			57,000.00		46,724.56	10,275.44
04-27	Refunding Ordinance	39,384.35			39,384.35		39,384.35	
05-32	Solar Energy Project	38.71		38.71				
06-11	Various Capital Improvements	427,500.00			427,500.00		335,677.15	91,822.85
06-18	Public Building Improvement Project	71,250.00			71,250.00		71,210.72	39.28
06-24	Various Capital Improvements	2,261,000.00			2,261,000.00	2,261,000.00		
06-32/07-11/07-25	Various Capital Improvements	2,124,750.00	142,500.00	37,500.00	2,229,750.00	2,229,750.00		
06-35	Refunding Ordinance	1,735,000.00			1,735,000.00			
07-13	Various Capital Improvements	142,500.00			142,500.00			
07-35/07-51	Improvement to Municipal Building	237,500.00			237,500.00		21.24	1,734,978.76
07-38	Recreation Facility Improvements	807,025.00			807,025.00		115,646.27	26,853.73
07-46	Reconstruction of Winchester Avenue	807,500.00	498,750.00		1,305,775.00		206,570.23	30,929.77
07-49	2007 Road Program Phase I	1,235,000.00			807,500.00		669,082.66	636,692.34
07-55	Purchase and Installation of New Equipment	142,500.00			1,235,000.00	1,235,000.00	771,324.56	36,175.44
08-08	Road Improvements		2,850,000.00		142,500.00		120,811.41	21,688.59
08-16	Various Capital Improvements		760,000.00	71,250.00	2,778,750.00	2,236,750.00	509,487.82	542,000.00
08-18	Open Space - Passive Recreation		66,500.00		760,000.00		250,512.18	250,512.18
08-28	Purchase of Ambulance		152,000.00		66,500.00		51,582.12	14,917.88
					152,000.00			152,000.00
		\$ 10,245,055.06	\$ 4,469,750.00	\$ 108,895.71	\$ 14,605,909.35	\$ 7,962,500.00	\$ 3,094,523.09	\$ 3,548,886.26
		C	C-9		C		C-3	
REF.								
State Aid Received			\$	108,750.00				
Paid by Budget				145.71				
			\$	108,895.71				
Bond Anticipation Notes Payable						8,000,000.00		\$ 7,560,225.95
Less: Cash on Hand to Pay Notes						37,500.00		4,011,339.69
						\$ 7,962,500.00		\$ 3,548,886.26
Improvement Authorizations Unfunded								
Less: Unexpended Proceeds of Bond Anticipation Notes								

"C-7"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2007	C	\$ 5,634.98
Increased by:		
2008 Budget Appropriation	C-2	<u>270,000.00</u>
		\$ <u>275,634.98</u>
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	C-9	<u>235,250.00</u>
Balance, December 31, 2008	C	\$ <u><u>40,384.98</u></u>

"C-8"

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2007 (Due From)	C	\$ 2,349.75
Increased by:		
Disbursements	C-2	<u>8,607,941.67</u>
		\$ <u>8,610,291.42</u>
Decreased by:		
Receipts	C-2	\$ <u><u>8,610,291.42</u></u>

CITY OF MARGATE CITY
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	GENERAL IMPROVEMENTS	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2007		2008 AUTHORIZATIONS	EXPENDED	CONTRACTS PAYABLE CANCELED	BALANCE DECEMBER 31, 2008	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
99-0399-07/99-08/ 99-19/01-05	Improvement to Various School Facilities	7/03/98-5/1/001 10/12/00-2/8/01-	\$ 800,000.00	\$ 27,813.43	\$	\$	\$	\$	\$ 27,813.43	\$
00-19/01-01	Various Capital Improvements	10/11/01-12/12/02	585,000.00	212,526.47					212,526.47	
01-04/02-10	Various Capital Improvements	3/22/01-6/13/02	2,510,000.00	85,419.33			6,000.00		79,419.33	
01-22/05-11	Various Capital Improvements	1/10/02-4/21/05	740,000.00	113,996.30					113,996.30	
02-15	Washington Avenue Improvement Project	8/22/02	600,000.00	54,347.52					54,347.52	
02-17	Various Capital Improvements	10/10/02	1,000,000.00	62,414.78					62,414.78	
03-01/05-37	Road Program & Other Capital Improvements	2/27/03-11/17/05	4,515,000.00	756,143.94				35,114.39	791,258.33	
04-03/04-20	Various Capital Improvements	3/18/04	1,000,000.00	133,391.30	107.00			17,796.19	151,294.49	
04-21/07-06	Dredging Project	10/7/04-4/4/07	100,000.00		28,727.64					10,275.44
04-28/08-02	Various Capital Improvements	11/18/04	4,500,000.00	118,167.74			18,452.20	97,287.50	215,455.24	
05-12/06-01	Various Capital Improvements	4/21/05	685,000.00	60,006.21					60,006.21	
05-24	Purchase of Various Items	7/21/05	60,000.00	880.21					880.21	
05-28	Various Capital Improvements	9/1/05	1,250,000.00	282,756.03					282,756.03	
05-33	Purchase of Various Items	11/3/05	15,000.00	1,887.26					1,887.26	
06-11	Various Capital Improvements	5/4/06	450,000.00		97,022.85		5,200.00			91,822.85
06-18	Public Building Improvement Project	7/6/06	75,000.00		12,839.28		12,800.00			39.28
06-24	Various Capital Improvements	8/3/06	2,380,000.00		478,736.55			14,630.37		493,366.92
06-32/07-11/ 07-25/08-01	Various Capital Improvements	11/22/06-5/21/07	2,355,000.00		178,626.23	150,000.00	56,907.64		6,636.06	271,718.59
06-33	Washington Avenue Improvement Project	12/7/06	40,000.00	6,636.06						
07-07	Refunding Bond Ordinance	12/7/06	1,735,000.00		1,734,978.76				14,974.09	1,734,978.76
07-13	Various Capital Improvements	3/15/07	40,000.00	32,770.25			17,796.16			26,853.73
07-35/07-51	Improvements to Municipal Building	8/16/07-12/20/07	250,000.00		47,265.08		20,411.35			30,929.77
07-38	Recreation Facility Improvements	9/20/07	1,000,000.00	40,258.07			108,641.09			636,692.34
07-46	Reconstruction of Winchester Avenue	10/19/07	1,000,000.00	46,127.20		525,000.00	735,590.73			36,175.44
07-49	2007 Road Program Phase I	11/15/07	1,300,000.00		807,025.00		817,451.76			1,059,989.10
07-55	Purchase and Installation of New Equipment	12/20/07	150,000.00	6,150.60	1,094,524.68		34,535.58			21,688.59
08-08	Road Improvements	3/6/08	3,000,000.00		142,500.00		126,962.01			2,728,265.08
08-16	Various Capital Improvements	4/3/08	800,000.00			3,000,000.00	271,734.92			250,512.18
08-18	Open Space - Passive Recreation	5/15/08	70,000.00			800,000.00	549,487.82			14,917.88
08-28	Purchase of Ambulance	7/3/08	160,000.00			160,000.00	55,082.12			152,000.00
							419.84		7,580.16	
				\$ 2,041,692.70	\$ 5,569,423.93	\$ 4,705,000.00	\$ 2,837,473.22	\$ 164,828.45	\$ 2,083,245.91	\$ 7,560,225.95
				C	C		C-11	C-11	C-C-3	C-C-6
	Deferred Charges To Future Taxation - Unfunded	REF.								
	Capital Improvement Fund	C-6				\$ 4,469,750.00				
		C-7				235,250.00				
						\$ 4,705,000.00				

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2000	11/15/00	\$ 8,785,000.00	7/15/09	\$ 575,000.00	5.05%	\$	\$	
			7/15/10	600,000.00	5.05%			
			7/15/11-7/15/15	720,000.00	5.05%			
			7/15/16	700,000.00	5.05%	5,975,000.00	500,000.00	5,475,000.00
General Improvement Bonds of 2005	2/1/05	4,065,000.00	2/1/09	805,000.00	3.50%			
			2/1/10	775,000.00	3.75%	2,400,000.00	820,000.00	1,580,000.00
General Improvement Bonds of 2006	6/1/06	17,125,000.00	6/1/09	650,000.00	4.25%			
			6/1/10-6/1/12	1,000,000.00	4.25%			
			6/1/13	1,060,000.00	4.25%			
			6/1/14	1,170,000.00	4.25%			
			6/1/15-6/1/20	1,200,000.00	4.25%			
			6/1/21-6/1/22	1,200,000.00	4.30%			
			6/1/23	1,195,000.00	4.375%	17,025,000.00	350,000.00	16,675,000.00
						<u>\$ 25,400,000.00</u>	<u>\$ 1,670,000.00</u>	<u>\$ 23,730,000.00</u>
					<u>REF.</u>	C	C-4	C

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2007	C	\$	1,545,214.99
Increased by:			
Charges to Improvement Authorizations	C-9		<u>2,837,473.22</u>
		\$	<u>4,382,688.21</u>
Decreased by:			
Disbursements	C-2	\$	3,317,516.96
Canceled	C-9		<u>164,828.45</u>
			<u>3,482,345.41</u>
Balance, December 31, 2008	C	\$	<u><u>900,342.80</u></u>

"C-12"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2007	C	\$ 496,144.57
Decreased by:		
Loan Paid by Current Budget	C-4	<u>44,751.88</u>
Balance, December 31, 2008	C	<u>\$ 451,392.69</u>

"C-13"

SCHEDULE OF DUE WATER & SEWER CAPITAL FUND

Balance, December 31, 2007 (Due To)	C	\$ 51,669.58
Decreased by:		
Disbursements	C-2	<u>137,817.98</u>
Balance, December 31, 2008 (Due From)	C	<u>\$ 86,148.40</u>

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2007	C	\$ 732,001.61
Decreased by:		
Loan Paid by Current Budget	C-4	<u>37,073.76</u>
Balance, December 31, 2008	C	\$ <u><u>694,927.85</u></u>

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF TYPE I SCHOOL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Bonds	7/1/01	\$ 19,040,000.00	2/1/09	\$ 800,000.00	4.50%	\$	\$	
			2/1/10	850,000.00	4.60%			
			2/1/11	900,000.00	4.75%			
			2/1/12	950,000.00	4.75%			
			2/1/13	1,000,000.00	4.75%			
			2/1/14	1,025,000.00	4.75%			
			2/1/15	1,100,000.00	4.75%			
			2/1/16	1,150,000.00	4.75%			
			2/1/17-2/1/21	2,100,000.00	4.75%			
			2/1/22	1,190,000.00	4.75%			
						15,740,000.00	775,000.00	14,965,000.00
						\$ 15,740,000.00	\$ 775,000.00	\$ 14,965,000.00
					<u>REF.</u>	C	C-4	C

"C-16"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR ENVIRONMENTAL TRUST

REF.

Balance, December 31, 2007
and December 31, 2008

C

\$ 17,449.00

"C-17"

SCHEDULE OF RESERVE FOR WATERFRONT PARK III

Balance, December 31, 2007
and December 31, 2008

C

\$ 100.00

"C-18"

SCHEDULE OF RESERVE TO PAY BONDS

Balance, December 31, 2007
and December 31, 2008

C

\$ 225,000.00

"C-19"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2007	C	\$ 300,500.00
Increased by:		
2008 Grants	C-20	<u>73,750.00</u>
		\$ 374,250.00
Decreased by:		
Receipts	C-2	<u>150,000.00</u>
Balance, December 31, 2008	C	\$ <u><u>224,250.00</u></u>

"C-20"

SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

Increased by:		
2008 Grants	C-19	\$ <u>73,750.00</u>
Balance, December 31, 2008	C	\$ <u><u>73,750.00</u></u>

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>DATE OF ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
08/03/06	Various Capital Improvements	07/16/08	\$	07/15/09	3.00%	\$ 2,261,000.00	2,261,000.00
11/22/06-6/21/07-2/7/08	2006 Road Program	07/16/08	2,267,250.00	07/15/09	3.00%	2,267,250.00	2,267,250.00
11/15/07	2007 Road Program - Phase I	07/16/08	1,235,000.00	07/15/09	3.00%	1,235,000.00	1,235,000.00
03/06/08	2007 road Program - Phase II	07/16/08	2,236,750.00	07/15/09	3.00%	2,236,750.00	2,236,750.00
			\$			\$ 8,000,000.00	8,000,000.00
					REF.	C-2	C:C-6

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>
96-14	Various Capital Improvements	\$ 157,000.00
04-21/07-06	Dredging Project	57,000.00
04-27	Refunding Ordinance	39,384.35
06-11	Various Capital Improvements	427,500.00
06-18	Public Building Improvement Projects	71,250.00
06-35	Refunding Ordinance	1,735,000.00
07-13	Various Capital Improvements	142,500.00
07-35/07-51	Improvements to Municipal Building	237,500.00
07-38/08-33	Recreation Facility Improvements	1,305,775.00
07-46	Reconstruction of Winchester Avenue	807,500.00
07-55	Purchase and Installation of New Equipment	142,500.00
08-08	Road Improvements	542,000.00
08-16	Various Capital Improvements	760,000.00
08-18	Open Space - Passive Recreation	66,500.00
		<u>152,000.00</u>
		<u>\$ 6,643,409.35</u>

CITY OF MARGATE CITY
WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR-TREASURER

	<u>REF.</u>	<u>WATER AND SEWER UTILITY</u>	<u>WATER METER TRUST</u>	<u>WATER AND SEWER CAPITAL</u>
Balance December 31, 2007	D	\$ <u>650,284.22</u>	\$ <u>39,742.56</u>	<u> </u>
Increased by Receipts:				
Consumer Accounts Receivable	D-6	\$ 3,492,525.65	\$	\$
Miscellaneous Revenue Anticipated	D-1:D-3	102,446.30		
Interfunds	D-11	2,405,714.92		
Due General Capital Fund	D-19			137,817.98
Water and Sewer Overpayments	D-14	32,522.68		
Water Meter Installations	D-8		4,180.00	
2008 Appropriation Refunds	D-4	25,156.11		
Prepaid Water and Sewer Charges	D-13	24,107.61		
		\$ <u>6,082,473.27</u>	\$ <u>4,180.00</u>	\$ <u>137,817.98</u>
		\$ <u>6,732,757.49</u>	\$ <u>43,922.56</u>	\$ <u>137,817.98</u>
Decreased by Disbursements:				
2008 Budget Appropriations	D-4	\$ 3,155,537.12	\$	\$
2007 Appropriation Reserves	D-12	55,763.91		
Water and Sewer Overpayments	D-14	1,318.60		
Interfunds	D-11	2,065,714.92		
Water Meter Installations	D-8		30,472.31	
Contracts Payable	D-21			137,817.98
Accrued Interest on Bonds and Notes	D-9	79,790.00		
		\$ <u>5,358,124.55</u>	\$ <u>30,472.31</u>	\$ <u>137,817.98</u>
Balance, December 31, 2008	D	\$ <u><u>1,374,632.94</u></u>	\$ <u><u>13,450.25</u></u>	\$ <u><u> </u></u>

"D-6"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF WATER AND SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2007	D	\$	32,063.56
Increased by:			
Water and Sewer Charges Levied (Net)			<u>3,531,253.04</u>
		\$	<u>3,563,316.60</u>
Decreased By:			
Prepaid Applied to Revenue	D-13	\$	42,536.54
Receipts	D-5		<u>3,492,525.65</u>
			<u>3,535,062.19</u>
Balance, December 31, 2008	D	\$	<u><u>28,254.41</u></u>

"D-7"

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE - UTILITY FUND

Balance, December 31, 2007	D	\$	25,608.25
Increased by:			
2008 Appropriations	D-4		<u>40,947.25</u>
		\$	<u>66,555.50</u>
Decreased by:			
Transfer to 2007 Appropriation Reserves	D-12		<u>25,608.25</u>
Balance, December 31, 2008	D	\$	<u><u>40,947.25</u></u>

CITY OF MARGATE CITY

WATER AND SEWER UTILITY TRUST FUND

SCHEDULE OF RESERVE FOR WATER METER INSTALLATIONS

	<u>REF.</u>	
Balance, December 31, 2007	D	\$ 39,742.56
Increased by:		
Receipts	D-5	<u>4,180.00</u>
		\$ 43,922.56
Decreased by:		
Disbursements	D-5	<u>30,472.31</u>
Balance, December 31, 2008	D	<u>\$ 13,450.25</u>

"D-9"

CITY OF MARGATE CITY
WATER AND SEWER UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>REF.</u>	
Balance, December 31, 2007	D	\$ 36,570.17
Increased by:		
Budget Appropriations	D-4	76,000.00
		\$ <u>112,570.17</u>
Decreased by:		
Disbursements	D-5	<u>79,790.00</u>
Balance, December 31, 2008	D	\$ <u><u>32,780.17</u></u>

"D-10"

SCHEDULE OF CHANGE FUND

Balance, December 31, 2007 and December 31, 2008	D	\$ <u><u>100.00</u></u>
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CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF 2007 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2007</u>	<u>ACCOUNTS</u> <u>PAYABLE</u>	<u>MODIFIED</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:					
Salaries and Wages	\$ 155,524.41	\$	155,524.41	\$	155,524.41
Other Expenses	58,260.58	25,608.25	83,868.83	55,763.91	28,104.92
Atlantic County Utilities Authority:					
Other Expenses	29,883.00		29,883.00		29,883.00
	<u>\$ 243,667.99</u>	<u>\$ 25,608.25</u>	<u>\$ 269,276.24</u>	<u>\$ 55,763.91</u>	<u>\$ 213,512.33</u>

REF.

D

D-7

D-5

D-1

"D-13"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF PREPAID WATER AND SEWER CHARGES

	<u>REF.</u>	
Balance, December 31, 2007	D	\$ 42,536.54
Increased by:		
Receipts	D-5	24,107.61
		\$ <u>66,644.15</u>
Decreased by:		
Applied to Revenue	D-6	<u>42,536.54</u>
Balance, December 31, 2008	D	\$ <u><u>24,107.61</u></u>

"D-14"

SCHEDULE OF RESERVE FOR SEWER OVERPAYMENTS

Increased by:		
Receipts	D-5	\$ 32,522.68
Decreased by:		
Disbursements	D-5	<u>1,318.60</u>
Balance, December 31, 2008	D	\$ <u><u>31,204.08</u></u>

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
	<u>General Improvements:</u>				
2001-13	Various Improvements to Water Sewer System	7/25/96	\$ <u>1,070,000.00</u>	\$ <u>170,000.00</u>	\$ <u>1,240,000.00</u>
	<u>REF.</u>		D	D-20	D

"D-16"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

REF.

Balance, December 31, 2007
and December 31, 2008

D

\$ 65,200.00

"D-17"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2007
and December 31, 2008

D

\$ 1,647,165.86

"D-18"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE WATER AND SEWER UTILITY FUND

REF.

Balance, December 31, 2007		
and December 31, 2008 (Due From)	D	\$ <u>125,000.00</u>

"D-19"

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2007 (Due From)	D	\$ 51,669.58
Decreased by:		
Receipts	D-5	<u>137,817.98</u>
Balance, December 31, 2008 (Due To)	D	\$ <u>86,148.40</u>

CITY OF MARGATE CITY

WATER & SEWER UTILITY CAPITAL FUND

SCHEDULE OF UTILITY SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2008</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Water & Sewer Utility Bonds	11/15/00	\$ 2,630,000.00	7/15/09	\$ 175,000.00	5.05%	\$	\$	
			7/15/10	185,000.00	5.05%			
			7/15/11	195,000.00	5.05%			
			7/15/12	205,000.00	5.05%			
			7/15/13-7/15/14	215,000.00	5.05%			
			7/15/15	220,000.00	5.05%		170,000.00	1,410,000.00
						<u>\$ 1,580,000.00</u>	<u>\$ 170,000.00</u>	<u>\$ 1,410,000.00</u>
					<u>REF.</u>	D	D-15	D

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2007	D	\$ 67,201.82
Increased by:		
Improvement Authorizations	D-22	504,979.43
		<u>\$ 572,181.25</u>
Decreased by:		
Disbursements	D-5	137,817.98
		<u>137,817.98</u>
Balance, December 31, 2008	D	<u>\$ 434,363.27</u>

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE DECEMBER 31, 2007 FUNDED</u>		<u>CONTRACTS PAYABLE</u>		<u>BALANCE DECEMBER 31, 2008 FUNDED</u>	
		<u>DATE</u>	<u>AMOUNT</u>						
07-45	Improvements to Water and Sewer Utility System	10/18/07	\$ 700,000.00	\$	618,627.56	\$	504,979.43	\$	113,648.13
				\$	618,627.56	\$	504,979.43	\$	113,648.13
		<u>REF.</u>			D		D-21		D

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2007 AND 2008</u>
Pumping System Land	\$ 20,000.00
Springs and Wells	362,752.20
Chemical Treatment Plant	20,000.00
Hydraulic Power Structures	28,872.17
Electric Power Pumping Equipment	54,654.85
Transmission Mains and Accessories	2,000.00
Storage Reservoirs Tanks and Standard Pipes	431,189.52
Distribution Mains and Accessories	327,347.46
General Equipment	12,573.13
Water Main and Fire Hydrants	19,024.67
Improvement to Wells	15,155.00
Improvement to Water System	1,344,596.86
Improvement to Water System	1,400,000.00
Improvement to Water System	<u>259,000.00</u>
	\$ <u><u>4,297,165.86</u></u>

REF.

D

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL - AUTHORIZED AND UNCOMPLETE

<u>ACCOUNT</u>	BALANCE DECEMBER 31, <u>2007 AND 2008</u>
Improvements to Water and Sewer Utility Systems	\$ <u>700,000.00</u>
<u>REF.</u>	D

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CITY OF MARGATE CITY

PART II

INDEPENDENT AUDITOR'S 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

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Westfield 908-789-9300

Somerville 908-725-6688

Fax 908-789-8535

INDEPENDENT AUDITOR'S 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 Board
of Commissioners
City of Margate City
County of Atlantic
Margate City, New Jersey 08402

We have audited the accompanying financial statements - statutory basis of the City of Margate City, County of Atlantic, New Jersey as of and for the year ended December 31, 2008, and have issued our report thereon dated May 7, 2009. Our report disclosed that, as described in Note 1 to the financial statements, the City of Margate City 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 and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division of Local Government Services, Department of Local Government Services, Department of Community Affairs, State of New Jersey such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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. However, we noted immaterial matters involving internal control structure and its operations which are discussed in Part III, General Comments and Recommendations Section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Margate City's financial statements - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. However, we noted immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of this report.

SUPLEE, CLOONEY & COMPANY

This report is intended solely for the information of the City of Margate City, County of Atlantic, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

May 7, 2009


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

CITY OF MARGATE CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C.F.D.A. NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		2008 RECEIPTS	2008 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2008
			FROM	TO			
Pass Through From State of New Jersey							
US DEPARTMENT OF JUSTICE:							
DEPARTMENT OF LAW AND PUBLIC SAFETY:							
State and Local All Hazards Emergency Operation Planning							
COPS in Shops - 2008	83.56	\$ 2,405.72		Continuous		\$ 2,000.00	2,000.00
	16,710	2,000.00		Continuous			
				TOTAL	\$ 0.00	\$ 2,000.00	2,000.00

CITY OF MARGATE CITY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2008

STATE GRANTOR DEPARTMENT/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT AWARD AMOUNT	2008 RECEIPTS	2008 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2008
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>					
Drunk Driving Enforcement Fund - 2004	1110-100-066-1110-YYYY	\$ 685 39	\$	\$ 1 00	\$ 685 39
Drunk Driving Enforcement Fund - 2006	1110-100-066-1110-YYYY	42 635 60		16 213 12	42 635 60
Click It or Ticket - 2008	1160-100-066-1160-116-YHTS-6020	4 000 00	4 000 00	1 249 58	1 249 58
Alcohol Education Rehabilitation Fund - Prior	9735-760-098-Y900-001-X100-6020	1 556 15			
Alcohol Education Rehabilitation Fund - 1999	9735-760-098-Y900-001-X100-6020	424 53			
Alcohol Education Rehabilitation Fund - 2001	9735-760-098-Y900-001-X100-6020	100 78			
		\$	\$ 4 000 00	\$ 17 463 70	\$ 44 570 57
<u>NJ DIVISION OF CRIMINAL JUSTICE</u>					
Body Armor Replacement Fund - 2003	1020-718-066-1020-001-YCJS-6120	3 025 23	\$	\$	\$ 1 443 48
Body Armor Replacement Fund - 2004	1020-718-066-1020-001-YCJS-6120	6 820 33			
Body Armor Replacement Fund - 2005	1020-718-066-1020-001-YCJS-6120	3 154 85			
Body Armor Replacement Fund - 2006	1020-718-066-1020-001-YCJS-6120	107 60			
Body Armor Replacement Fund - 2007	1020-718-066-1020-001-YCJS-6120	3 662 53			
Body Armor Replacement Fund - 2008	1020-718-066-1020-001-YCJS-6120	3 981 82			
Body Armor Replacement Fund - Unappropriated	1020-718-066-1020-001-YCJS-6120	3 397 42	3 397 42	-0-	1 443 48
		\$	\$ 3 397 42	\$ -0-	\$ 1 443 48
<u>NJ DIVISION OF HIGHWAY TRAFFIC SAFETY</u>					
Buckle Up South Jersey	1160-100-066-1160-113-YHTS-6120	2 000 00	\$	\$	\$
Buckle Up South Jersey	1160-100-066-1160-113-YHTS-6120	2 000 00			
Buckle Up South Jersey - 2008	1160-100-066-1160-113-YHTS-6120	2 000 00	0 00	-0-	-0-
		\$	\$ 0 00	\$ -0-	\$ -0-
<u>DEPARTMENT OF TRANSPORTATION</u>					
Monmouth Avenue	6320-480-078-6320-AJH-TCAP-6010	258 750 00	\$	\$	\$ 258 750 00
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>					
Clean Communities Grant - 2008	4900-765-042-4900-004-V42Y-6020	21 319 90	\$	\$	\$ 21 319 90
Recycling Tonnage Grant - 2004	4900-752 042-4900-001-V42Y-6020	5 893 90	19 641 02	21 319 90	21 319 90
Recycling Tonnage Grant - 2005	4900-752 042-4900-001-V42Y-6020	321 97			5 140 22
Recycling Tonnage Grant - 2006	4900-752 042-4900-001-V42Y-6020	1 076 61			
Recycling Tonnage Grant - 2007	4900-752 042-4900-001-V42Y-6020	1 832 72			
Recycling Tonnage Grant - 2008	4900-752 042-4900-001-V42Y-6020	8 448 05	6 743 10		
Municipal Stormwater Regulation - 2004	WQ05-517	8 468 00			
Municipal Stormwater Regulation - 2006	WQ05-517	4 234 00			
		\$	\$ 26 384 12	\$ 21 319 90	\$ 26 460 12
<u>Pass Through From County of Atlantic</u>					
<u>DEPARTMENT OF HEALTH</u>					
Municipal Alliance on Alcoholism and Drug Abuse - 2007		15 746 77	\$	\$	\$ 15 346 77
Municipal Alliance on Alcoholism and Drug Abuse - 2008		15 746 77		7 185 89	15 346 77
		\$	\$ 15 346 77	\$ 7 185 89	\$ 15 346 77
TOTAL		\$	\$ 49 128 31	\$ 45 969 49	\$ 346 570 94

CITY OF MARGATE CITY

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2008

NOTE 1. GENERAL

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state financial assistance programs of the City of Margate City, County of Atlantic, New Jersey. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the City's financial statements - statutory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - STATUTORY BASIS

Amounts reported in the accompanying schedules of expenditures agree with amounts reported in the City's statutory basis financial statements. These amounts are reported in either the Grant Fund or the General Capital Fund.

Receipts:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ _____	\$ 49,128.31	\$ _____	\$ 49,128.31
	\$ _____	\$ 49,128.31	\$ _____	\$ 49,128.31

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 2,000.00	\$ 57,967.06	\$ 34,375.01	\$ 94,342.07
	\$ 2,000.00	\$ 57,967.06	\$ 34,375.01	\$ 94,342.07

NOTE 5. OTHER

Matching contributions expended by the City in accordance with terms of the various grants are not reported in the accompanying schedules.

PART III

CITY OF MARGATE CITY

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2008

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2008		YEAR 2007	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 2,209,000.00	4.71%	\$ 2,291,000.00	5.01%
Miscellaneous - From Other Than				
Local Property Tax Levies	3,333,719.80	7.11%	3,507,678.05	7.68%
Collection of Delinquent Taxes				
and Tax Title Liens	586,624.22	1.25%	686,512.67	1.50%
Collections of Current Tax Levy	40,746,401.09	86.93%	39,205,175.11	85.81%
<u>Total Revenue</u>	<u>\$ 46,875,745.11</u>	<u>100.00%</u>	<u>\$ 45,690,365.83</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 24,195,535.80	53.99%	\$ 22,585,497.16	52.05%
County Taxes	10,444,788.11	23.31%	10,630,964.86	24.50%
Local School District Taxes	10,173,118.00	22.70%	10,173,118.00	23.45%
Other Expenditures	447.23	0.00%	1,310.78	0.00%
<u>Total Expenditures</u>	<u>\$ 44,813,889.14</u>	<u>100.00%</u>	<u>\$ 43,390,890.80</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,061,855.97		\$ 2,299,475.03	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	\$ 3,936.69		60,000.00	
Statutory Excess to Fund Balance	\$ 2,065,792.66		\$ 2,359,475.03	
Fund Balance - January 1	3,801,766.27		3,733,291.24	
	\$ 5,867,558.93		\$ 6,092,766.27	
Less: Utilization as Anticipated Revenue	2,209,000.00		2,291,000.00	
Fund Balance, December 31	<u>\$ 3,658,558.93</u>		<u>\$ 3,801,766.27</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - SEWER UTILITY OPERATING FUND

	YEAR 2008		YEAR 2007	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 230,314.00	5.64%	\$ 325,245.00	8.21%
Collection of Sewer Use Charges	3,535,062.19	86.62%	3,529,812.20	89.14%
Miscellaneous	315,958.63	7.74%	104,848.54	2.65%
<u>Total Revenue</u>	<u>\$ 4,081,334.82</u>	<u>100.00%</u>	<u>\$ 3,959,905.74</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 3,238,314.00	90.45%	\$ 3,228,000.00	90.29%
Capital Improvements				
Deferred Charges and Statutory Expenditures	96,000.00	2.68%	99,000.00	2.77%
Debt Service	246,000.00	6.87%	248,245.00	6.94%
<u>Total Expenditures</u>	<u>\$ 3,580,314.00</u>	<u>100.00%</u>	<u>\$ 3,575,245.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 501,020.82		\$ 384,660.74	
Fund Balance - January 1	517,001.27		457,585.53	
	\$ 1,018,022.09		\$ 842,246.27	
Decreased by:				
Utilization as Anticipated Revenue	230,314.00		325,245.00	
Fund Balance, December 31	<u>\$ 787,708.09</u>		<u>\$ 517,001.27</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	<u>\$1.210</u>	<u>\$1.180</u>	<u>\$1.204</u>
Appointment of Tax Rate:			
Municipal	\$0.561	\$0.518	\$0.530
County	0.306	0.315	0.323
Local School	<u>0.343</u>	<u>0.347</u>	<u>0.351</u>

Assessed Valuation:

Year 2008	\$ <u>3,407,846,629.00</u>		
Year 2007		\$ <u>3,361,487,250.00</u>	
Year 2006			\$ <u>3,309,070,139.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION 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 COLLECTION</u>
2008	\$41,349,481.77	\$40,746,650.89	98.54%
2007	\$39,825,057.40	\$39,205,175.11	98.44%
2006	\$40,009,437.09	\$39,301,038.32	98.23%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, 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>
2008	\$1,585.95	\$596,741.61	\$598,327.56	1.45%
2007	\$1,474.05	\$583,724.19	\$585,198.24	1.49%
2006	\$1,367.85	\$696,520.35	\$697,888.20	1.89%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31st on the basis of the assessed valuations of such properties was as follows:

2008	\$138,557.50
2007	\$138,557.50
2006	\$138,557.50

COMPARISON OF UTILITY LEVIES

<u>YEAR</u>	<u>SEWER LEVY</u>
2008	\$3,556,076.96
2007	\$3,540,766.60
2006	\$3,461,193.48

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2008	\$3,658,558.93	\$2,165,000.00
	2007	3,801,766.27	2,209,000.00
	2006	3,733,291.24	2,291,000.00
	2005	1,894,386.48	1,150,000.00
	2004	2,056,018.01	1,153,000.00
Sewer Utility Operating Fund	2008	\$787,708.09	\$314,000.00
	2007	516,001.27	230,314.00
	2006	457,585.53	325,245.00
	2005	562,339.75	417,100.00
	2004	276,907.49	140,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Michael Becker	Mayor - Director of Revenue and Finance	*
Daniel Campbell	Commissioner - Director of Public Works and Public Property	*
Maury Blumberg	Commissioner - Director of Public Affairs and Public Safety	*
Thomas D. Hiltner	City Clerk, Tax Collector, Water and Sewer Collector, Registrar of Vital Statistics	*
Muriel Z. Hickson	Deputy Tax Collector, Deputy City Clerk, Tax Search Officer	*
Lisa McLaughlin	Chief Finance Officer, Management Specialist	*
Mary Siracusa	City Solicitor	*
James P. Savio	Magistrate	*
Maureen Larkin	Court Administrator	*
Patricia McCarthy	Deputy Court Administrator	*
Sal Catania	Electrical Inspector and City Electrician	*
James Galantino	Construction Code Official	*

All of the bonds were examined and were properly executed.

*Covered by Honesty Blanket Position Bond of the Atlantic County Joint

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective July 1, 2005, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$21,000.00. Effective December 1, 2005 the bid threshold in accordance with N.J.S.A. 40A:11-3 was increased to \$29,000.00 by resolution of the governing body.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$29,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Solicitor's opinion should be sought before a commitment is made.

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

- Pump Station Upgrade
- Fence Replacement
- Road Programs
- Emergency Generator
- Tennis Court and Basketball Court Resurfacing
- Playgrounds Reconstruction
- Purchase of Street Sweeper
- Purchase of Articulated Wheel Loader
- Purchase of Loader Backhoe
- Accessible Curb Ramp Program
- Cleaning and Televising Sewer Systems

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

- Municipal Engineers
- Tax Appeals Attorney
- Municipal Auditor
- Labor Attorney
- Marketing and Advertising

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing 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.

GENERAL COMMENTS (CONTINUED)

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$29,000.00 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.A. 40A:11-6.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on April 24, 1980 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED, by the Board of Commissioners of the City of Margate City, County of Atlantic, New Jersey, that all delinquent taxes for the year shall have added to them, by the Tax Collector of the City of Margate City, from the date of delinquency to the date of payment, interest at a rate of 8% on the first \$1,500.00 and 18% on any excess over \$1,500.00; and

WHEREAS, it appears that Chapter 105, P.L. 1965 of the Laws of the State of New Jersey has amended R.S. 54:4-67 thereby giving the people a ten (10) day grace period from the taxes due date.

THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Margate City that the Tax Collector is hereby authorized to add eight percent (8%) on the first \$1,500.00 and 18% on any excess over \$1,500.00 giving the people a ten (10) day grace period from the taxes due date, on any and all liens for any improvements by the Municipality from the date of delinquency.

BE IT FURTHER RESOLVED, that so long as said taxes are paid within the ten (10) day grace period by any person, firm, corporation or association that payment shall be considered to have been made within the ten (10) day grace period and therefore no interest shall be charged.

BE IT FURTHER RESOLVED that this resolution shall become effective April 24, 1980.

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 last tax sale was held on December 5, 2008 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2008	1
2007	1
2006	1

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2009 Taxes	25
Payments of 2008 Taxes	25
Delinquent Taxes	10
Payment of Sewer Utility Charges	20
Delinquent Sewer Utility Charges	5

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the City's policy to review and liquidate all interfund balances on a periodic basis.

Minutes

Minutes of City Commission meetings were not always signed by the City Clerk.

Capital

Our audit disclosed there are open capital ordinance balances that have had no action in over one year.

In addition, there are two ordinances with Deferred Charges to Future Taxation – Unfunded that are over five years old and the projects have been completed

Purchasing

During our audit we noted several purchase orders that were processed as confirming orders. This is where goods have been received or services rendered prior to the issuance of purchase orders.

RECOMMENDATIONS

That all minutes of Commission meetings be signed by the City Clerk.

That all capital ordinance balances over five years old be reviewed for collection.

That all balances with Deferred Charges to Future Taxation – Unfunded that are over five years old be raised in future budgets.

That the practice of issuing confirming orders be discontinued.

