

**CITY OF MARGATE  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2012**

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**CITY OF MARGATE**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2012**



# FORD - SCOTT

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Margate, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.***

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Margate on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Margate as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Margate’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of the City of Margate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Margate's internal control over financial reporting and compliance.

*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**

**June 25, 2013**

**EXHIBIT - A  
CURRENT FUND**

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 6,944,934.95	\$ 4,676,203.71
Change and Petty Cash Funds		650.00	450.00
Investments		<u>-</u>	<u>24,199.11</u>
		<u>6,945,584.95</u>	<u>4,700,852.82</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	928,082.23	817,722.99
Tax Title Liens Receivable	A-8	2,763.03	1,641.66
Property Acquired for Taxes at Assessed Valuation		138,557.50	138,557.50
Revenue Accounts Receivable	A-9	2,051.86	2,023.81
Interfunds:			
Due from General Capital Fund	C	226,349.00	-
Due from Animal Control Fund	B	<u>-</u>	<u>154.60</u>
		<u>1,297,803.62</u>	<u>960,100.56</u>
Deferred Charges:			
Special Emergency	A-3	3,750,000.00	12,000.00
Overexpenditures of Appropriation Reserves	A-10	1,739.00	-
Overexpenditures of Appropriations	A-10	<u>23,670.12</u>	<u>23,670.12</u>
		<u>3,775,409.12</u>	<u>35,670.12</u>
		<u>12,018,797.69</u>	<u>5,696,623.50</u>
Federal and State Grant Fund:			
Due from Current Fund	A-11	31,666.11	32,478.90
Grant Receivables	A-11	24,293.82	19,560.00
		<u>55,959.93</u>	<u>52,038.90</u>
		<u>\$ 12,074,757.62</u>	<u>\$ 5,748,662.40</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<b>Regular Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3:A-10	\$ 825,333.88	\$ 821,252.69
Reserve for Encumbrances	A-3	183,166.18	71,774.15
Salaries and Wages Payable		-	3,047.00
Prepaid Taxes	A-4	790,390.30	785,791.08
Tax Overpayments		55,895.61	59,683.19
County Added Taxes	A-7	59,086.37	28,947.10
Due to Grant Fund	A	31,666.11	32,478.90
Reserve for Outside Liens		20,267.59	5,009.13
Reserve for Premium on Tax Sale		189,471.29	109,975.00
Prepaid Licenses		-	1,799.00
Due to State of NJ - Veterans and Senior Citizens		239.50	145.74
Due to State - Marriage Licenses		125.00	125.00
Reserve for Sale of Municipal Assets		122,232.29	45,817.20
Reserve for State Tax Appeals		13,952.11	13,952.11
Reserve for Master Plan		1,300.00	1,300.00
Reserve for Hurricane Damage		1,511,851.76	-
Reserve for Insurance Proceeds		38,000.00	-
Special Emergency Note Payable		3,750,000.00	-
		<u>7,592,977.99</u>	<u>1,981,097.29</u>
Reserve for Receivables and Other Assets	A-1	1,297,803.62	960,100.56
Fund Balance	A-1	<u>3,128,016.08</u>	<u>2,755,425.65</u>
		<u>12,018,797.69</u>	<u>5,696,623.50</u>
<b>Federal and State Grant Fund:</b>			
Due to Water and Sewer Operating Fund	D	12,702.00	12,702.00
Unappropriated Reserves	A-12	12,394.13	3,311.85
Appropriated Reserves	A-13	30,863.80	36,025.05
		<u>55,959.93</u>	<u>52,038.90</u>
		<u>\$ 12,074,757.62</u>	<u>\$ 5,748,662.40</u>

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

	Ref.	Year 2012	Year 2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 2,100,000.00	\$ 2,365,000.00
Miscellaneous Revenue Anticipated	A-2	3,767,438.30	3,168,867.95
Receipts from Delinquent Taxes	A-2	817,072.22	758,926.61
Receipts from Current Taxes	A-2	47,041,247.39	45,531,844.68
Non-Budget Revenue	A-2	310,974.49	269,450.78
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	739,627.87	253,595.58
Interfunds Returned		154.60	876.00
Cancellation of Grant Reserves	A-13	5,917.27	632.77
Cancellation of Tax Overpayments		-	11,446.05
Total Income		<u>54,782,432.14</u>	<u>52,360,640.42</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	11,709,784.51	11,729,306.63
Other Expenses	A-3	6,469,848.57	5,973,075.00
Deferred Charges & Statutory Expenditures	A-3	2,504,234.54	2,642,744.00
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses	A-3	1,415,163.90	1,697,854.86
Capital Improvements	A-3	3,945,000.00	200,000.00
Municipal Debt Service	A-3	3,952,103.88	3,127,437.71
Deferred Charges & Statutory Expenditures	A-3	234,618.98	68,000.00
For Local District School Purposes	A-3	1,513,337.50	1,013,625.00
County Taxes	A-7	13,483,368.86	13,396,278.90
County Added and Omitted Taxes	A-7	59,086.37	28,947.10
Local District School Tax	A-7	10,536,409.00	10,536,409.00
Interfund Created		226,349.00	-
Refund of Prior Year Revenue		9,245.76	2,211.49
Loss on Investment		1,290.84	3,949.01
Adjustment to Prior Year County Added Taxes		-	681.59
Total Expenditures		<u>56,059,841.71</u>	<u>50,420,520.29</u>

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

	Ref.	Year 2012	Year 2011
Excess (Deficit) In Revenue		\$ (1,277,409.57)	\$ 1,940,120.13
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year	A-3	3,750,000.00	23,670.12
		3,750,000.00	23,670.12
Statutory Excess to Fund Balance		2,472,590.43	1,963,790.25
Fund Balance January 1	A	2,755,425.65	3,156,635.40
		5,228,016.08	5,120,425.65
Decreased by:			
Utilization as Anticipated Revenue	A-2	2,100,000.00	2,365,000.00
Fund Balance December 31	A	\$ 3,128,016.08	\$ 2,755,425.65

**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		\$ 2,100,000.00	\$ -	\$ 2,100,000.00	\$ -
Fund Balance Anticipated with Prior Written Consent of Director of Local Government		-	-	-	-
		2,100,000.00	-	2,100,000.00	-
<b>Miscellaneous Revenues:</b>					
<b>Licenses:</b>					
Alcoholic Beverages		9,500.00		9,680.00	180.00
Other		13,000.00		11,495.50	(1,504.50)
Fees and Permits		115,000.00		209,970.20	94,970.20
<b>Fines and Costs:</b>					
Municipal Court		90,000.00		84,135.84	(5,864.16)
Interest and Costs on Taxes		110,000.00		183,508.10	73,508.10
Interest on Investments and Deposits		50,000.00		14,669.33	(35,330.67)
Anticipated Utility Operating Surplus		100,000.00		100,000.00	-
Beach Fees		250,000.00		325,673.50	75,673.50
Cable Franchise		55,000.00		91,365.17	36,365.17
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		764,475.00		764,475.00	-
Uniform Construction Code Fees		310,000.00		430,146.00	120,146.00
<b>Special Items:</b>					
<b>State and Federal Programs Off-Set by Revenues:</b>					
Body Armor Replacement Fund		3,311.85		3,311.85	-
Recycling Tonnage Grant		1,206.31		1,206.31	-
Clean Communities Program			24,446.74	24,446.74	-
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		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		11,153.67
Capital Surplus		650,000.00		650,000.00
Beach Vending License		40,000.00		(40,000.00)
Ambulance Billing		195,000.00		223,279.09
Recreation Fees		115,500.00		137,513.00
Sale of Municipal Assets		45,000.00		45,000.00
Reserve to Pay Bonds		226,849.00		226,849.00
Total Miscellaneous Revenues	A-1	3,375,087.83	24,446.74	3,767,438.30
Receipts from Delinquent Taxes	A-1:A-2	525,000.00		817,072.22
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes		20,996,175.53		21,988,512.60
Addition to Local District School Tax		1,513,337.50		1,513,337.50
Minimum Library Tax		1,305,131.00		1,305,131.00
Total Amount to be Raised by Taxes for Support of Municipal Budget		23,814,644.03	-	24,806,981.10
Budget Totals		29,814,731.86	24,446.74	31,491,491.62
Non-Budget Revenues				310,974.49
		\$ 29,814,731.86	\$ 24,446.74	\$ 31,802,466.11
				\$ 1,963,287.51

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

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$	47,041,247.39
Allocated to:		
School, County and Other Taxes		24,078,864.23
Balance for Support of Municipal Budget Appropriations		22,962,383.16
Add: Appropriation		
"Reserve for Uncollected Taxes"		1,844,597.94
Amount for Support of Municipal		
Budget Appropriations	\$	24,806,981.10

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	817,072.22
Tax Title Lien Collections		-
	\$	817,072.22

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

DMV Inspection Fees	\$	
2% Administrative Fee - Vets/Seniors		2,110.00
Tax Abatements		39,600.00
Cell Tower Rent		126,740.00
Lease of Land		18,000.00
Lease of Municipal Property		19,340.40
City Library Rent		30,000.00
Dog Park Donations		260.00
City Auction		90.00
Insurance Reimbursements		11,995.00
Lifeguard Advertising		3,766.00
Refund of Prior Year Costs		29,175.41
Litigation Settlement		956.28
JIF Dividend		13,687.00
Excess Dog Fund Reserve		321.20
Homestead Rebate Admin Fee		660.60
Other Miscellaneous		14,272.60
		310,974.49
	\$	310,974.49

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
<b>OPERATIONS WITHIN "CAPS"</b>								
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY</b>								
Director's Office	\$	23,700.00	\$	24,874.98	\$	-	\$	175.02
Salaries and Wages		41,000.00	51,050.00	48,927.37	1,062.50		1,060.13	
Other Expenses								
Police		3,990,619.62	3,989,094.62	3,897,863.92	-		91,230.70	
Salaries and Wages		164,750.00	164,750.00	154,098.95	2,401.88		8,249.17	
Other Expenses								
Municipal Prosecutor		25,800.00	25,800.00	23,518.04	-		2,281.96	
Salaries and Wages								
Fire		3,482,000.00	3,483,525.00	3,459,596.86	-		23,928.14	
Salaries and Wages		94,000.00	94,000.00	65,068.36	24,975.08		3,956.56	
Other Expenses								
Fire Safety Official		14,900.00	14,900.00	14,879.80	-		20.20	
Salaries and Wages		5,000.00	5,000.00	4,609.26	387.45		3.29	
Other Expenses								
Lifeguards		510,000.00	515,876.00	515,875.36	-		0.64	
Salaries and Wages		32,000.00	32,000.00	30,944.88	300.00		755.12	
Other Expenses								
Beach Front Maintenance		65,000.00	59,124.00	54,470.42	-		4,653.58	
Salaries and Wages		11,000.00	11,000.00	9,354.54	1,291.00		354.46	
Other Expenses								
Municipal Land Use Law (N.J.S.A.40:55D-1)								
Planning Board		102,500.00	101,973.17	101,973.17	-		-	
Salaries and Wages		11,500.00	10,598.11	10,498.11	100.00		-	
Other Expenses								
Legal Services and Costs		200,000.00	212,000.00	187,365.99	23,815.55		818.46	
Other Expenses								
Aid to Healthcare Facilities		1,000.00	1,000.00	-	-		1,000.00	
Atlantic City Medical Center		1,000.00	1,000.00	-	-		1,000.00	
Shore Memorial Hospital								
Emergency Management Services		3,600.00	3,600.00	3,592.94	-		7.06	
Salaries and Wages								
Dog Regulation		8,500.00	8,500.00	8,108.00	-		392.00	
Other Expenses								
Municipal Court		203,500.00	172,050.00	163,543.95	-		8,506.05	
Salaries and Wages		18,000.00	18,000.00	13,133.27	1,223.60		3,643.13	
Other Expenses								
Public Defender		5,600.00	5,600.00	3,000.00	300.00		2,300.00	
Other Expenses								

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
<b>DEPARTMENT OF REVENUE AND FINANCE</b>								
Director's Office								
Salaries and Wages	\$ 398,800.00	\$ 430,250.00	\$ 425,024.15	\$ -	\$ 5,225.85	\$ -	\$ 5,225.85	\$ -
Other Expenses	40,100.00	38,900.00	34,289.32	1,814.73	2,795.95	-	2,795.95	-
Financial Administration								
Audit	30,000.00	30,000.00	30,000.00	-	-	-	-	-
Miscellaneous Other Expenses	6,380.00	2,480.00	1,380.13	-	1,099.87	-	1,099.87	-
Assessment of Taxes								
Salaries and Wages	206,000.00	214,700.00	213,291.79	-	1,408.21	-	1,408.21	-
Other Expenses	56,000.00	53,200.00	47,149.13	6,001.97	48.90	-	48.90	-
Tax Collector								
Salaries and Wages	144,000.00	144,000.00	143,815.81	-	184.19	-	184.19	-
Other Expenses	16,000.00	16,000.00	14,549.97	547.00	903.03	-	903.03	-
City Clerk								
Salaries and Wages	118,200.00	118,200.00	117,954.14	-	245.86	-	245.86	-
Other Expenses	6,800.00	8,000.00	7,549.58	-	450.42	-	450.42	-
Liquidation of TTL/Foreclosed Property								
Other Expenses	500.00	500.00	-	-	500.00	-	500.00	-
Elections								
Other Expenses	12,000.00	10,000.00	3,436.70	-	6,563.30	-	6,563.30	-
Insurance								
Liability Insurance	322,500.00	314,800.00	314,799.32	-	0.68	-	0.68	-
Workers' Compensation	548,000.00	548,000.00	547,681.65	-	318.35	-	318.35	-
Group Insurance Plan for Employees	2,412,382.00	2,402,240.46	2,192,719.08	2,323.48	207,197.90	-	207,197.90	-
Health Benefits Waiver	33,000.00	30,400.00	18,299.98	-	12,100.02	-	12,100.02	-
<b>DEPARTMENT OF PUBLIC WORKS, PARKS, AND PUBLIC PROPERTY</b>								
Director's Office								
Salaries and Wages	105,800.00	105,800.00	99,188.83	-	6,611.17	-	6,611.17	-
Other Expenses	41,000.00	50,050.00	47,667.54	1,062.50	1,319.96	-	1,319.96	-
Rubbish Removal								
Other Expenses	700,000.00	700,000.00	609,342.78	41,643.00	49,014.22	-	49,014.22	-
City Engineer								
Other Expenses	57,000.00	57,000.00	43,575.80	8,948.00	4,476.20	-	4,476.20	-
Street Repairs and Maintenance								
Salaries and Wages	1,442,239.00	1,442,239.00	1,318,001.36	-	124,237.64	-	124,237.64	-
Other Expenses	425,900.00	423,300.00	323,778.36	32,800.76	66,720.88	-	66,720.88	-
Playgrounds								
Salaries and Wages	462,910.00	462,910.00	452,170.50	-	10,739.50	-	10,739.50	-
Other Expenses	148,030.00	148,030.00	131,983.27	8,437.65	7,609.08	-	7,609.08	-
Street Lighting								
Other Expenses	175,000.00	175,000.00	155,980.67	-	19,019.33	-	19,019.33	-
Celebration of Public Events, Anniversary or Holiday								
Other Expenses	90,000.00	87,400.00	67,082.97	-	20,317.03	-	20,317.03	-
State Uniform Construction Code Official								
Salaries and Wages	402,214.00	400,692.72	399,081.86	-	1,610.86	-	1,610.86	-
Other Expenses	80,000.00	81,000.00	76,456.87	2,414.75	2,128.38	-	2,128.38	-

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget	Budget			Encumbered	Reserved		
<b>UNCLASSIFIED:</b>								
Feasibility Studies	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 12,383.00	\$ -	\$ -	\$ 2,617.00	\$ -
Payment of Ambulance Bills	18,000.00	15,000.00	15,000.00	11,904.47	-	-	3,095.53	-
Technology (Other Expenses)	58,500.00	58,500.00	58,500.00	47,910.63	895.35	-	9,694.02	-
Electric	165,000.00	165,000.00	165,000.00	155,711.49	-	-	9,288.51	-
Telephone	90,050.00	90,050.00	90,050.00	80,403.01	1,258.83	-	8,388.16	-
Natural Gas	50,000.00	50,000.00	50,000.00	32,814.23	-	-	17,185.77	-
Gasoline	190,000.00	190,000.00	190,000.00	156,973.35	14,161.10	-	18,865.55	-
Sick and Retirement Payouts	90,000.00	90,000.00	90,000.00	90,000.00	-	-	-	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>18,172,274.62</b>	<b>18,174,133.08</b>	<b>18,174,133.08</b>	<b>17,219,649.91</b>	<b>178,166.18</b>	<b>-</b>	<b>776,316.99</b>	<b>-</b>
Contingent	7,500.00	5,500.00	5,500.00	-	5,000.00	-	500.00	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>\$ 18,179,774.62</b>	<b>\$ 18,179,633.08</b>	<b>\$ 18,179,633.08</b>	<b>\$ 17,219,649.91</b>	<b>\$ 183,166.18</b>	<b>\$ -</b>	<b>\$ 776,816.99</b>	<b>\$ -</b>
Detail:								
Salaries and Wages	11,701,782.62	11,709,784.51	11,709,784.51	11,428,717.88	-	-	281,066.63	-
Other Expenses	6,477,992.00	6,469,848.57	6,469,848.57	5,790,932.03	183,166.18	-	495,750.36	-
<b>STATUTORY EXPENDITURES:</b>								
Contributions to:								
Public Employees Retirement System	583,065.00	583,065.00	583,065.00	583,065.00	-	-	-	-
Social Security System (O.A.S.I.)	470,000.00	470,000.00	470,000.00	469,299.00	-	-	701.00	-
Unemployment Compensation Insurance	34,500.00	34,500.00	34,500.00	31,244.22	-	-	3,255.78	-
Police and Firemen's Retirement System	1,415,028.00	1,415,028.00	1,415,028.00	1,415,028.00	-	-	-	-
DCRP	1,500.00	1,641.54	1,641.54	1,581.43	-	-	60.11	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	<b>2,504,093.00</b>	<b>2,504,234.54</b>	<b>2,504,234.54</b>	<b>2,500,217.65</b>	<b>-</b>	<b>-</b>	<b>4,016.89</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>20,683,867.62</b>	<b>20,683,867.62</b>	<b>20,683,867.62</b>	<b>19,719,867.56</b>	<b>183,166.18</b>	<b>-</b>	<b>780,833.88</b>	<b>-</b>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>								
Maintenance of Free Public Library Insurance	1,305,131.00	1,305,131.00	1,305,131.00	1,305,131.00	-	-	-	-
Group Insurance Plan for Employees	37,618.00	37,618.00	37,618.00	37,618.00	-	-	-	-
Recycling Tax								
Other Expenses	11,500.00	11,500.00	11,500.00	-	-	-	11,500.00	-
<b>TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>1,354,249.00</b>	<b>1,354,249.00</b>	<b>1,354,249.00</b>	<b>1,342,749.00</b>	<b>-</b>	<b>-</b>	<b>11,500.00</b>	<b>-</b>

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>								
Body Armor Replacement Fund	3,311.85	\$	3,311.85	\$	-	\$	-	\$
Municipal Alliance on Alcoholism & Drug Abuse	19,560.00		19,560.00		-		-	
County Share	4,890.00		4,890.00		-		-	
Local Share	7,500.00		7,500.00		-		7,500.00	
Matching Funds for Grants	1,206.31		1,206.31		-		-	
Recycling Tonnage Grant	-		24,446.74		-		-	
Clean Communities								
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	<b>36,468.16</b>		<b>60,914.90</b>				<b>7,500.00</b>	
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>1,390,717.16</b>		<b>1,415,163.90</b>				<b>19,000.00</b>	
Detail:								
Salaries and Wages	1,390,717.16		1,415,163.90		-		19,000.00	
Other Expenses								
<b>CAPITAL IMPROVEMENTS</b>								
Capital Improvement Fund	150,000.00		150,000.00		-		-	
HVAC Equipment	45,000.00		45,000.00		-		25,500.00	
Hurricane Damage			3,750,000.00		-		-	
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>195,000.00</b>		<b>3,945,000.00</b>				<b>25,500.00</b>	
<b>DEBT SERVICE</b>								
Payment of Bond Principal	2,360,000.00		2,360,000.00		-		-	
Interest on Bonds	1,444,606.25		1,444,606.25		-		0.12	
Green Trust Loans	82,403.47		82,403.47		-		0.02	
Infrastructure Trust Loan	65,582.94		65,582.94		-		488.64	
<b>TOTAL DEBT SERVICE</b>	<b>3,952,592.66</b>		<b>3,952,592.66</b>				<b>488.78</b>	



**EXHIBIT - B**  
**TRUST FUND**

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 1,966.00	\$ 2,210.20
		<u>1,966.00</u>	<u>2,210.20</u>
<u>Other Funds</u>			
Cash and Investments	B-2	370,657.93	429,244.61
		<u>370,657.93</u>	<u>429,244.61</u>
		<u>\$ 372,623.93</u>	<u>\$ 431,454.81</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, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Due to Current Fund	B-5	\$ -	\$ 154.60
Due to State of New Jersey	B-6	1.20	1.20
Reserve for Animal Control Expenditures	B-3	1,964.80	2,054.40
		<u>1,966.00</u>	<u>2,210.20</u>
<u>Other Funds</u>			
Reserve for Adopt-a-Beach		5,883.54	4,913.54
Reserve for Law Enforcement Trust Fund I		19,284.02	2,732.20
Reserve for Law Enforcement Trust Fund II		65,803.74	143,364.57
Reserve for Lifeguard Boat Escrow		-	250.00
Reserve for Pension Plan for Lifeguards		90,097.45	94,377.73
Reserve for Developers Deposits		24,015.15	28,194.54
Reserve for Escrow Deposits		1,875.00	1,875.00
Reserve for Parking Offenses Adjudication Act		600.75	2,942.75
Reserve for Payroll Liabilities		128,265.51	117,562.89
Reserve for Public Defender		2,270.00	1,995.00
Reserve for Recreation Deposits		17,309.82	17,518.74
Reserve for Skate Park		13,517.65	13,517.65
Reserve for AT & T Cell Tower Engineer Fee		1,365.30	-
Emergency Restoration Fund		370.00	-
		<u>370,657.93</u>	<u>429,244.61</u>
		<u>\$ 372,623.93</u>	<u>\$ 431,454.81</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, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Cash and Investments	C-2,C-3	\$ 2,768,597.93	\$ 1,725,295.76
Deferred Charges to Future Taxation:			
Funded	C-5	45,475,375.10	48,934,185.35
Unfunded	C-6	7,449,684.17	5,197,303.15
Due from State of New Jersey		52,500.00	285,000.00
Due from Water and Sewer Capital Fund		679,860.64	679,860.64
		<u>\$ 56,426,017.84</u>	<u>\$ 56,821,644.90</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 32,720,000.00	\$ 35,080,000.00
School Type I Bonds Payable	C-8A	11,605,000.00	12,585,000.00
Green Trust Loan Payable	C-8D	654,382.14	722,671.95
NJEIT Loan Payable	C-8F	495,992.96	546,513.40
Bond Anticipation Notes Payable	C-9	4,085,000.00	-
Improvement Authorizations:			
Funded	C-7	590,219.46	456,519.08
Unfunded	C-7	2,667,628.20	2,849,938.67
Encumbrances Payable		1,216,161.42	1,479,307.24
Due to Current Fund		226,349.00	-
Reserve to Pay Bonds		129,201.00	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	200,040.81	146,384.98
Fund Balance	C-1	1,818,493.85	2,637,760.58
		<u>\$ 56,426,017.84</u>	<u>\$ 56,821,644.90</u>

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

Balance December 31, 2011	<u>Ref.</u> C		\$	2,637,760.58
Increased By:				
Premium on Sale of Bond Anticipation Notes		\$ 24,060.65		
Funded Improvement Authorizations Canceled		6,672.62		
				30,733.27
				2,668,493.85
Decreased By:				
Due to Current Fund - Budgeted Revenue		650,000.00		
Appropriated to Fund Improvement Authorizations		200,000.00		
				850,000.00
Balance December 31, 2012	C		\$	1,818,493.85

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

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 1,308,056.15	\$ 1,386,709.59
Change Funds		100.00	100.00
Due from Federal and State Grant Fund		12,702.00	12,702.00
		1,320,858.15	1,399,511.59
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	45,234.13	55,137.19
		45,234.13	55,137.19
Total Operating Fund		1,366,092.28	1,454,648.78
Capital Fund:			
Cash and Investments	D-5	2,174.04	1,574.04
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		5,324,339.90	5,323,739.90
		\$ 6,690,432.18	\$ 6,778,388.68

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

	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 149,102.45	\$ 115,058.23
Accounts Payable		1,190.62	-
Encumbrances Payable		20,463.24	69,363.13
Prepayments		17,913.89	19,203.46
Water and Sewer Rent Overpayments		34,660.84	29,691.18
Accrued Interest on Bonds and Notes	D-11	10,700.00	14,100.00
Due to Utility Capital		125,000.00	125,000.00
		<u>359,031.04</u>	<u>372,416.00</u>
Reserve for Receivables	D	45,234.13	55,137.19
Fund Balance	D-1	961,827.11	1,027,095.59
Total Operating Fund		<u>1,366,092.28</u>	<u>1,454,648.78</u>
Capital Fund:			
Serial Bonds Payable	D-13	640,000.00	845,000.00
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		2,174.04	1,574.04
Reserve for Amortization		3,657,165.86	1,647,165.86
Deferred Reserve for Amortization		-	1,805,000.00
Capital Improvement Fund	D-10	65,200.00	65,200.00
Fund Balance	D-2	125,640.20	125,640.20
		<u>5,324,339.90</u>	<u>5,323,739.90</u>
Total Capital Fund		<u>5,324,339.90</u>	<u>5,323,739.90</u>
		<u>\$ 6,690,432.18</u>	<u>\$ 6,778,388.68</u>

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

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	478,000.00	\$ 478,000.00
Water and Sewer Rents		3,857,354.89	3,801,897.64
Miscellaneous Receipts		115,165.84	56,378.28
Miscellaneous Revenue Not Anticipated		26,776.84	67,496.86
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		135,945.95	51,339.76
Total Income		<u>4,613,243.52</u>	<u>4,455,112.54</u>
 Expenditures:			
Operations:			
Salaries and Wages		1,329,700.00	1,230,000.00
Other Expenses		1,005,500.00	975,000.00
Atlantic County Utility Authority		1,232,012.00	1,207,554.00
Debt Service		231,300.00	218,794.55
Deferred Charges and Statutory Expenditures		102,000.00	106,032.30
Surplus (General Budget)		100,000.00	100,000.00
Total Expenditures		<u>4,000,512.00</u>	<u>3,837,380.85</u>
Excess in Revenue		612,731.52	617,731.69
 Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>612,731.52</u>	<u>617,731.69</u>
Fund Balance January 1	D	<u>1,027,095.59</u>	<u>1,087,363.90</u>
		1,639,827.11	1,705,095.59
 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>\$ 961,827.11</u>	<u>\$ 1,027,095.59</u>

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

Balance December 31, 2011	<u>Ref.</u> D		\$	125,640.20
Increased By:				
None		\$		-
				-
				125,640.20
Decreased By:				
None				-
				-
Balance December 31, 2012	D		\$	125,640.20

**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	3,487,912.00	3,857,354.89	369,442.89
Miscellaneous	38,000.00	115,165.84	77,165.84
	<u>3,525,912.00</u>	<u>3,972,520.73</u>	<u>446,608.73</u>
Total Revenue	<u>\$ 4,003,912.00</u>	<u>\$ 4,450,520.73</u>	<u>\$ 446,608.73</u>

Analysis of Realized Revenue:

Water and Sewer Rents			
Cash Collections	\$ 3,808,460.25		
Prepayments Applied	19,203.46		
Overpayments Applied	29,691.18		
	<u>                                    </u>		
Total Water & Sewer Rents		<u>\$ 3,857,354.89</u>	
Miscellaneous Revenue			
Water Connections	\$ 65,600.00		
Sewer Connections	36,000.00		
Pool Fire Protection Hydrant	12,234.80		
Water Turn On/Off Charges	1,331.04		
	<u>                                    </u>		
Total Miscellaneous		<u>\$ 115,165.84</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	\$ 1,329,700.00	\$ 1,329,700.00	\$ 1,257,091.83	\$ 72,608.17	\$ -
Other Expenses	1,005,500.00	1,005,500.00	952,074.72	53,425.28	-
Atlantic County Utility Authority	1,232,012.00	1,232,012.00	1,208,943.00	23,069.00	-
	<u>3,567,212.00</u>	<u>3,567,212.00</u>	<u>3,418,109.55</u>	<u>149,102.45</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	205,000.00	205,000.00	205,000.00	-	-
Interest on Bonds	29,700.00	29,700.00	26,300.00	-	3,400.00
	<u>234,700.00</u>	<u>234,700.00</u>	<u>231,300.00</u>	<u>-</u>	<u>3,400.00</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures					
Social Security System (O.A.S.I.)	90,000.00	90,000.00	90,000.00	-	-
Unemployment Compensation	12,000.00	12,000.00	12,000.00	-	-
Insurance					
	<u>102,000.00</u>	<u>102,000.00</u>	<u>102,000.00</u>	<u>-</u>	<u>-</u>
Surplus (General Budget)	100,000.00	100,000.00	100,000.00	-	-
	<u>4,003,912.00</u>	<u>4,003,912.00</u>	<u>3,851,409.55</u>	<u>149,102.45</u>	<u>3,400.00</u>
Ref.	D				D
			\$ 3,853,412.95	Disbursed	
			26,300.00	Interest on Bonds	
			(48,766.64)	Reimbursements	
			20,463.24	Encumbered	
			<u>3,851,409.55</u>		

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

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

	Balance Dec. 31, 2012	Balance Dec. 31, 2011
General Fixed Assets:		
Land	\$ 50,903,100.00	\$ 50,903,100.00
Buildings	12,253,786.00	12,253,786.00
Machinery and Equipment	<u>5,882,109.20</u>	<u>7,567,030.20</u>
Total General Fixed Assets	<u>\$ 69,038,995.20</u>	<u>\$ 70,723,916.20</u>
Investment in General Fixed Assets	<u>\$ 69,038,995.20</u>	<u>\$ 70,723,916.20</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**Basis of Accounting**

The financial statements of the City of Margate have been prepared in conformity with the Basis of Accounting 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 unit of the City of Margate are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. If the provisions of GASB 14 and GASB 39 had been complied with, the other entity's financial statements would have to be either blended or discretely presented with the financial statements of the City of Margate, the primary government. The City maintains a Type I School District.

Margate City School District  
8103 Winchester Avenue  
Margate, New Jersey 08402

The annual financial report may be inspected directly at the office of the component unit during regular business hours.

**Basis of Presentation, Fund Accounting**

The financial statement 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.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

**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.

**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.

**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.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

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.

**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 the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions. 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.

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

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

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

**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.

**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.

**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, 2012 AND 2011**  
**(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, 2012 AND 2011**  
**(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.

**Recent Accounting Pronouncements Not Yet Effective**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 “Items Previously Reported as Assets and Liabilities”. This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the City’s financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City’s financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the City’s financial reporting.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 2: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued:			
General:			
Bonds and Notes	\$ 37,955,375.10	\$ 36,349,185.35	\$ 33,092,525.71
Water/Sewer Utility:			
Bonds and Notes	<u>640,000.00</u>	<u>845,000.00</u>	<u>1,040,000.00</u>
Total Issued	<u>38,595,375.10</u>	<u>37,194,185.35</u>	<u>34,132,525.71</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>129,201.00</u>	<u>225,000.00</u>	<u>37,500.00</u>
Net Debt	<u>38,466,174.10</u>	<u>36,969,185.35</u>	<u>34,095,025.71</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	3,364,684.17	5,197,303.15	11,792,483.91
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>4,264,684.17</u>	<u>6,097,303.15</u>	<u>12,692,483.91</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 42,730,858.27</u>	<u>\$ 43,066,488.50</u>	<u>\$ 46,787,509.62</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.049%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 11,605,000.00	\$ 11,605,000.00	\$ -
Utility Debt	1,540,000.00	1,540,000.00	-
General Debt	<u>41,320,059.27</u>	<u>129,201.00</u>	<u>41,190,858.27</u>
	<u>\$ 54,465,059.27</u>	<u>\$ 13,274,201.00</u>	<u>\$ 41,190,858.27</u>

Net debt \$41,190,858.27 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$3,925,908,665 = 1.049%.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

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

3-1/2% of Equalized Valuation Basis	\$ 137,406,803.28
Net Debt	<u>41,190,858.27</u>
Remaining Borrowing Power	<u><u>\$ 96,215,945.01</u></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	\$ 4,613,243.52
Deductions:	
Operating & Maintenance Costs	\$ 3,669,212.00
Debt Service per Water and Sewer Utility Fund	<u>231,300.00</u>
Total Deductions	<u>3,900,512.00</u>
Excess in Revenue	<u><u>\$ 712,731.52</u></u>

**Description of Bonds and Loans Payable**

At December 31, 2012, 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, 2012, is \$13,025,000.00.

\$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, 2012, is \$2,950,000.00.

\$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, 2012, is \$16,745,000.00.

\$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, 2012, is \$92,541.11.

\$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, 2012, is \$8,476.67.

\$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, 2012, is \$9,596.24.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

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

\$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, 2012, is \$46,282.51.

\$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, 2012, is \$106,310.88.

\$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, 2012, is \$391,174.73.

\$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, 2012 is \$180,000.00

\$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, 2012 is \$145,536.94.

\$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, 2012 is \$95,000.00.

\$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, 2012 is \$75,456.02.

\$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, 2012, is \$11,605,000.00.

At December 31, 2012, 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 4.000%. The balance remaining as of December 31, 2012, is \$640,000.00.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

**Changes in Long-Term Debt**

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

	<u>Outstanding 12/31/11</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/12</u>
General Capital Fund:			
Serial Bonds Payable	\$ 35,080,000.00	\$ 2,360,000.00	\$ 32,720,000.00
School Bonds Payable	12,585,000.00	980,000.00	11,605,000.00
Loans Payable	<u>1,269,185.35</u>	<u>118,810.25</u>	<u>1,150,375.10</u>
Total General Capital Fund	<u>48,934,185.35</u>	<u>3,458,810.25</u>	<u>45,475,375.10</u>
Utility Capital Fund:			
Bonds Payable	<u>845,000.00</u>	<u>205,000.00</u>	<u>640,000.00</u>
Total Utility Capital Fund	<u>845,000.00</u>	<u>205,000.00</u>	<u>640,000.00</u>
Total All Funds	<u>\$ 49,779,185.35</u>	<u>\$ 3,663,810.25</u>	<u>\$ 46,115,375.10</u>

**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	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	2,350,000.00	944,731.25		
2018-2022	12,000,000.00	3,240,956.25		
2023-2027	7,195,000.00	1,055,990.63		
2028	<u>1,195,000.00</u>	<u>29,875.00</u>		
	<u>\$ 32,720,000.00</u>	<u>\$ 10,086,415.63</u>	<u>\$ 640,000.00</u>	<u>\$ 38,400.00</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
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	110,123.34	16,257.48
2018-2022	403,109.27	45,695.79
2023-2027	155,503.49	12,235.65
2028-2029	41,102.22	824.77
	<u>\$ 1,150,375.10</u>	<u>\$ 165,482.87</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. The City estimates this liability to approximate \$2,137,210.07 and \$2,195,118.52, as of December 31, 2012 and 2011 respectively, based on current pay rates and compensated absence balances.

**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, 2012	Balance December 31, 2011
Prepaid Taxes - Cash Liability	\$ 790,390.30	\$ 785,791.08

**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.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

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.

**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.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

**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. Currently the member contribution rate is 6.64% 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. Currently, Members contribute at a rate of 10.0% of base salary.

**Funding Policy (Continued)**

For the Public Employees' Retirement System, the City's contribution was \$583,065.00 for 2012 and \$538,070.00 for the year 2011.

<u>Three-Year Trend Information for PERS</u>					
<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>		
12/31/12	\$ 583,065.00	100%	\$	-	
12/31/11	538,070.00	100%		-	
12/31/10	433,870.00	100%		-	

For the Police and Firemen's Retirement System, the City's contribution was \$1,415,028.00 for 2012 and \$1,600,114.00 for 2011.

<u>Three-Year Trend Information for PFRS</u>					
<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>		
12/31/12	\$ 1,415,028.00	100%	\$	-	
12/31/11	1,600,114.00	100%		-	
12/31/10	1,348,212.00	100%		-	

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 \$1,581.43 for 2012 and \$1,066.85 for 2011.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(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, 2012, the carrying amounts of the City's deposits were \$11,397,137.00 and the bank balance was \$12,555,224.90. 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. None of the City's deposits were exposed to custodial credit risk

Investments

At December 31, 2012 the City held no investments.

**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 February 1<sup>st</sup> and May 1<sup>st</sup> of the fiscal year, are based upon one-half of the prior 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, 2012 AND 2011**  
**(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>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ 1.3730	\$ 1.3340	\$ 1.2780
Apportionment of Tax Rate:			
Municipal	0.6820	0.6140	0.5920
County	0.3880	0.3870	0.3460
Local School	0.3030	0.3330	0.3400

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2012	\$ 3,485,924,853
2011	3,470,324,058
2010	3,456,806,629

**Comparison of Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 48,070,834.65	\$ 47,041,247.39	97.86%
2011	46,393,904.46	45,531,844.68	98.14%
2010	44,258,555.23	43,467,097.48	98.21%

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

<b>Delinquent Taxes and Tax Title Liens</b>					
Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy	
2012	\$ 2,763.03	\$ 928,082.23	\$ 930,845.26	1.94%	
2011	1,641.66	817,722.99	819,364.65	1.77%	
2010	25,631.66	756,840.80	782,472.46	1.77%	

**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
2012	\$ 138,557.50
2011	138,557.50
2010	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.

**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.

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2012	\$ 3,128,016.08	\$ 2,300,000.00	73.53%
	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%
Water & Sewer Utility	2012	961,827.11	378,000.00	39.30%
	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%

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

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

Receivables and payables at December 31, 2012 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 226,349.00	\$ 31,666.11
Federal and State Grant	31,666.11	12,702.00
General Capital Fund	679,860.64	226,349.00
Utility Operating	12,702.00	125,000.00
Utility Capital	<u>125,000.00</u>	<u>679,860.64</u>
Total	<u>\$ 1,075,577.75</u>	<u>\$ 1,075,577.75</u>

**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 2012 were insignificant.

On December 6, 2012 the Commissioners approved an Emergency Appropriation in the Amount of \$3,750,000.00 to fund extraordinary expenses related to Hurricane Sandy, in accordance with NJSA 40A:4-54. In 2013 the City Funded this Appropriation through a Capital Ordinance.

**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.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**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, 2012.

	<b>Balance as of December 31, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance as of December 31, 2012</b>
Land	\$ 50,903,100.00	\$	\$	\$ 50,903,100.00
Buildings	12,253,786.00			12,253,786.00
Machinery & Equipment	7,567,030.20	218,043.00	1,902,964.00	5,882,109.20
Total	<u>\$ 70,723,916.20</u>	<u>\$ 218,043.00</u>	<u>\$ 1,902,964.00</u>	<u>\$ 69,038,995.20</u>

**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. During the year ended December 31, 2012, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**Note 15: SHORT-TERM FINANCING**

Short-term debt provides for financing of governmental activities and capital projects.

On July 24, 2012 the City issued a Bond Anticipation Note in the Amount of \$4,085,000.00, bearing interest at a rate of 1.25% per annum to fund various General Capital Ordinances. The Note is due July 23, 2013 and it is anticipated that the City will reissue the note at that date and permanently fund the amount in a future Bond Sale.

On December 27, 2012 the City issued an Emergency Note in the Amount of \$3,750,000.00, bearing interest at a rate of 0.90% per annum to fund extraordinary expenses related to Hurricane Sandy. The Note is due December 26, 2013 and it is anticipated that the City will reissue the note at that date and permanently fund the amount in a future Bond Sale.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(CONTINUED)**

**Note 15: SHORT-TERM FINANCING (Continued)**

The following is a summary of changes in short-term debt for the year ended December 31, 2012:

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Sewer Capital Fund</u>	<u>Total</u>
Balance December 31, 2011	\$ -	\$ -	\$ -	\$ -
Increases	3,750,000.00	4,085,000.00		7,835,000.00
Decreases				-
Balance December 31, 2012	<u>\$ 3,750,000.00</u>	<u>\$ 4,085,000.00</u>	<u>\$ -</u>	<u>\$ 7,835,000.00</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, 2012 and June 25, 2013 the date the financial statements were available for issuance 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
	A	\$
Balance December 31, 2011		4,676,203.71
Increased By Receipts:		
Taxes Receivable	\$	46,934,573.76
Revenue Accounts Receivable		3,445,265.40
Miscellaneous Revenue Not Anticipated		310,974.49
Veterans & Senior Citizen - State of NJ		105,500.00
Federal and State Grants Received		52,873.36
Prepaid Taxes		790,390.30
Tax Overpayments		55,895.61
Due to State - Marriage Licenses		875.00
Reserve for Library State Aid		2,812.00
Due from Animal Control Trust Fund		154.60
Due from General Capital		500.00
Reserve for Outside Liens		71,193.72
Reserve for Tax Sale Premiums		102,671.29
Special Emergency Note Proceeds		3,750,000.00
Redemption of Investment		22,908.27
Reserve for Insurance Proceeds		38,000.00
Reserve for Sale of Municipal Assets		121,415.09
Return of Change Funds		1,250.00
Return of Petty Cash Funds		1,300.00
		55,808,552.89
		60,484,756.60
Decreased By Disbursements:		
2011 Appropriations	\$	26,920,176.92
2010 Appropriation Reserves		155,137.97
County Taxes		13,483,368.86
County Added and Omitted Taxes		28,947.10
Local District School Tax		10,536,409.00
Federal and State Grant Fund Expenditures		52,658.88
Accounts Payable		3,047.00
Due to State - Marriage Licenses		875.00
Tax Overpayment Refunds		27,634.66
Change Funds		1,450.00
Petty Cash Funds		1,300.00
Refund of Prior Year Revenue		1,794.00
Hurricane Special Emergency Expenditures		2,238,148.24
Reserve for Outside Liens		55,935.26
Reserve for Tax Sale Premiums		23,175.00
Reserve for Library State Aid		2,812.00
Refund of Prior Year Revenue		6,951.76
		53,539,821.65
Balance December 31, 2012	A	\$ 6,944,934.95

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

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
Arrears \$	-	\$	\$	\$	\$	\$	\$	\$
2011	817,722.99	-	-	-	817,072.22	268.22	-	382.55
	<u>817,722.99</u>				<u>817,072.22</u>	<u>268.22</u>		<u>382.55</u>
2012	-	47,861,748.23	209,086.42	785,791.08	46,255,456.31	100,766.21	1,121.37	927,699.68
	<u>817,722.99</u>	<u>47,861,748.23</u>	<u>209,086.42</u>	<u>785,791.08</u>	<u>47,072,528.53</u>	<u>101,034.43</u>	<u>1,121.37</u>	<u>928,082.23</u>
Ref.	A							A

\$ 46,934,573.76 Cash Receipts  
 32,048.53 Tax Overpayments Applied  
 105,906.24 Senior Citizens and Veterans  
\$ 47,072,528.53

Analysis of 2012 Property Tax Levy

Tax Yield:  
 General Property Tax \$ 47,861,748.23  
 Added Taxes (54:4-63.1 et seq.) 209,086.42  
 \$ 48,070,834.65

Tax Levy:  
 Local District School Tax:  
 Levy \$ 10,536,409.00  
 Addition to Local District School Tax 1,513,337.50  
 County Taxes \$ 12,049,746.50  
 County Taxes Added and Omitted 13,483,368.86  
 Local Tax for Municipal Purposes 59,086.37  
 Add: Additional Tax Levied 22,301,306.53  
177,326.39  
 \$ 48,070,834.65

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

Balance December 31, 2011	<u>Ref.</u> A		\$	1,641.66
Increased By:				
Transferred from Taxes Receivable		\$		1,121.37
				1,121.37
				2,763.03
Decreased By:				
None				-
				-
Balance December 31, 2012	A		\$	2,763.03



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

	<u>Balance</u> <u>Dec. 31, 2011</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>
<u>OPERATIONS WITHIN "CAPS"</u>					
Department of Public Affairs and Public Safety:					
Director's Office					
Salaries and Wages	\$ 810.87	\$ 810.87	\$	\$ 810.87	\$
Other Expenses	2,743.50	2,743.50		2,743.50	
Police					
Salaries and Wages	14,793.69	14,793.69	-	14,793.69	
Other Expenses	49,539.31	49,539.31	5,076.91	44,462.40	
Municipal Prosecutor					
Salaries and Wages	2,386.50	2,386.50	-	2,386.50	
Fire					
Salaries and Wages	32,667.23	32,667.23	-	32,667.23	
Other Expenses	19,833.74	19,833.74	19,691.68	142.06	
Fire Prevention Bureau					
Salaries and Wages	12.34	12.34	-	12.34	
Other Expenses	570.16	570.16	-	570.16	
Fire Safety Official					
Salaries and Wages	91.94	91.94	-	91.94	
Other Expenses	2,621.50	2,621.50	2,558.59	62.91	
Uniform Fire Safety Act					
Salaries and Wages	85.04	85.04	-	85.04	
Other Expenses	410.00	410.00	88.72	321.28	
Lifeguards					
Other Expenses	403.49	403.49	87.23	316.26	
Beach Front Maintenance					
Salaries and Wages	-	-	1,739.00	-	1,739.00
Other Expenses	0.34	0.34	-	0.34	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	25.34	25.34	-	25.34	
Other Expenses	3,104.92	3,104.92	21.09	3,083.83	
Zoning Commission					
Other Expenses	2,364.93	2,364.93	257.97	2,106.96	
Legal Services and Costs					
Salaries and Wages	16,660.60	16,660.60	-	16,660.60	
Other Expenses	11,110.71	11,110.71	8,163.30	2,947.41	
Emergency Management Services					
Salaries and Wages	45.38	45.38	-	45.38	
Dog Regulations					
Other Expenses	200.00	200.00	150.00	50.00	
Municipal Court					
Salaries and Wages	6,916.69	6,916.69	-	6,916.69	
Other Expenses	6,789.44	6,789.44	497.73	6,291.71	
Department of Revenue and Finance					
Director's Office					
Salaries and Wages	6,109.65	6,109.65	-	6,109.65	
Other Expenses	9,679.33	9,679.33	2,205.18	7,474.15	
Financial Administration					
Audit	875.00	875.00	-	875.00	
Miscellaneous Other Expenses	5,000.00	5,000.00	-	5,000.00	
Assessment of Taxes					
Salaries and Wages	1,442.34	265.34	-	265.34	
Other Expenses	1,535.54	2,712.54	2,711.83	0.71	
Tax Collector					
Salaries and Wages	848.36	848.36	-	848.36	
Other Expenses	1,488.05	1,488.05	659.71	828.34	
Tax Searcher					
Salaries and Wages	90.32	90.32	-	90.32	
City Clerk					
Salaries and Wages	127.59	127.59	-	127.59	
Other Expenses	134.00	134.00	-	134.00	
Liquidation of TTL/Foreclosed Property					
Other Expenses	500.00	500.00	-	500.00	

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

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Elections					
Other Expenses	\$ 300.57	\$ 300.57	\$ -	\$ 300.57	\$ -
Insurance					
Liability Insurance	2,826.41	2,826.41	-	2,826.41	
Worker's Compensation	2,904.90	2,904.90	-	2,904.90	
Group Insurance Plan for Employees	249,049.77	249,049.77	270.00	248,779.77	
Health Benefits Waiver	66.64	66.64	-	66.64	
Department of Public Works, Parks, and Public Property					
Director's Office					
Salaries and Wages	32.03	32.03	-	32.03	
Other Expenses	70.00	70.00	-	70.00	
Rubbish Removal					
Other Expenses	67,958.59	67,958.59	51,757.42	16,201.17	
City Engineer					
Other Expenses	14,849.32	14,849.32	4,422.00	10,427.32	
Street Repairs and Maintenance					
Salaries and Wages	130,739.56	118,079.56	-	118,079.56	
Other Expenses	13,367.27	13,367.27	10,856.50	2,510.77	
Playgrounds					
Salaries and Wages	13,743.92	13,743.92	-	13,743.92	
Other Expenses	19,164.45	19,164.45	11,471.68	7,692.77	
Property and Improvement					
Salaries and Wages	262.50	262.50	-	262.50	
Other Expenses	2,995.50	2,995.50	271.63	2,723.87	
Street Lighting					
Other Expenses	9,783.84	9,783.84	-	9,783.84	
Celebration of Public Events, Anniversary, or Holiday					
Other Expenses	12,788.22	12,788.22	3,360.50	9,427.72	
State Uniform Construction Code Official					
Salaries and Wages	26,211.29	26,211.29	-	26,211.29	
Other Expenses	1,160.76	1,160.76	1,022.78	137.98	
Electrical Inspector					
Salaries and Wages	41,344.26	41,344.26	-	41,344.26	
Other Expenses	6,093.23	6,093.23	562.46	5,530.77	
Unclassified					
Municipal Service Act-Condo Law	1,000.00	1,000.00	-	1,000.00	
Feasibility Studies	1,700.00	1,700.00	-	1,700.00	
Payment of Ambulance Bills	7,514.70	7,514.70	2,493.99	5,020.71	
Electric	13,425.01	13,425.01	-	13,425.01	
Telephone	7,678.65	7,678.65	5,759.25	1,919.40	
Natural Gas	9,144.44	9,144.44	4,413.52	4,730.92	
Gasoline	1,909.51	14,569.51	14,567.30	2.21	
Sick and Retirement Payouts	2,500.00	2,500.00	-	2,500.00	
Contingent	6,994.58	6,994.58	-	6,994.58	
Statutory Expenditures					
Contributions to:					
Social Security System	18,563.87	18,563.87	-	18,563.87	
Unemployment Compensation Insurance	1,262.06	1,262.06	-	1,262.06	
DCRP	993.15	993.15	-	993.15	
Public and Private Programs Offset By Revenues					
Matching Funds for Grants	2,610.00	2,610.00	-	2,610.00	
<b>TOTALS</b>	<u>\$ 893,026.84</u>	<u>\$ 893,026.84</u>	<u>\$ 155,137.97</u>	<u>\$ 739,627.87</u>	<u>\$ 1,739.00</u>
Ref.	A				
Appropriation Reserves	\$ 821,252.69		\$ 83,363.82		
Encumbrances Payable	71,774.15		71,774.15		
	<u>\$ 893,026.84</u>		<u>\$ 155,137.97</u>		

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2011	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2012
State:					
Municipal Alliance Program	\$ 19,560.00	\$ 19,560.00	\$ 14,826.18	\$	\$ 24,293.82
Clean Communities Program		24,446.74	24,446.74		-
Federal:					
None					-
<b>TOTALS</b>	<b>\$ 19,560.00</b>	<b>\$ 44,006.74</b>	<b>\$ 39,272.92</b>	<b>\$ -</b>	<b>\$ 24,293.82</b>
Ref.	A				A

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

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2012</u>
State:				
Recycling Tonnage Grant	\$ -	\$ 10,648.60	\$ 1,206.31	\$ 9,442.29
Body Armor Replacement Fund	3,311.85	2,951.84	3,311.85	2,951.84
Federal:				
None	-			-
<b>TOTALS</b>	<u>\$ 3,311.85</u>	<u>\$ 13,600.44</u>	<u>\$ 4,518.16</u>	<u>\$ 12,394.13</u>
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</u> <u>Dec. 31, 2011</u>	<u>Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State:					
Body Armor	\$ 3,101.95	\$ 3,311.85	\$	\$	6,413.80
Municipal Alliance Program	24,450.00	24,450.00	18,532.73	5,917.27	24,450.00
Clean Communities Program		24,446.74	24,446.74		-
Recycling Tonnage Grant	8,473.10	1,206.31	9,679.41		-
Federal:					
None					-
<b>TOTALS</b>	<b>\$ 36,025.05</b>	<b>\$ 53,414.90</b>	<b>\$ 52,658.88</b>	<b>\$ 5,917.27</b>	<b>\$ 30,863.80</b>
Ref.	A				A

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

Balance December 31, 2011	<u>Ref.</u> B		\$	2,210.20
Increased By Receipts:				
Dog Licenses Fees		\$ 1,186.80		
				1,186.80
				3,397.00
Decreased By Disbursements:				
Animal Control Expenditures		690.00		
Paid to State of New Jersey		265.20		
Paid to Current Fund		475.80		
				1,431.00
Balance December 31, 2012	B		\$	1,966.00

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

	<u>Ref.</u>		
Balance December 31, 2011	B	\$	429,244.61
Increased By Receipts:			
Lifeguard Pension		\$	20,692.56
Developers' Deposits			15,353.05
Parking Offenses Adjudication Act (POAA)			658.00
Adopt A Beach			1,250.00
Emergency Restoration Fund			370.00
Public Defender			275.00
Recreation Trust			53,519.15
Law Enforcement Trust Fund I			16,551.82
Law Enforcement Trust Fund II			258.67
Payroll Deductions			5,908,847.01
Reserve for AT & T Cell Tower Engineer Fee			7,500.00
Due to / from Current Fund			<u>224.75</u>
			<u>6,025,500.01</u>
			6,454,744.62
Decreased By Disbursements:			
Lifeguard Pension			24,972.84
Developers' Deposits			19,532.44
Public Offenses Adjudication Act (POAA)			3,000.00
Adopt A Beach			280.00
Lifeguard Escrow			250.00
Recreation Trust			53,728.07
Law Enforcement Trust Fund II			77,819.50
Payroll Deductions			5,898,144.39
Reserve for AT & T Cell Tower Engineer Fee			6,134.70
Due to / from Current Fund			<u>224.75</u>
			<u>6,084,086.69</u>
Balance December 31, 2012	B	\$	<u><u>370,657.93</u></u>

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

Balance December 31, 2011	<u>Ref.</u> B		\$	2,054.40
Increased By:				
Dog Licenses Fees Collected - City Share		\$		916.80
Other Fees Collected				4.80
				921.60
				2,976.00
Decreased By:				
Dog License Expenses				690.00
Statutory Excess Due to Current				321.20
				1,011.20
Balance December 31, 2012	B		\$	1,964.80

License Fees Collected:

<u>Year</u>	\$	
2011	\$	998.40
2010		966.40
	\$	1,964.80

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

Balance December 31, 2011	<u>Ref.</u> B		\$	154.60
Increased By:				
Statutory Excess Due to Current Fund		\$ 321.20		
				321.20
				475.80
Decreased By:				
Paid to Current Fund		475.80		
				475.80
Balance December 31, 2012	B		\$	-

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

Balance December 31, 2011	<u>Ref.</u> B		\$	1.20
Increased By:				
Collected in 2012		\$ 265.20		
				265.20
				266.40
Decreased By:				
Paid to State of New Jersey		265.20		
				265.20
Balance December 31, 2012	B		\$	1.20

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 1,725,295.76
Increased By Receipts:		
Proceeds from Sale of Bond Anticipation Notes	\$	4,085,000.00
Premium on Sale of Bond Anticipation Notes		24,060.65
Capital Improvement Fund		150,000.00
Reserve to Pay Bonds		56,050.00
State Aid		232,500.00
Due from Current Fund - Budget Appropriation		222,618.98
		4,770,229.63
		6,495,525.39
Decreased By Disbursements:		
Improvement Authorizations		3,076,427.46
Capital Surplus Paid to Current Fund		650,000.00
Due from Current Fund		500.00
		3,726,927.46
Balance December 31, 2012	C	\$ <u><u>2,768,597.93</u></u>

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

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	
Fund Balance	\$ 2,637,760.58	\$ -	\$ 24,060.65	\$ -	\$ -	\$ 850,000.00	\$ 6,672.62
Capital Improvement Fund	146,384.98		150,000.00			175,000.00	78,655.83
Encumbrances Payable	1,479,307.24				1,479,307.24		1,216,161.42
Due to Water and Sewer Capital	(679,860.64)				650,500.00		(679,860.64)
Due to Current Fund							226,349.00
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		56,050.00			226,849.00	129,201.00
State Aid Receivable	(285,000.00)		232,500.00				(52,500.00)
Reserve for State Aid Receivable	75,000.00					75,000.00	-
Improvement Authorizations							
Ord.							
96-14	(107,000.00)		107,000.00				-
04-21/07-06	(51,074.56)		51,074.56			6,102.38	(6,102.38)
04-27	(39,384.35)		39,384.35				-
06-11	(24,949.35)		24,949.35			319.84	-
06-18	(210.72)		210.72				-
06-35	(82,684.17)						(82,684.17)
08-08							-
08-16	18,864.37			3,300.00			(15,564.37)
08-18	6,102.38						6,102.38
08-28	319.84						-
09-05	15,687.16			2,871.35			12,815.81
09-11	13,360.64			10,169.70			3,190.94
09-12	423.05						423.05
09-18	(904,153.25)	1,002,000.00		90,412.63		2,393.64	5,040.48
09-19	327,059.62			37,752.13		1,490.37	287,817.12
09-22	74,451.62			3,995.00			70,456.62
10-16/10-30	(220,923.12)	237,000.00		(3,983.44)		3,622.62	16,437.70
10-27	52,987.24			4,331.41		48,655.83	-
10-31	(448,841.03)	475,000.00		710.89			25,448.08
11-04	250.40					250.40	-
11-18/11-21	(540,082.05)	546,000.00		4,469.04			1,448.91
11-19	18,950.88			(42,871.15)		423,200.79	(361,378.76)
12-03						494,391.50	78,066.52
12-04		1,825,000.00		1,352,541.98			-
12-05				48.45		30,000.00	199,951.55
12-10						200,000.00	-
12-11				133,372.23		291,062.50	(379,434.73)
	\$ 1,725,295.76	\$ 4,085,000.00	\$ 685,229.63	\$ 1,597,120.22	\$ 2,129,807.24	\$ 2,628,338.87	\$ 2,768,597.93
							C

Ref.

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

Balance December 31, 2011	<u>Ref.</u> C		\$	146,384.98
Increased By:				
Current Fund Budget Appropriation		\$ 150,000.00		
Improvement Authorizations Canceled		78,655.83		
				228,655.83
				375,040.81
Decreased By:				
Improvement Authorizations Funded		175,000.00		
				175,000.00
Balance December 31, 2012	C		\$	200,040.81

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

Balance December 31, 2011	<u>Ref.</u> C		\$	48,934,185.35
Increased By:				
None		\$ _____		-
				48,934,185.35
Decreased By:				
Serial Bonds Paid		2,360,000.00		
School Serial Bonds Paid		980,000.00		
Green Trust Loans Paid		68,289.81		
NJEIT Loans Paid		50,520.44		
				3,458,810.25
Balance December 31, 2012	C		\$	45,475,375.10





**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, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	December 31, 2012	Amount	Rate					
General Obligation Bonds of 2006	6/1/2006	\$ 17,125,000	6/1/2013	\$ 1,060,000.00	4.250%	\$ 14,025,000.00	\$	\$ 1,000,000.00	\$	13,025,000.00	
			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%						
General Refunding Bonds of 2009			6/1/2023	1,195,000.00	4.375%						
	9/30/2009	4,480,000	2/1/2013	750,000.00	4.000%	3,710,000.00		760,000.00		2,950,000.00	
			2/1/2014	745,000.00	4.000%						
General Obligation Bonds of 2011			2/1/2015	740,000.00	4.000%						
			2/1/2016	715,000.00	5.000%						
	1/15/2011	17,345,000	1/15/2013	600,000.00	3.000%	17,345,000.00		600,000.00		16,745,000.00	
			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%							
		1,195,000.00	1,195,000.00	5.000%							
Ref.											
\$ 35,080,000.00										\$	
-										\$	
2,360,000.00										\$	
C										\$	
C										\$	
32,720,000.00										\$	

**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				
			Date	Amount	Interest Rate	Balance	
			December 31, 2012	December 31, 2011	December 31, 2012	Balance	
					Decreased	Dec. 31, 2012	
School Refunding Bonds	9/30/2009	\$ 12,730,000	2/1/2013	\$ 1,025,000.00	4.000%	\$ 12,585,000.00	\$ 11,605,000.00
			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%		
						\$ 980,000.00	\$ 980,000.00
							\$ 12,585,000.00
							\$ 11,605,000.00
							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					
			Date	Outstanding December 31, 2012 Amount	Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
Waterfront Project	1992	\$ 262,500	2013	\$ 16,081.12	2.000%	\$ 108,305.36	\$ 15,764.25	\$ 92,541.11
			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	2013	8,476.67	2.000%	16,786.31	8,309.64	8,476.67
Public Library Park - Phase II	1995	150,000	2013	9,596.24	2.000%	19,003.39	9,407.15	9,596.24
Public Library Park - Phase III	1999	143,580.16	2013	8,042.63	2.000%	54,166.67	7,884.16	46,282.51
			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 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding					
			Date	December 31, 2012	Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
Various Capital Improvements	10/15/2001	\$ 300,000.00	2013	\$ 15,000.00	5.500%	\$ 195,000.00	\$ 15,000.00	\$ 180,000.00
			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	N/A	161,385.18	15,848.24
			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					
			Date	December 31, 2012	Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
Various Capital Improvements	10/15/2001	\$ 160,000	2013	\$ 10,000.00	5.500%	\$ 105,000.00	\$ 10,000.00	\$ 95,000.00
			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	N/A	85,128.22	9,672.20
			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				
						Ref.	\$ 546,513.40	\$ 50,520.44

**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, 2011	Increased	Decreased	Balance Dec. 31, 2012
09-18	Various Capital Improvements	7/24/2012	7/24/2012	7/23/2013	1.250%	\$	\$ 1,002,000.00	\$	\$ 1,002,000.00
10-16/10-30	Repairing Benson Ave. Water Tower	7/24/2012	7/24/2012	7/23/2013	1.250%		237,000.00		237,000.00
10-31	Purchase of Public Works Vehicles	7/24/2012	7/24/2012	7/23/2013	1.250%		475,000.00		475,000.00
11-18/11-21	Fire Station #1	7/24/2012	7/24/2012	7/23/2013	1.250%		546,000.00		546,000.00
12-03	Improvements & Renovations to Fire Station #1	7/24/2012	7/24/2012	7/23/2013	1.250%		1,825,000.00		1,825,000.00
						\$	\$ 4,085,000.00	\$	\$ 4,085,000.00
					Ref.				C

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Budget / Bonds or Notes /Grants Issued	Cancelled	Balance Dec. 31, 2012
96-14	Various Improvements	\$ 107,000.00		\$ 107,000.00		-
04-21	Dredging Project	51,074.56		51,074.56		-
04-27	Refunding Ordinance	39,384.35		39,384.35		-
06-11	Various Improvements	24,949.35		24,949.35		-
06-18	Public Building Improvement Projects	210.72		210.72		-
06-35	Refunding Ordinance	82,684.17				82,684.17
09-18	Various Capital Improvements	1,002,750.00		1,002,000.00		750.00
10-16/30	Repairing Benson Ave. Water Tower	237,500.00		237,000.00		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		-
11-18/11-21	Fire House #1	546,250.00		546,000.00		250.00
11-19	Various Capital Improvements	445,500.00				445,500.00
12-03	Improvements & Renovations to Fire Station #1		1,900,000.00	1,825,000.00		75,000.00
12-04	Construction of Construction Code Building				570,000.00	-
12-10	Refunding Ordinance		1,905,000.00			1,905,000.00
12-11	Various Capital Improvements		855,000			855,000.00
		\$ 5,197,303.15	\$ 5,230,000.00	\$ 4,307,618.98	\$ 2,755,000.00	\$ 3,364,684.17
		C				C
	Ref.					
	Note Sale	\$		4,085,000.00		
	Budget Appropriation			222,618.98		
				\$ 4,307,618.98		

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

	Ref.	Operating	Capital - Water Meter Account
Balance December 31, 2011	D	\$ 1,386,709.59	\$ 1,574.04
Increased by Receipts:			
Water and Sewer Rent Collected		\$ 3,808,460.25	
Miscellaneous Revenues		115,165.84	
Miscellaneous Revenues Not Anticipated		26,776.84	
Prepayments Received		17,913.89	
Overpayments Received		34,660.84	
Appropriation Refunds		48,766.64	
Deposits for Water Meters			600.00
		<u>4,051,744.30</u>	<u>600.00</u>
		5,438,453.89	2,174.04
Decreased by Disbursements:			
Current Appropriations		3,853,412.95	
Interest on Bonds		29,700.00	
Appropriation Reserves		47,284.79	
Transfer to Current Fund		200,000.00	
		<u>4,130,397.74</u>	<u>-</u>
Balance December 31, 2012	D	\$ <u>1,308,056.15</u>	\$ <u>2,174.04</u>

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

	Balance Dec. 31, 2011	Balance Dec. 31, 2012
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
 <u>Improvement Authorizations</u>		
Ord.		
<u>Number</u>		
07-45	(608,490.30)	(608,490.30)
09-01	(137,210.54)	(137,210.54)
	\$ -	\$ -
Ref.	D	D

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

Balance December 31, 2011	<u>Ref.</u> D		\$ 55,137.19
Increased By:			
Net Billings of User Charges		\$ 3,847,451.83	
		<hr/>	<hr/>
			3,847,451.83
			3,902,589.02
Decreased By:			
Collections		3,808,460.25	
Prepayments Applied		19,203.46	
Overpayments Applied		29,691.18	
		<hr/>	<hr/>
			3,857,354.89
Balance December 31, 2012	D		\$ <u><u>45,234.13</u></u>

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

	<u>Balance Dec. 31, 2011</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Overexpended</u>
Operating:					
Salaries and Wages	\$ 56,252.53	\$ 56,252.53	\$	\$ 56,252.53	\$
Other Expenses	90,398.83	90,398.83	48,475.41	41,923.42	
Atlantic County Utilities Authority - Shared Costs	37,770.00	37,770.00		37,770.00	
TOTALS	<u>\$ 184,421.36</u>	<u>\$ 184,421.36</u>	<u>\$ 48,475.41</u>	<u>\$ 135,945.95</u>	<u>\$ -</u>
Ref.					
Appropriation Reserves	\$ 115,058.23		47,284.79		
Encumbrances	69,363.13		1,190.62		
	<u>\$ 184,421.36</u>		<u>48,475.41</u>		

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

Balance December 31, 2011	<u>Ref.</u> D	\$ 65,200.00
Increased By:		
None	\$ -	
	<hr/>	<hr/>
		-
		<hr/>
		65,200.00
Decreased By:		
None	-	
	<hr/>	<hr/>
		-
Balance December 31, 2012	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, 2011	<u>Ref.</u> D		\$	14,100.00
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$ 26,300.00		
				26,300.00
				40,400.00
Decreased By:				
Interest Paid on Bonds		29,700.00		
				29,700.00
Balance December 31, 2012	D		\$	10,700.00

**Analysis of Accrued Interest December 31, 2012**

Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days	Amount
\$ 640,000.00	4.00%	8/1/2012	12/31/2012	152	\$ 10,700.00
\$ 640,000.00					\$ 10,700.00



**CITY OF MARGATE**  
**WATER AND SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance Dec. 31, 2011	Balance Dec. 31, 2012
			Date	Amount	Interest Rate	Amount		
Water and Sewer Utility Refunding Bonds of 2009	9/30/2009	\$ 1,045,000	2/1/2013	\$ 215,000.00	4.000%	\$ 845,000.00	\$ 640,000.00	
			2/1/2014	210,000.00	4.000%			
			2/1/2005	215,000.00	4.000%			
						\$ 845,000.00	\$ 640,000.00	
						\$ -	\$ 205,000.00	
						\$ 845,000.00	\$ 640,000.00	

Ref.

**CITY OF MARGATE**  
**WATER AND SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	Balance Dec. 31, 2012
07-45	Improvements to Water & Sewer Utility System	\$ 700,000.00	\$ 700,000.00
09-01	Improvements to Water & Sewer Utility System	200,000.00	200,000.00
		\$ <u>900,000.00</u>	\$ <u>900,000.00</u>
		Ref. D	D

**CITY OF MARGATE**

**PART II**

**GENERAL COMMENTS AND FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2012**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **INDEPENDENT AUDITOR'S REPORT**

### **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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Margate, State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2013, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. 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.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as Finding #2012-1.

### **City's Responses to Findings**

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

**June 25, 2013**

**CITY OF MARGATE**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDING DECEMBER 31, 2012**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: **Adverse GAAP Opinion - Unqualified Opinion on the Financial Statements – Regulatory Basis**

Internal control over financial reporting:

- |                                  |                      |
|----------------------------------|----------------------|
| 1) Material Weakness identified? | <b>No</b>            |
| 2) Significant Deficiencies?     | <b>None Reported</b> |

Non-Compliance material to Financial Statements – Regulatory Basis noted? **No**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

In accordance with Government Auditing Standards, our audit disclosed findings relating to the financial statements that are required to be reported. These findings are listed in the Findings and Recommendations on Page 86 of this report. We have also issued a Management Letter.

**MANAGEMENT RESPONSES**

Finding #2012-1            The Minutes will be accurately maintained.

**STATUS OF PRIOR YEAR FINDINGS**

The Findings from the prior year have been resolved.

## 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:

- Fire House Renovations
- Beach Access at Various Streets
- Amherst Avenue Road Reconstruction
- Beach Bulkhead Access
- Wheel Loader
- Sewer System TV and Cleaning
- Bulkhead Repair

#### **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 7, 2012 and was not 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>
2012	5
2011	3
2010	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 2012 and 2013 Taxes	5
Delinquent Taxes	5
Current Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	<hr/> 20

**Deposit of Municipal Funds**

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

Our examination has revealed that municipal funds were deposited within the mandated time.

**CITY OF MARGATE**

**FINDINGS AND RECOMMENDATIONS**

**Finding #2012-01:**

The Minutes, associated Resolutions and Approved Bill Lists of the Meetings of the Governing Body, as presented for audit were not complete.

**Criteria:**

The Minutes and associated Resolutions are the Official Record of the actions taken by and authorized by the Governing Body and should be complete and signed by the City Clerk.

**Condition:**

Numerous Resolutions and Bill Lists were either missing or unsigned. We have been informed that the City has corrected the condition in 2013.

**Cause:**

The Minute Book is not being accurately kept.

**Effect:**

The Official Record of the actions taken by and authorized by the Governing Body is incomplete.

**Recommendation:**

We recommend that the Minutes, Resolutions and Approved Bill Lists of the Governing Body be accurately maintained, complete on a timely basis and available for audit.

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.*  
**FORD SCOTT & ASSOCIATES, L.L.C.**  
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