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To the Commission of  
the City of Margate City

We have audited the financial statements of the City of Margate City for the year ended December 31, 2014, and have issued our report thereon dated May 4, 2015. Professional standards require that we provide you with the following information regarding our audit.

### **Our responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles and practices prescribed by the Division of Local Government Services. Our audit of the financial statements does not relieve you or management of your responsibilities.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. As part of our audit, we considered the internal control of the City of Margate City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
3. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Margate City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and uncorrected misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no known and likely misstatements identified during the audit.

***Disagreements with management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated May 4, 2015.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other audit findings or issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other audit findings or issues (continued)*

We noted certain compliance issues that we did not include in the Comments & Recommendations section of audit report, but we believe deserve the attention of the members of City Commission:

- City employees who take sick and vacation days during a pay period are permitted to count the paid time off as time worked off for purposes of calculating overtime even though they did not work the full forty (40) hour week. While this is not usual (unless contractual) , it is recommended that the City work toward changing this policy or contract provision.

*Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles prescribed by the Division of Local Government Services, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in the relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

This information is intended solely for the use of the management of City of Margate City and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,  
**HOLMAN FRENIA ALLISON, P.C.**



Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
CR 435

May 4, 2015  
Medford, New Jersey