

**CITY OF MARGATE  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2011**

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**CITY OF MARGATE**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2011**

1535 HAYEN AVENUE • PO BOX 538  
OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548  
MAYS LANDING, NJ 08330  
PHONE 609.625.0999 • FAX 609.625.2421

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the City Commission  
City of Margate  
County of Atlantic, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the City of Margate, State of New Jersey (the “City”), as of December 31, 2011 and the related statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements – regulatory basis are the responsibility of the City’s management. Our responsibility is to express opinions on these financial statements based on our audits. The financial statements of the City of Margate as of and for the year ended December 31, 2010, were audited by other auditors whose report dated July 12, 2011 expressed an unqualified opinion on those statements in conformity with an “Other Comprehensive Basis of Accounting” as described in paragraph three and Note 1.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). 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 opinions.

As described in Note 1, the City, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the City, as of December 31, 2011 and the results of operations and changes in fund balance of such funds for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2011 and the results of operations and changes in fund balances of such funds for the year then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the City. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

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

**May 22, 2012**

**EXHIBIT - A  
CURRENT FUND**

**CITY OF MARGATE**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 4,676,203.71	\$ 4,686,162.28
Change and Petty Cash Funds		450.00	450.00
Investments		<u>24,199.11</u>	<u>28,148.12</u>
		<u>4,700,852.82</u>	<u>4,714,760.40</u>
Other Receivables:			
Due from State of NJ - Vets/Seniors		-	2,595.35
		<u>-</u>	<u>2,595.35</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	817,722.99	756,840.80
Tax Title Liens Receivable		1,641.66	2,631.66
Property Acquired for Taxes at Assessed Valuation		138,557.50	138,557.50
Revenue Accounts Receivable	A-9	2,023.81	3,654.48
Interfunds:			
Due from Animal Control Fund		154.60	876.00
		<u>960,100.56</u>	<u>902,560.44</u>
Deferred Charges:			
Special Emergency		12,000.00	24,000.00
Emergency Authorization		-	6,000.00
Overexpenditure of Appropriations		23,670.12	-
		<u>35,670.12</u>	<u>30,000.00</u>
		<u>5,696,623.50</u>	<u>5,649,916.19</u>
Federal and State Grant Fund:			
Due from Current Fund		32,478.90	33,264.10
Grant Receivables	A-11	19,560.00	20,311.48
		<u>52,038.90</u>	<u>53,575.58</u>
		<u>\$ 5,748,662.40</u>	<u>\$ 5,703,491.77</u>

**CITY OF MARGATE**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 821,252.69	\$ 347,147.52
Reserve for Encumbrances	A-3	71,774.15	95,174.72
Salaries and Wages Payable		3,047.00	-
Prepaid Taxes		785,791.08	761,768.31
Tax Overpayments		59,683.19	72,249.49
County Added Taxes		28,947.10	21,812.25
Due to Grant Fund		32,478.90	33,414.10
Reserve for Outside Liens		5,009.13	4,358.15
Reserve for Premium on Tax Sale		109,975.00	67,150.00
Prepaid Licenses		1,799.00	1,326.50
Due to State of NJ - Veterans and Senior Citizens		145.74	-
Due to State - Marriage Licenses		125.00	250.00
Reserve for Sale of Municipal Assets		45,817.20	170,817.20
Reserve for State Tax Appeals		13,952.11	13,952.11
Reserve for Master Plan		1,300.00	1,300.00
		<u>1,981,097.29</u>	<u>1,590,720.35</u>
Reserve for Receivables and Other Assets		960,100.56	902,560.44
Fund Balance	A-1	<u>2,755,425.65</u>	<u>3,156,635.40</u>
		<u>5,696,623.50</u>	<u>5,649,916.19</u>
Federal and State Grant Fund:			
Due to Water and Sewer Operating Fund		12,702.00	12,702.00
Unappropriated Reserves	A-12	3,311.85	15,572.10
Appropriated Reserves	A-13	36,025.05	25,301.48
		<u>52,038.90</u>	<u>53,575.58</u>
		<u>\$ 5,748,662.40</u>	<u>\$ 5,703,491.77</u>

**CITY OF MARGATE**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,365,000.00	\$ 2,365,000.00
Miscellaneous Revenue Anticipated		3,168,867.95	3,117,699.06
Receipts from Delinquent Taxes		758,926.61	760,515.17
Receipts from Current Taxes		45,531,844.68	43,467,097.48
Non-Budget Revenue		269,450.78	342,871.80
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		253,595.58	306,361.98
Interfunds Returned		876.00	49.25
Cancellation of Grant Reserves		632.77	-
Cancellation of Tax Overpayments		11,446.05	7,340.90
Reserve for Tax Sale Premiums Canceled		-	2,550.00
Total Income		<u>52,360,640.42</u>	<u>50,369,485.64</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		11,729,306.63	11,575,119.96
Other Expenses		5,973,075.00	5,415,010.00
Deferred Charges & Statutory Expenditures		2,642,744.00	2,063,739.00
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses		1,697,854.86	1,878,428.75
Capital Improvements		200,000.00	226,000.00
Municipal Debt Service		3,127,437.71	3,245,384.35
Deferred Charges & Statutory Expenditures		68,000.00	12,000.00
Judgments		-	-
For Local District School Purposes		1,013,625.00	1,499,704.27
County Taxes		13,396,278.90	11,957,219.34
County Added and Omitted Taxes		28,947.10	21,812.25
Local District School Tax		10,536,409.00	10,261,763.50
Interfund Created		-	40.80
Refund of Prior Year Revenue		2,211.49	-
Loss on Investment		3,949.01	-
Adjustment to Prior Year County Added Taxes		681.59	-
Total Expenditures		<u>50,420,520.29</u>	<u>48,156,222.22</u>

**CITY OF MARGATE**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess In Revenue		\$ 1,940,120.13	\$ 2,213,263.42
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		23,670.12	6,000.00
		<u>23,670.12</u>	<u>6,000.00</u>
Statutory Excess to Fund Balance		1,963,790.25	2,219,263.42
Fund Balance January 1	A	<u>3,156,635.40</u>	<u>3,302,371.98</u>
		5,120,425.65	5,521,635.40
Decreased by:			
Utilization as Anticipated Revenue		<u>2,365,000.00</u>	<u>2,365,000.00</u>
Fund Balance December 31	A	<u>\$ 2,755,425.65</u>	<u>\$ 3,156,635.40</u>

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 2,365,000.00	\$	\$ 2,365,000.00	\$ -
Fund Balance Anticipated with Prior Written Consent of Director of Local Government		-		-	-
		<u>2,365,000.00</u>	<u>-</u>	<u>2,365,000.00</u>	<u>-</u>
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		9,500.00		9,829.50	329.50
Other		13,000.00		18,957.00	5,957.00
Fees and Permits		115,000.00		179,037.96	64,037.96
Fines and Costs:					
Municipal Court		90,000.00		110,700.52	20,700.52
Interest and Costs on Taxes		110,000.00		172,664.79	62,664.79
Interest on Investments and Deposits		50,000.00		56,336.80	6,336.80
Anticipated Utility Operating Surplus		100,000.00		100,000.00	-
Beach Fees		250,000.00		294,723.50	44,723.50
Cable Franchise		55,000.00		55,510.75	510.75
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		764,475.00		764,475.00	-
Uniform Construction Code Fees		290,000.00		339,209.00	49,209.00
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Body Armor Replacement Fund		3,101.95		3,101.95	-
Recycling Tonnage Grant		10,470.15	8,473.10	18,943.25	-
COPS in Shops		2,000.00		2,000.00	-
Clean Communities Program			24,849.51	24,849.51	-
Municipal Alliance on Alcoholism and Drug Abuse			19,560.00	19,560.00	-

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (continued):					
Other Special Items:					
Utility Operating Surplus of Prior Year		\$ 200,000.00	\$ -	\$ 200,000.00	\$ -
Uniform Fire Safety Act		11,685.67		12,084.47	398.80
Capital Surplus		300,000.00		300,000.00	-
Beach Vending License		40,000.00		40,000.00	-
Ambulance Billing		200,000.00		199,723.70	(276.30)
Recreation Fees		135,000.00		122,160.25	(12,839.75)
Sale of Municipal Assets		125,000.00		125,000.00	-
Total Miscellaneous Revenues	A-1	<u>2,874,232.77</u>	<u>52,882.61</u>	<u>3,168,867.95</u>	<u>241,752.57</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>525,000.00</u>		<u>758,926.61</u>	<u>233,926.61</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		21,345,405.43		22,276,584.68	931,179.25
Addition to Local District School Tax		1,013,625.00		1,013,625.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>22,359,030.43</u>	<u>-</u>	<u>23,290,209.68</u>	<u>931,179.25</u>
Budget Totals		<u>28,123,263.20</u>	<u>52,882.61</u>	<u>29,583,004.24</u>	<u>1,406,858.43</u>
Non-Budget Revenues				<u>269,450.78</u>	<u>269,450.78</u>
		<u>\$ 28,123,263.20</u>	<u>\$ 52,882.61</u>	<u>\$ 29,852,455.02</u>	<u>\$ 1,676,309.21</u>



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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY</b>						
Director's Office						
Salaries and Wages	\$ 22,926.00	\$ 22,926.00	\$ 22,115.13	\$	\$ 810.87	\$
Other Expenses	3,500.00	3,500.00	756.50	150.00	2,593.50	
Police						
Salaries and Wages	4,072,565.51	4,092,565.51	4,077,771.82	-	14,793.69	
Other Expenses	187,000.00	167,000.00	117,460.69	3,302.95	46,236.36	
Municipal Prosecutor						
Salaries and Wages	25,000.00	25,000.00	22,613.50		2,386.50	
Fire						
Salaries and Wages	3,395,900.00	3,395,900.00	3,363,232.77		32,667.23	
Other Expenses	90,000.00	90,000.00	70,166.26	19,320.26	513.48	
Fire Prevention Bureau						
Salaries and Wages	8,200.00	8,200.00	8,187.66	-	12.34	
Other Expenses	2,300.00	2,300.00	1,729.84	-	570.16	
Fire Safety Official						
Salaries and Wages	14,400.00	14,400.00	14,308.06	-	91.94	
Other Expenses	5,000.00	5,000.00	2,378.50	2,558.59	62.91	
Uniform Fire Safety Act (P.L. 1983 Ch.383)						
Salaries and Wages	16,100.00	16,100.00	16,014.96	-	85.04	
Other Expenses	500.00	500.00	90.00	-	410.00	
Lifeguards						
Salaries and Wages	510,000.00	509,722.00	530,492.64	-	-	(20,770.64)
Other Expenses	32,000.00	32,000.00	31,596.51	87.23	316.26	
Beach Front Maintenance						
Salaries and Wages	65,000.00	65,000.00	67,899.48	-	(0.00)	(2,899.48)
Other Expenses	11,000.00	11,278.00	11,277.66	-	0.34	
Municipal Land Use Law (N.J.S.A.40:55D-1)						
Planning Board						
Salaries and Wages	113,500.00	113,500.00	113,474.66	-	25.34	
Other Expenses	12,500.00	12,500.00	9,395.08	21.09	3,083.83	
Zoning Commission						
Other Expenses	14,000.00	14,000.00	11,635.07	215.22	2,149.71	

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Legal Services and Costs						
Salaries and Wages	\$ 85,000.00	\$ 55,000.00	\$ 38,339.40	\$ -	\$ 16,660.60	\$
Other Expenses	145,000.00	175,000.00	163,889.29	8,894.41	2,216.30	
Aid to Healthcare Facilities						
Atlantic City Medical Center	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	3,454.62	-	45.38	
Dog Regulation						
Other Expenses	8,000.00	8,000.00	7,800.00	-	200.00	
Municipal Court						
Salaries and Wages	164,500.00	168,240.00	161,323.31	-	6,916.69	
Other Expenses	23,000.00	19,260.00	12,470.56	489.95	6,299.49	
Public Defender						
Other Expenses	3,500.00	3,500.00	3,500.00	-	-	
<b>DEPARTMENT OF REVENUE AND FINANCE</b>						
Director's Office						
Salaries and Wages	366,500.00	365,000.00	358,890.35	-	6,109.65	
Other Expenses	56,000.00	56,000.00	46,320.67	1,288.40	8,390.93	
Financial Administration						
Audit	30,875.00	30,875.00	30,000.00	-	875.00	
Miscellaneous Other Expenses	5,000.00	5,000.00	-	-	5,000.00	
Assessment of Taxes						
Salaries and Wages	197,500.00	189,500.00	188,057.66	-	1,442.34	
Other Expenses	40,000.00	51,000.00	49,464.46	1,227.75	307.79	
Tax Collector						
Salaries and Wages	135,500.00	133,000.00	132,151.64	-	848.36	
Other Expenses	16,000.00	16,000.00	14,511.95	582.50	905.55	
Tax Searcher						
Salaries and Wages	3,800.00	3,800.00	3,709.68	-	90.32	
City Clerk						
Salaries and Wages	135,000.00	139,000.00	138,872.41	-	127.59	
Other Expenses	2,600.00	2,600.00	2,466.00	-	134.00	
Liquidation of TTL/Foreclosed Property						
Other Expenses	500.00	500.00	-	-	500.00	
Elections						
Other Expenses	15,000.00	17,852.00	17,551.43	-	300.57	
Insurance						
Liability Insurance	306,500.00	308,750.00	305,923.59	-	2,826.41	
Workers' Compensation	540,100.00	540,100.00	537,195.10	-	2,904.90	
Group Insurance Plan for Employees	2,081,812.00	2,070,810.00	1,821,760.23	270.00	248,779.77	
Health Benefits Waiver	30,000.00	32,900.00	32,833.36	-	66.64	

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>DEPARTMENT OF PUBLIC WORKS, PARKS, AND PUBLIC PROPERTY</b>						
Director's Office						
Salaries and Wages	\$ 95,000.00	\$ 96,920.00	\$ 96,887.97	\$ -	\$ 32.03	\$
Other Expenses	1,000.00	1,000.00	930.00		70.00	
Rubbish Removal						
Other Expenses	690,000.00	690,000.00	622,041.41	-	67,958.59	
City Engineer						
Other Expenses	57,000.00	57,000.00	42,150.68	2,204.80	12,644.52	
Street Repairs and Maintenance						
Salaries and Wages	1,398,983.00	1,366,063.00	1,235,323.44	-	130,739.56	
Other Expenses	352,000.00	357,000.00	343,632.73	5,069.70	8,297.57	
Playgrounds						
Salaries and Wages	442,300.00	442,300.00	428,556.08	-	13,743.92	
Other Expenses	189,000.00	189,000.00	169,835.55	12,173.43	6,991.02	
Property and Improvement						
Salaries and Wages	43,000.00	43,000.00	42,737.50	-	262.50	
Other Expenses	45,000.00	45,000.00	42,004.50	258.15	2,737.35	
Street Lighting						
Other Expenses	175,000.00	175,000.00	165,216.16	-	9,783.84	
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	90,000.00	90,000.00	77,211.78	3,011.50	9,776.72	
State Uniform Construction Code Official						
Salaries and Wages	369,500.00	365,500.00	339,288.71	-	26,211.29	
Other Expenses	80,500.00	84,500.00	83,339.24	160.02	1,000.74	
Electrical Inspector						
Salaries and Wages	71,500.00	71,500.00	30,155.74	-	41,344.26	
Other Expenses	10,000.00	10,000.00	3,906.77	562.46	5,530.77	
<b>UNCLASSIFIED:</b>						
Municipal Service Act-Condo Law (P.L.1989 Ch.299)	1,000.00	1,000.00		-	1,000.00	
Feasibility Studies	5,000.00	5,000.00	3,300.00	-	1,700.00	
Payment of Ambulance Bills	20,000.00	20,000.00	12,485.30	1,385.67	6,129.03	
Electric	170,000.00	170,000.00	156,574.99	-	13,425.01	
Telephone	84,350.00	84,350.00	76,671.35	4,126.55	3,552.10	
Natural Gas	60,000.00	49,000.00	39,855.56	4,413.52	4,730.92	
Gasoline	130,000.00	167,000.00	165,090.49	-	1,909.51	
Sick and Retirement Payouts	92,500.00	92,500.00	90,000.00	-	2,500.00	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>17,671,211.51</b>	<b>17,671,211.51</b>	<b>16,832,278.45</b>	<b>71,774.15</b>	<b>790,829.03</b>	<b>(23,670.12)</b>
Contingent	7,500.00	7,500.00	505.42	-	6,994.58	

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	\$ 17,678,711.51	\$ 17,678,711.51	\$ 16,832,783.87	\$ 71,774.15	\$ 797,823.61	\$ (23,670.12)
Detail:						
Salaries and Wages	11,755,174.51	11,705,636.51	11,433,859.19	-	295,447.44	(23,670.12)
Other Expenses	5,923,537.00	5,973,075.00	5,398,924.68	71,774.15	502,376.17	-
<b>DEFERRED CHARGES:</b>						
Overexpenditure of Appropriation		-		-	-	
<b>STATUTORY EXPENDITURES:</b>						
Contributions to:						
Public Employees Retirement System	538,070.00	538,070.00	538,070.00	-	-	
Social Security System (O.A.S.I.)	470,000.00	470,000.00	451,436.13	-	18,563.87	
Unemployment Compensation Insurance	32,500.00	32,500.00	31,237.94	-	1,262.06	
Police and Firemen's Retirement System	1,600,114.00	1,600,114.00	1,600,114.00	-	-	
DCRP	2,060.00	2,060.00	1,066.85	-	993.15	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	<u>2,642,744.00</u>	<u>2,642,744.00</u>	<u>2,621,924.92</u>	<u>-</u>	<u>20,819.08</u>	<u>-</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<u>20,321,455.51</u>	<u>20,321,455.51</u>	<u>19,454,708.79</u>	<u>71,774.15</u>	<u>818,642.69</u>	<u>(23,670.12)</u>
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>						
Maintenance of Free Public Library	1,358,612.15	1,358,612.15	1,358,612.15	-	-	
Insurance						
Group Insurance Plan for Employees	248,788.00	248,788.00	248,788.00	-	-	
Recycling Tax						
Other Expenses	14,500.00	14,500.00	14,500.00	-	-	
<b>TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"</b>	<u>1,621,900.15</u>	<u>1,621,900.15</u>	<u>1,621,900.15</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
Body Armor Replacement Fund	\$ 3,101.95	\$ 3,101.95	\$ 3,101.95	\$ -	\$ -	\$ -
Municipal Alliance on Alcoholism & Drug Abuse						
County Share		19,560.00	19,560.00	-	-	
Local Share		4,890.00	4,890.00	-	-	
COPS in Shops	2,000.00	2,000.00	2,000.00	-	-	
Matching Funds for Grants	7,500.00	2,610.00	-	-	2,610.00	
Recycling Tonnage Grant	10,470.15	18,943.25	18,943.25	-	-	
Clean Communities	-	24,849.51	24,849.51	-	-	
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	<u>23,072.10</u>	<u>75,954.71</u>	<u>73,344.71</u>	<u>-</u>	<u>2,610.00</u>	<u>-</u>
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<u>1,644,972.25</u>	<u>1,697,854.86</u>	<u>1,695,244.86</u>	<u>-</u>	<u>2,610.00</u>	<u>-</u>
Detail:						
Salaries and Wages						-
Other Expenses	1,644,972.25	1,697,854.86	1,695,244.86	-	2,610.00	-
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund	200,000.00	200,000.00	200,000.00	-	-	-
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<u>200,000.00</u>	<u>200,000.00</u>	<u>200,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEBT SERVICE</b>						
Payment of Bond Principal	1,770,000.00	1,770,000.00	1,770,000.00	-	-	-
Interest on Bonds	1,142,718.75	1,142,718.75	1,130,456.26	-	-	12,262.49
Interest on Notes	92,254.54	92,254.54	77,853.10	-	-	14,401.44
Green Trust Loans	82,403.48	82,403.48	82,403.48	-	-	-
Infrastructure Trust Loan	67,833.67	67,833.67	66,724.87	-	-	1,108.80
<b>TOTAL DEBT SERVICE</b>	<u>3,155,210.44</u>	<u>3,155,210.44</u>	<u>3,127,437.71</u>	<u>-</u>	<u>-</u>	<u>27,772.73</u>
<b>DEFERRED CHARGES EXCLUDED FROM "CAPS"</b>						
Emergency Authorizations	6,000.00	6,000.00	6,000.00	-	-	-
Special Emergency Authorization - 5 Years	12,000.00	12,000.00	12,000.00	-	-	-
Ord. 96-14	50,000.00	50,000.00	50,000.00	-	-	-

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

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
<b>TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"</b>	\$ 68,000.00	\$ 68,000.00	\$ 68,000.00	\$ -	\$ -
Judgments	-	-	-	-	-
<b>TYPE I SCHOOL DEBT SERVICE</b>					
Payment of Bond Principal	450,000.00	450,000.00	450,000.00	-	-
Interest on Bonds	563,625.00	563,625.00	563,625.00	-	-
<b>TOTAL TYPE I SCHOOL DEBT SERVICE EXCLUDED FROM "CAPS"</b>	<u>1,013,625.00</u>	<u>1,013,625.00</u>	<u>1,013,625.00</u>	<u>-</u>	<u>-</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<u>6,081,807.69</u>	<u>6,134,690.30</u>	<u>6,104,307.57</u>	<u>-</u>	<u>2,610.00</u>
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<u>26,403,263.20</u>	<u>26,456,145.81</u>	<u>25,559,016.36</u>	<u>71,774.15</u>	<u>821,252.69</u>
Reserve for Uncollected Taxes	<u>1,720,000.00</u>	<u>1,720,000.00</u>	<u>1,720,000.00</u>	<u>-</u>	<u>-</u>
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u>\$ 28,123,263.20</u>	<u>\$ 28,176,145.81</u>	<u>\$ 27,279,016.36</u>	<u>\$ 71,774.15</u>	<u>\$ 821,252.69</u>

Adopted Budget	\$ 28,123,263.20	\$
Added Appropriations NJSA 40A:4-87's Emergency Appropriation	52,882.61	
	<u>\$ 28,176,145.81</u>	

\$ 25,770,396.42	Cash Disbursed
18,000.00	Deferred Charges
73,344.71	Grants
1,720,000.00	Reserve for Uncollected Taxes
3,047.00	Salaries and Wages Payable
(305,771.77)	Appropriation Refunds
<u>\$ 27,279,016.36</u>	

**EXHIBIT - B  
TRUST FUND**

**CITY OF MARGATE**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 2,210.20	\$ 2,421.60
		<u>2,210.20</u>	<u>2,421.60</u>
<u>Other Funds</u>			
Cash and Investments	B-2	429,244.61	274,703.93
Due from Current Fund		-	150.00
		<u>429,244.61</u>	<u>274,853.93</u>
		<u>\$ 431,454.81</u>	<u>\$ 277,275.53</u>

**CITY OF MARGATE**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Animal Control Fund</u>			
Due to Current Fund	B-5	\$ 154.60	\$ 876.00
Due to State of New Jersey	B-6	1.20	-
Reserve for Animal Control Expenditures	B-3	2,054.40	1,545.60
		<u>2,210.20</u>	<u>2,421.60</u>
<u>Other Funds</u>			
Reserve for Adopt-a-Beach		4,913.54	8,091.56
Reserve for Law Enforcement Trust Fund I		2,732.20	2,306.90
Reserve for Law Enforcement Trust Fund II		143,364.57	9,379.37
Reserve for Lifeguard Boat Escrow		250.00	250.00
Reserve for Pension Plan for Lifeguards		94,377.73	98,229.75
Reserve for Developers Deposits		28,194.54	34,355.86
Reserve for Escrow Deposits		1,875.00	1,875.00
Reserve for Parking Offenses Adjudication Act		2,942.75	9,162.75
Reserve for Payroll Liabilities		117,562.89	101,651.34
Reserve for Public Defender		1,995.00	1,100.00
Reserve for Recreation Deposits		17,518.74	8,451.40
Reserve for Skate Park		13,517.65	-
		<u>429,244.61</u>	<u>274,853.93</u>
		<u>\$ 431,454.81</u>	<u>\$ 277,275.53</u>

**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

**CITY OF MARGATE**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Cash and Investments	C-2,C-3	\$ 1,725,295.76	\$ 1,525,533.08
Deferred Charges to Future Taxation:			
Funded	C-5	48,934,185.35	33,927,525.71
Unfunded	C-6	5,197,303.15	23,954,983.91
Due from State of New Jersey		285,000.00	
Due from Water and Sewer Capital Fund		679,860.64	679,860.64
		<u>\$ 56,821,644.90</u>	<u>\$ 60,087,903.34</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 35,080,000.00	\$ 19,505,000.00
School Type I Bonds Payable	C-8A	12,585,000.00	13,035,000.00
Green Trust Loan Payable	C-8D	722,671.95	789,616.14
NJEIT Loan Payable	C-8F	546,513.40	597,909.57
Bond Anticipation Notes Payable	C-9	-	12,200,000.00
Improvement Authorizations:			
Funded	C-7	555,115.83	1,605,776.93
Unfunded	C-7	2,751,341.92	8,637,058.47
Encumbrances Payable		1,479,307.24	2,581,472.16
Reserve to Pay Bonds		225,000.00	225,000.00
Reserve for Waterfront Park		100.00	100.00
Reserve for Environmental Trust		17,449.00	17,449.00
Reserve for State Aid Receivable		75,000.00	-
Capital Improvement Fund	C-4	146,384.98	9,634.98
Fund Balance	C-1	2,637,760.58	883,886.09
		<u>\$ 56,821,644.90</u>	<u>\$ 60,087,903.34</u>

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

Balance December 31, 2010	<u>Ref.</u> C	\$ 883,886.09
Increased By:		
Premium on Sale of Bond Anticipation Notes	\$ 3,840.00	
Funded Improvement Authorizations Canceled	2,078,700.49	
	<hr/>	2,082,540.49
		<hr/> <u>2,966,426.58</u>
Decreased By:		
Due to Current Fund - Budgeted Revenue	300,000.00	
Appropriated to Fund Improvement Authorizations	28,666.00	
	<hr/>	328,666.00
Balance December 31, 2011	C	\$ <u><u>2,637,760.58</u></u>

**EXHIBIT - D**  
**WATER AND SEWER UTILITY FUND**

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 1,386,709.59	\$ 1,395,502.49
Change Funds		100.00	100.00
Due from Federal and State Grant Fund		12,702.00	12,702.00
		<u>1,399,511.59</u>	<u>1,408,304.49</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	55,137.19	47,658.20
		<u>55,137.19</u>	<u>47,658.20</u>
Deferred Charges:			
Emergency Appropriation		-	4,032.30
		<u>-</u>	<u>4,032.30</u>
Total Operating Fund		<u>1,454,648.78</u>	<u>1,459,994.99</u>
Capital Fund:			
Cash and Investments	D-5	1,574.04	674.04
Due from Utility Operating		125,000.00	125,000.00
Fixed Capital:			
Completed		4,297,165.86	4,297,165.86
Authorized and Uncompleted		900,000.00	900,000.00
Total Capital Fund		<u>5,323,739.90</u>	<u>5,322,839.90</u>
		<u>\$ 6,778,388.68</u>	<u>\$ 6,782,834.89</u>

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 115,058.23	\$ 58,442.99
Accounts Payable		-	62,888.53
Encumbrances Payable		69,363.13	-
Prepayments		19,203.46	19,100.14
Water and Sewer Rent Overpayments		29,691.18	32,510.78
Accrued Interest on Bonds and Notes	D-11	14,100.00	27,030.45
Due to Utility Capital		125,000.00	125,000.00
		<u>372,416.00</u>	<u>324,972.89</u>
Reserve for Receivables	D	55,137.19	47,658.20
Fund Balance	D-1	<u>1,027,095.59</u>	<u>1,087,363.90</u>
Total Operating Fund		<u>1,454,648.78</u>	<u>1,459,994.99</u>
Capital Fund:			
Serial Bonds Payable	D-13	845,000.00	1,040,000.00
Due to General Capital Fund		679,860.64	679,860.64
Improvement Authorizations			
Funded		154,299.16	154,299.16
Reserve for Water Meter Installations		1,574.04	674.04
Reserve for Amortization		1,647,165.86	1,647,165.86
Deferred Reserve for Amortization		1,805,000.00	1,610,000.00
Capital Improvement Fund	D-10	65,200.00	65,200.00
Fund Balance	D-2	125,640.20	125,640.20
		<u>5,323,739.90</u>	<u>5,322,839.90</u>
Total Capital Fund		<u>\$ 6,778,388.68</u>	<u>\$ 6,782,834.89</u>

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS**

	Ref.	Year 2011	Year 2010
Revenue and Other Income Realized			
Fund Balance Utilized	\$	478,000.00	\$ 478,000.00
Water and Sewer Rents		3,801,897.64	3,861,325.08
Miscellaneous Receipts		56,378.28	79,470.76
Miscellaneous Revenue Not Anticipated		67,496.86	-
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		51,339.76	32,799.95
Total Income		<u>4,455,112.54</u>	<u>4,451,595.79</u>
Expenditures:			
Operations:			
Salaries and Wages		1,230,000.00	1,140,000.00
Other Expenses		975,000.00	914,000.00
Atlantic County Utility Authority		1,207,554.00	1,393,000.00
Capital Improvements		-	-
Debt Service		218,794.55	230,000.00
Deferred Charges and Statutory Expenditures		106,032.30	101,000.00
Surplus (General Budget)		100,000.00	100,000.00
Total Expenditures		<u>3,837,380.85</u>	<u>3,878,000.00</u>
Excess in Revenue		617,731.69	573,595.79
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>617,731.69</u>	<u>573,595.79</u>
Fund Balance January 1	D	<u>1,087,363.90</u>	<u>1,191,768.11</u>
		1,705,095.59	1,765,363.90
Decreased By:			
Utilization as Anticipated Revenue		478,000.00	478,000.00
Utilization as Current Fund Revenue		200,000.00	200,000.00
Balance December 31	D	<u>\$ 1,027,095.59</u>	<u>\$ 1,087,363.90</u>

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

Balance December 31, 2010	<u>Ref.</u> D		\$	125,640.20
Increased By:				
None		\$		-
				_____
				-
				_____
				125,640.20
Decreased By:				
None				-
				_____
				-
				_____
Balance December 31, 2011	D		\$	<u><u>125,640.20</u></u>

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**

	Anticipated Budget	Realized	Excess or (Deficit)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating Fund Balance Anticipated	\$ 478,000.00	\$ 478,000.00	\$ -
Anticipated Revenue:			
Water and Sewer Rents	3,334,311.30	3,801,897.64	467,586.34
Miscellaneous	38,000.00	56,378.28	18,378.28
	<u>3,372,311.30</u>	<u>3,858,275.92</u>	<u>485,964.62</u>
Total Revenue	<u>\$ 3,850,311.30</u>	<u>\$ 4,336,275.92</u>	<u>\$ 485,964.62</u>

Analysis of Realized Revenue:

Water and Sewer Rents			
Cash Collections	\$ 3,750,286.72		
Prepayments Applied	19,100.14		
Overpayments Applied	32,510.78		
	<u>                    </u>		
Total Water & Sewer Rents		<u>\$ 3,801,897.64</u>	
Miscellaneous Revenue			
Water Connections	\$ 28,700.00		
Sewer Connections	15,100.00		
Pool Fire Protection Hydrant	11,925.00		
Water Turn On/Off Charges	653.28		
	<u>                    </u>		
Total Miscellaneous		<u>\$ 56,378.28</u>	

**CITY OF MARGATE  
WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 1,230,000.00	\$ 1,230,000.00	\$ 1,173,747.47	\$ 56,252.53	\$
Other Expenses	975,000.00	975,000.00	953,964.30	21,035.70	
Atlantic County Utility Authority	1,207,554.00	1,207,554.00	1,169,784.00	37,770.00	
	<u>3,412,554.00</u>	<u>3,412,554.00</u>	<u>3,297,495.77</u>	<u>115,058.23</u>	<u>-</u>
Capital Improvements:					
Capital Improvement Fund		-		-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	195,000.00	195,000.00	195,000.00		-
Interest on Bonds	36,725.00	36,725.00	23,794.55		12,930.45
	<u>231,725.00</u>	<u>231,725.00</u>	<u>218,794.55</u>	<u>-</u>	<u>12,930.45</u>
Deferred Charges and Statutory Expenditures:					
Deferred Charges					
Overexpenditure of Appropriations	4,032.30	4,032.30	4,032.30	-	
Statutory Expenditures					
Social Security System (O.A.S.I.)	90,000.00	90,000.00	90,000.00	-	
Unemployment Compensation Insuranc	12,000.00	12,000.00	12,000.00	-	
	<u>106,032.30</u>	<u>106,032.30</u>	<u>106,032.30</u>	<u>-</u>	<u>-</u>
Surplus (General Budget)	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,850,311.30</u>	<u>\$ 3,850,311.30</u>	<u>\$ 3,722,322.62</u>	<u>\$ 115,058.23</u>	<u>\$ 12,930.45</u>
Ref.	D				D

\$ 3,627,072.48	Disbursed
23,794.55	Interest on Bonds
(1,939.84)	Reimbursements
4,032.30	Deferred Charges
69,363.13	Encumbered
<u>\$ 3,722,322.62</u>	

**EXHIBIT - E**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

**CITY OF MARGATE**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Fixed Assets:		
Land	\$ 50,903,100.00	\$ 50,903,100.00
Buildings	12,253,786.00	12,253,786.00
Machinery and Equipment	7,567,030.20	7,179,032.20
Total General Fixed Assets	<u>\$ 70,723,916.20</u>	<u>\$ 70,335,918.20</u>
Investment in General Fixed Assets	<u>\$ 70,723,916.20</u>	<u>\$ 70,335,918.20</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

**Basis of Accounting**

The financial statements – statutory basis of the City of Margate have been prepared in conformity with an “Other Comprehensive Basis of Accounting” (OCBOA) as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the City’s accounting policies are described below.

**Description of Financial Reporting Entity**

The City of Margate is a shore community in the County of Atlantic, State of New Jersey. The City has a population according to the 2010 census of 6,354.

The City is incorporated and operates under a Commission form of government. The Mayor is the chief executive officer of the City. The Commission exercises the legislative power. The Mayor and Commission members are elected by the voters and the Clerk is appointed by the Mayor and Commissioners. The City employs a City Administrator who is responsible for oversight of the day-to-day operations of the City.

**Component Units**

The financial statements of the component units of the City of Margate are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. If the provisions of GASB 14 had been complied with, the other entity’s financial statements would have to be either blended or discretely presented with the financial statements – statutory basis of the City of Margate, the primary government.

**Basis of Presentation, Fund Accounting**

The financial statements - statutory basis of the City of Margate contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated 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 City of Margate accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

**Current Fund**

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant funds.

**Trust Funds**

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

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Capital Funds**

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

**Water and Sewer Utility Operating and Capital Funds**

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

**Budgets and Budgetary Accounting**

The City of Margate must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory due dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements – statutory basis.

**Cash and Investments**

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1(a) provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the City of Margate requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and federal banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Generally, the City considers all investments that mature in one year or less to be cash equivalents.

All certificates of deposit are recorded as cash regardless of date of maturity.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfunds**

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to fund balance. 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.

**Inventories of Supplies**

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

**General Fixed Assets**

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets, with the exception of Land are valued at historical cost, or estimated historical cost if actual historical cost is not available. Land is valued at the Assessed Valuation of 1985 which is the year of implementation of fixed asset accounting for New Jersey Municipal Governments.

No depreciation on general fixed assets is recorded in the financial statements – regulatory basis.

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.

**Utility Fixed Assets**

Property and equipment purchased by a utility fund are recorded in the utility capital fund at cost and are adjusted for disposition or abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. GAAP does not require the establishment of a Reserve for Amortization of Fixed Capital, but GAAP does require the recognition of depreciation of property by the utility fund.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Foreclosed Property**

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

**Deferred Charges**

The recognition of certain expenditures is deferred to future periods. These expenditures, or Deferred Charges, are generally overexpenditures of legally adopted budget appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Appropriation Reserves**

Appropriation reserves covering unexpended appropriation balances are automatically created at year- end 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 fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation reserves are not established under GAAP.

**Liens Sold for Other Governmental Units**

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the other governmental unit net of the costs of the sale. The related costs of sale are recognized as revenue when received.

**Fund Balance**

Fund balances included in the Current Fund and Utility Operating Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues**

Revenues are recorded as received in cash, except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants is realized as revenue when anticipated as such in the City's budget. 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 generally requires that grant revenue be recognized when the actual expenditures financed by the grant are made.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Tax Revenues**

Property tax revenues are collected in quarterly installments due February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>. Property taxes unpaid on April 1st of the year following their final due date are subject to tax sale in accordance with the statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the entities that follow. 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. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

**School Taxes**

The City is responsible for levying, collecting and remitting school taxes for the City of Margate School District. Fund Balance is charged for the full amount required, to be raised from taxation, to operate the school districts from January 1<sup>st</sup> through December 31<sup>st</sup>. School taxes are levied on the calendar year eliminating the possibility of deferred school taxes.

**County Taxes**

The City is responsible for levying, collecting and remitting county taxes for the County of Atlantic. Fund balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, fund balance is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**Reserve for Uncollected Taxes**

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A reserve for uncollected taxes is not established under GAAP.

**Expenditures**

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<sup>st</sup> are recorded as a cash liability. 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. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences and Post-Employment Benefits**

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a “pay as you go” basis. Likewise, no accrual is made for post employment benefits, if any, which are also funded on a “pay as you go” basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

**Note 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
Issued:			
General:			
Bonds and Notes	\$ 36,349,185.35	\$ 33,092,525.71	\$ 31,130,942.08
Water/Sewer Utility:			
Bonds and Notes	<u>845,000.00</u>	<u>1,040,000.00</u>	<u>1,230,000.00</u>
Total Issued	<u>37,194,185.35</u>	<u>34,132,525.71</u>	<u>32,360,942.08</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>225,000.00</u>	<u>37,500.00</u>	<u>37,500.00</u>
Net Debt	<u>36,969,185.35</u>	<u>34,095,025.71</u>	<u>32,323,442.08</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	5,197,303.15	11,792,483.91	12,092,233.91
Water/Sewer Utility:			
Bonds and Notes	<u>900,000.00</u>	<u>900,000.00</u>	<u>900,000.00</u>
Total Authorized But Not Issued	<u>6,097,303.15</u>	<u>12,692,483.91</u>	<u>12,992,233.91</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 43,066,488.50</u>	<u>\$ 46,787,509.62</u>	<u>\$ 45,315,675.99</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: 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 1.03%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 12,585,000.00	\$ 12,585,000.00	\$ -
Utility Debt	1,745,000.00	1,745,000.00	-
General Debt	<u>41,546,488.50</u>	<u>225,000.00</u>	<u>41,321,488.50</u>
	<u>\$ 55,876,488.50</u>	<u>\$ 14,555,000.00</u>	<u>\$ 41,321,488.50</u>

Net debt \$41,321,488.50 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$4,001,406,456 = 1.03%.

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

3-1/2% of Equalized Valuation Basis	\$ 140,049,225.96
Net Debt	<u>41,321,488.50</u>
Remaining Borrowing Power	<u>\$ 98,727,737.46</u>

**Calculation of “Self-Liquidating Purpose”, Water and Sewer Utility Per N.J.S.A. 40A:2-45:**

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 4,455,112.54
Deductions:	
Operating & Maintenance Costs	\$ 3,514,554.00
Debt Service per Water and Sewer Utility Fund	<u>218,794.55</u>
Total Deductions	<u>3,733,348.55</u>
Excess in Revenue	<u>\$ 721,763.99</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Description of Bonds and Loans Payable**

At December 31, 2011, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$17,125,000 General Improvement Bond dated June 1, 2006, due in annual installments through June 1, 2023, bearing interest at rates varying from 4.250% to 4.375%. The balance remaining as of December 31, 2011, is \$14,025,000.

\$4,480,000 General Refunding Bond dated September 30, 2009, due in annual installments through February 1, 2016, bearing interest at rates varying from 4.000% to 5.000%. The balance remaining as of December 31, 2011, is \$3,710,000.

\$17,345,000 General Improvement Bond dated January 15, 2011, due in annual installments through January 15, 2028, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2011, is \$17,345,000.

\$262,500 Green Trust Loan dated 1992 for the Waterfront Project, due in semi-annual installments through 2018, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$108,305.36.

\$132,500 Green Trust Loan dated 1995 for the Public Library Park, Phase I, due in semi-annual installments through 2013, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$16,786.31.

\$150,000 Green Trust Loan dated 1995 for the Public Library Park, Phase II, due in semi-annual installments through 2013, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$19,003.39.

\$143,580.16 Green Trust Loan dated 1999 for the Public Library Park, Phase III, due in semi-annual installments through 2018, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$54,166.67.

\$150,000 Green Trust Loan dated 2005 for the Public Library Park, Phase IV, due in semi-annual installments through 2025, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$113,405.54.

\$449,500 Green Trust Loan dated 2009 for the Jerome Avenue Recreation Facility, due in semi-annual installments through 2029, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$411,004.68.

\$300,000 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing interest at rates varying from 4.75% to 5.50%. The balance remaining as of December 31, 2011 is \$195,000.

\$312,500 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing no interest. The balance remaining as of December 31, 2011 is \$161,385.18.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Description of Bonds and Loans Payable (Continued)**

\$160,000 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing interest at rates varying from 4.75% to 5.50%. The balance remaining as of December 31, 2011 is \$105,000.

\$164,949 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing no interest. The balance remaining as of December 31, 2011 is \$85,128.22.

\$12,730,000 Type I School Bonds dated September 30, 2009, due in annual installments through February 1, 2022, bearing interest at rates varying from 4.000% to 5.000%. The balance remaining as of December 31, 2011, is \$12,585,000.

At December 31, 2011, bonds payable in the Water and Sewer Utility Fund consisted of the following individual issues:

\$1,045,000 Water and Sewer Utility Refunding Bond dated September 9, 2009, due in annual installments through February 1, 2015, bearing interest at rates varying from 3.000% to 4.000%. The balance remaining as of December 31, 2011, is \$845,000.

**Changes in Long-Term Debt**

The following schedule represents the changes in the Long-term Debt:

	<u>Outstanding</u> 12/31/10	<u>Issues or</u> Additions	<u>Payments or</u> Expenditures	<u>Outstanding</u> 12/31/11
General Capital Fund:				
Serial Bonds Payable	\$ 19,505,000.00	\$ 17,345,000.00	\$ 1,770,000.00	\$ 35,080,000.00
School Bonds Payable	13,035,000.00		450,000.00	12,585,000.00
Loans Payable	1,387,525.71		118,340.36	1,269,185.35
Total General Capital Fund	<u>33,927,525.71</u>	<u>17,345,000.00</u>	<u>2,338,340.36</u>	<u>48,934,185.35</u>
Utility Capital Fund:				
Bonds Payable	1,040,000.00		195,000.00	845,000.00
Total Utility Capital Fund	<u>1,040,000.00</u>	<u>-</u>	<u>195,000.00</u>	<u>845,000.00</u>
Total All Funds	<u>\$ 34,967,525.71</u>	<u>\$ 17,345,000.00</u>	<u>\$ 2,533,340.36</u>	<u>\$ 49,779,185.35</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT (Continued)**

**Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding**

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2012	\$ 2,360,000.00	\$ 1,444,606.25	\$ 205,000.00	\$ 29,700.00
2013	2,410,000.00	1,352,631.25	215,000.00	21,300.00
2014	2,515,000.00	1,257,343.75	210,000.00	12,800.00
2015	2,540,000.00	1,156,281.25	215,000.00	4,300.00
2016	2,515,000.00	1,048,606.25		
2017-2021	11,950,000.00	3,737,356.25		
2022-2026	8,395,000.00	1,414,571.88		
2027-2028	2,395,000.00	119,625.00		
	<u>\$ 35,080,000.00</u>	<u>\$ 11,531,021.88</u>	<u>\$ 845,000.00</u>	<u>\$ 68,100.00</u>

**Schedule of Annual Debt Service for Principal and Interest for Loans**

Year Ending December 31	General Capital Fund	
	Principal	Interest
2012	\$ 118,810.22	\$ 29,176.18
2013	119,307.14	26,428.58
2014	101,395.46	23,745.08
2015	109,855.58	21,437.29
2016	109,978.60	18,858.23
2017-2021	480,379.52	57,527.55
2022-2026	161,628.86	15,437.74
2027-2029	67,829.97	2,048.40
	<u>\$ 1,269,185.35</u>	<u>\$ 194,659.05</u>

**Note 3: COMPENSATED ABSENCES**

The City has permitted employees to accrue sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2011, the City estimates this liability to approximate \$2,195,118.52 based on 2011 pay rates and compensated absence balances. The City did not report a liability in its financial statements at December 31, 2010.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 4: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

		Balance December 31, 2011		Balance December 31, 2010
		<u>                    </u>		<u>                    </u>
Prepaid Taxes - Cash Liability	\$	<u>785,791.08</u>	\$	<u>761,768.31</u>

**Note 5: PENSION PLANS**

**Plan Descriptions**

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

*Police and Fireman's Retirement System (PFRS)* - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 5: PENSION PLANS (Continued)**

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60, and under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation, if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

**Funding Policy**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 5: PENSION PLANS (Continued)**

**Funding Policy (Continued)**

For the Public Employees' Retirement System, the City's contribution was \$538,070.00 for 2011 and \$433,870.00 for the year 2010.

Three-Year Trend Information for PERS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 538,070.00	100%	\$ 538,070.00
12/31/10	433,870.00	100%	433,870.00
12/31/09	342,554.00	100%	342,554.00

For the Police and Firemen's Retirement System, the City's contribution was \$1,600,114.00 for 2011 and \$1,348,212.00 for 2010.

Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 1,600,114.00	100%	\$ 1,600,114.00
12/31/10	1,348,212.00	100%	1,348,212.00
12/31/09	1,184,489.00	100%	1,184,489.00

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was \$1,066.85 for 2011 and \$659.26 for 2010.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 6: DEPOSITS AND INVESTMENTS**

Deposits

Operating cash, in the form various checking and savings accounts, and certificates of deposit, are held in the City's name by a thrift savings institution. At December 31, 2011, the carrying amounts of the City's deposits were \$8,221,270.30 and the bank balance was \$8,344,960.49. Of the bank balance, \$250,000.00 was insured with the Federal Depository Insurance Corporation ("FDIC"). Balances in excess of amounts covered by FDIC are covered by the Governmental Unit Deposit Protection Act (hereafter called "GUDPA"). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of municipalities and local government agencies. The program is administered by the Commissioner of New Jersey Department of Banking and Insurance. See Note 1.

Investments

N.J.S.A. 40A:5-15.1 provides specific guidance for the allowable investment of public funds. Although these statutes do not permit investments in common stock, the City held 481 shares of Prudential Financial, Inc. common stock at December 31, 2011 which was valued at \$24,199.11.

**Note 7: PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local school district, fire districts, regional school district and the county, the rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due February 1<sup>st</sup> and May 1<sup>st</sup> respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due August 1<sup>st</sup> and November 1<sup>st</sup> of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey statutes.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 7: PROPERTY TAXES (Continued)**

Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged to a reserve set aside for this purpose or directly to operations.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparative Schedule of Tax Rates**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 1.3340	\$ 1.2780	\$ 1.2100
Apportionment of Tax Rate:			
Municipal	0.6140	0.5920	0.5610
County	0.3870	0.3460	0.3060
Local School	0.3330	0.3400	0.3430

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2011	\$ 3,470,324,058
2010	3,456,806,629
2009	3,435,829,860

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 7: PROPERTY TAXES (Continued)**

**Comparison of Levies and Collections**

Year	Tax Levy	Collections	Percentage of Collections
2011	\$ 46,393,904.46	\$ 45,531,844.68	98.14%
2010	44,258,555.23	43,467,097.48	98.21%
2009	42,942,696.33	42,177,597.28	98.22%

**Delinquent Taxes and Tax Title Liens**

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2011	\$ 1,641.66	\$ 817,722.99	\$ 819,364.65	1.77%
2010	25,631.66	756,840.80	782,472.46	1.77%
2009	2,211.20	760,320.22	762,531.42	1.78%

**Property Acquired by Tax Title Lien Liquidation**

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

Year	Amount
2011	\$ 138,557.50
2010	138,557.50
2009	138,557.50

**Note 8: ECONOMIC DEPENDENCY**

The City of Margate is not economically dependent on any one funding agency within the City or the State of New Jersey.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 9: FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budgets.

	<u>Year</u>		<u>Balance December 31st</u>		<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2011	\$	2,755,425.65	\$	2,100,000.00	76.21%
	2010		3,156,635.40		2,365,000.00	74.92%
	2009		3,302,371.98		2,365,000.00	71.62%
	2008		3,658,558.93		2,165,000.00	59.18%
	2007		3,801,766.27		2,209,000.00	58.10%
Water & Sewer Utility	2011		1,027,095.59		478,000.00	46.54%
	2010		1,087,363.90		478,000.00	43.96%
	2009		1,191,768.11		478,000.00	40.11%
	2008		787,708.09		314,000.00	39.86%
	2007		517,001.27		230,314.00	44.55%

**Note 10: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

Receivables and payables at December 31, 2011 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 154.60	\$ 32,478.90
Federal and State Grant	32,478.90	12,702.00
Animal Control Trust	-	154.60
Utility Operating	12,702.00	125,000.00
Utility Capital	125,000.00	-
Total	\$ <u>170,335.50</u>	\$ <u>170,335.50</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 11: BUDGETARY DATA**

Annually, the City Commission adopts the annual appropriated budgets for the Current Fund and the Capital Improvement Plan, as well as, for the Water and Sewer Utility Fund. Once approved, the City Commission may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46, 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between major appropriation accounts are prohibited until the last two months of the year. The City Commission approves transfers by resolution. Budgetary transfers for the year 2011 were insignificant.

**Note 12: FEDERAL AND STATE GRANTS**

In the normal course of operations, the City participates in a number of federal and state grant programs. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions relevant to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

**Note 13: GENERAL FIXED ASSETS**

The following schedule is a summarization of the charges in general fixed assets for the fiscal year ended December 31, 2011.

	<u>Balance as of December 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of December 31, 2011</u>
Land	\$ 50,903,100.00	\$	\$	\$ 50,903,100.00
Buildings	12,253,786.00			12,253,786.00
Machinery & Equipment	<u>7,179,032.20</u>	<u>387,998.00</u>		<u>7,567,030.20</u>
Total	<u>\$ 70,335,918.20</u>	<u>\$ 387,998.00</u>	<u>\$ -</u>	<u>\$ 70,723,916.20</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(CONTINUED)**

**Note 14: RISK MANAGEMENT**

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

**Property and Liability Insurance**

The City maintains commercial insurance coverage for property, liability and surety bonds.

**Note 15: SHORT-TERM FINANCING**

Short-term debt provides for financing of governmental activities and capital projects. On January 11, 2011, the City paid off all of its previously issued bond anticipation notes in the amount of \$12,200,000 to finance various General Capital Fund projects with the proceeds of its \$17,345,000 bond sale. On January 11, 2011 the City also issued \$8,000,000 bond anticipation notes which were paid off on February 10, 2011.

The following is a summary of changes in short-term debt for the year ended December 31, 2011:

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Sewer Capital Fund</u>	<u>Total</u>
Balance December 31, 2010	\$ -	\$ 12,200,000.00	\$ -	\$ 12,200,000.00
Increases		8,000,000.00		8,000,000.00
Decreases		(20,200,000.00)		(20,200,000.00)
Balance December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 16: LITIGATION**

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome from such litigation is unknown and potential losses if any, would not be material to the financial statements.

**Note 17: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2011 and May 22, 2012, the date the financial statements were issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the City that would require disclosure.

## **SUPPLEMENTARY INFORMATION**

**CITY OF MARGATE**  
**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**

	Ref.		Current Fund
Balance December 31, 2010	A		\$ 4,686,162.28
Increased By Receipts:			
Taxes Receivable	\$	45,475,574.11	
Revenue Accounts Receivable		2,974,086.74	
Miscellaneous Revenue Not Anticipated		269,450.78	
Appropriation Refunds		305,771.77	
Veterans & Senior Citizen - State of NJ		110,991.09	
Due from Grant Fund		54,063.39	
Prepaid Taxes		785,791.08	
Prepaid Beach Badges		1,799.00	
Due to State - Marriage Licenses		800.00	
Reserve for Library State Aid		2,928.00	
Due from Animal Control Trust Fund		876.00	
Due from Water & Sewer Operating		630,725.00	
Due to General Capital		1,000,000.00	
Due from Municipal Court - Public Defender		995.00	
Reserve for Outside Liens		189,119.94	
Reserve for Tax Sale Premiums		88,255.00	
Employee Health Insurance Contributions		1,660.97	
Return of Beach Badge Change Fund		2,500.00	
Return of Petty Cash Funds		1,400.00	
Payroll Deductions and Withholdings		521,131.60	
			52,417,919.47
			57,104,081.75
Decreased By Disbursements:			
2011 Appropriations	\$	25,770,396.42	
2010 Appropriation Reserves		188,726.66	
County Taxes		13,396,960.49	
County Added and Omitted Taxes		21,812.25	
Local District School Tax		10,536,409.00	
Due to Grant Fund		59,105.82	
Due to General Capital		1,000,000.00	
Due to Payroll Agency Account		6,000.00	
Due to State - Marriage Licenses		925.00	
Due to Utility Operating		630,725.00	
Due to Trust Other - Public Defender		1,045.00	
Due to Division of Pensions		1,660.97	
Tax Overpayment Refunds		56,941.38	
Beach Badge Change Fund		2,500.00	
Petty Cash Funds		1,400.00	
Refund of Prior Year Revenue		1,046.00	
Reserve for Outside Liens		188,468.96	
Reserve for Tax Sale Premiums		45,430.00	
Reserve for Library State Aid		2,928.00	
Payroll Deductions and Withholdings		515,397.09	
			52,427,878.04
Balance December 31, 2011	A		\$ 4,676,203.71

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

Year	Balance Dec. 31, 2010	2011 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2011
				2010	2011			
Arrears	\$ -	\$	\$	\$	\$ -	\$	\$	\$ -
2009	26.16				26.16			-
2010	<u>756,814.64</u>				<u>757,776.90</u>	(962.26)		<u>0.00</u>
	756,840.80	-	-	-	757,803.06	(962.26)	-	0.00
2011		<u>46,294,122.93</u>	<u>99,781.53</u>	<u>761,768.31</u>	<u>44,770,076.37</u>	<u>44,203.24</u>	<u>133.55</u>	<u>817,722.99</u>
	<u>\$ 756,840.80</u>	<u>\$ 46,294,122.93</u>	<u>\$ 99,781.53</u>	<u>\$ 761,768.31</u>	<u>\$ 45,527,879.43</u>	<u>\$ 43,240.98</u>	<u>\$ 133.55</u>	<u>\$ 817,722.99</u>
Ref.	A							A

\$ 45,475,574.11 Taxes Receivable  
 (56,944.68) Tax Overpayments  
109,250.00 Senior Citizens and Veterans  
\$ 45,527,879.43

Analysis of 2011 Property Tax Levy

Tax Yield:

General Property Tax  
 Added Taxes (54:4-63.1 et seq.)

\$ 46,294,122.93  
99,781.53  
\$ 46,393,904.46

Tax Levy:

Local District School Tax:

Levy \$ 10,536,409.00  
 Addition to Local District School Tax 1,013,625.00

\$ 11,550,034.00  
 13,396,278.90  
 28,947.10

County Taxes  
 County Taxes Added and Omitted  
 Local Tax for Municipal Purposes  
 Add: Additional Tax Levied

21,345,405.43  
73,239.03  
21,418,644.46

\$ 46,393,904.46

**CITY OF MARGATE**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 2,631.66
Increased By:			
Transferred from Taxes Receivable		\$ 133.55	
		133.55	2,765.21
Decreased By:			
Cash Receipts		1,123.55	
		1,123.55	1,641.66
Balance December 31, 2011	A		\$ <u><u>1,641.66</u></u>

**CITY OF MARGATE**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance Dec. 31, 2010</u>	<u>Accrued In 2011</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$	\$ 9,829.50	\$ 9,829.50	\$ -
Other		18,957.00	18,957.00	-
Fees and Permits		179,037.96	179,037.96	-
Fines and Costs:				-
Municipal Court	3,654.48	109,069.85	110,700.52	2,023.81
Interest and Costs on Taxes		172,664.79	172,664.79	-
Interest on Investments and Deposits		56,336.80	56,336.80	-
Anticipated Utility Operating Surplus		100,000.00	100,000.00	-
Beach Fees		294,723.50	294,723.50	-
Cable Franchise		55,510.75	55,510.75	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		764,475.00	764,475.00	-
Uniform Construction Code Fees		339,209.00	339,209.00	-
Utility Operating Surplus of Prior Year		200,000.00	200,000.00	-
Uniform Fire Safety Act		12,084.47	12,084.47	-
Capital Surplus		300,000.00	300,000.00	-
Beach Vending License		40,000.00	40,000.00	-
Ambulance Billing		199,723.70	199,723.70	-
Recreation Fees		122,160.25	122,160.25	-
Sale of Municipal Assets		125,000.00	125,000.00	-
<b>TOTALS</b>	<b>\$ <u>3,654.48</u></b>	<b>\$ <u>3,098,782.57</u></b>	<b>\$ <u>3,100,413.24</u></b>	<b>\$ <u>2,023.81</u></b>
Ref. A				A
Reserve for Sale of Municipal Assets			\$ 125,000.00	
Prepaid Licenses Applied			1,326.50	
Cash Received			<u>2,974,086.74</u>	
			<b>\$ <u>3,100,413.24</u></b>	

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

	<u>Balance</u> Dec. 31, 2010	<u>Balance</u> After Transfers	<u>Paid or</u> Charged	<u>Balance</u> Lapsed	<u>Overexpended</u>
<b><u>OPERATIONS WITHIN "CAPS"</u></b>					
Department of Public Affairs and Public Safety:					
Other Expenses:					
Director's Office - Public Safety	\$ 724.33	\$ 724.33	\$ 431.20	\$ 293.13	\$
Police Department	9,864.05	18,864.05	9,619.66	9,244.39	
Fire Department	2,643.21	3,643.21	2,966.69	676.52	
Fire Safety Official	3,653.91	3,653.91	3,613.46	40.45	
Lifeguards	10.71	330.71	25.00	305.71	
Beachfront Maintenance	29.20	29.20	22.66	6.54	
Municipal Land Use Law (N.J.S.A.40:55D-1)					
Planning Board	2,999.70	2,999.70	140.23	2,859.47	
Zoning Commission	1,726.42	1,726.42	258.34	1,468.08	
Aid to Healthcare Facilities - APMC	1,000.00	1,000.00	1,000.00	-	
Aid to Healthcare Facilities - SMH	1,000.00	1,000.00	1,000.00	-	
Municipal Court	6,995.74	6,995.74	2,448.60	4,547.14	
Legal Services and Costs	6,316.77	11,316.77	9,906.02	1,410.75	
Construction Official	3,769.89	3,769.89	639.11	3,130.78	
Department of Revenue and Finance:					
Other Expenses:					
Director's Office - Revenue and Finance	8,547.92	8,547.92	1,144.59	7,403.33	
Assessment of Taxes	2,070.54	3,570.54	2,756.11	814.43	
Tax Collector	2,629.60	2,629.60	616.38	2,013.22	
Group Health Insurance	20,771.40	20,771.40	330.00	20,441.40	

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

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Department of Public Works, Parks and Property					
Other Expenses					
Director of Public Works	\$ 387.00	\$ 387.00	\$ 250.00	\$ 137.00	\$
Street Repairs & Maintenance	15,015.63	15,015.63	6,695.96	8,319.67	
City Engineer	15,647.60	15,647.60	5,364.85	10,282.75	
Rubbish Removal	111,474.81	111,474.81	104,182.43	7,292.38	
Playgrounds	9,753.05	9,753.05	7,120.55	2,632.50	
Property Improvement	2,061.74	2,061.74	467.40	1,594.34	
Celebration of Public Events	1,797.52	1,797.52	592.00	1,205.52	
 <u>UNCLASSIFIED</u>					
Ambulance Billing	4,659.97	4,659.97	2,905.30	1,754.67	
 <u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electric	7,510.63	7,510.63	3,000.00	4,510.63	
Street Lighting	780.56	780.56	710.22	70.34	
Telephone	3,552.85	6,002.85	5,990.25	12.60	
Natural Gas	28,430.31	26,230.31	3,263.44	22,966.87	
Gasoline	453.55	9,453.55	8,911.99	541.56	
 <u>STATUTORY EXPENDITURES</u>					
Unemployment Compensation Insurance	1,416.20	1,416.20	1,416.20	-	
 Contingent	7,500.00	7,500.00	938.02	6,561.98	
 Accounts with No Change / Accounts Payable	157,127.43	131,057.43		131,057.43	
 TOTALS	\$ 442,322.24	\$ 442,322.24	\$ 188,726.66	\$ 253,595.58	\$ -
Ref. A					
Appropriation Reserves	\$ 347,147.52		\$ 93,551.94		
Encumbrances Payable	95,174.72		95,174.72		
	\$ 442,322.24		\$ 188,726.66		

**CITY OF MARGATE  
FEDERAL AND STATE GRANT FUNG  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2010</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
State:					
Municipal Alliance Program	\$ 20,311.48	\$ 19,560.00	\$ 17,428.93	\$ 2,882.55	\$ 19,560.00
Body Armor Replacement Fund		3,101.95	3,101.95		-
Recycling Tonnage Grant		18,943.25	18,943.25		-
Clean Communities Program		24,849.51	24,849.51		-
Federal:					
COPS in Shops		2,000.00	2,000.00		-
<b>TOTALS</b>	<b>\$ 20,311.48</b>	<b>\$ 68,454.71</b>	<b>\$ 66,323.64</b>	<b>\$ 2,882.55</b>	<b>\$ 19,560.00</b>
Ref.	A				A

**CITY OF MARGATE**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATE**

<u>Purpose</u>	<u>Balance Dec. 31, 2010</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2011</u>
State:				
Recycling Tonnage Grant	\$ 10,470.15	\$	\$ 10,470.15	\$ -
Body Armor Replacement Fund	3,101.95	3,311.85	3,101.95	3,311.85
Federal:				
COPS in Shops	2,000.00		2,000.00	-
<b>TOTALS</b>	<b>\$ <u>15,572.10</u></b>	<b>\$ <u>3,311.85</u></b>	<b>\$ <u>15,572.10</u></b>	<b>\$ <u>3,311.85</u></b>
Ref.	A			A

**CITY OF MARGATE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	<u>Balance Dec. 31, 2010</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
State:					
Body Armor	\$	\$ 3,101.95	\$	\$	\$ 3,101.95
Municipal Alliance Program	25,301.48	24,450.00	21,786.16	3,515.32	24,450.00
Clean Communities Program		24,849.51	24,849.51		-
Recycling Tonnage Grant		18,943.25	10,470.15		8,473.10
Federal:					
COPS in Shops		2,000.00	2,000.00		-
<b>TOTALS</b>	<b>\$ 25,301.48</b>	<b>\$ 73,344.71</b>	<b>\$ 59,105.82</b>	<b>\$ 3,515.32</b>	<b>\$ 36,025.05</b>
Ref.	A				A

**CITY OF MARGATE**  
**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2010	<u>Ref.</u> B		\$	2,421.60
Increased By Receipts:				
Dog Licenses Fees		\$ 1,293.00		
				1,293.00
				3,714.60
Decreased By Disbursements:				
Animal Control Expenditures		335.00		
Paid to State of New Jersey		293.40		
Paid to Current Fund		876.00		
				1,504.40
Balance December 31, 2011	B		\$	2,210.20

**CITY OF MARGATE**  
**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

	<u>Ref.</u>		
	B		
Balance December 31, 2010		\$	274,703.93
Increased By Receipts:			
Lifeguard Pension	\$	21,207.42	
Developers' Deposits		24,735.06	
Public Offenses Adjudication Act (POAA)		690.50	
Adopt A Beach		6,596.50	
Election Signs		1,375.00	
Skate Park		13,517.65	
Public Defender		1,122.45	
Recreation Trust		47,051.21	
Law Enforcement Trust Fund I		425.30	
Law Enforcement Trust Fund II		165,120.87	
Payroll Deductions		6,149,133.54	
Due from Current Fund		150.00	
		<u>6,431,125.50</u>	
			<u>6,705,829.43</u>
Decreased By Disbursements:			
Lifeguard Pension		25,059.44	
Developers' Deposits		30,896.38	
Public Offenses Adjudication Act (POAA)		6,910.50	
Adopt A Beach		9,774.52	
Election Signs		1,375.00	
Recreation Trust		37,983.87	
Public Defender		227.45	
Law Enforcement Trust Fund II		31,135.67	
Payroll Deductions		6,133,221.99	
		<u>6,276,584.82</u>	
Balance December 31, 2011	B	\$	<u><u>429,244.61</u></u>

**SCHEDULE OF OTHER TRUST CASH - CONSTRUCTION CODE OFFICIAL**

	<u>Ref.</u>		
	B		
Balance December 31, 2010		\$	-
Increased By Receipts:			
Receipts for Fees and Permits	\$	448,128.00	
Due to State - Permit Surcharge Fees		16,750.00	
Interest Earned on Deposits		146.03	
		<u>465,024.03</u>	
			<u>465,024.03</u>
Decreased By Disbursements:			
Paid to Current Fund		448,274.03	
Paid to State of New Jersey - Permit Surcharges		16,750.00	
		<u>465,024.03</u>	
Balance December 31, 2011	B	\$	<u><u>-</u></u>

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

Balance December 31, 2010	<u>Ref.</u> B		\$	1,545.60
Increased By:				
Dog Licenses Fees Collected - City Share		\$		998.40
Other Fees Collected				
				998.40
				2,544.00
Decreased By:				
Dog License Expenses				335.00
Statutory Excess Due to Current				154.60
				489.60
Balance December 31, 2011	B		\$	2,054.40

License Fees Collected:

<u>Year</u>	\$	
2010	\$	1,156.80
2009		897.60
	\$	2,054.40

**CITY OF MARGATE**  
**TRUST FUND**  
**SCHEDULE OF DUE TO/(FROM) CURRENT FUND - ANIMAL CONTROL FUND**

Balance December 31, 2010	<u>Ref.</u> B	\$	876.00
Increased By:			
Statutory Excess Due to Current Fund		\$	154.60
			<u>154.60</u>
			<u>1,030.60</u>
Decreased By:			
Paid to Current Fund			876.00
			<u>876.00</u>
Balance December 31, 2011	B	\$	<u><u>154.60</u></u>

**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

Balance December 31, 2010	<u>Ref.</u> B	\$	-
Increased By:			
Collected in 2011		\$	294.60
			<u>294.60</u>
			<u>294.60</u>
Decreased By:			
Paid to State of New Jersey			293.40
			<u>293.40</u>
Balance December 31, 2011	B	\$	<u><u>1.20</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 1,525,533.08
Increased By Receipts:			
Proceeds from Bond Sale		\$ 17,345,000.00	
Proceeds from Sale of Bond Anticipation Notes		8,000,000.00	
Premium on Sale of Bond Anticipation Notes		3,840.00	
Due from Water and Sewer Utility		2,600.00	
Capital Improvement Fund		200,000.00	
Due from Current Fund - Budget Appropriation		50,000.00	
Deposit on Sale of Bonds		346,900.00	
		<hr/>	
			25,948,340.00
			<hr/>
			27,473,873.08
Decreased By Disbursements:			
Improvement Authorizations		4,901,677.32	
Bond Anticipation Notes Paid		20,200,000.00	
Capital Surplus Paid to Current Fund		300,000.00	
Return of Good Faith Deposit		346,900.00	
		<hr/>	
			25,748,577.32
Balance December 31, 2011	C		\$ <u><u>1,725,295.76</u></u>

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2011	
	Balance Dec. 31, 2010	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From		To
Fund Balance	\$ 883,886.09			\$ 3,840.00		\$ 300,000.00	\$ 281,125.00	\$ 2,331,159.49	\$ 2,637,760.58
Capital Improvement Fund	9,634.98			200,000.00			85,125.00	21,875.00	146,384.98
Encumbrances Payable	2,581,472.16						2,581,472.16	1,479,307.24	1,479,307.24
Due to Water and Sewer Capital	(679,860.64)								(679,860.64)
Reserve for Waterfront Park	100.00								100.00
Reserve for Environmental Trust	17,449.00								17,449.00
Reserve to Pay Bonds	225,000.00								225,000.00
Cash on Hand to Pay Notes	37,500.00						37,500.00		-
State Aid Receivable	(75,000.00)						210,000.00		(285,000.00)
Reserve for State Aid Receivable	75,000.00								75,000.00
<b>Improvement Authorizations</b>									
Ord.									
Number									
95-18/99-16	Various Street and Utility Improvements								-
96-14	Various Capital Improvements	(157,000.00)		50,000.00					(107,000.00)
02-17	Various Capital Improvements	46,278.48					46,278.48		-
03-01/05-37	2003 Road Program & Other Improv.	796,070.50			63,084.27		769,447.51	36,461.28	-
04-03/04-20	Various Capital Improvements	151,199.69					151,199.69		-
04-21/07-06	Dredging Project	(51,074.56)							(51,074.56)
04-27	Refunding Ordinance	(39,384.35)							(39,384.35)
01-22/05-11	Various Capital Improvements	116,730.38					116,730.38		-
05-12/06-01	Various Capital Improvements	37,753.51					37,753.51		-
05-24	Purchase of Various Items	880.21					880.21		-
05-28	Various Capital Improvements	282,756.03					282,756.03		-
05-33	Purchase of Various Items	1,887.26					1,887.26		-
06-11	Various Capital Improvements	(375,037.25)	375,000.00		24,912.10				(24,949.35)
06-18	Public Building Improvement Project	(71,210.72)	71,000.00						(210.72)
06-24	Various Capital Improvements	495,583.30	(306,000.00)		42,000.00		147,583.30		-
06-32/07-11/									
07-25/08-01	Various Capital Improvements	391,007.80	(404,750.00)		6,136.08		17,621.72	37,500.00	-
06-33	Washington Ave. Improvement Proj.	6,636.06					6,636.06		-
06-35	Refunding Ordinance	(82,684.17)							(82,684.17)
07-07	Improvements to Jerome Ave. Tennis Cts	12,374.08					12,374.08		-
07-13	Various Capital Improvements	(129,102.25)	142,500.00		3,000.00		10,397.75		-
07-35/07-51	Improvements to Municipal Building	(216,748.05)	236,500.00				19,751.95		0.00
07-38/08-33 &									
09-33	Recreation Facility Improvements	17,083.19	(275.00)		21,900.71		23,848.15	28,940.67	-
07-46	Reconstruction of Winchester Ave.	(773,995.81)	807,500.00				33,507.10	2.91	(0.00)
07-49	2007 Road Program Phase I	55,520.10			4,353.25		51,166.85		-
07-55	Purchase & Install New Equipment	(133,388.91)	142,500.00				9,111.09		(0.00)

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2010	Receipts			Disbursements		Transfers		Balance Dec. 31, 2011
		Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
08-08 Road Improvements	\$ (137,014.03)	\$ 468,250.00	\$	\$	\$ 97,481.37	\$	\$ 339,769.37	\$ 106,014.77	\$ -
08-16 Various Capital Improvements	(741,135.63)	760,000.00			3,520.80			3,520.80	18,864.37
08-18 Open Space - Passive Recreation	(51,582.12)	66,500.00			8,815.50				6,102.38
08-28 Purchase of Ambulance	(151,680.16)	152,000.00							319.84
09-05 Various Capital Improvements	(364,660.99)	427,500.00			44,451.85		2,700.00		15,687.16
09-11 Purchase of Playground Equipment	13,360.64						55.50	55.50	13,360.64
09-12 Fire Station Improvements	(403,326.95)	403,750.00					108,360.08	108,360.08	423.05
09-18 Various Capital Improvements	279,304.85	739,025.00			3,021,168.17		1,142,652.02	2,241,337.09	(904,153.25)
09-19 Various Capital Improvements	(315,892.04)	779,000.00			125,765.47		32,114.37	21,831.50	327,059.62
09-22 Various Capital Improvements	(198,883.57)	285,000.00			27,889.77			16,224.96	74,451.62
10-16/10-30 Repair Benson Ave. Water Tower	(123.12)				234,423.28		5,099.32	18,722.60	(220,923.12)
10-27 Additions/Alterations to Fire Station #2	114,952.12				61,964.88				52,987.24
10-31 Purchase of Public Works Vehicles	24,897.97				473,739.00				(448,841.03)
11-04 Street Lighting				2,600.00	30,349.60			28,000.00	250.40
11-10 Purchase Property					666.00		274,334.00	275,000.00	-
11-18/11-21 Fire Station #1					564,979.75		3,852.30	28,750.00	(540,082.05)
11-19 Various Capital Improvements					41,075.47		184,473.65	244,500.00	18,950.88
	<u>\$ 1,525,533.08</u>	<u>\$ 5,145,000.00</u>	<u>\$ -</u>	<u>\$ 256,440.00</u>	<u>\$ 4,901,677.32</u>	<u>\$ 300,000.00</u>	<u>\$ 7,027,563.89</u>	<u>\$ 7,027,563.89</u>	<u>\$ 1,725,295.76</u>
Ref.	C								C

**CITY OF MARGATE**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010	<u>Ref.</u> C	\$ 9,634.98
Increased By:		
Current Fund Budget Appropriation	\$ 200,000.00	
Improvement Authorizations Canceled	21,875.00	
		<u>221,875.00</u>
		<u>231,509.98</u>
Decreased By:		
Improvement Authorizations Funded	85,125.00	
		<u>85,125.00</u>
Balance December 31, 2011	C	<u>\$ 146,384.98</u>

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2010	<u>Ref.</u> C	\$ 33,927,525.71
Increased By:		
Serial Bonds Issued	\$ 17,345,000.00	
		<u>17,345,000.00</u>
		51,272,525.71
Decreased By:		
Serial Bonds Paid	1,770,000.00	
School Serial Bonds Paid	450,000.00	
Green Trust Loans Paid	66,944.19	
NJEIT Loans Paid	51,396.17	
		<u>2,338,340.36</u>
Balance December 31, 2011	C	<u>\$ 48,934,185.35</u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds Issued/ Budget Appropriation	Canceled	Balance Dec. 31, 2011	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
96-14	Various Capital Improvements	\$ 157,000.00	\$	\$ 50,000.00	\$	\$ 107,000.00	\$	\$ 107,000.00	\$
04-21 / 07-06	Dredging Project	51,074.56				51,074.56		51,074.56	
04-27	Refunding Ordinance	39,384.35				39,384.35		39,384.35	
06-11	Various Capital Improvements	427,500.00		375,000.00	27,550.65	24,949.35		24,949.35	
06-18	Public Building Improvement Project	71,250.00		71,000.00	39.28	210.72		210.72	
06-24	Various Capital Improvements	2,261,000.00		1,955,000.00	306,000.00	-			
06-32 / 07-11 / 07-25	Various Capital Improvements	2,229,750.00		1,862,500.00	367,250.00	-			
06-35	Refunding Ordinance	1,735,000.00			1,652,315.83	82,684.17		82,684.17	
07-13	Various Capital Improvements	142,500.00		142,500.00		-			
07-35 / 07-51	Improvement to Municipal Building	237,500.00		236,500.00	1,000.00	-			
07-38 / 08-33 / 09-33	Recreation Facility Improvements	1,331,275.00		1,331,000.00	275.00	-			
07-46	Reconstruction of Winchester Ave.	807,500.00		807,500.00		-			
07-49	2007 Road Program Phase I	1,235,000.00		1,235,000.00		-			
07-55	Purchase & Installation of New Equipment	142,500.00		142,500.00		-			
08-08	Road Improvements	2,705,000.00		2,705,000.00		-			
08-16	Various Capital Improvements	760,000.00		760,000.00		-			
08-18	Open Space - Passive Recreation	66,500.00		66,500.00		-			
08-28	Purchase of Ambulance	152,000.00		152,000.00		-			
09-05	Various Capital Improvements	427,500.00		427,500.00		-			
09-12	Fire Station Improvement Projects	403,750.00		403,750.00		-			

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

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds Issued/ Budget Appropriation	Canceled	Balance Dec. 31, 2011	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
09-18	Various Capital Improvements	\$ 4,610,500.00	\$	\$ 3,607,750.00	\$	\$ 1,002,750.00	\$	\$ 904,153.25	\$ 98,596.75
09-19	Various Capital Improvements	779,000.00		779,000.00		-			
09-22	Various Capital Improvements	285,000.00		285,000.00		-			
10-16 / 10-30	Repairing Benson Ave. Water Tower	237,500.00				237,500.00		220,923.12	16,576.88
10-27	Additions & Alterations to Fire House #2	2,185,000.00				2,185,000.00			2,185,000.00
10-31	Purchase of Public Works Vehicles	475,000.00				475,000.00		448,841.03	26,158.97
11-10	Purchase Property		437,500.00		437,500.00	-			
11-18 / 11-21	Fire House #1		546,250.00			546,250.00		540,082.05	6,167.95
11-19	Various Capital Improvements		445,500.00			445,500.00			445,500.00
		<u>\$ 23,954,983.91</u>	<u>\$ 1,429,250.00</u>	<u>\$ 17,395,000.00</u>	<u>\$ 2,791,930.76</u>	<u>\$ 5,197,303.15</u>	<u>\$ -</u>	<u>\$ 2,419,302.60</u>	<u>\$ 2,778,000.55</u>
		C				C			
				Bonds Issued \$ 17,345,000.00					
				Budget Appropriation 50,000.00					
				<u>\$ 17,395,000.00</u>					

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	2011 Authorizations								
				Balance December 31, 2010		Capital Improvement Fund	Deferred Charges to Future Taxation	Other	Canceled	Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded						Funded	Unfunded
01-22/05-11	Various Capital Improvements	1/10/2002; 4/21/2005	\$ 740,000	\$ 116,730.38	\$	\$	\$	\$	\$ 116,730.38	\$	\$ -	\$
02-17	Various Capital Improvements	10/10/2002	1,000,000	46,278.48					46,278.48		-	
03-01/05-37	2003 Road Program & Other Capital Improvements	2/27/2003; 11/17/2005	4,515,000	796,070.50					769,447.51	26,622.99	-	
04-3/04-20	Various Capital Improvements	3/18/2004	1,000,000	151,199.69	-				151,199.69		-	
05-12	Various Capital Improvements	4/21/2005	685,000	37,753.51	-				37,753.51		-	
05-24	Purchase of Various Items	7/21/2005	60,000	880.21	-				880.21		-	
05-28	Various Capital Improvements	9/1/2005	1,250,000	282,756.03	-				282,756.03		-	
05-33	Purchase of Various Items	11/3/2005	15,000	1,887.26	-				1,887.26		-	
06-11	Various Capital Improvements	5/4/2006	450,000		52,462.75				27,550.65	24,912.10		-
06-18	Public Building Improvement Project	7/6/2006	75,000		39.28				39.28			-
06-24	Various Capital Improvements	8/3/2006	2,380,000		495,583.30				453,583.30	42,000.00		-
06-33	Washington Ave. Improvement Project	12/7/2006	40,000	6,636.06					6,636.06		-	
06-32/07-11/ 07-25/08-01	Various Capital Improvements	11/22/2006; 6/21/2007	2,355,000		391,007.80				384,871.72	6,136.08		0.00
06-35	Refunding Ordinance	12/7/2006	1,735,000		1,652,315.83				1,652,315.83			-
07-07	Improvements to Jerome Ave. Tennis Cts.	3/15/2007	40,000	12,374.08					12,374.08		-	
07-13	Various Capital Improvements	4/4/2007	150,000		13,397.75				10,397.75	3,000.00		-
07-35/07-51	Improvements to Municipal Building	08/16/2007; 12/20/2007	250,000		20,751.95				20,751.95			-
07-38/08-33/ 09-33	Recreation Facility Improvements	9/20/2007	1,000,000		17,083.19				24,123.15	(7,039.96)		(0.00)
07-46	Reconstruction of Winchester Avenue	10/18/2007	1,000,000		33,504.19				33,507.10	(2.91)		0.00
07-49	2007 Road Program Phase I	11/15/2007	1,300,000		55,520.10				51,166.85	4,353.25		-
07-55	Purchase & Installation of New Equipment	12/20/2007	150,000		9,111.09				9,111.09			-
08-08	Road Improvements	3/6/2008	3,000,000		331,235.97				339,769.37	(8,533.40)		(0.00)
08-16	Various Capital Improvements	4/3/2008	800,000		18,864.37						18,864.37	-
08-18	Open Space - Passive Recreation	5/15/2008	70,000		14,917.88					8,815.50	6,102.38	-
08-28	Purchase of Ambulance	7/3/2008	160,000		319.84						319.84	-
09-05	Various Capital Improvements	4/2/2009	450,000		62,839.01					47,151.85	15,687.16	-
09-11	Purchase of Playground Equipment	5/14/2009	300,000	13,360.64							13,360.64	-

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	2011 Authorizations										
				Balance December 31, 2010		Capital Improvement Fund	Deferred Charges to Future Taxation	Other	Canceled	Paid or Charged	Balance December 31, 2011			
				Funded	Unfunded						Funded	Unfunded		
09-12	Fire Station Improvements	5/14/2009	\$ 425,000	\$	\$ 423.05	\$	\$	\$	\$	\$	\$	\$ 423.05	\$	-
09-18	Various Capital Improvements	7/2/2009	5,090,000		2,021,079.85						1,922,483.10	98,596.75		-
09-19	Various Capital Improvements	7/2/2009	820,000		463,107.96						136,048.34	327,059.62		-
09-22	Various Capital Improvements	8/12/2009	300,000		86,116.43						11,664.81	74,451.62		-
10-16/10-30	Repairing Benson Ave. Water Tower	05/20/2010; 10/21/2010	270,000		237,376.88						220,800.00			16,576.88
10-27	Additions & Alterations to Fire Station #2	8/19/2010	2,300,000	114,952.12	2,185,000.00						61,964.88			2,237,987.24
10-31	Purchase of Public Works Vehicles	10/21/2010	500,000	24,897.97	475,000.00						473,739.00			26,158.97
11-04	Street Lighting	4/7/2011	28,000					28,000.00			27,749.60	250.40		-
11-10	Purchase Property	5/5/2011	950,000			21,875.00	437,500.00	490,625.00	949,334.00		666.00			-
11-18/11-21	Fire Station #1	8/18/2011	575,000			28,750.00	546,250.00				568,832.05			6,167.95
11-19	Various Capital Improvements	8/18/2011	690,000			34,500.00	445,500.00	210,000.00			225,549.12			464,450.88
				\$ <u>1,605,776.93</u>	\$ <u>8,637,058.47</u>	\$ <u>85,125.00</u>	\$ <u>1,429,250.00</u>	\$ <u>728,625.00</u>	\$ <u>5,382,465.25</u>	\$ <u>3,796,912.40</u>	\$ <u>555,115.83</u>	\$ <u>2,751,341.92</u>		
		Ref.		C	C						C	C		
							Fund Balance	\$ 281,125.00		\$ 4,901,677.32	Cash Disbursed			
							Grants	447,500.00		(2,600.00)	Reimbursed			
								\$ <u>728,625.00</u>		1,479,307.24	Contracts Payable 12/31/11			
										(2,581,472.16)	Contracts Payable 12/31/10			
										\$ <u>3,796,912.40</u>				

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
General Obligation Bonds of 2006	6/1/2006	\$ 17,125,000	6/1/2012	\$ 1,000,000.00	4.250%	\$ 15,025,000.00	\$	\$ 1,000,000.00	\$ 14,025,000.00
			6/1/2013	1,060,000.00	4.250%				
			6/1/2014	1,170,000.00	4.250%				
			6/1/2015	1,200,000.00	4.250%				
			6/1/2016	1,200,000.00	4.250%				
			6/1/2017	1,200,000.00	4.250%				
			6/1/2018	1,200,000.00	4.250%				
			6/1/2019	1,200,000.00	4.250%				
			6/1/2020	1,200,000.00	4.250%				
			6/1/2021	1,200,000.00	4.300%				
			6/1/2022	1,200,000.00	4.300%				
			6/1/2023	1,195,000.00	4.375%				
			General Refunding Bonds of 2009	9/30/2009	4,480,000				
2/1/2013	750,000.00	4.000%							
2/1/2014	745,000.00	4.000%							
2/1/2015	740,000.00	4.000%							
2/1/2016	715,000.00	5.000%							
General Obligation Bonds of 2011	1/15/2011	17,345,000	1/15/2012	600,000.00	3.000%		17,345,000.00		17,345,000.00
			1/15/2013	600,000.00	3.000%				
			1/15/2014	600,000.00	3.000%				
			1/15/2015	600,000.00	4.000%				
			1/15/2016	600,000.00	4.000%				
			1/15/2017	1,150,000.00	4.000%				
			1/15/2018	1,200,000.00	4.000%				
			1/15/2019	1,200,000.00	4.000%				
			1/15/2020	1,200,000.00	4.000%				
			1/15/2021	1,200,000.00	4.000%				
			1/15/2022	1,200,000.00	4.250%				
			1/15/2023	1,200,000.00	4.450%				
			1/15/2024	1,200,000.00	4.550%				
			1/15/2025	1,200,000.00	4.750%				
			1/15/2026	1,200,000.00	5.000%				
1/15/2027	1,200,000.00	5.000%							
1/15/2028	1,195,000.00	5.000%							
						\$ 19,505,000.00	\$ 17,345,000.00	\$ 1,770,000.00	\$ 35,080,000.00
Ref.						C	C	C	C

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
SCHEDULE OF TYPE I SCHOOL SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
School Bonds	7/1/2001	\$ 19,040,000		\$		\$ 450,000.00	\$ -	\$ 450,000.00	\$ -
School Refunding Bonds	9/30/2009	12,730,000	2/1/2012	980,000.00	4.000%	12,585,000.00	-	-	12,585,000.00
			2/1/2013	1,025,000.00	4.000%				
			2/1/2014	1,045,000.00	4.000%				
			2/1/2015	1,110,000.00	4.000%				
			2/1/2016	1,160,000.00	5.000%				
			2/1/2017	1,210,000.00	5.000%				
			2/1/2018	1,215,000.00	5.000%				
			2/1/2019	1,220,000.00	5.000%				
			2/1/2020	1,220,000.00	4.000%				
			2/1/2021	1,210,000.00	4.000%				
			2/1/2022	1,190,000.00	4.125%				
						\$ 13,035,000.00	\$ -	\$ 450,000.00	\$ 12,585,000.00
						Ref. C			C

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Waterfront Project	1992	\$ 262,500	2012	\$ 15,764.25	2.000%	\$ 123,758.98	\$	\$ 15,453.62	\$ 108,305.36
			2013	16,081.12					
			2014	16,404.35					
			2015	16,734.07					
			2016	17,070.43					
			2017	17,413.55					
			2018	8,837.59					
Public Library Park - Phase I	1995	132,500	2012	8,309.64	2.000%	24,932.23		8,145.92	16,786.31
			2013	8,476.67					
Public Library Park - Phase II	1995	150,000	2012	9,407.15	2.000%	28,225.18		9,221.79	19,003.39
			2013	9,596.24					
Public Library Park - Phase III	1999	143,580.16	2012	7,884.16	2.000%	61,895.48		7,728.81	54,166.67
			2013	8,042.63					
			2014	8,204.29					
			2015	8,369.20					
			2016	8,537.42					
			2017	8,709.03					
			2018	4,419.94					

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Public Library Park - Phase IV	2005	\$ 150,000	2012	\$ 7,094.66	2.000%	\$ 120,360.42	\$	\$ 6,954.88	\$ 113,405.54
			2013	7,237.27					
			2014	7,382.73					
			2015	7,531.13					
			2016	7,682.50					
			2017	7,836.93					
			2018	7,994.45					
			2019	8,155.17					
			2020	8,319.05					
			2021	8,486.26					
			2022	8,656.83					
			2023	8,830.84					
			2024	9,008.34					
			2025	9,189.38					
Jerome Avenue Rec. Facility	2009	449,500	2012	19,829.91	2.000%	430,443.85		19,439.17	411,004.68
			2013	20,228.48					
			2014	20,635.08					
			2015	21,049.85					
			2016	21,472.95					
			2017	21,904.56					
			2018	22,344.83					
			2019	22,793.96					
			2020	23,252.12					
			2021	23,719.49					
			2022	24,196.26					
			2023	24,682.60					
			2024	25,178.72					
			2025	25,684.81					
2026	26,201.08								
2027	26,727.72								
2028	27,264.95								
2029	13,837.30								
						\$ 789,616.14	\$ -	\$ 66,944.19	\$ 722,671.95
Ref.						C	C	C	C

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Various Capital Improvements	10/15/2001	\$ 300,000.00	2012	\$ 15,000.00	5.500%	\$ 210,000.00	\$	\$ 15,000.00	\$ 195,000.00
			2013	15,000.00	5.500%				
			2014	15,000.00	5.000%				
			2015	20,000.00	5.000%				
			2016	20,000.00	5.000%				
			2017	20,000.00	5.000%				
			2018	20,000.00	5.000%				
			2019	20,000.00	5.000%				
			2020	25,000.00	4.750%				
			2021	25,000.00	4.750%				
			Various Capital Improvements	10/15/2001	312,500				
2013	15,320.50								
2014	14,792.75								
2015	17,511.43								
2016	16,871.74								
2017	16,232.05								
2018	15,592.37								
2019	14,952.68								
2020	17,511.42								
2021	16,752.00								

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount					
Various Capital Improvements	10/15/2001	\$ 160,000	2012	\$ 10,000.00	5.500%	\$ 115,000.00	\$	\$ 10,000.00	\$ 105,000.00
			2013	10,000.00	5.500%				
			2014	10,000.00	5.000%				
			2015	10,000.00	5.000%				
			2016	10,000.00	5.000%				
			2017	10,000.00	5.000%				
			2018	10,000.00	5.000%				
			2019	10,000.00	5.000%				
			2020	10,000.00	4.750%				
			2021	15,000.00	4.750%				
			Various Capital Improvements	10/15/2001	164,949				
2013	9,324.22								
2014	8,976.25								
2015	8,659.90								
2016	8,343.56								
2017	8,027.22								
2018	7,710.88								
2019	7,394.53								
2020	7,078.18								
2021	9,941.28								
						\$ 597,909.57	\$ -	\$ 51,396.17	\$ 546,513.40
Ref.						C		C	C

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
06-24	Various Capital Improvements	7/16/2008	7/12/2010 1/11/2011	1/11/2011 2/10/2011	1.000% 1.000%	\$ 2,261,000.00	\$ 2,261,000.00	\$ 2,261,000.00	\$ -
06-32/07-11/ 07-25	2006 Road Program	7/16/2008	7/12/2010 1/11/2011	1/11/2011 2/10/2011	1.000% 1.000%	2,267,250.00	2,267,250.00	2,267,250.00	-
07-49	2007 Road Program - Phase 1	7/16/2008	7/12/2010 1/11/2011	1/11/2011 2/10/2011	1.000% 1.000%	1,235,000.00	1,235,000.00	1,235,000.00	-
08-08	Road Improvements	7/16/2008	7/12/2010 1/11/2011	1/11/2011 2/10/2011	1.000% 1.000%	2,236,750.00	2,236,750.00	2,236,750.00	-
07-38/09-33/ 10-36	Various Capital Improvements	4/28/2010	4/28/2010	1/28/2011	1.000%	1,331,275.00		1,331,275.00	-
09-18/10-12/ 10-36	Various Capital Improvements	4/28/2010	4/28/2010	1/28/2011	1.000%	2,868,725.00		2,868,725.00	-
						\$ 12,200,000.00	\$ 8,000,000.00	\$ 20,200,000.00	\$ -
					Ref.	C	C	C	C

**CITY OF MARGATE  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Budget Bonds or Notes Grants Issued	Bond Sale Adjustments	Cancelled	Balance Dec. 31, 2011
96-14	Various Improvements	\$ 157,000.00	\$	\$ 50,000.00	\$	\$	\$ 107,000.00
04-21	Dredging Project	51,074.56					51,074.56
04-25	Well Rehabilitation Project						-
04-27	Refunding Ordinance	39,384.35					39,384.35
06-11	Various Improvements	427,500.00		375,000.00		27,550.65	24,949.35
06-18	Public Building Improvement Projects	71,250.00		71,000.00		39.28	210.72
06-24	Various Capital Improvements				306,000.00	306,000.00	-
06-32/07-11				37,500.00	404,750.00	367,250.00	-
06-35	Refunding Ordinance	1,735,000.00				1,652,315.83	82,684.17
07-13	Various Capital Improvements	142,500.00		142,500.00			-
07-35/07-51	Improvements to Municipal Building	237,500.00		236,500.00		1,000.00	-
07-38/08-33					275.00	275.00	-
07-46	Reconstruction of Winchester Avenue	807,500.00		807,500.00			-
07-55	Purchase and Installation of New Equipment	142,500.00		142,500.00			-
08-08	Road Improvements	468,250.00		468,250.00			-
08-16	Various Capital Improvements	760,000.00		760,000.00			-
08-18	Open Space - Passive Recreation	66,500.00		66,500.00			-
08-28	Purchase of Ambulance	152,000.00		152,000.00			-
09-05	Various Capital Improvements	427,500.00		427,500.00			-
09-12	Fire Station Improvement Projects	403,750.00		403,750.00			-
09-18	Various Capital Improvements	1,741,775.00		739,025.00			1,002,750.00
09-19	Various Capital Improvements	779,000.00		779,000.00			-
09-22	Various Capital Improvements	285,000.00		285,000.00			-
10-16/30	Repairing Benson Ave. Water Tower	237,500.00					237,500.00
10-27	Additions/Alterations to Fire Station #2	2,185,000.00					2,185,000.00
10-31	Purchase of Public Works Vehicles	475,000.00					475,000.00
11-10	Purchase Property		437,500.00			437,500.00	-
11-18/11-21	Fire House #1		546,250.00				546,250.00
11-19	Various Capital Improvements		445,500.00				445,500.00
		<u>\$ 11,792,483.91</u>	<u>\$ 1,429,250.00</u>	<u>\$ 5,943,525.00</u>	<u>\$ 711,025.00</u>	<u>\$ 2,791,930.76</u>	<u>\$ 5,197,303.15</u>
Ref.	C						C
			Bond Sale	\$ 5,145,000.00			
			Bond Sale Adjustments	711,025.00			
			Reserve for Notes	37,500.00			
			Budget Appropriation	50,000.00			
				<u>\$ 5,943,525.00</u>			

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

	Ref.	Operating		Capital - Water Meter Account
Balance December 31, 2010	D	\$ 1,395,502.49		\$ 674.04
Increased by Receipts:				
Water and Sewer Rent Collected		\$ 3,750,286.72		\$
Miscellaneous Revenues		56,378.28		
Miscellaneous Revenues Not Anticipated		67,496.86		
Prepayments Received		19,203.46		
Overpayments Received		29,691.18		
Appropriation Refunds		1,939.84		
Deposits for Water Meters				900.00
		3,924,996.34		900.00
		5,320,498.83		1,574.04
Decreased by Disbursements:				
Current Appropriations		3,627,072.48		
Interest on Bonds		36,725.00		
Appropriation Reserves		69,991.76		
Transfer to Current Fund		200,000.00		
		3,933,789.24		-
Balance December 31, 2011	D	\$ 1,386,709.59		\$ 1,574.04

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

	Balance Dec. 31, 2010	Receipts			Disbursements		Transfers		Balance Dec. 31, 2011
		Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 125,640.20	\$	\$	\$	\$	\$	\$	\$	\$ 125,640.20
Capital Improvement Fund	65,200.00								65,200.00
Due from Water and Sewer Operating	(125,000.00)								(125,000.00)
Due from General Capital	679,860.64								679,860.64
Deferred Reserve for Amortization	(900,000.00)								(900,000.00)
<b>Improvement Authorizations</b>									
Ord.									
Number									
07-45	91,509.70								91,509.70
09-01	62,789.46								62,789.46
	\$ 0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.00
Ref.	D								D

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

	<u>Ref.</u>			
Balance December 31, 2010	D		\$	47,658.20
Increased By:				
Billings of User Charges		\$ 3,809,376.63		
				3,809,376.63
				3,857,034.83
Decreased By:				
Collections		3,750,286.72		
Prepayments Applied		19,100.14		
Overpayments Applied		32,510.78		
				3,801,897.64
Balance December 31, 2011	D		\$	55,137.19

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
Operating:					
Other Expenses	\$ 104,614.52	\$ 104,614.52	\$ 69,991.76	\$ 34,622.76	\$
Atlantic County Utilities Authority - Shared Costs	16,717.00	16,717.00		16,717.00	
 TOTALS	<u>\$ 121,331.52</u>	<u>\$ 121,331.52</u>	<u>\$ 69,991.76</u>	<u>\$ 51,339.76</u>	<u>\$ -</u>
Ref.	D				
Appropriation Reserves	\$ 58,442.99		\$ 7,103.23		
Accounts Payable	<u>62,888.53</u>		<u>62,888.53</u>		
	<u>\$ 121,331.52</u>		<u>\$ 69,991.76</u>		

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY FUND**  
**SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010	<u>Ref.</u> D	\$ 65,200.00
Increased By:		
None	\$ -	
	<hr/>	<hr/>
		-
		<hr/>
		65,200.00
Decreased By:		
None	-	
	<hr/>	<hr/>
		-
Balance December 31, 2011	D	<u>\$ 65,200.00</u>

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

Balance December 31, 2010	<u>Ref.</u> D		\$	27,030.45
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$ 23,794.55		
				23,794.55
				50,825.00
Decreased By:				
Interest Paid on Bonds		36,725.00		
				36,725.00
Balance December 31, 2011	D		\$	14,100.00

**Analysis of Accrued Interest December 31, 2011**

Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days	Amount
\$ 845,000.00	4.00%	8/1/2011	12/31/2011	152	\$ 14,100.00
\$ 845,000.00					\$ 14,100.00

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2011 Authorizations			Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue	Canceled		Funded	Unfunded
2007-45	Improvements to Water and Sewer Utility System	10/18/07	\$ 700,000	\$ 91,509.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,509.70	\$ -
2009-01	Improvements to Water and Sewer Utility System	02/05/09	200,000	62,789.46						62,789.46	
				<u>\$ 154,299.16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,299.16</u>	<u>\$ -</u>
			Ref.	D	D					D	D



**CITY OF MARGATE**

**PART II**

**GENERAL COMMENTS AND FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2011**

1535 HAYEN AVENUE • PO BOX 538  
OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548  
MAYS LANDING, NJ 08330  
PHONE 609.625.0999 • FAX 609.625.2421

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

To the Honorable Mayor and  
Members of the City Commission  
City of Margate  
County of Atlantic, New Jersey

We have audited the financial statements – regulatory basis of the City of Margate, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 22, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the City of Margate 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 (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as items 2011-01 and 2011-03, which we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Margate's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division which are described in the accompanying schedule of findings and recommendations as items 2011-02 and 2011-04.

We noted certain matters that we reported to the City's management in a separate letter dated May 22, 2012.

This report is intended solely for the information and use of management, the City of Margate's Commissioners, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

*Leon P. Costello*

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

**May 22, 2012**

## CITY OF MARGATE

### GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. Due to the City having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$36,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

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

- 2010 Road Project
- Cleaning and Televising of Sewers
- Construction of Improvements and Renovations to Fire Station E1
- 4 2010 4WD Dump Trucks with Plows and Spreaders
- 2009 CDBG Beach Bulkhead Access
- Redevelopment of Well #5

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

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

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

**"BE IT RESOLVED** by the Board of Commissioners of the City of Margate, County of Atlantic, that pursuant to R.S. 54:4-67, the rate of interest to be charged for non-payment of taxes and/or assessments on or before the date when they would become delinquent is hereby fixed at 8 percent per annum on the first \$1,500 of delinquency and 18 percent per annum on any amount in excess of \$1,500."

**CITY OF MARGATE**

**GENERAL COMMENTS (Continued)**

**Delinquent Taxes and Tax Title Liens**

The tax sale was held December 9, 2011 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2011	3
2010	3
2009	3

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 tax-paying basis.

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2011 and 2012 Taxes	40
Delinquent Taxes	40
Current Water and Sewer Rents	40
Delinquent Water and Sewer Rents	40
Total	<hr/> 160

**Deposit of Municipal Funds**

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

Our examination has revealed that municipal funds were not deposited within the mandated time.

## CITY OF MARGATE

### **FINDINGS AND RECOMMENDATIONS**

#### **Finding #2011-01:**

There were overexpenditures of 2011 appropriations totaling \$23,670.12 that resulted in deferred charges that must be raised in the 2013 municipal budget.

#### **Criteria:**

Compliance with Local Budget Law N.J.S.A. 40A:4-22 and fiscal responsibility.

#### **Condition:**

A portion of the Lifeguard Captain's salary that was charged to the salaries and wages line item for the Electrical Inspector had to be reclassified which resulted in an overexpenditure in the amount of \$20,770.64 in the Lifeguards Salaries and Wages line item. In addition, two Beachfront Maintenance Supervisors were not paid wages that were earned in 2011 until 2012 which resulted in an overexpenditure of \$2,899.48 in the Beachfront Maintenance Salaries and Wages line item.

#### **Cause:**

Records examined during our audit indicated that \$26,011.04 in wages for the lifeguard captain were intentionally charged to the Electrical Inspector Salaries and Wages budget line item regardless of the fact that the employee did not actually work in that department. In addition, payment for \$3,047.00 in wages earned by two beachfront maintenance supervisors was intentionally withheld from the two employees, although it is not clear why they were not paid the wages earned by them. Lack of proper oversight of detailed budget expenditures by department heads and the governing body is a contributing factor to these incidents occurring.

#### **Effect:**

The City was not compliant with N.J.S.A. 40A:4-22 which states that "Every budget shall be prefaced by an explanatory statement of its contents and shall be itemized according to the respective objects and purposes for which appropriations are made". In addition, expenditures charged to the 2011 municipal budget were understated as a result of the wages earned but not paid or recorded as a liability prior to year end.

#### **Recommendation:**

We recommend that detailed budget reports for each department be reviewed by the appropriate department heads as well as the governing body on a periodic basis.

## CITY OF MARGATE

### **Finding #2011-02:**

Monies received were not deposited within 48 hours of receipt.

#### **Criteria:**

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

#### **Condition:**

A cash deposit that was prepared on June 25, 2011 for beach tags sold that day was not deposited at the bank until August, 16, 2011.

#### **Cause:**

The employee who had custody of the deposit did not take the deposit directly to the bank. According to the chief financial officer, the deposit had been with the an employee and on August 16, 2011 was turned over to her for deposit without a valid explanation as to the mishandling of funds.

#### **Effect:**

The effect of not depositing funds in a timely manner poses a risk of loss of funds, particularly with a cash deposit. In addition, the City is in violation of N.J.S.A. 40A:5-15.

#### **Recommendation:**

Internal control procedures over the cash receipts function in beach tag operations should be implemented to ensure proper segregation of duties which would, if designed effectively, prevent future incidents involving mishandling of cash receipts.

### **Finding #2011-03:**

Our audit of beach tags revealed that 3,423 beach tags could not be accounted for.

#### **Criteria:**

A reconciliation of beach tags purchased for inventory, sold, and on hand at the time of audit should result in only minor variances.

#### **Condition:**

Our audit of 2011 beach tag operations included a comparison of the 49,100 tags purchased in the beginning of the year with the 39,756 reported as being sold. Of the 9,344 tags that should have been remaining, only 5,921 could be accounted for.

#### **Cause:**

Deficiencies in internal controls over beach tag operations.

#### **Effect:**

Beach tags were susceptible to misappropriation. In addition, the missing tags represent a potential loss of revenue to the City ranging anywhere from \$23,845.00 to \$50,830.00 based on pre-season and regular season prices.

#### **Recommendation:**

We recommend that internal controls over beach tag operations be reviewed to ensure that the functions of purchase of inventory, receipt of cash, and deposit of cash are not handled by one employee. Proper segregation of duties allows for assets such as beach tags to be less susceptible to misappropriation.

## CITY OF MARGATE

### **Finding #2011-04:**

The City is invested in shares of common stock.

#### **Criteria:**

N.J.S.A. 40A:5-15.1 limits securities which may be held by a municipality.

#### **Condition:**

The City currently holds 481 shares of Prudential Financial, Inc. common stock.

#### **Cause:**

The City has held the shares of the common stock for many years although it is not certain how the shares were acquired.

#### **Effect:**

Violation of Local Fiscal Affairs Law, specifically, N.J.S.A. 40A:5-15.1. Also, the value of the stock decreased by approximately 14% from December 31, 2010 to December 31, 2011, resulting in a loss of \$3,949.00 to the City in 2011.

#### **Recommendation:**

Regardless of how the stock was acquired it should be liquidated immediately to prevent further risk of loss and to comply with state statutes.

### **Finding #2011-05:**

Fees charged for various Recreation Department activities were not set forth by a fee ordinance.

#### **Criteria:**

Fees charged by a municipality should be established by a fee ordinance.

#### **Condition:**

Fees charged by the Recreation Department to individuals for participation in various activities had not been formally established by a fee ordinance adopted by the Board of Commissioners.

#### **Cause:**

Governing body's lack of oversight with regards to Recreation Department.

#### **Effect:**

There is no formal authorization by the governing body setting forth amounts to be charged for activities operated by the Recreation Department.

#### **Recommendation:**

Fees for Recreation Department activities should be established by ordinance.

**CITY OF MARGATE**

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to comments, if any.

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

*Ford Scott & Associates, L.L.C.*  
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