

**CITY OF MARGATE  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2013**



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**CITY OF MARGATE**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**





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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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 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 basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplemental information 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. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. The schedule of Expenditures of Federal Awards as required by OMB Circular A-133 are the responsibility of management and were 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 schedule of Expenditures of Federal Awards as required by OMB A-133 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 27, 2014 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 27, 2014**

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**EXHIBIT - A**  
**CURRENT FUND**



**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 6,925,027.90	6,944,934.95
Cash - Change	1,900.00	650.00
Total Cash	6,926,927.90	6,945,584.95
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	1,122.75	-
Total Other Receivables	1,122.75	-
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	835,050.24	928,082.23
Tax Title and Other Liens	3,008.38	2,763.03
Property Acquired for Taxes - at Assessed Valuation	138,557.50	138,557.50
Revenue Accounts Receivable	2,466.18	2,051.86
Interfund Receivable:		
General Capital Fund	-	226,349.00
Total Receivables and Other Assets	979,082.30	1,297,803.62
Deferred Charges:		
Special Emergency Appropriation	3,000,000.00	3,750,000.00
Overexpenditure of Appropriation	-	23,670.12
Overexpenditure of Appropriation Reserves	-	1,739.00
Total Deferred Charges	3,000,000.00	3,775,409.12
Total Regular Fund	10,907,132.95	12,018,797.69
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	49,560.00	24,293.82
Due from Current Fund	17,609.77	31,666.11
Total Federal and State Grant Fund	67,169.77	55,959.93
Total Current Fund	\$ 10,974,302.72	12,074,757.62

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

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,005,335.85	825,333.88
Reserve for Encumbrances	173,887.15	183,166.18
Prepaid Taxes	937,028.66	790,390.30
Overpaid Taxes	95,904.43	55,895.61
County Added Tax Payable	71,914.78	59,086.37
Due to State:		
Marriage Licenses	100.00	125.00
Senior Citizens & Veterans	-	239.50
Interfund Payable:		
Grant Fund	17,609.77	31,666.11
Other		
Reserve for Tax Appeals	13,952.11	13,952.11
Reserve for Master Plan	-	1,300.00
Reserve for Sale of Municipal Assets	107,278.95	122,232.29
Reserve for Outside Liens	-	20,267.59
Reserve for Tax Sale Premiums	206,446.29	189,471.29
Reserve for Hurricane Damage	178,956.68	1,511,851.76
Reserve for Insurance Proceeds	-	38,000.00
Special Emergency Note Payable	3,000,000.00	3,750,000.00
	5,808,414.67	7,592,977.99
Reserve for Receivables and Other Assets	979,082.30	1,297,803.62
Fund Balance	4,119,635.98	3,128,016.08
Total Regular Fund	10,907,132.95	12,018,797.69
Federal and State Grant Fund:		
Unappropriated Reserves	3,354.13	12,394.13
Appropriated Reserves	63,815.64	30,863.80
Due from Utility Operating Fund	-	12,702.00
	67,169.77	55,959.93
Total Federal and State Grant Fund	67,169.77	55,959.93
Total Current Fund	\$ 10,974,302.72	12,074,757.62

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

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 2,300,000.00	2,100,000.00
Miscellaneous Revenue Anticipated	4,624,284.83	3,767,438.30
Receipts from Delinquent Taxes	885,475.60	817,072.22
Receipts from Current Taxes	50,544,946.67	47,041,247.39
Non Budget Revenue	264,932.77	310,974.49
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	748,526.39	739,627.87
Interfund Returned	226,349.00	154.60
Cancellation of Reserve for Master Plan	1,300.00	-
Cancellation of Grant Reserves	-	5,917.27
Total Income	<u>59,595,815.26</u>	<u>54,782,432.14</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	11,729,295.25	11,709,784.51
Other Expenses	6,622,460.57	6,469,848.57
Deferred Charges & Statutory Expenditures	2,718,439.20	2,504,234.54
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,415,270.82	1,415,163.90
Capital Improvements	50,000.00	3,945,000.00
Debt Service	3,948,360.44	3,952,103.88
Deferred Charges	832,684.17	234,618.98
For Local School Purposes	1,518,237.50	1,513,337.50
Local District School Tax	10,536,409.00	10,536,409.00
County Tax	16,856,838.28	13,483,368.86
County Share of Added Tax	71,914.78	59,086.37
Interfund Created		226,349.00
Refund of Prior Year's Revenue		9,245.76
Other:		
Prior Year's Deduction Disallowed	250.00	-
Cancellation of Grants Receivable	4,035.35	-
Loss on Investment	-	1,290.84
Total Expenditures	<u>56,304,195.36</u>	<u>56,059,841.71</u>

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

**CURRENT FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
 IN FUND BALANCE - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Excess/(Deficit) in Revenue	\$ 3,291,619.90	(1,277,409.57)
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	3,750,000.00
Emergency Appropriation		
Total Adjustments	-	3,750,000.00
Statutory Excess to Fund Balance	3,291,619.90	2,472,590.43
Fund Balance January 1	3,128,016.08	2,755,425.65
	6,419,635.98	5,228,016.08
Decreased by:		
Utilization as Anticipated Revenue	2,300,000.00	2,100,000.00
Fund Balance December 31	\$ 4,119,635.98	3,128,016.08

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 2,300,000.00		-
Total Fund Balance Anticipated	<u>2,300,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	9,500.00		330.50
Other	11,495.50		12,108.00
Fees and Permits	125,000.00		103,687.00
Fines and Costs:			
Municipal Court	84,135.84		20,138.97
Interest and Costs on Taxes	110,000.00		83,881.85
Interest on Investments and Deposits	12,000.00		1,027.45
Anticipated Utility Operating Surplus	100,000.00		-
Beach Fees	275,000.00		47,756.50
Cable Franchise	55,000.00		1,771.02
Total Section A: Local Revenues	<u>782,131.34</u>	<u>-</u>	<u>270,701.29</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	764,475.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>764,475.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	310,000.00		202,424.00
Total Section C: Uniform Construction Code Fees	<u>310,000.00</u>	<u>-</u>	<u>202,424.00</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Municipal Alliance on Alcoholism and Drug Abuse	19,560.00	28,702.45	-
Clean Communities Program	9,442.29	16,659.24	-
Recycling Tonnage	2,951.84		-
Body Armor Replacement		30,000.00	-
Post Sandy Planning Grant			-
Total Section F: Special Items - Public and Private Programs	<u>31,954.13</u>	<u>75,361.69</u>	<u>-</u>
Off-Set with Appropriations			
Section G: Other Special Items			
Utility Operating Surplus of Prior Year	200,000.00		-
Uniform Fire Safety Act	11,153.67		1,651.10
Capital Surplus	650,000.00		-
Beach Vending License	67,100.00		-
Ambulance Billing	195,000.00		54,764.64
Recreation Fees	115,500.00		14,383.80
Sale of Municipal Assets	45,000.00		-
Reserve for Debt Service	82,684.17		-
FEMA Storm Recovery	750,000.00		-
Total Section G: Other Special Items	<u>2,116,437.84</u>	<u>-</u>	<u>70,799.54</u>
Total Miscellaneous Revenues:	<u>4,004,998.31</u>	<u>75,361.69</u>	<u>543,924.83</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
Receipts from Delinquent Taxes	525,000.00		885,475.60
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	21,053,557.80		22,158,902.29
Amount for Local District Tax	1,518,237.50		1,518,237.50
Library Tax	1,283,065.00		1,283,065.00
Total Amount to be Raised by Taxes for Support of Municipal Budget	23,854,860.30	-	1,105,344.49
Budget Totals	30,684,858.61	75,361.69	2,009,744.92
Non- Budget Revenues:			
Other Non- Budget Revenues:			264,932.77
	\$ 30,684,858.61	75,361.69	2,274,677.69

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections \$ 50,544,946.67

Less: Reserve for Tax Appeals Pending -

Net Revenue from Collections 50,544,946.67

Allocated to:

School, County and Other Taxes 30,266,464.56

Balance for Support of Municipal Budget Appropriations 20,278,482.11

Increased by:

Appropriation "Reserved for Uncollected Taxes" 1,880,420.18

Amount for Support of Municipal Budget Appropriations 22,158,902.29

Receipts from Delinquent Taxes:

Delinquent Tax Collection 885,475.60

Tax Title Lien Collections -

Total Receipts from Delinquent Taxes 885,475.60

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Senior & Veterans Administrative Fees 1,987.56

Tax Abatements 42,902.55

Cell Tower Rent 106,935.00

Lease of Land 18,000.00

Lease of Municipal Property 39,691.16

Dog Park Donations 30.00

Salvage Scrap Metal 1,476.00

Refund of Prior Year Expenses 30,555.96

Premium on Sale of Notes 9,062.00

Statutory Excess in Dog Fund 943.60

Bench Donations 1,550.00

Miscellaneous 11,798.94

Total Miscellaneous Revenue Not Anticipated: \$ 264,932.77

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
<b>PUBLIC AFFAIRS AND PUBLIC SAFETY</b>						
Director's Office						
Salaries and Wages	\$ 20,000.00	20,000.00	19,999.98		0.02	0.00
Other Expenses	3,500.00	1,700.00	1,514.45		185.55	-
Police						
Salaries and Wages	3,968,932.00	3,964,632.00	3,894,901.06		69,730.94	-
Other Expenses	167,250.00	171,550.00	160,924.86	8,136.57	2,488.57	0.00
Fire						
Salaries and Wages	3,491,640.00	3,491,640.00	3,482,881.52		8,758.48	(0.00)
Other Expenses	94,000.00	94,000.00	86,997.68	6,644.20	358.12	(0.00)
City Clerk						
Salaries and Wages	121,720.00	122,727.12	122,727.12		19.30	-
Other Expenses	7,200.00	9,850.00	9,830.70			(0.00)
Safety Official						
Salaries and Wages	15,198.00	15,198.00	14,879.80		318.20	0.00
Other Expenses	5,000.00	5,000.00	2,380.71	2,574.02	45.27	-
Lifeguards						
Salaries and Wages	540,200.00	516,194.92	504,890.43		11,304.49	-
Other Expenses	32,000.00	32,000.00	23,831.90	1,500.00	6,668.10	-
Beachfront Maintenance						
Salaries and Wages	60,000.00	59,900.00	59,696.79		203.21	(0.00)
Other Expenses	11,200.00	11,300.00	11,079.46	197.77	22.77	0.00
Planning Board						
Salaries and Wages	100,565.00	101,872.94	101,872.94			-
Other Expenses	11,500.00	13,300.00	10,705.83	890.90	1,703.27	-
Emergency Management Services						
Salaries and Wages	3,672.00	3,672.00	3,592.94		79.06	-
Municipal Court						
Salaries and Wages	164,624.00	164,624.00	163,711.56		912.44	0.00
Other Expenses	21,550.00	21,550.00	12,132.24	1,106.78	8,310.98	-
Legal Services and Costs						
Other Expenses	250,000.00	250,000.00	207,799.61	41,573.93	626.46	0.00
Public Defender						
Other Expenses	3,600.00	3,600.00	2,700.00	900.00		-
Municipal Prosecutor						
Salaries and Wages	26,316.00	26,316.00	23,788.04		2,527.96	-
Dog Regulation						
Other Expenses	8,500.00	8,500.00	8,000.00		500.00	-

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>REVENUE AND FINANCE</b>						
Director's Office						
Salaries and Wages	436,776.00	432,023.46	406,029.60		25,993.86	0.00
Other Expenses	45,100.00	37,700.00	28,677.06	4,494.60	4,528.34	-
Financial Administration						
Salaries and Wages	10,000.00	11,900.00	11,525.00		375.00	-
Audit	30,000.00	30,000.00	30,000.00			-
Other Expenses	111,250.00	111,250.00	95,106.61	15,238.89	904.50	-
Assessment of Taxes						
Salaries and Wages	207,000.00	210,745.42	210,745.42			-
Other Expenses	62,580.00	62,580.00	47,432.57	1,541.31	13,606.12	-
Collection of Taxes						
Salaries and Wages	151,880.00	151,880.00	148,150.70		3,729.30	0.00
Other Expenses	16,000.00	20,000.00	18,014.66	351.98	1,633.36	-
City Clerk						
Salaries and Wages	3,600.00	3,600.00	3,600.00			-
Other Expenses	400.00	400.00	398.61		1.39	(0.00)
Elections						
Other Expenses	5,000.00	5,000.00	2,652.16		2,347.84	-
Liquidation of Tax Title Liens						
Other Expenses	500.00	500.00			500.00	-
Insurance (N.J.S.A. 40A:4-45.3(00))						
General Liability	291,500.00	291,500.00	265,584.30		25,915.70	-
Workers Compensation Insurance	556,284.14	556,284.14	556,284.00		0.14	0.00
Employee Group Health	2,410,000.00	2,406,311.22	2,045,718.32		360,592.90	-
Health Benefit Waiver	24,583.37	28,272.15	28,272.15			(0.00)

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC WORKS, PARKS AND PROPERTY</b>						
Director's Office						
Salaries and Wages	54,319.39	54,319.39	24,558.28		29,761.11	-
Other Expenses	2,000.00	2,000.00	1,230.74		769.26	-
Street Repairs and Maintenance						
Salaries and Wages	1,476,084.00	1,476,084.00	1,395,798.10		80,285.90	0.00
Other Expenses	420,900.00	409,900.00	375,138.23	32,522.56	2,239.21	(0.00)
Street Lighting						
Other Expenses	165,000.00	165,000.00	164,530.66		469.34	(0.00)
City Engineer						
Other Expenses	37,000.00	37,000.00	23,982.15	6,838.85	6,179.00	-
Rubbish Removal						
Other Expenses	725,000.00	733,000.00	678,979.75		54,020.25	-
Parks and Playgrounds						
Salaries and Wages	106,050.00	106,050.00	100,497.45		5,552.55	-
Other Expenses	25,500.00	27,500.00	24,652.67		2,847.33	-
Recreation						
Salaries and Wages	378,735.00	378,735.00	374,514.41		4,220.59	0.00
Other Expenses	122,443.00	123,443.00	120,485.07	2,874.97	82.96	0.00
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	90,000.00	90,000.00	83,891.00		6,109.00	-
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	410,259.00	417,181.00	417,181.00			-
Other Expenses	68,000.00	58,620.06	40,754.77	30.57	17,834.72	-
<b>UNCLASSIFIED</b>						
Payment of Ambulance Bills						
Sick and Retirement Payments	18,000.00	18,000.00	13,150.62		4,849.38	-
Feasibility Studies	90,000.00	90,000.00	90,000.00			-
Other Expenses	15,000.00	15,000.00	10,500.00	4,500.00		-
	61,600.00	61,600.00	56,704.51	1,310.24	3,585.25	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	230,000.00	230,000.00	135,677.88		94,322.12	-
Telephone	91,750.00	91,750.00	85,526.13	4,907.67	1,316.20	(0.00)
Natural Gas	50,000.00	50,000.00	47,320.58		2,679.42	-
Gasoline/Diesel	240,000.00	240,000.00	151,347.18	11,165.34	77,487.48	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>18,368,260.90</b>	<b>18,344,255.82</b>	<b>17,245,451.96</b>	<b>149,301.15</b>	<b>949,502.71</b>	<b>0.00</b>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Encumbered	Reserved	Reserved	
Contingent	7,500.00	7,500.00		1,018.00	6,482.00		-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>18,375,760.90</b>	<b>18,351,755.82</b>	<b>17,245,451.96</b>	<b>150,319.15</b>	<b>955,984.71</b>		<b>0.00</b>
Detail:							
Salaries and Wages	11,747,570.39	11,729,295.25	11,485,542.14	-	243,753.11		0.00
Other Expenses	6,628,190.51	6,622,460.57	5,759,909.82	150,319.15	712,231.60		(0.00)
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>							
Deferred Charges:							
Overexpenditures of Appropriations	25,409.12	25,409.12	25,409.12				-
Statutory Expenditures:							
Contributions to:							
Public Employees' Retirement System	608,525.00	608,525.00	608,525.00		21,297.65		-
Social Security System (O.A.S.I.)	480,000.00	480,000.00	458,702.35				-
Police and Firemen's Retirement System	1,541,450.00	1,541,450.00	1,541,450.00		3,267.85		-
Unemployment Compensation Insurance	34,500.00	34,500.00	31,232.15				-
Lifeguard Pension	-	24,005.08	24,005.08				-
Defined Contribution Retirement Program	4,550.00	4,550.00	2,242.36		2,307.64		-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>2,694,434.12</b>	<b>2,718,439.20</b>	<b>2,691,566.06</b>	<b>-</b>	<b>26,873.14</b>		<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>21,070,195.02</b>	<b>21,070,195.02</b>	<b>19,937,018.02</b>	<b>150,319.15</b>	<b>982,857.85</b>		<b>0.00</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>							
(A) Operations - Excluded from "CAPS"	1,283,065.00	1,283,065.00	1,283,065.00				-
Maintenance of Free Public Library	15,000.00	15,000.00	15,000.00				-
Recycling Tax							
Other Expenses							
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>1,298,065.00</b>	<b>1,298,065.00</b>	<b>1,298,065.00</b>	<b>-</b>	<b>-</b>		<b>-</b>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(A) Public and Private Programs Off-Set by Revenues					
Recycling Tonnage Grant	9,442.29	26,101.53	26,101.53		-
Municipal Alliance on Alcoholism and Drug Abuse					
County Share	19,560.00	19,560.00	19,560.00		-
Local Share	4,890.00	4,890.00	4,890.00		-
Body Armor Grant	2,951.84	2,951.84	2,951.84		-
Matching Funds for Grants	5,000.00	5,000.00		5,000.00	-
Clean Communities Act	-	28,702.45	28,702.45		-
Post Sandy Planning Assistance Grant	-	30,000.00	30,000.00		-
Total Public and Private Programs Off-Set by Revenues	<u>41,844.13</u>	<u>117,205.82</u>	<u>112,205.82</u>	<u>5,000.00</u>	<u>-</u>
Total Operations - Excluded from "CAPS" Detail:	1,339,909.13	1,415,270.82	1,410,270.82	5,000.00	-
Other Expenses	1,339,909.13	1,415,270.82	1,410,270.82	5,000.00	-
(C) Capital Improvements					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		-
Purchase of Equipment	45,000.00	45,000.00	3,954.00	23,568.00	-
Total Capital Improvements	<u>50,000.00</u>	<u>50,000.00</u>	<u>8,954.00</u>	<u>23,568.00</u>	<u>-</u>
(D) Debt Service					
Payment of Bond Principal	2,410,000.00	2,530,000.00	2,530,000.00		-
Interest on Bonds	1,352,631.25	1,232,631.25	1,188,068.06		44,563.19
Interest on Notes	85,045.66	85,045.66	85,045.65		0.01
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	82,403.48	82,403.48	82,403.48		-
NJ/EIT Loans	63,332.22	63,332.22	62,843.25		488.97
Total Debt Service	<u>3,993,412.61</u>	<u>3,993,412.61</u>	<u>3,948,360.44</u>	<u>-</u>	<u>45,052.17</u>
(E) Deferred Charges					
Special Emergency Authorizations - 5 years	750,000.00	750,000.00	750,000.00		-
Deferred Charges to Future Taxation Unfunded:					
Various Ordinances	82,684.17	82,684.17	82,684.17		-
Total Deferred Charges	<u>832,684.17</u>	<u>832,684.17</u>	<u>832,684.17</u>	<u>-</u>	<u>-</u>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,216,005.91	6,291,367.60	6,200,269.43	23,568.00	45,052.17
(I) Type I District School Debt Service					
Payment of Bond Principal	1,025,000.00	1,025,000.00	1,025,000.00		-
Interest on Bonds	493,237.50	493,237.50	493,237.50		-
Total Type I District School Debt	1,518,237.50	1,518,237.50	1,518,237.50	-	-
SUBTOTAL GENERAL APPROPRIATIONS	28,804,438.43	28,879,800.12	27,655,524.95	173,887.15	45,052.17
(M) Reserve for Uncollected Taxes	1,880,420.18	1,880,420.18	1,880,420.18		-
TOTAL GENERAL APPROPRIATIONS	\$ 30,684,858.61	\$ 30,760,220.30	\$ 29,535,945.13	\$ 173,887.15	\$ 45,052.17
Budget				Cancelled	Overexpended
Appropriations by 40A:4-87	\$ 30,684,858.61	\$ 30,684,858.61	\$ 1,880,420.18		\$ 45,052.17
Emergency Appropriations	75,361.69	75,361.69	112,205.82		(0.00)
	\$ -	\$ -	775,409.12		
	\$ 30,760,220.30	\$ 30,760,220.30	26,767,910.01		\$ 45,052.17
Reserve for Uncollected Taxes					
Federal and State Grants					
Deferred Charges					
Disbursements					
		\$ 29,535,945.13			

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

**EXHIBIT - B  
TRUST FUND**



**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Dog License Fund:			
Cash	\$	1,920.00	1,966.00
		<u>1,920.00</u>	<u>1,966.00</u>
Other Funds:			
Cash - Treasurer		343,515.05	370,657.93
		<u>343,515.05</u>	<u>370,657.93</u>
		<u>345,435.05</u>	<u>372,623.93</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund:			
Due to State of New Jersey		1.20	1.20
Reserve for Dog Fund Expenditures		1,918.80	1,964.80
		<u>1,920.00</u>	<u>1,966.00</u>
Other Funds:			
Payroll Deductions Payable		132,675.50	128,265.51
Miscellaneous Reserves		210,839.55	242,392.42
		<u>343,515.05</u>	<u>370,657.93</u>
Total	\$	<u>345,435.05</u>	<u>372,623.93</u>

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

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



**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 256,153.24	2,768,597.93
Deferred Charges to Future Taxation -		
Funded	41,776,067.98	45,475,375.10
Unfunded	7,871,134.00	7,449,684.17
Interfunds and Receivables		
Due from Water & Sewer Capital Fund	965,438.87	679,860.64
Due from State of NJ	-	52,500.00
	<u>50,868,794.09</u>	<u>56,426,017.84</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	30,165,000.00	32,720,000.00
Type I School Bonds Payable	10,580,000.00	11,605,000.00
Green Trust Loans Payable	584,719.74	654,382.14
NJEIT Loans Payable	446,348.24	495,992.96
Bond Anticipation Notes Payable	4,085,000.00	4,085,000.00
Improvement Authorizations:		
Funded	522,474.66	590,219.46
Unfunded	1,174,117.65	2,667,628.20
Encumbrances Payable	793,680.48	1,216,161.42
Due to Current Fund	-	226,349.00
Reserve to Pay Bonds & Notes	1,166,345.86	129,201.00
Reserve for Waterfront Park	-	100.00
Reserve for Environmental Trust	-	17,449.00
Capital Improvement Fund	123,340.81	200,040.81
Fund Balance	1,227,766.65	1,818,493.85
	<u>\$ 50,868,794.09</u>	<u>\$ 56,426,017.84</u>

There were bonds and notes authorized but not issued at December 31

2012	3,364,684.17
2013	3,786,134.00

**GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 1,818,493.85	2,637,760.58
Increased by:		
Funded Improvement Authorization Canceled	29,999.85	6,672.62
Premium on Sale of Bond Anticipation Notes	11,723.95	24,060.65
Reserves Cancelled	17,549.00	
Decreased by:		
Surplus budgeted in Current Fund	(650,000.00)	(650,000.00)
Appropriated to Fund Improvement Authorizations		(200,000.00)
Ending Balance December 31	<u>\$ 1,227,766.65</u>	<u>1,818,493.85</u>

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

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



**WATER AND SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,119,868.25	1,308,156.15
Interfunds and Receivables		
Due from Federal & State Grant Fund	-	12,702.00
	1,119,868.25	1,320,858.15
Receivables and Other Assets with Full Reserves:		
Water & Sewer Accounts Receivable	60,714.68	45,234.13
	60,714.68	45,234.13
Total Operating Fund	1,180,582.93	1,366,092.28
Capital Fund:		
Cash - Treasurer	97,634.00	2,174.04
Interfunds and Receivables		
Due from Utility Operating Fund	118,646.50	125,000.00
Fixed Capital - Complete	4,297,165.86	4,297,165.86
Fixed Capital - Authorized and Uncomplete	3,366,000.00	900,000.00
Total Capital Fund	7,879,446.36	5,324,339.90
	\$ 9,060,029.29	6,690,432.18

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

**WATER AND SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 116,495.27	149,102.45
Reserve for Encumbrances	28,879.83	20,463.24
Accounts Payable	-	1,190.62
Prepaid Water & Sewer Rents	25,950.76	17,913.89
Overpaid Water & Sewer Rents	64,584.46	34,660.84
Accrued Interest on Bonds and Notes	7,083.33	10,700.00
Interfunds:		
Due to Utility Capital Fund	118,646.50	125,000.00
	361,640.15	359,031.04
Reserve for Receivables	60,714.68	45,234.13
Fund Balance	758,228.10	961,827.11
Total Operating Fund	1,180,582.93	1,366,092.28
Capital Fund:		
Encumbrances Payable	1,460,028.95	-
Interfunds:		
Due to General Capital Fund	965,438.87	679,860.64
Bond Anticipation Notes Payable		
Serial Bonds Payable	425,000.00	640,000.00
Green Trust Loan Payable		
Improvement Authorizations:		
Funded	154,299.16	154,299.16
Unfunded	714,039.32	-
Reserve for Amortization	3,872,165.86	3,657,165.86
Reserve for Water Meter Installations	97,634.00	2,174.04
Capital Improvement Fund	65,200.00	65,200.00
Fund Balance	125,640.20	125,640.20
Total Capital Fund	7,879,446.36	5,324,339.90
	\$ 9,060,029.29	6,690,432.18

There were bonds and notes authorized but not issued at December 31

2012	900,000.00
2013	3,366,000.00

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

**WATER AND SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 378,000.00	478,000.00
Water & Sewer Rents	3,783,454.46	3,857,354.89
Miscellaneous Revenue Anticipated	36,981.59	115,165.84
Miscellaneous Revenue Not Anticipated	5,301.84	26,776.84
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	142,529.43	135,945.95
Total Income	<u>4,346,267.32</u>	<u>4,613,243.52</u>
Expenditures		
Operations	3,531,183.00	3,567,212.00
Debt Service	232,683.33	231,300.00
Deferred Charges and Statutory Expenditures	108,000.00	102,000.00
Surplus (General Budget)	100,000.00	100,000.00
Total Expenditures	<u>3,971,866.33</u>	<u>4,000,512.00</u>
Excess in Revenue	<u>374,400.99</u>	<u>612,731.52</u>
Adjustments to Income before Fund Balance:		
None		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>374,400.99</u>	<u>612,731.52</u>
Fund Balance January 1	<u>961,827.11</u>	<u>1,027,095.59</u>
	1,336,228.10	1,639,827.11
Decreased by:		
Utilization as Anticipated Revenue	378,000.00	478,000.00
Utilization as Anticipated Revenue - Current Fund	<u>200,000.00</u>	<u>200,000.00</u>
Fund Balance December 31	<u>\$ 758,228.10</u>	<u>961,827.11</u>

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

**WATER AND SEWER UTILITY CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$	125,640.20	125,640.20
Increased by:			
None			
Decreased by:			
None			
Ending Balance December 31	\$	<u>125,640.20</u>	<u>125,640.20</u>

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

**WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 378,000.00	378,000.00	-
Rents	3,559,483.00	3,783,454.46	223,971.46
Miscellaneous	38,000.00	36,981.59	(1,018.41)
Miscellaneous Revenue Not Anticipated		5,301.84	5,301.84
	<u>\$ 3,975,483.00</u>	<u>4,203,737.89</u>	<u>228,254.89</u>

## Analysis of Realized Revenue:

## Rents

## Consumer Accounts Receivable:

Current Collections

3,730,879.73

Prepayments &amp; Overpayments Applied

52,574.73

3,783,454.46

## Miscellaneous Revenue Anticipated

Interest on Delinquent Rents

21,760.47

Water Turn On/Off Charges

15,221.12

36,981.59

## Miscellaneous Revenue Not Anticipated

Interest on Investments

2,892.34

Refunds

2,409.50

5,301.84

**WATER AND SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,314,000.00	1,314,000.00	1,236,350.48		77,649.52	
Other Expenses	1,005,500.00	1,005,500.00	939,307.42	28,879.83	37,312.75	
Atlantic County Utilities Authority - Contractual	1,211,683.00	1,211,683.00	1,210,150.00		1,533.00	
	<u>3,531,183.00</u>	<u>3,531,183.00</u>	<u>3,385,807.90</u>	<u>28,879.83</u>	<u>116,495.27</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	215,000.00	215,000.00	215,000.00		-	
Interest on Bonds	21,300.00	21,300.00	17,683.33			3,616.67
	<u>236,300.00</u>	<u>236,300.00</u>	<u>232,683.33</u>	<u>-</u>	<u>-</u>	<u>3,616.67</u>
Deferred Charges and Statutory Expenditures:						
Public Employees' Retirement System	95,000.00	95,000.00	95,000.00		-	
Social Security System	13,000.00	13,000.00	13,000.00		-	
	<u>108,000.00</u>	<u>108,000.00</u>	<u>108,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (General Budget)	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,975,483.00</u>	<u>3,975,483.00</u>	<u>3,826,491.23</u>	<u>28,879.83</u>	<u>116,495.27</u>	<u>3,616.67</u>

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





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## **NOTES TO FINANCIAL STATEMENTS**



**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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 and a Municipal Library.

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

Margate City Public Library  
8100 Atlantic 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 group 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.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

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

**Current Fund**

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

**Trust Funds**

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

**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, 2013 AND 2012**  
**(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, 2013 AND 2012**  
**(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, 2013 AND 2012**  
**(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 1<sup>st</sup> 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, 2013 AND 2012**  
**(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 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 entity’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 entity’s financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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 entity’s financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity’s financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68”. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$1,880,420.18 and \$1,844,597.94. To balance the budget, the municipality is required to show a budgeted fund balance.

The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$2,300,000.00 and \$2,100,000.00. In addition, the entity operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$0 and \$0.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Revenue and Finance		
Directors Office		
Salaries and Wages		31,450
Municipal Court		
Salaries and Wages		(31,450)
Lifeguards		
Salaries and Wages	\$ (24,005.08)	
Lifeguard Pension	24,005.08	
Payment of Bond Principal	* 120,000.00	
Interest on Bonds	* (120,000.00)	

\* Change in Title and Text

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2013 and 2012, the following budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Recycling Tonnage Grant	\$ 16,659.24	
Clean Communities Program	28,702.45	24,446.74
Post Sandy Planning Assistance Grant	30,000.00	
	<u>\$ 75,361.69</u>	<u>24,446.74</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**Note 2: BUDGETARY INFORMATION (Continued)**

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for \$3,750,000.00. The emergency was due to Hurricane Sandy. The unfunded balance as of December 31, 2013 was \$3,000,000.00. The required amount is included in the 2014 budget.

**Note 3: INVESTMENTS**

As of December 31, 2013 and 2012, the municipality had no investments.

**Interest Rate Risk.** The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The municipality places no limit on the amount the entity can invest in any one issuer.

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$8,697,025.10 and \$12,555,224.90 was exposed to custodial credit risk.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**Note 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Land	\$ 50,903,100.00			50,903,100.00
Buildings	12,253,786.00	8,457,100.00		20,710,886.00
Machinery & Equipment	5,882,109.20	1,400,252.51		7,282,361.71
	<u>\$ 69,038,995.20</u>	<u>9,857,352.51</u>	<u>-</u>	<u>78,896,347.71</u>

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
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
	<u>\$ 70,723,916.20</u>	<u>218,043.00</u>	<u>1,902,964.00</u>	<u>69,038,995.20</u>

**Note 6: SHORT-TERM FINANCING**

The following is a summary of changes in short-term debt for the years ended December 31, 2013 and 2012:

	Current Fund	General Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2012	\$ 3,750,000.00	\$ 4,085,000.00	\$ -	\$ 7,835,000.00
Increases	-	-		-
Decreases	(750,000.00)			(750,000.00)
Balance December 31, 2013	<u>\$ 3,000,000.00</u>	<u>\$ 4,085,000.00</u>	<u>\$ -</u>	<u>\$ 7,085,000.00</u>

	Current Fund	General Capital Fund	Sewer Capital Fund	Total
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>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**Note 6: 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 was due July 23, 2013 and the City reissued the note at that date bearing interest at a rate of 1.00% and it will be due on July 22, 2014.

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 was due December 26, 2013. The City reduced the note by \$750,000.00 and issued a note for \$3,000,000.00 bearing interest at a rate of 1.00% per annum and due December 22, 2014.

**Note 7: LONG-TERM DEBT**

**Summary of Municipal Debt**

	Year 2013	Year 2012	Year 2011
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Issued:			
General:			
Bonds and Notes	\$ 35,281,067.98	\$ 37,955,375.10	\$ 36,349,185.35
Water/Sewer Utility:			
Bonds and Notes	425,000.00	640,000.00	845,000.00
Total Issued	<u>35,706,067.98</u>	<u>38,595,375.10</u>	<u>37,194,185.35</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>1,166,345.86</u>	<u>129,201.00</u>	<u>225,000.00</u>
Net Debt	<u>34,539,722.12</u>	<u>38,466,174.10</u>	<u>36,969,185.35</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	3,786,134.00	3,364,684.17	5,197,303.15
Water/Sewer Utility:			
Bonds and Notes	<u>3,366,000.00</u>	<u>900,000.00</u>	<u>900,000.00</u>
Total Authorized But Not Issued	7,152,134.00	4,264,684.17	6,097,303.15
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 41,691,856.12</u>	<u>\$ 42,730,858.27</u>	<u>\$ 43,066,488.50</u>

The General debt includes type I school debt.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**Note 7: LONG-TERM DEBT (Continued)**

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .982%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 10,580,000.00	\$ 10,580,000.00	\$ -
Utility Debt	3,791,000.00	3,791,000.00	-
General Debt	39,155,367.98	1,166,345.86	37,989,022.12
	<u>\$ 53,526,367.98</u>	<u>\$ 15,537,345.86</u>	<u>\$ 37,989,022.12</u>

Net debt \$37,989,022.12 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$3,869,632,600.67 = .982%.

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

3-1/2% of Equalized Valuation Basis	\$ 135,437,141.02
Net Debt	<u>37,989,022.12</u>
Remaining Borrowing Power	<u>\$ 97,448,118.90</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	\$ 4,346,267.32
Deductions:	
Operating & Maintenance Costs	\$ 3,639,183.00
Debt Service per Water and Sewer Utility Fund	<u>232,683.33</u>
Total Deductions	<u>3,871,866.33</u>
Excess in Revenue	<u>\$ 474,400.99</u>

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**Note 7: LONG-TERM DEBT (Continued)**

**Description of Bonds and Loans Payable**

**At December 31, 2013, 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%. During 2013 \$9,595,000.00 was refunded. The balance remaining as of December 31, 2013, is \$2,370,000.00.

\$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, 2013, is \$2,200,000.00.

\$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, 2013, is \$16,145,000.00.

\$9,570,000 General Refunding Bond dated March 21, 2013, due in annual installments through June 1, 2023, bearing interest at rates varying from 2.000% to 4.000%. The balance remaining as of December 31, 2013, is \$9,450,000.00.

\$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, 2013, is \$76,459.99.

\$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, 2013, is \$0.

\$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, 2013, is \$0.

\$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, 2013, is \$38,239.88.

\$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, 2013, is \$99,073.62.

\$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, 2013, is \$370,946.25.

\$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, 2013 is \$165,000.00

**CITY OF MARGATE**  
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**(CONTINUED)**

**Note 7: LONG-TERM DEBT (Continued)**

\$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, 2013 is \$130,216.44.

\$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, 2013 is \$85,000.00.

\$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, 2013 is \$66,131.80.

**Refunding Bonds Issued**

On March 21, 2013, the Authority issued Refunding Bonds in the amount of \$9,570,000 to refund the callable Series 2006 Bonds. The Debt retired in the amount of \$9,595,000 was replaced with the Refunding Issue. The required cash flow for the 2006 Bonds for Principal and Interest prior to the refunding was \$15,696,207.02 and the cash flow requirements after the refunding is \$15,649,955.56 resulting in net savings in the amount of \$433,658.61. The economic gain on this transaction is \$434,358.35. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid.

**At December 31, 2013, bonds payable for type I schools consisted of the following individual issues:**

\$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, 2013, is \$10,580,000.00.

**At December 31, 2013, 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, 2013, is \$425,000.00.

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**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 7: LONG-TERM DEBT (Continued)**

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

	Outstanding 12/31/12	Payments or Expenditures	Outstanding 12/31/13	Amounts Due Within One Year
General Capital Fund:				
Serial Bonds Payable	\$ 32,720,000.00	2,555,000.00	30,165,000.00	2,530,000.00
School Bonds Payable	11,605,000.00	1,025,000.00	10,580,000.00	1,045,000.00
Loans Payable	1,150,375.10	119,307.12	1,031,067.98	101,395.46
Compensated Absences Pay.	2,137,201.07	(183,260.53)	2,320,461.60	
Total General Capital Fund	47,612,576.17	3,699,307.12	41,776,067.98	3,676,395.46
Utility Capital Fund:				
Bonds Payable	640,000.00	215,000.00	425,000.00	210,000.00
Total Utility Capital Fund	640,000.00	215,000.00	425,000.00	210,000.00
Total All Funds	\$ 48,252,576.17	3,914,307.12	42,201,067.98	3,886,395.46
	Outstanding 12/31/11	Payments or Expenditures	Outstanding 12/31/12	Amounts Due Within One Year
General Capital Fund:				
Serial Bonds Payable	\$ 35,080,000.00	2,360,000.00	32,720,000.00	2,410,000.00
School Bonds Payable	12,585,000.00	980,000.00	11,605,000.00	1,025,000.00
Loans Payable	1,269,185.35	118,810.25	1,150,375.10	119,307.14
Compensated Absences Pay.	2,195,118.52	57,908.45	2,137,210.07	
Total General Capital Fund	51,129,303.87	3,458,810.25	45,475,375.10	3,554,307.14
Utility Capital Fund:				
Bonds Payable	845,000.00	205,000.00	640,000.00	215,000.00
Total Utility Capital Fund	845,000.00	205,000.00	640,000.00	215,000.00
Total All Funds	\$ 51,974,303.87	3,663,810.25	46,115,375.10	3,769,307.14

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**(CONTINUED)**

**Note 7: LONG-TERM DEBT (Continued)**

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

Year Ending December 31	General Capital Fund		Local School Type I		Utility Capital Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,530,000.00	1,200,162.50	1,045,000.00	451,837.50	210,000.00	12,800.00
2015	2,555,000.00	1,098,800.00	1,110,000.00	408,737.50	215,000.00	4,300.00
2016	2,520,000.00	998,400.00	1,160,000.00	357,537.50		
2017	2,340,000.00	909,600.00	1,210,000.00	298,287.50		
2018	2,380,000.00	821,150.00	1,215,000.00	237,662.50		
2019-2024	11,845,000.00	2,673,650.00	4,840,000.00	396,506.25		
2025-2029	5,995,000.00	741,675.00				
	<u>\$ 30,165,000.00</u>	<u>8,443,437.50</u>	<u>10,580,000.00</u>	<u>\$ 2,150,568.75</u>	<u>425,000.00</u>	<u>17,100.00</u>

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
2013	\$ 101,395.45	\$ 23,745.08
2014	109,855.58	21,437.29
2015	109,978.60	18,858.23
2016	110,123.34	16,257.48
2017	96,900.07	13,634.62
2018-2022	339,722.67	35,826.55
2023-2027	149,255.00	9,156.67
2028-2029	13,837.27	138.37
	<u>\$ 1,031,067.98</u>	<u>\$ 139,054.29</u>

**Note 8: 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 \$2,320,461.60 and \$2,137,210.07, as of December 31, 2013 and 2012 respectively, based on current pay rates and compensated absence balances.

**Note 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$10,536,409.00 and \$10,536,409.00 have been raised for the 2013 and 2012 calendar years and remitted to the school district.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 9: TAXES COLLECTED IN ADVANCE**

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

		Balance December 31, 2013		Balance December 31, 2012
Prepaid Taxes - Cash Liability	\$	937,028.66	\$	790,390.30

**Note 10: PENSION PLANS**

**Plan Descriptions**

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

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

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

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

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 10: PENSION PLANS (Continued)**

**Vesting and Benefit Provisions**

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

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

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

**Funding Policy**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Currently the member contribution rate is 6.78% 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.

For the Public Employees' Retirement System, the City's contribution was \$608,525.00 for 2013 and \$583,065.00 for the year 2012 and \$538,070.00 for 2011.

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**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 10: PENSION PLANS (Continued)**

Three-Year Trend Information for PERS					
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
12/31/13	\$ 608,525.00	100%	\$	-	
12/31/12	583,065.00	100%		-	
12/31/11	538,070.00	100%		-	

For the Police and Firemen's Retirement System, the City's contribution was \$1,541,450.00 for 2013 and \$1,415,028.00 for 2012 and \$1,600,114.00 for 2011.

Three-Year Trend Information for PFRS					
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
12/31/13	\$ 1,541,450.00	100%	\$	-	
12/31/12	1,415,028.00	100%		-	
12/31/11	1,600,114.00	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 \$2,242.36 for 2013 and \$1,581.43 for 2012.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2013, 2012 and 2011 was \$24,005.08, \$0 and \$0. The City's trust for the Lifeguard Pension at December 31, 2013 was \$105,870.14. The benefits paid by the trust for the year ended December 31, 2013, 2012 and 2011 were \$28,690.72, \$24,972.84 and \$21,207.42.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

**Note 10: PENSION PLANS (Continued)**

- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.78% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

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**NOTES TO FINANCIAL STATEMENTS**  
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**Note 11: 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>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>, 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.

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.

**Note 12: ECONOMIC DEPENDENCY**

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

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**Note 13: FUND BALANCES APPROPRIATED**

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

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2013	\$ 4,119,635.98	\$ 2,921,043.32	70.91%
	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%
Water & Sewer Utility	2013	758,228.10	358,251.00	47.25%
	2012	961,827.11	478,000.00	49.70%
	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	314,000.00	26.35%

**Note 14: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

Receivables and payables at December 31, 2013 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ -	\$ 17,609.77
Federal and State Grant	17,609.77	-
General Capital Fund	965,438.87	-
Utility Operating	-	118,646.50
Utility Capital	118,646.50	965,438.87
Total	\$ <u>1,101,695.14</u>	\$ <u>1,101,695.14</u>

The amounts due to the Grant fund from the Current fund is due to the fact that there is only one bank account. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

**Note 15: 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.

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**Note 16: 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, 2013, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

**Note 17: 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 18: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2013 and June 27, 2014 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**



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2012	\$ 6,944,934.95	-
Increased by Receipts:		
Tax Collector	51,248,272.40	
Revenue Accounts Receivable	4,543,019.93	
Veterans and Senior Citizen Deductions	97,887.75	
Homestead Rebates	485,542.51	
Tax Sale Premiums	123,975.00	
Reserve for Outside Liens	280,110.96	
Due to State of NJ - Marriage Licenses	650.00	
Reserve for Sale of Municipal Assets	30,046.66	
Special Emergency Note	3,000,000.00	
Due from General Capital Fund	226,349.00	
Due from Current Fund		22,981.69
Federal and State Unappropriated		48,715.82
Federal and State Receivables		16,766.16
	<u>60,035,854.21</u>	<u>88,463.67</u>
	66,980,789.16	88,463.67
Decreased by Disbursements:		
Current Year Appropriation	26,767,910.01	
Prior Year Appropriations	259,973.67	
Federal and State Grant - Appropriated Reserves		75,761.67
County Taxes	16,915,924.65	
Local District School Taxes	10,536,409.00	
Tax Overpayments	22,363.61	
Tax Sale Premiums	107,000.00	
Change Funds	1,250.00	
Reserve for Outside Liens	300,378.55	
Due to State of NJ - Marriage Licenses	675.00	
Reserve for Hurricane Sandy	1,332,895.08	
Special Emergency Note	3,750,000.00	
Reserve for Insurance Proceeds	38,000.00	
Due to Grant Fund	22,981.69	
Due to Water & Sewer Operating Fund		12,702.00
	<u>60,055,761.26</u>	<u>88,463.67</u>
Balance December 31, 2013	\$ <u>6,925,027.90</u>	<u>-</u>

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

Balance December 31, 2012		\$	-
Increased by Receipts:			
Prepaid Taxes	937,028.66		
Taxes Receivable	49,995,743.94		
Tax Overpayments	121,617.95		
Interest and Costs on Taxes	193,881.85		
			51,248,272.40
			51,248,272.40
Payments to Treasurer			51,248,272.40
		\$	-



**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2012		\$	2,763.03
Increased by:			
Transfers from Taxes Receivable			232.27
Interest and Costs Accrued at Tax Sale			13.08
	—————		245.35
			3,008.38
Decreased by:			
None			-
	—————		-
Balance December 31, 2013		\$	<u><u>3,008.38</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by Treasurer	Balance Dec. 31, 2013
Licenses:				
Alcoholic	\$	9,830.50	9,830.50	-
Other		23,603.50	23,603.50	-
Fees and Permits		228,687.00	228,687.00	-
Fines and Costs:				
Municipal Court	2,051.86	104,689.13	104,274.81	2,466.18
Interest Earned on Investments		13,027.45	13,027.45	-
Anticipated Utility Operating Surplus		100,000.00	100,000.00	-
Beach Fees		322,756.50	322,756.50	-
Cable Franchise Fee		56,771.02	56,771.02	-
Energy Receipts Tax		764,475.00	764,475.00	-
Uniform Construction Code Fees		512,424.00	512,424.00	-
Anticipated Utility Operating Surplus of Prior Year		200,000.00	200,000.00	-
Uniform Fire Safety Act Fees		12,804.77	12,804.77	-
Capital Surplus		650,000.00	650,000.00	-
Beach Vending Licenses		67,100.00	67,100.00	-
Ambulance Billing		249,764.64	249,764.64	-
Recreation Fees		129,883.80	129,883.80	-
Reserve for Debt Service		82,684.17	82,684.17	-
FEMA Storm Recovery		750,000.00	750,000.00	-
Miscellaneous Revenue Not Anticipated		264,932.77	264,932.77	-
	<u>\$ 2,051.86</u>	<u>4,543,434.25</u>	<u>4,543,019.93</u>	<u>2,466.18</u>

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>OPERATIONS WITHIN "CAPS"</b>				
<b>GENERAL GOVERNMENT:</b>				
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY</b>				
Director's Office				
Salaries and Wages	\$ 175.02	175.02		175.02
Other Expenses	2,122.63	2,122.63	1,162.50	960.13
Police				
Salaries and Wages	91,230.70	91,230.70		91,230.70
Other Expenses	10,651.05	10,651.05	7,546.29	3,104.76
Prosecutor				
Salaries and Wages	2,281.96	2,281.96		2,281.96
Fire				
Salaries and Wages	23,928.14	23,928.14		23,928.14
Other Expenses	28,931.64	28,423.49	26,225.70	2,197.79
Fire Safety Official				
Salaries and Wages	20.20	20.20		20.20
Other Expenses	390.74	390.74	387.45	3.29
Lifeguards				
Salaries and Wages	0.64	0.64		0.64
Other Expenses	1,055.12	1,055.12		1,055.12
Beachfront Maintenance				
Salaries and Wages	4,653.58	4,653.58		4,653.58
Other Expenses	1,645.46	1,645.46	913.00	732.46
Planning Board				
Other Expenses	100.00	200.00	174.67	25.33
Legal Services and Costs				
Other Expenses	24,634.01	28,334.01	15,677.50	12,656.51
Aid to Healthcare Facilities				
Salaries and Wages	1,000.00	1,000.00	1,000.00	-
Other Expenses	1,000.00	1,000.00	1,000.00	-
Emergency Management				
Salaries and Wages	7.06	7.06		7.06

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
Dog Regulation				
Other Expenses	392.00	392.00		392.00
Municipal Court				
Salaries and Wages	8,506.05	8,506.05		8,506.05
Other Expenses	4,866.73	4,866.73	1,258.60	3,608.13
Public Defender				
Other Expenses	2,600.00	2,600.00	300.00	2,300.00
<b>DEPARTMENT OF REVENUE AND FINANCE</b>				
Director's Office				
Salaries and Wages	5,225.85	3,925.85		3,925.85
Other Expenses	4,610.68	4,610.68	2,991.03	1,619.65
Financial Administration				
Other Expenses	1,099.87	1,099.87		1,099.87
Assessment of Taxes				
Salaries and Wages	1,408.21	1,408.21		1,408.21
Other Expenses	6,050.87	6,050.87	5,655.47	395.40
Tax Collector				
Salaries and Wages	184.19	184.19		184.19
Other Expenses	1,450.03	1,450.03	547.00	903.03
City Clerk				
Salaries and Wages	245.86	245.86		245.86
Other Expenses	450.42	450.42	36.00	414.42
Liquidation of TTL's				
Other Expenses	500.00	500.00		500.00
Elections				
Other Expenses	6,563.30	2,863.30		2,863.30
Insurance				
Liability Insurance	0.68	0.68		0.68
Workers Compensation	318.35	318.35		318.35
Group Insurance Plan for Employees	209,521.38	209,421.38	2,298.48	207,122.90
Health Benefits Waiver	12,100.02	12,100.02		12,100.02

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>DEPARTMENT OF PUBLIC WORKS, PARKS AND PROPERTY</b>				
Director's Office				
Salaries and Wages	6,611.17	6,611.17		6,611.17
Other Expenses	2,382.46	2,382.46	1,062.50	1,319.96
Rubbish Removal				
Other Expenses	90,657.22	103,257.22	103,257.22	-
City Engineer				
Other Expenses	13,424.20	14,724.20	12,907.15	1,817.05
Street Repairs and Maintenance				
Salaries and Wages	124,237.64	111,637.64		111,637.64
Other Expenses	99,521.64	99,521.64	31,243.51	68,278.13
Playgrounds				
Salaries and Wages	10,739.50	10,739.50	537.03	10,202.47
Other Expenses	16,046.73	16,046.73	8,597.76	7,448.97
Street Lighting				
Other Expenses	19,019.33	19,019.33		19,019.33
Celebration of Public Events				
Other Expenses	20,317.03	20,317.03		20,317.03
Construction Code Official				
Salaries and Wages	1,610.86	1,610.86		1,610.86
Other Expenses	4,543.13	4,543.13	481.35	4,061.78

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
<b>UNCLASSIFIED</b>				
Feasibility Studies	2,617.00	2,617.00		2,617.00
Payment of Ambulance Bills	3,095.53	3,603.68	3,603.68	-
Technology	10,589.37	10,589.37	1,370.35	9,219.02
Electricity	9,288.51	9,288.51	4,126.79	5,161.72
Telephone	9,646.99	9,646.99	6,181.54	3,465.45
Natural Gas	17,185.77	17,185.77		17,185.77
Gasoline	33,026.65	33,026.65	14,431.10	18,595.55
Contingent	5,500.00	5,500.00	5,000.00	500.00
<b>STATUTORY EXPENDITURES</b>				
Contributions to:				
Social Security System (O.A.S.I.)	701.00	701.00		701.00
Unemployment	3,255.78	3,255.78		3,255.78
DCRP (Defined Contribution Retirement Program)	60.11	60.11		60.11
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
Recycling Tax				
Other Expenses	11,500.00	11,500.00		11,500.00
Matching Funds for Grants	7,500.00	7,500.00		7,500.00
<b>CAPITAL IMPROVEMENTS</b>				
HVAC Equipment	25,500.00	25,500.00		25,500.00
	<u>\$ 1,008,500.06</u>	<u>1,008,500.06</u>	<u>259,973.67</u>	<u>748,526.39</u>

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

Balance December 31, 2012			
School Tax Payable	\$	-	
School Tax Deferred			
		-	\$ -
Increased by:			
Levy - Calendar Year 2013			10,536,409.00
			10,536,409.00
Decreased by:			
Payments			10,536,409.00
Balance December 31, 2013			
School Tax Payable		-	
School Tax Deferred		-	
		-	-
Current Year Liability for Local School District School Tax:			
Tax Paid			10,536,409.00
Tax Payable Ending			-
			10,536,409.00
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 10,536,409.00

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred From 2013 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
<b>FEDERAL GRANTS:</b>					
None	\$ -				-
<b>Total Federal</b>	-	-	-	-	-
<b>STATE GRANTS:</b>					
Municipal Alliance	24,293.82	19,560.00	16,766.16	7,527.66	19,560.00
Post Sandy Planning Grant		30,000.00	-		30,000.00
<b>Total State</b>	<u>24,293.82</u>	<u>49,560.00</u>	<u>16,766.16</u>	<u>7,527.66</u>	<u>49,560.00</u>
	<u>\$ 24,293.82</u>	<u>49,560.00</u>	<u>16,766.16</u>	<u>7,527.66</u>	<u>49,560.00</u>

**CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2012	2013 Appropriations	Disbursed	Canceled	Balance Dec. 31, 2013
	Appropriated				
<b>FEDERAL GRANTS:</b>					
None	\$ -	-	-	-	-
Total Federal					
<b>STATE GRANTS:</b>					
Body Armor Replacement	6,413.80	2,951.84			9,365.64
Clean Communities Program		28,702.45	28,702.45		-
Municipal Alliance	24,450.00	24,450.00	20,957.69	3,492.31	24,450.00
Post Sandy Planning Grant		30,000.00			30,000.00
Recycling Tonnage		26,101.53	26,101.53		0.00
Total State	<u>30,863.80</u>	<u>112,205.82</u>	<u>75,761.67</u>	<u>3,492.31</u>	<u>63,815.64</u>
	\$ <u>30,863.80</u>	\$ <u>112,205.82</u>	<u>75,761.67</u>	<u>3,492.31</u>	<u>63,815.64</u>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

Purpose	Balance Dec. 31, 2012	Transferred To 2013 Appropriations	Received	Adjustments	Balance Dec. 31, 2013
<b>FEDERAL GRANTS:</b>					
None	\$ -	-	-	-	-
Total Federal	-	-	-	-	-
<b>STATE GRANTS:</b>					
Body Armor Replacement	2,951.84	2,951.84	3,354.13		3,354.13
Recycling Tonnage Grant	9,442.29	26,101.53	16,659.24		-
Clean Communities		28,702.45	28,702.45		-
Total State	<u>12,394.13</u>	<u>57,755.82</u>	<u>48,715.82</u>	-	<u>3,354.13</u>
	\$ <u>12,394.13</u>	<u>57,755.82</u>	<u>48,715.82</u>	-	<u>3,354.13</u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2012	\$	1,966.00	370,657.93
Increased by Receipts:			
Dog License Fees 2013		897.60	
Due to State of New Jersey		254.40	
Prepaid Dog Licenses			
Payroll Deductions Payable			6,187,012.17
Miscellaneous Trust Reserves			121,647.52
		<u>1,152.00</u>	<u>6,308,659.69</u>
		3,118.00	6,679,317.62
Decreased by Disbursements			
Statutory Expenditures		943.60	
Due to State of New Jersey		254.40	
Prepaid Dog Licenses			
Payroll Deductions Payable			6,182,602.18
Miscellaneous Trust Reserves			153,200.39
Due to Current - Trust Assessment			
		<u>1,198.00</u>	<u>6,335,802.57</u>
Balance December 31, 2013	\$	<u><u>1,920.00</u></u>	<u><u>343,515.05</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

	Ref.		
Balance December 31, 2012		\$	1,964.80
Increased by:			
Dog License Fees Collected		897.60	
		<u>                    </u>	<u>897.60</u>
			2,862.40
Decreased by:			
Statutory Excess		943.60	
Expenditures under N.J.S. 4:19-15:11		<u>                    </u>	<u>943.60</u>
Balance December 31, 2013		\$	<u><u>1,918.80</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2012	\$ 920.40
2011	<u>998.40</u>
	<u>\$ 1,918.80</u>

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND**

	<u>Ref.</u>	
Balance December 31, 2012		\$ -
Increased by:		
Statutory Excess	<u>943.60</u>	<u>943.60</u>
		943.60
Decreased by:		
Payments to Current		<u>943.60</u>
Balance December 31, 2013		<u><u>\$ -</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2012		\$ 1.20
Increased by:		
2013 State License Fees	<u>254.40</u>	<u>254.40</u>
		255.60
Decreased by:		
Disbursements to the State		<u>254.40</u>
Balance December 31, 2013		<u><u>\$ 1.20</u></u>

**TRUST FUND**  
**SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

Balance December 31, 2012		\$	128,265.51
Increased by:			
Receipts	<u>6,187,012.17</u>		<u>6,187,012.17</u>
			6,315,277.68
Decreased by:			
Disbursements	<u>6,182,602.18</u>		<u>6,182,602.18</u>
Balance December 31, 2013		\$	<u><u>132,675.50</u></u>

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Reserve</u>	<u>Balance 12/31/12</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/13</u>
	\$			
Parking Offense Adjudication Act	600.75	880.00		1,480.75
Developers Escrow	24,015.15	16,040.91	16,040.00	24,016.06
Law Enforcement Trust I	19,284.02	28.96		19,312.98
Law Enforcement Trust II	65,803.74	70.88	48,742.50	17,132.12
Recreation Trust	17,309.82	57,313.36	57,272.17	17,351.01
Skate Park	13,517.65			13,517.65
Life Guard Pension Fund	90,097.45	44,463.41	28,690.72	105,870.14
Public Defender	2,270.00	1,350.00		3,620.00
Adopt a Beach	5,883.54	1,500.00	210.00	7,173.54
A T&T Cell Tower Engineer Fee	1,365.30			1,365.30
Miscellaneous Escrow Deposits	1,875.00		1,875.00	-
Emergency Restoration	370.00		370.00	-
	<u>242,392.42</u>	<u>121,647.52</u>	<u>153,200.39</u>	<u>210,839.55</u>
	\$			

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

Balance December 31, 2012		\$ 2,768,597.93
Increased by:		
Bond Anticipation Notes Issued	4,085,000.00	
State Aid Receivable	52,500.00	
Grant Proceeds	88,166.00	
Reserve to Pay Bonds and Notes - Sandy	1,119,829.03	
Premium Received on Sale of BAN	11,723.95	
Budget Appropriation:		
Capital Improvement Fund	5,000.00	
Deferred Charges to Future Taxation Unfunded	82,684.17	
	<hr/>	<hr/> 5,444,903.15
		8,213,501.08
Decreased by:		
Improvement Authorizations	2,627,736.44	
Due from Water & Sewer Capital Fund	285,578.23	
Due to Current Fund	309,033.17	
Anticipated as Current Fund Revenue	650,000.00	
Bond Anticipation Notes Paid	4,085,000.00	
	<hr/>	<hr/> 7,957,347.84
Balance December 31, 2013		\$ <u><u>256,153.24</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 1,818,493.85	11,723.95		650,000.00		47,548.85		1,227,766.65
Capital Improvement Fund	200,040.81	5,000.00			81,700.00			123,340.81
Encumbrances Payable	1,216,161.42			1,216,161.42		793,680.48		793,680.48
Due from Water & Sewer Capital Fund	(679,860.64)			285,578.23				(965,438.87)
Due to Current Fund	226,349.00			309,033.17				-
Reserve for Waterfront Park	100.00				100.00			-
Reserve for Environmental Trust	17,449.00				17,449.00			-
Reserve to Pay Bonds	129,201.00	1,119,829.03			82,684.17			1,166,345.86
State Aid Receivable	(52,500.00)	52,500.00						-
<u>Improvement Authorizations:</u>								
06-35 Refunding Ordinance	(82,684.17)	82,684.17						-
08-16 Various Capital Improvements	15,564.37				15,564.37			-
09-05 Various Capital Improvements	12,815.81		1,750.00					-
09-11 Playground Equipment	3,190.94		244.32					-
09-12 Fire Station Improvements	423.05				423.05			-
09-18 Various Capital Improvements	5,040.48		(2,393.64)					7,434.12
09-19 Various Capital Improvements	287,817.12		16,914.53			18,836.10		252,066.49
09-22 Various Capital Improvements	70,456.62							70,456.62
10-16 / 30 Repair of Benson Avenue Water Tower	16,437.70		2,049.72					14,387.98
10-31 Purchase of Public Works Vehicles	25,448.08		2,917.58					22,530.50
11-18 / 11-21 Fire House #1	1,448.91		1,634.25					(185.34)
11-19 Various Capital Improvements	(361,378.76)		(20,955.48)					(340,423.28)
12-03 Improvements & Renovations to Fire House #1	78,066.52		72,967.91			5,339.80		(241.19)
12-05 Ventnor Gardens Storm Sewer	199,951.55							199,951.55
12-10 Refunding Ordinance								-
12-11 Various Capital Improvements	(379,434.73)	88,166.00	112,557.20		323,592.75			(727,418.68)
13-03 Various Capital Improvements - Sandy			537,611.23		63,120.33			(600,731.56)
13-04 Various Roadway Improvements			367,990.65		100,596.09		25,740.00	(442,846.74)
13-15 Various Capital Improvements			318,286.75		282,195.41		55,960.00	(544,522.16)
	\$ 2,768,597.93	1,359,903.15	1,411,575.02	2,460,772.82	1,005,613.50	1,005,613.50	1,005,613.50	256,153.24

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

Balance December 31, 2012		\$ 200,040.81
Increased by:		
Budget Appropriation	5,000.00	5,000.00
		205,040.81
Decreased by:		
Improvement Authorizations Funded	81,700.00	81,700.00
Balance December 31, 2013		\$ 123,340.81

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2012		\$ 45,475,375.10
Increased by:		
None		
	_____	-
		45,475,375.10
Decreased by:		
Net Refunding Bonds Issued	25,000.00	
Serial Bonds Paid	3,555,000.00	
Loan Principal Paid	119,307.12	
		3,699,307.12
Balance December 31, 2013		\$ 41,776,067.98

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Other	Balance Dec. 31, 2013	Analysis of Balance		Unexpended Improvement Authorizations
							Bond Anticipation Notes	Expenditures	
06-35	Refunding Ordinance	\$ 82,684.17		82,684.17		-			
09-18	Various Capital Improvements	1,002,750.00				1,002,750.00	927,000.00	67,565.88	8,184.12
10-16 / 30	Repair of Benson Avenue Water Tower	237,500.00				237,500.00	237,000.00		500.00
10-31	Purchase of Public Works Vehicles	475,000.00				475,000.00	475,000.00		-
11-18 / 11-21	Fire House #1	546,250.00				546,250.00	546,000.00	185.34	64.66
11-19	Various Capital Improvements	445,500.00				445,500.00		340,423.28	105,076.72
12-03	Improvements & Renovations to Fire House #1	1,900,000.00				1,900,000.00	1,900,000.00		-
12-10	Refunding Ordinance	1,905,000.00			1,905,000.00	-			-
12-11	Various Capital Improvements	855,000.00			88,166.00	766,834.00		727,418.68	39,415.32
13-03	Various Capital Improvements - Sandy		945,000.00			945,000.00		600,731.56	344,268.44
13-04	Various Roadway Improvements		489,060.00			489,060.00		442,846.74	46,213.26
13-15	Various Roadway Improvements		1,063,240.00			1,063,240.00		544,522.16	518,717.84
		<u>\$ 7,449,684.17</u>	<u>2,497,300.00</u>	<u>82,684.17</u>	<u>1,993,166.00</u>	<u>7,871,134.00</u>	<u>4,085,000.00</u>	<u>2,723,693.64</u>	<u>1,062,440.36</u>
	Cancelled Grant Proceeds Received	\$	1,905,000.00			Improvement Authorizations Unfunded			\$ 1,174,117.65
		\$	88,166.00			Less:			
		\$	<u>1,993,166.00</u>			Unexpended Proceeds of Bond Anticipation Notes Issued:			
						<b>Ord. Number</b>			
						10-16 / 30	\$	14,387.98	
						10-31		22,530.50	
						12-03		74,758.81	
									<u>111,677.29</u>
									<u>\$ 1,062,440.36</u>



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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013				Balance Dec. 31, 2012	Decreased	Refunded	Balance Dec. 31, 2013
			Date	Amount	Interest Rate	Balance Dec. 31, 2012				
General Obligation Bonds of 2006	6/1/2006	17,125,000	6/1/2014	1,170,000	4.250%	13,025,000.00	1,060,000.00	(9,595,000.00)	2,370,000.00	
			6/1/2015	1,200,000	4.250%					
General Refunding Bonds of 2009	9/30/2009	4,480,000	2/1/2014	745,000	4.000%	2,950,000.00	750,000.00		2,200,000.00	
			2/1/2015	740,000	4.000%					
			2/1/2016	715,000	5.000%					
General Obligation Bonds of 2011	1/15/2011	17,345,000	1/15/2014	600,000	3.000%	16,745,000.00	600,000.00		16,145,000.00	
			1/15/2015	600,000	4.000%					
			1/15/2016	600,000	4.000%					
			1/15/2017	1,150,000	4.000%					
			1/15/2018	1,200,000	4.000%					
			1/15/2019	1,200,000	4.000%					
			1/15/2020	1,200,000	4.000%					
			1/15/2021	1,200,000	4.000%					
			1/15/2022	1,200,000	4.250%					
			1/15/2023	1,200,000	4.450%					
			1/15/2024	1,200,000	4.550%					
			1/15/2025	1,200,000	4.750%					
			1/15/2026	1,200,000	5.000%					
			1/15/2027	1,200,000	5.000%					
1/15/2028	1,195,000	5.000%								
General Refunding Bonds of 2013	3/21/13	9,570,000	6/1/2014	15,000	2.000%		120,000.00	9,570,000.00	9,450,000.00	
			6/1/2015	15,000	2.000%					
			6/1/2016	1,205,000	3.000%					
			6/1/2017	1,190,000	3.000%					
			6/1/2018	1,180,000	4.000%					
			6/1/2019	1,180,000	4.000%					
			6/1/2020	1,175,000	4.000%					
6/1/2021	1,170,000	4.000%								
6/1/2022	1,165,000	4.000%								
6/1/2023	1,155,000	4.000%								



**GENERAL CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	December 31, 2013	Amount	Interest Rate			
Green Trust - Waterfront Project	1992	\$ 262,500	2014	16,404.35	2.00%	\$ 92,541.11	16,081.12	76,459.99	
			2015	16,734.07	2.00%				
			2016	17,070.43	2.00%				
			2017	17,413.55	2.00%				
			2018	8,837.59	2.00%				
Green Trust - Public Library Park - Phase I	1995	132,500				8,476.67	8,476.67	-	
Green Trust - Public Library Park - Phase I	1995	150,000				9,596.24	9,596.24	-	
Green Trust - Public Library Park - Phase I	1999	143,580	2014	8,204.29	2.00%	46,282.51	8,042.63	38,239.88	
			2015	8,369.20	2.00%				
			2016	8,537.42	2.00%				
			2017	8,709.03	2.00%				
			2018	4,419.94	2.00%				
Green Trust - Public Library Park - Phase I	2005	\$ 150,000	2014	7,382.73	2.00%	106,310.88	7,237.26	99,073.62	
			2015	7,531.13	2.00%				
			2016	7,682.50	2.00%				
			2017	7,836.93	2.00%				
			2018	7,994.45	2.00%				
			2019	8,155.17	2.00%				
			2020	8,319.05	2.00%				
			2021	8,486.26	2.00%				
			2022	8,656.83	2.00%				
			2023	8,830.84	2.00%				
2024	9,008.34	2.00%							
2025	9,189.39	2.00%							

**GENERAL CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	December 31, 2013	Amount				
Green Trust - Jerome Avenue Recreation	2009	449,500	2014	20,635.08	2.00%	391,174.73	20,228.48	370,946.25	
			2015	21,049.85	2.00%				
			2016	21,472.95	2.00%				
			2017	21,904.56	2.00%				
			2018	22,344.83	2.00%				
			2019	22,793.96	2.00%				
			2020	23,252.12	2.00%				
			2021	23,719.49	2.00%				
			2022	24,196.26	2.00%				
			2023	24,682.60	2.00%				
			2024	25,178.72	2.00%				
			2025	25,684.81	2.00%				
			2026	26,201.08	2.00%				
			2027	26,727.72	2.00%				
			2028	27,264.95	2.00%				
			2029	13,837.27	2.00%				
	New Jersey Environmental Infrastructure Trust Fund Loan: Various Capital Improvements	2001	300,000	2014	15,000.00	5.00%	180,000.00	15,000.00	165,000.00
				2015	20,000.00	5.00%			
				2016	20,000.00	5.00%			
			2017	20,000.00	5.00%				
			2018	20,000.00	5.00%				
			2019	20,000.00	5.00%				
			2020	25,000.00	4.75%				
		2021	25,000.00	4.75%					

**GENERAL CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
<b>New Jersey Environmental Infrastructure Trust Fund Loan:</b>								
Various Capital Improvements	2001	312,500	2014	14,792.75	None	145,536.94	15,320.50	130,216.44
			2015	17,511.43	None			
			2016	16,871.74	None			
			2017	16,232.05	None			
			2018	15,592.37	None			
			2019	14,952.68	None			
			2020	17,511.42	None			
			2021	16,752.00	None			
<b>New Jersey Environmental Infrastructure Trust Fund Loan:</b>								
Various Capital Improvements	2001	160,000	2014	10,000.00	5.00%	95,000.00	10,000.00	85,000.00
			2015	10,000.00	5.00%			
			2016	10,000.00	5.00%			
			2017	10,000.00	5.00%			
			2018	10,000.00	5.00%			
			2019	10,000.00	5.00%			
			2020	10,000.00	4.75%			
			2021	15,000.00	4.75%			



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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Capital Improvements	09-18	7/24/2012	7/24/2012	7/23/2013	1.250%	\$ 1,002,000.00	927,000.00	1,002,000.00	-
Various Capital Improvements	09-18	7/24/2012	7/23/2013	7/22/2014	1.000%				927,000.00
Repair of Benson Avenue Water Tower	10-16 / 30	7/24/2012	7/24/2012	7/23/2013	1.250%	237,000.00	237,000.00	237,000.00	-
		7/24/2012	7/23/2013	7/22/2014	1.000%				237,000.00
Purchase of Public Works Vehicles	10-31	7/24/2012	7/24/2012	7/23/2013	1.250%	475,000.00	475,000.00	475,000.00	-
		7/24/2012	7/23/2013	7/22/2014	1.000%				475,000.00
Fire House #1	11-18 / 11-21	7/24/2012	7/24/2012	7/23/2013	1.250%	546,000.00	546,000.00	546,000.00	-
		7/24/2012	7/23/2013	7/22/2014	1.000%				546,000.00
Improvements & Renovations to Fire House #1	12-03	7/24/2012	7/24/2012	7/23/2013	1.250%	1,825,000.00	1,900,000.00	1,825,000.00	-
		7/24/2012	7/23/2013	7/22/2014	1.000%				1,900,000.00
						\$ 4,085,000.00	4,085,000.00	4,085,000.00	4,085,000.00

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Other	Balance Dec. 31, 2013
06-35	Refunding Ordinance	\$ 82,684.17		82,684.17	-
09-18	Various Capital Improvements	750.00			750.00
10-16 / 30	Repair of Benson Avenue Water Tower	500.00			500.00
11/18 / 11-21	Fire House #1	250.00			250.00
11-19	Various Capital Improvements	445,500.00			445,500.00
12-03	Improvements & Renovations to Fire House #1	75,000.00			75,000.00
12-10	Refunding Ordinance	1,905,000.00		1,905,000.00	-
12-11	Various Capital Improvements	855,000.00		88,166.00	766,834.00
13-03	Various Capital Improvements - Sandy		945,000.00		945,000.00
13-04	Various Roadway Improvements		489,060.00		489,060.00
13-15	Various Capital Improvements		1,063,240.00		1,063,240.00
		<u>\$ 3,364,684.17</u>	<u>2,497,300.00</u>	<u>2,075,850.17</u>	<u>3,786,134.00</u>
	Cancelled		\$ 1,905,000.00		
	Received from Budget Appropriations			82,684.17	
	Grant Proceeds Received			88,166.00	
				<u>\$ 2,075,850.17</u>	

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

	Operating Fund	Capital Fund
Balance December 31, 2012	\$ 1,308,156.15	2,174.04
Increased by Receipts:		
Water & Sewer Accounts Receivable	3,730,879.73	
Miscellaneous Revenue Anticipated	36,981.59	
Miscellaneous Revenue Not Anticipated	5,301.84	
Water Meter Receipts		111,950.00
Overpaid Water & Sewer Rents	64,584.46	
Prepaid Water & Sewer Rents	25,950.76	
Due from Federal & State Grant Fund	12,702.00	
Due from Water & Sewer Utility Operating		6,353.50
Due from General Capital Fund	3,876,400.38	403,881.73
	5,184,556.53	406,055.77
Decreased by Disbursements:		
Current Year Appropriation	3,808,807.90	
Prior Year Appropriations	27,036.26	
Accounts Payable	1,190.62	
Improvement Authorizations		291,931.73
Water Meters		16,490.04
Accrued Interest on Bonds	21,300.00	
Due to Water & Sewer Capital Fund	6,353.50	
Prior Year's Operating Surplus -		
Anticipated as Current Fund Revenue	200,000.00	
	4,064,688.28	308,421.77
Balance December 31, 2013	\$ 1,119,868.25	97,634.00

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

	Balance Dec. 31, 2012	Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2013	
		Miscellaneous	Improvement Authorizations		Miscellaneous	From	To			
Fund Balance	\$ 125,640.20								125,640.20	
Capital Improvement Fund	65,200.00								65,200.00	
Due from Water & Sewer Operating Fund	(125,000.00)	6,353.50							(118,646.50)	
Due to General Capital Fund	679,860.64	285,578.23							965,438.87	
Encumbrances Payable									1,460,028.95	
Reserve for Water Meters	2,174.04	111,950.00			16,490.04				97,634.00	
<b>Improvement Authorizations:</b>										
2007-45 Improvements to Water & Sewer Utility System	(608,490.30)								(608,490.30)	
2009-01 Improvements to Water & Sewer Utility System	(137,210.54)								(137,210.54)	
2013-05 Various Water & Sewer Improvements					240,490.97		1,259,331.20		(1,499,822.17)	
2013-14 Various Water & Sewer Improvements					51,440.76		200,697.75		(252,138.51)	
	\$ 2,174.04	403,881.73	-		291,931.73	16,490.04	1,460,028.95	1,460,028.95	97,634.00	

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

Balance December 31, 2012		\$ 45,234.13
Increased by Receipts:		
Consumer Accounts Charges and Levies	3,798,935.01	
	<hr/>	<hr/>
		3,798,935.01
		3,844,169.14
Decreased by Disbursements:		
Collections	3,730,879.73	
Prepayments & Overpayments Applied	52,574.73	
	<hr/>	<hr/>
		3,783,454.46
Balance December 31, 2013		\$ <u><u>60,714.68</u></u>

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed
Operating:				
Salaries and Wages	\$ 72,608.17	72,608.17		72,608.17
Other Expenses	73,888.52	73,888.52	27,036.26	46,852.26
Atlantic County Utilities Authority - Contractual	23,069.00	23,069.00		23,069.00
	<u>169,565.69</u>	<u>169,565.69</u>	<u>27,036.26</u>	<u>142,529.43</u>

**WATER AND SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES**

Balance December 31, 2012		10,700.00
Increased by:		
Budget Appropriations	17,683.33	
		17,683.33
		28,383.33
Decreased By:		
Payments of Debt Service Interest		21,300.00
		21,300.00
Balance December 31, 2013		7,083.33

Analysis of Accrued Interest December 31, 2013

Principal Outstanding December 31, 2013	Interest Rate	From	To	Days	Amount
425,000.00	4.00%	8/1/2013	12/31/2013	150	\$ 7,083.33
					\$ 7,083.33

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded			Funded	Unfunded
2007-45	Improvements to Water & Sewer Utility System	10/18/2007	700,000	\$ 91,509.70				91,509.70	
2009-01	Improvements to Water & Sewer Utility System	2/5/2009	200,000	62,789.46				62,789.46	
2013-05	Various Water & Sewer Improvements	2/7/2013	1,654,000		1,654,000.00		1,499,822.17		154,177.83
2013-14	Various Water & Sewer Improvements	7/3/2013	812,000		812,000.00		252,138.51		559,861.49
				\$ 154,299.16	-	2,466,000.00	1,751,960.68	154,299.16	714,039.32

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
Water & Sewer Utility Refunding Bonds	9/30/2009	\$ 1,045,000.00	2/1/2014	210,000.00	4.00%	640,000.00	215,000.00	425,000.00
			2/1/2015	215,000.00	4.00%			
					\$	<u>640,000.00</u>	<u>215,000.00</u>	<u>425,000.00</u>

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Balance Dec. 31, 2013
2007-45	Improvements to Water & Sewer Utility System	\$ 700,000.00			700,000.00
2009-01	Improvements to Water & Sewer Utility System	200,000.00			200,000.00
2013-05	Various Water & Sewer Improvements		1,654,000.00		1,654,000.00
2013-14	Various Water & Sewer Improvements		812,000.00		812,000.00
		<u>\$ 900,000.00</u>	<u>2,466,000.00</u>	<u>-</u>	<u>3,366,000.00</u>

**CITY OF MARGATE**

**PART II**

**GENERAL COMMENTS AND FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2013**



## 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:

- Landscaping
- Bulkhead Improvements
- Redevelopment of Well
- Road Program
- Generator
- Sewer System TV and Cleaning
- Beach Stair 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, 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."

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

The tax sale was held and was complete.

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

**CITY OF MARGATE**

**GENERAL COMMENTS (Continued)**

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>
2013	5
2012	5
2011	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 2013 and 2014 Taxes	5
Delinquent Taxes	5
Current Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	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.

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**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Tax Rate	\$ 1.4640	1.3730	1.3340
Apportionment of Tax Rate:			
Municipal	0.6810	0.6820	0.6140
County	0.4820	0.3880	0.3870
Local School	0.3010	0.3030	0.3330

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2013	\$ 3,500,555,050
2012	3,485,924,853
2011	3,470,324,058

**CITY OF MARGATE**

**Comparison of Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$ 51,466,555.85	\$ 50,544,946.67	98.21%
2012	48,070,834.65	47,041,247.39	97.86%
2011	46,393,904.46	45,531,844.68	98.14%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 3,008.38	\$ 835,050.24	\$ 838,058.62	1.63%
2012	2,763.03	928,082.23	930,845.26	2.01%
2011	1,641.66	817,722.99	819,364.65	1.85%

**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:

<u>Year</u>	<u>Amount</u>
2013	\$ 138,557.50
2012	138,557.50
2011	138,557.50

CITY OF MARGATE

**FINDINGS AND RECOMMENDATIONS**

**NONE**

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

*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

**CITY OF MARGATE**  
**PART III**  
**SINGLE AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited, 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, 2013, 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 27, 2014, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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  
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No. 393

June 27, 2014



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**INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE WITH REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON**  
**EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**  
**IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and  
Members of City Council  
City of Margate  
County of Atlantic, New Jersey

***Report on Compliance for Each Major Federal Program***

We have audited Margate's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Margate's major federal programs for the year ended December 31, 2013. Margate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Margate's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Margate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Margate's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Margate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### ***Report on Internal Control Over Compliance***

Management of Margate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Margate's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Margate's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### ***Report on Schedule of Expenditures of Federal Awards as Required by OMB A-133***

We have audited the financial statements of the various funds and account group of Margate as of and for the year ended December 31, 2013, and have issued our report thereon dated June 27, 2014, 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. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of Federal Awards are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Ford, Scott & Associates, L.L.C.*  
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**No. 393**

**June 27, 2014**

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**CITY OF MARGATE**  
**SCHEDULE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant I.D. Number	Grant Period From	To	Program Receipts	Program Expenditures	Cumulative Expenditures
<b>U.S. Department of Housing and Urban Development</b> Community Development Block Grant	14.253	ACIA	Open		\$ 88,166.00	\$ 88,166.00	\$ 88,166.00
<b>U.S. Department of Homeland Security</b> FEMA - Disaster Grants - Hurricane Sandy	97.036	N/A	Open		1,351,033.04	1,332,895.08	1,332,895.08
<b>Total Federal Awards</b>					<u>\$ 1,439,199.04</u>	<u>\$ 1,421,061.08</u>	<u>\$ 1,421,061.08</u>

**CITY OF MARGATE**  
**NOTES TO SCHEDULE OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2013**

**Note 1: General**

The accompanying schedule of Federal Awards presents the activity of all Federal financial assistance programs of the City of Margate. The City is defined in Note 1 to the City's financial statements – regulatory basis.

**Note 2: Basis of Accounting**

The accompanying schedule of Federal Awards is presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

**Note 3: Relationship to General-Purpose Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements – regulatory basis. The financial statements – regulatory basis present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>
Current Fund	\$ 750,000.00
General Capital Fund	<u>689,199.04</u>
Total Financial Assistance	<u>\$ 1,439,199.04</u>

**Note 4: Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

**I. SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: **Adverse GAAP Opinion  
Unqualified Regulatory Basis Opinion**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiencies? **NONE REPORTED**

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

**State Awards**

NOT APPLICABLE

**Federal Awards**

Internal control over major programs:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiencies identified? **NONE REPORTED**

Type of auditor’s report issued on compliance for major programs: **Unqualified Opinion**

Any audit findings disclosed that are required to be reported in accordance with OMB A-133? **NO**

Identification of major programs: **97.036 FEMA – Disaster Grants – Hurricane Sandy**

Dollar threshold used to distinguish between Type A and Type B Programs: **\$300,000**

Auditee qualified as low-risk Auditee? **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 no finding relating to the financial statements – regulatory basis that is required to be reported under this section.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS**

**State:** NOT APPLICABLE

**Federal:** Our audit disclosed no material Findings or Questioned Costs.

**STATUS OF PRIOR YEAR FINDINGS**

There were no prior year findings.