

CITY OF MARGATE
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2015

CITY OF MARGATE
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CITY OF MARGATE

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Commission
City of Margate, 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, 2015, the related statement of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The financial statements of the City of Margate as of December 31, 2014 were audited by other auditors whose report dated May 4, 2015 expressed an adverse opinion on those statements in accordance with Generally Accepted Accounting Principles and an unmodified opinion on those statements in conformity with the Regulatory Basis of Accounting as described in Note 1.

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, 2015, or changes in financial position for the year 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, 2015, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Margate's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by the Uniform Guidance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by the Uniform Guidance 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 May 6, 2016 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

May 6, 2016

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 6,711,797.78	7,725,787.79
Cash - Change	2,100.00	850.00
Total Cash	<u>6,713,897.78</u>	<u>7,726,637.79</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	11,748.65	11,748.65
Total Other Receivables	<u>11,748.65</u>	<u>11,748.65</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	925,857.14	863,686.01
Tax Title and Other Liens	3,263.93	5,201.00
Property Acquired for Taxes - at Assessed Valuation	138,557.50	138,557.50
Revenue Accounts Receivable	4,171.73	4,359.43
Interfund Receivable:		
Grant Fund	291,919.98	-
Total Receivables and Other Assets	<u>1,363,770.28</u>	<u>1,011,803.94</u>
Deferred Charges:		
Special Emergency Appropriation	1,553,253.15	2,250,000.00
Total Deferred Charges	<u>1,553,253.15</u>	<u>2,250,000.00</u>
Total Regular Fund	<u>9,642,669.86</u>	<u>11,000,190.38</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	936,433.28	729,664.00
Due from Current Fund	-	26,114.98
Total Federal and State Grant Fund	<u>936,433.28</u>	<u>755,778.98</u>
Total Current Fund	<u>\$ 10,579,103.14</u>	<u>11,755,969.36</u>

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

	<u>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 837,695.91	1,037,341.25
Reserve for Encumbrances	306,638.29	279,251.67
Accounts Payable	5,591.95	5,591.95
Prepaid Taxes	865,471.94	872,282.61
Overpaid Taxes	57,906.57	66,658.71
Local School Tax Payable	-	-
County Added Tax Payable	98,157.31	67,455.81
Due to State:		
Marriage Licenses	50.00	75.00
Interfund Payable:		
Grant Fund	-	26,114.98
General Capital Fund	170,000.00	-
Other		
Reserve for Tax Appeals	13,952.11	13,952.11
Reserve for Sale of Municipal Assets	1,281.99	14,881.95
Reserve for Outside Liens	61,872.02	115,619.27
Reserve for Tax Sale Premiums	303,200.00	540,825.00
Reserve for Insurance Proceeds	9,665.93	8,700.00
Special Emergency Note Payable	1,500,000.00	2,250,000.00
	<u>4,231,484.02</u>	<u>5,298,750.31</u>
Reserve for Receivables and Other Assets	1,363,770.28	1,011,803.94
Fund Balance	<u>4,047,415.56</u>	<u>4,689,636.13</u>
Total Regular Fund	<u>9,642,669.86</u>	<u>11,000,190.38</u>
Federal and State Grant Fund:		
Unappropriated Reserves	0.00	10,404.72
Appropriated Reserves	196,095.73	745,374.26
Encumbrances Payable	448,417.57	-
Due from Current Fund	291,919.98	-
	<u>936,433.28</u>	<u>755,778.98</u>
Total Federal and State Grant Fund	<u>936,433.28</u>	<u>755,778.98</u>
Total Current Fund	<u>\$ 10,579,103.14</u>	<u>11,755,969.36</u>

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

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 3,415,200.00	2,921,043.32
Miscellaneous Revenue Anticipated	3,796,114.16	4,744,507.20
Receipts from Delinquent Taxes	967,386.07	824,699.40
Receipts from Current Taxes	52,267,303.20	50,756,056.64
Non Budget Revenue	238,366.15	372,425.73
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,015,896.53	894,489.20
Cancellation of Tax Overpayments		604.29
Cancellation of Reserve for Hurricane Damage		159,759.44
Adjustment to Tax Title Liens		3,538.46
Total Income	<u>61,700,266.11</u>	<u>60,677,123.68</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	11,922,219.41	11,831,480.98
Other Expenses	6,890,754.72	6,747,876.83
Deferred Charges & Statutory Expenditures	2,709,388.00	2,552,435.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,649,520.42	2,103,666.00
Capital Improvements	324,500.00	233,359.19
Debt Service	4,057,178.16	3,923,559.20
Deferred Charges	696,746.85	750,000.00
For Local School Purposes	1,518,737.50	1,496,837.50
Local District School Tax	10,511,408.00	10,498,908.00
County Tax	18,256,756.33	16,979,841.22
County Share of Added Tax	98,157.31	67,455.81
Interfund Created	291,919.98	-
Refund of Prior Year's Revenue		-
Other:		
Prior Year's Deduction Disallowed		660.48
Cancellation of Grants Receivable	-	-
Loss on Investment	-	-
Total Expenditures	<u>58,927,286.68</u>	<u>57,186,080.21</u>

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

	<u>2015</u>	<u>2014</u>
Excess/(Deficit) in Revenue	\$ 2,772,979.43	3,491,043.47
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	
Emergency Appropriation		
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>2,772,979.43</u>	<u>3,491,043.47</u>
Fund Balance January 1	<u>4,689,636.13</u>	<u>4,119,635.98</u>
	7,462,615.56	7,610,679.45
Decreased by:		
Utilization as Anticipated Revenue	<u>3,415,200.00</u>	<u>2,921,043.32</u>
Fund Balance December 31	<u><u>\$ 4,047,415.56</u></u>	<u><u>4,689,636.13</u></u>

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 3,415,200.00		3,415,200.00	-
Total Fund Balance Anticipated	3,415,200.00	-	3,415,200.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	9,500.00		9,615.00	115.00
Other	12,000.00		14,803.50	2,803.50
Fees and Permits	178,000.00		191,961.00	13,961.00
Fines and Costs:				
Municipal Court	85,000.00		115,840.09	30,840.09
Interest and Costs on Taxes	150,000.00		186,017.01	36,017.01
Interest on Investments and Deposits	10,000.00		16,320.35	6,320.35
Anticipated Utility Operating Surplus	100,000.00		100,000.00	-
Beach Fees	275,000.00		324,148.00	49,148.00
Cable Franchise	50,000.00		57,762.82	7,762.82
Total Section A: Local Revenues	869,500.00	-	1,016,467.77	146,967.77
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	764,475.00		764,475.00	-
Total Section B: State Aid Without Offsetting Appropriations	764,475.00	-	764,475.00	-
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	350,000.00		434,845.00	84,845.00
Total Section C: Uniform Construction Code Fees	350,000.00	-	434,845.00	84,845.00

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Anticipated		Realized	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	40,968.00		40,968.00	-
Clean Communities Program		32,723.86	32,723.86	-
Recycling Tonnage	19,146.51		19,146.51	-
Body Armor Replacement		2,689.05	2,689.05	-
Post Sandy Planning Grant	50,000.00		50,000.00	-
Coastal Resil NFWF	125,000.00		125,000.00	-
Total Section F: Special Items - Public and Private Programs	235,114.51	35,412.91	270,527.42	-
Off-Set with Appropriations				
Section G: Other Special Items				
Utility Operating Surplus of Prior Year	200,000.00		200,000.00	-
Uniform Fire Safety Act	11,153.67		11,886.88	733.21
Capital Surplus	567,000.00		567,000.00	-
Beach Vending License	79,000.00		99,000.00	20,000.00
Ambulance Billing	200,000.00		234,109.09	34,109.09
Recreation Fees	115,500.00		127,704.22	12,204.22
Sale of Municipal Assets	14,881.95		14,881.95	-
Reserve for Debt Service	46,516.83		46,516.83	-
Reserve for Insurance	8,700.00		8,700.00	-
Total Section G: Other Special Items	1,242,752.45	-	1,309,798.97	67,046.52
Total Miscellaneous Revenues:	3,461,841.96	35,412.91	3,796,114.16	298,859.29

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated				
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)	
Receipts from Delinquent Taxes	570,000.00		967,386.07	397,386.07	
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	21,383,737.42		22,487,966.71	1,104,229.29	
Amount for Local District Tax	1,523,738.00		1,523,738.00	-	
Library Tax	1,286,251.00		1,286,251.00	-	
Total Amount to be Raised by Taxes for Support of Municipal Budget	24,193,726.42	-	25,297,955.71	1,104,229.29	
Budget Totals	31,640,768.38	35,412.91	33,476,655.94	1,800,474.65	
Non- Budget Revenues:					
Other Non- Budget Revenues:			238,366.15	238,366.15	
	\$ 31,640,768.38	35,412.91	33,715,022.09	2,038,840.80	

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 52,267,303.20
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Less: Reserve for Tax Appeals Pending	
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Net Revenue from Collections	52,267,303.20
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Allocated to:

School, County and Other Taxes	28,866,321.64
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Balance for Support of Municipal Budget Appropriations	23,400,981.56
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,896,974.15
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Amount for Support of Municipal Budget Appropriations	25,297,955.71
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	963,195.01	
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Tax Title Lien Collections	4,191.06	
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Total Receipts from Delinquent Taxes	967,386.07
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Senior & Veterans Administrative Fees	1,745.00	
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Tax Abatements	39,600.00	
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Cell Tower Rent	130,770.00	
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Restitution	249.10	
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Lease of Municipal Property	33,102.70	
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DMV Inspection	175.00	
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Police Impound Auction	966.00	
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Salvage Scrap Metal	382.50	
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Refund of Prior Year Expenses	15,890.09	
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Premium on Sale of Notes	4,660.00	
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Statutory Excess in Dog Fund	539.40	
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Bench Donations	5,000.00	
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Miscellaneous	5,286.36	
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Total Miscellaneous Revenue Not Anticipated:	\$ 238,366.15
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
PUBLIC AFFAIRS AND PUBLIC SAFETY						
Director's Office						
Salaries and Wages	\$ 20,000.00	23,392.40	23,392.40			-
Other Expenses	2,000.00	2,000.00	723.73		1,276.27	-
Police						
Salaries and Wages	4,001,465.00	3,989,465.00	3,856,982.01		132,482.99	0.00
Other Expenses	167,250.00	130,750.00	127,256.15	3,330.81	163.04	(0.00)
Fire						
Salaries and Wages	3,727,197.00	3,684,697.00	3,671,554.44		13,142.56	0.00
Other Expenses	98,500.00	106,000.00	89,644.19	15,863.14	492.67	(0.00)
City Clerk						
Salaries and Wages	102,000.00	79,607.60	55,031.68		24,575.92	-
Other Expenses	52,600.00	55,600.00	51,408.36	2,803.48	1,388.16	-
Safety Official						
Salaries and Wages	14,880.00	14,880.00	14,307.50		572.50	-
Other Expenses	5,550.00	5,550.00	2,471.96	3,025.00	53.04	-
Lifeguards						
Salaries and Wages	515,021.00	515,021.00	459,408.82		55,612.18	-
Other Expenses	34,500.00	34,500.00	32,537.27	88.61	1,874.12	-
Beachfront Maintenance						
Salaries and Wages	63,000.00	63,000.00	62,398.14		601.86	-
Other Expenses	12,550.00	12,550.00	3,764.40	6,157.16	2,628.44	-
Planning Board						
Salaries and Wages	109,000.00	109,463.38	109,463.38			-
Other Expenses	26,850.00	26,386.62	19,993.79	99.46	6,293.37	-
Emergency Management Services						
Salaries and Wages	3,600.00	3,600.00	3,592.94		7.06	(0.00)
Municipal Court						
Salaries and Wages	179,000.00	179,000.00	178,065.66		934.34	(0.00)
Other Expenses	20,000.00	20,000.00	12,102.77	1,585.00	6,312.23	-
Legal Services and Costs						
Other Expenses	310,000.00	307,800.00	215,171.43	77,793.88	14,834.69	-
Public Defender						
Other Expenses	3,600.00	3,600.00		600.00	3,000.00	-
Municipal Prosecutor						
Salaries and Wages	25,718.00	25,718.00	23,518.04		2,199.96	-
Dog Regulation						
Other Expenses	8,200.00	8,200.00	8,000.00		200.00	-

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	470,000.00	470,000.00	449,556.26		20,443.74	-
Other Expenses	39,200.00	39,200.00	24,021.17	1,655.50	13,523.33	-
Financial Administration						
Salaries and Wages	32,000.00	102,077.00	88,354.26		13,722.74	-
Audit	20,000.00	20,000.00	16,500.00		3,500.00	-
Other Expenses	152,000.00	146,453.13	116,967.95	23,900.00	5,585.18	0.00
Assessment of Taxes						
Salaries and Wages	214,000.00	154,923.00	154,520.00		403.00	-
Other Expenses	67,630.00	56,630.00	42,734.51	150.00	13,745.49	-
Collection of Taxes						
Salaries and Wages	96,000.00	96,000.00	95,480.06		519.94	0.00
Other Expenses	21,200.00	21,200.00	10,341.08		10,858.92	-
City Clerk						
Salaries and Wages		-				-
Other Expenses		-				-
Elections						
Other Expenses						
Liquidation of Tax Title Liens	26,300.00	26,300.00	17,705.97		8,594.03	-
Other Expenses		-				-
Insurance (N.J.S.A. 40A:4-45.3(00))						
General Liability	351,800.00	351,800.00	320,194.01		31,605.99	-
Workers Compensation Insurance	545,000.00	545,000.00	537,453.00		7,547.00	-
Employee Group Health	2,137,180.00	2,137,180.00	2,085,575.02	1,808.54	49,796.44	-
Health Benefit Waiver	35,000.00	35,000.00	31,889.58		3,110.42	-
PUBLIC WORKS, PARKS AND PROPERTY						
Director's Office						
Salaries and Wages	26,054.00	26,154.03	26,154.03			-
Other Expenses	7,000.00	6,899.97	2,936.44		3,963.53	-
Street Repairs and Maintenance						
Salaries and Wages	1,455,863.00	1,415,863.00	1,361,950.76		53,912.24	-
Other Expenses	435,900.00	475,900.00	432,894.20	35,320.43	7,685.37	(0.00)
Street Lighting						
Other Expenses	175,000.00	180,000.00	179,478.12		521.88	0.00
City Engineer						
Other Expenses	50,000.00	52,200.00	28,786.31	18,600.05	4,813.64	-
Rubbish Removal						
Other Expenses	831,000.00	831,000.00	747,101.96	50,052.39	33,845.65	-
Parks and Playgrounds						

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Salaries and Wages	106,100.00	106,100.00	104,993.91		1,106.09	(0.00)
Other Expenses	33,500.00	33,500.00	12,695.65	2,538.30	18,266.05	-
Recreation						
Salaries and Wages	354,100.00	354,100.00	335,490.25		18,609.75	-
Other Expenses	107,500.00	107,500.00	81,802.43	12,684.78	13,012.79	-
Pavilion						
Salaries and Wages	73,693.00	73,693.00	70,117.72		3,575.28	-
Other Expenses	8,300.00	8,300.00	6,826.27	936.95	536.78	-
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	110,000.00	110,000.00	97,627.10	2,000.00	10,372.90	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	435,465.00	435,465.00	431,680.79		3,784.21	0.00
Other Expenses	51,255.00	51,255.00	19,632.74	1,003.96	30,618.30	-
UNCLASSIFIED						
Payment of Ambulance Bills	18,000.00	18,000.00	11,551.15	6,448.85		-
Sick and Retirement Payments	232,000.00	267,000.00	267,000.00			-
Feasibility Studies	18,000.00	18,000.00	5,394.96		12,605.04	-
General Office Operations	75,000.00	75,000.00	45,794.25	2,315.40	26,890.35	-
Technology						-
Other Expenses	64,000.00	64,000.00	42,322.45	20,289.82	1,387.73	0.00
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	160,000.00	155,000.00	132,771.24		22,228.76	-
Telephone	78,500.00	92,500.00	81,514.31	8,311.96	2,673.73	-
Natural Gas	180,000.00	166,000.00	102,676.24	3,517.02	59,806.74	-
Gasoline/Diesel	79,500.00	79,500.00	49,895.34		29,604.66	-
TOTAL OPERATIONS WITHIN "CAPS"	18,875,521.00	18,805,474.13	17,691,170.55	302,880.49	811,423.09	0.00
Contingent	7,500.00	7,500.00	4,531.27	22.80	2,945.93	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	18,883,021.00	18,812,974.13	17,695,701.82	302,903.29	814,369.02	0.00
Detail:						
Salaries and Wages	12,024,156.00	11,922,219.41	11,576,013.05	-	346,206.36	0.00
Other Expenses	6,858,865.00	6,890,754.72	6,119,688.77	302,903.29	468,162.66	(0.00)

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:		-				-
Overexpenditures of Appropriations						-
Statutory Expenditures:						-
Contributions to:						
Public Employees' Retirement System	659,690.00	659,690.00	659,602.08		87.92	0.00
Social Security System (O.A.S.I.)	460,000.00	476,000.00	475,226.37		773.63	0.00
Police and Firemen's Retirement System	1,437,198.00	1,437,198.00	1,437,195.95		2.05	0.00
Unemployment Compensation Insurance	34,500.00	34,500.00	32,050.78		2,449.22	-
Lifeguard Pension	100,000.00	100,000.00	100,000.00			-
Defined Contribution Retirement Program	2,000.00	2,000.00	1,987.18		12.82	(0.00)
						-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,693,388.00	2,709,388.00	2,706,062.36	-	3,325.64	0.00
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	21,576,409.00	21,522,362.13	20,401,764.18	302,903.29	817,694.66	0.00
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"	1,286,251.00	1,286,251.00	1,286,250.65		0.35	0.00
Maintenance of Free Public Library						
Recycling Tax	15,000.00	15,000.00			15,000.00	-
Other Expenses						
	1,301,251.00	1,301,251.00	1,286,250.65	-	15,000.35	0.00

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	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	19,146.51	19,146.51	19,146.51		-
Municipal Alliance on Alcoholism and Drug Abuse					
County Share	40,968.00	40,968.00	40,968.00		-
Local Share	10,242.00	10,242.00	10,242.00		-
Body Armor Grant		2,689.05	2,689.05		-
Matching Funds for Grants	5,000.00	5,000.00		5,000.00	-
Clean Communities Act		32,723.86	32,723.86		
Post Sandy Planning Assistance Grant	50,000.00	50,000.00	50,000.00		
Coastal NFWF-State Aid	125,000.00	125,000.00	125,000.00		
Coastal NFWF-State Local	62,500.00	62,500.00	62,500.00		
Total Public and Private Programs Off-Set by Revenues	312,856.51	348,269.42	343,269.42	5,000.00	-
Total Operations - Excluded from "CAPS"	1,614,107.51	1,649,520.42	1,629,520.07	20,000.35	0.00
Detail:					
Other Expenses	1,614,107.51	1,649,520.42	1,629,520.07	20,000.35	0.00
(C) Capital Improvements					
Capital Improvement Fund	232,000.00	280,500.00	280,500.00		-
Purchase of Equipment	44,000.00	44,000.00	40,264.10	3,735.00	0.00
Total Capital Improvements	276,000.00	324,500.00	320,764.10	3,735.00	0.00
(D) Debt Service					
Payment of Bond Principal	2,555,000.00	2,555,000.00	2,555,000.00		-
Payment of Bond Anticipation Notes and Capital Notes	170,000.00	170,000.00	170,000.00		-
Interest on Bonds	1,098,800.00	1,098,800.00	1,098,800.00		-
Interest on Notes	79,200.00	79,200.00	76,103.60		3,096.40
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	64,059.04	64,059.04	64,059.04		-
NJEIT Loans	67,233.83	67,233.83	65,168.65		-
Interest on Special Emergency Notes	22,500.00	28,046.87	28,046.87		2,065.18
Total Debt Service	4,056,792.87	4,062,339.74	4,057,178.16	-	5,161.58

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	696,746.85	696,746.85	696,746.85	-	-	-
Total Deferred Charges	696,746.85	696,746.85	696,746.85	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,643,647.23	6,733,107.01	6,704,209.18	3,735.00	20,001.25	5,161.58
(I) Type I District School Debt Service						
Payment of Bond Principal	1,110,000.00	1,110,000.00	1,110,000.00	-	-	-
Interest on Bonds	408,738.00	408,738.00	408,737.50	-	-	0.50
Interest on Notes	5,000.00	5,000.00	-	-	-	5,000.00
Total Type I District School Debt	1,523,738.00	1,523,738.00	1,518,737.50	-	-	5,000.50
SUBTOTAL GENERAL APPROPRIATIONS	29,743,794.23	29,779,207.14	28,624,710.86	306,638.29	837,695.91	10,162.08
(M) Reserve for Uncollected Taxes	1,896,974.15	1,896,974.15	1,896,974.15	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 31,640,768.38	31,676,181.29	30,521,685.01	306,638.29	837,695.91	10,162.08
Budget						
Appropriations by 40A:4-87	\$ 31,640,768.38				Cancelled	\$ 10,162.08
Emergency Appropriations	35,412.91				Overexpended	(0.00)
	\$ 31,676,181.29					\$ 10,162.08
Reserve for Uncollected Taxes						
Federal and State Grants	\$ 1,896,974.15					
Deferred Charges	343,269.42					
Disbursements	696,746.85					
	27,584,694.59					
	\$ 30,521,685.01					

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - B
TRUST FUND

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Dog License Fund:		
Cash	\$ 1,702.80	1,819.20
	<u>1,702.80</u>	<u>1,819.20</u>
Other Funds:		
Cash - Treasurer	607,083.25	485,451.80
	<u>607,083.25</u>	<u>485,451.80</u>
	<u>608,786.05</u>	<u>487,271.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to State of New Jersey	-	-
Reserve for Dog Fund Expenditures	<u>1,702.80</u>	<u>1,819.20</u>
	<u>1,702.80</u>	<u>1,819.20</u>
Other Funds:		
Payroll Deductions Payable	124,735.79	124,496.82
Miscellaneous Reserves	<u>482,347.46</u>	<u>360,954.98</u>
	<u>607,083.25</u>	<u>485,451.80</u>
Total	\$ <u>608,786.05</u>	<u>487,271.00</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

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

	2015	2014
<u>ASSETS</u>		
Cash	\$ 2,232,623.06	3,130,037.22
Deferred Charges to Future Taxation -		
Funded	34,324,816.95	38,099,672.53
Unfunded	18,415,803.88	14,418,587.28
Interfunds and Receivables		
Due from Water & Sewer Capital Fund	-	318,252.12
Due from Current Fund	170,000.00	-
	<u>55,143,243.89</u>	<u>55,966,549.15</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	25,080,000.00	27,635,000.00
Type I School Bonds Payable	8,425,000.00	9,535,000.00
Green Trust Loans Payable	478,409.04	532,093.29
NJEIT Loans Payable	341,407.91	397,579.24
Bond Anticipation Notes Payable	11,611,000.00	7,638,000.00
Improvement Authorizations:		
Funded	65,380.91	406,783.46
Unfunded	1,158,053.30	5,118,613.20
Encumbrances Payable	4,147,077.75	1,632,612.98
Due to Water Sewer Capital Fund	527,272.13	-
Reserve to Pay Bonds & Notes	2,807,842.50	2,275,791.13
Capital Improvement Fund	49,000.00	-
Fund Balance	452,800.35	795,075.85
	<u>\$ 55,143,243.89</u>	<u>\$ 55,966,549.15</u>

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

2014	6,780,587.28
2015	6,804,803.88

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

	<u>2015</u>	<u>2014</u>
Beginning Balance January 1	\$ 795,075.85	1,227,766.65
Increased by:		
Funded Improvement Authorization Canceled	-	160,691.20
Premium on Sale of Bond Anticipation Notes	224,724.50	56,618.00
Reserves Cancelled	-	-
Decreased by:		
Surplus budgeted in Current Fund	(567,000.00)	(650,000.00)
Appropriated to Fund Improvement Authorizations		
Ending Balance December 31	<u>\$ 452,800.35</u>	<u>795,075.85</u>

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 1,560,812.28	1,348,036.03
Change Fund	100.00	100.00
	<u>1,560,912.28</u>	<u>1,348,136.03</u>
Receivables and Other Assets with Full Reserves:		
Water & Sewer Accounts Receivable	51,937.61	63,670.47
Deferred Charge-Overexpenditure	22,295.34	-
	<u>74,232.95</u>	<u>63,670.47</u>
Total Operating Fund	<u>1,635,145.23</u>	<u>1,411,806.50</u>
Capital Fund:		
Cash - Treasurer	-	-
Interfunds and Receivables		
Due from Utility Operating Fund	109,013.17	109,013.17
Due from General Capital	527,272.13	-
Fixed Capital - Complete	5,042,866.70	5,042,866.70
Fixed Capital - Authorized and Uncomplete	5,120,299.00	3,620,299.00
Total Capital Fund	<u>10,799,451.00</u>	<u>8,772,178.87</u>
	<u>\$ 12,434,596.23</u>	<u>10,183,985.37</u>

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

	2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 292,357.35	154,184.72
Reserve for Encumbrances	26,705.01	24,675.82
Accounts Payable	1,920.00	1,920.00
Prepaid Water & Sewer Rents	25,950.76	23,972.21
Overpaid Water & Sewer Rents	53,442.96	53,099.02
Accrued Interest on Bonds and Notes	37,392.00	13,216.66
Reserve for Water Meter Installations	148,640.44	110,952.23
Interfunds:		
Due to Utility Capital Fund	109,013.17	109,013.17
	<u>695,421.69</u>	<u>491,033.83</u>
Reserve for Receivables	51,937.61	63,670.47
Fund Balance	887,785.93	857,102.20
 Total Operating Fund	 <u>1,635,145.23</u>	 <u>1,411,806.50</u>
Capital Fund:		
Encumbrances Payable	1,268,016.61	978,034.83
Interfunds:		
Due to General Capital Fund	-	318,252.12
Bond Anticipation Notes Payable	4,104,000.00	2,312,000.00
Serial Bonds Payable	-	215,000.00
Improvement Authorizations:		
Funded	-	-
Unfunded	939,428.33	675,885.86
Reserve for Amortization	4,297,165.86	4,082,165.86
Capital Improvement Fund	65,200.00	65,200.00
Fund Balance	125,640.20	125,640.20
 Total Capital Fund	 <u>10,799,451.00</u>	 <u>8,772,178.87</u>
	<u>\$ 12,434,596.23</u>	<u>10,183,985.37</u>

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

2014	2,053,999.84
2015	1,761,999.84

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

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 225,000.00	358,251.00
Water & Sewer Rents	4,271,981.46	4,250,890.35
Miscellaneous Revenue Anticipated	49,632.94	43,505.87
Miscellaneous Revenue Not Anticipated	2,769.39	1,251.73
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	165,518.94	93,977.15
Total Income	<u>4,714,902.73</u>	<u>4,747,876.10</u>
Expenditures		
Operations	3,806,919.00	3,663,451.00
Debt Service	266,595.34	219,300.00
Deferred Charges and Statutory Expenditures	108,000.00	108,000.00
Surplus (General Budget)	100,000.00	100,000.00
Total Expenditures	<u>4,281,514.34</u>	<u>4,090,751.00</u>
Excess in Revenue	<u>433,388.39</u>	<u>657,125.10</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	22,295.34	
Total Adjustments	<u>22,295.34</u>	<u>-</u>
Excess in Operations	<u>455,683.73</u>	<u>657,125.10</u>
Fund Balance January 1	<u>857,102.20</u>	<u>758,228.10</u>
	1,312,785.93	1,415,353.20
Decreased by:		
Utilization as Anticipated Revenue	225,000.00	358,251.00
Utilization as Anticipated Revenue - Current Fund	<u>200,000.00</u>	<u>200,000.00</u>
Fund Balance December 31	<u>\$ 887,785.93</u>	<u>857,102.20</u>

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

	<u>Ref.</u>	<u>2015</u>	<u>2014</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>

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 225,000.00	225,000.00	-
Rents	3,999,219.00	4,271,981.46	272,762.46
Miscellaneous	35,000.00	49,632.94	14,632.94
Miscellaneous Revenue Not Anticipated		2,769.39	2,769.39
	<u>\$ 4,259,219.00</u>	<u>4,549,383.79</u>	<u>290,164.79</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections

4,194,910.23

Prepayments & Overpayments Applied

77,071.23

4,271,981.46

Miscellaneous Revenue Anticipated

Interest on Delinquent Rents

30,882.48

Water Turn On/Off Charges

18,750.46

49,632.94

Miscellaneous Revenue Not Anticipated

Interest on Investments

2,769.39

Refunds

-

2,769.39

WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Operations:					
Salaries and Wages	\$ 1,464,500.00	1,464,500.00	1,438,708.18		
Other Expenses	1,167,700.00	1,161,786.00	868,515.46	26,705.01	25,791.82
Atlantic County Utilities Authority - Contractual	1,174,719.00	1,180,633.00	1,180,633.00		266,565.53
	<u>3,806,919.00</u>	<u>3,806,919.00</u>	<u>3,487,856.64</u>	<u>26,705.01</u>	<u>292,357.35</u>
					-
Debt Service:					
Payment of Bond Principal	215,000.00	215,000.00	215,000.00		
Interest on Bonds	4,300.00	4,300.00	4,300.00		
Interest on Notes	25,000.00	25,000.00	47,295.34		-
	<u>244,300.00</u>	<u>244,300.00</u>	<u>266,595.34</u>	<u>-</u>	<u>(22,295.34)</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>
Surplus (General Budget)	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>		
	<u>4,259,219.00</u>	<u>4,259,219.00</u>	<u>3,962,451.98</u>	<u>26,705.01</u>	<u>(22,295.34)</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

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

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Fixed Assets:		
Land	\$ 50,903,100.00	\$ 50,903,100.00
Buildings	20,809,519.00	20,809,519.00
Machinery and Equipment	9,844,642.34	7,636,288.71
Total General Fixed Assets	\$ <u>81,557,261.34</u>	\$ <u>79,348,907.71</u>
Investment in General Fixed Assets	\$ <u>81,557,261.34</u>	\$ <u>79,348,907.71</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

A. Reporting Entity

Except as noted below, the financial statements of the City of Margate include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Margate.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. 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.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

B. Description of Funds

The accounting policies of the City of Margate conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Margate accounts for its financial transactions through the following separate funds:

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

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

General Capital Fund - 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 - account for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

General Fixed Assets Account Group – All fixed assets are used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

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

Revenues – are recorded as received as cash except for certain amounts, which are due from other governmental units. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with the offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue as receivables with offsetting reserves and recorded as revenue when received.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

General Fixed Assets – The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Governmental Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized. No depreciation has been provided for 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.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Levy of Taxes – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have been paid by 11th day of 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the City of Margate to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

Levy of Utility Charges – The entity operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due the beginning of June.

Interest of Utility Charges – It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge five percent (5%) on charges becoming delinquent after due date. There is a ten day grace period.

Capitalization of Interest – It is the policy of the City of Margate to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on net position of the entity is anticipated to be significant.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the Borough's financial reporting.

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$1,896,974.15 and \$1,889,305.80. To balance the budget, the municipality is required to show a budgeted fund balance.

The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$3,415,200.00 and \$2,921,043.32. 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 2015 and 2014 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 2015 and 2014 calendar years:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Current Fund:</u>		
Revenue and Finance		
Financial Admin		
Salaries and Wages	\$ 70,077	
Assesement of Taxes		
Salaries and Wages	(59,077)	
Police Department		
Salaries and Wages		(26,539.55)
Fire Department		
Salaries and Wages	(42,500)	
Street Repairs		
Salaries and Wages	40,000	(45,756.38)
Other Expenses	(40,000)	70,000.00
Legal		
Other Expenses		50,000.00
Employee Group Health		(77,312.42)

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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 2015 and 2014, the following budget insertions were approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Body Armor	\$ 2,689.05	2,693.13
NJ Economic Development Authority		354,664.00
Clean Communities	32,723.86	
	<u>\$ 35,412.91</u>	<u>357,357.13</u>

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, 2015 was \$1,553,253.15. The required amount is included in the 2016 budget.

Note 3: INVESTMENTS

As of December 31, 2015 and 2014, 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

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, \$0 of the municipality's bank balance of \$11,007,339.68 and \$12,692,082.04 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2015 and 2014:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Land	\$ 50,903,100.00			50,903,100.00
Buildings	20,809,519.00			20,809,519.00
Machinery & Equipment	7,636,288.71	2,293,229.63	84,876.00	9,844,642.34
	<u>\$ 79,348,907.71</u>	<u>2,293,229.63</u>	<u>84,876.00</u>	<u>81,557,261.34</u>

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Land	\$ 50,903,100.00			50,903,100.00
Buildings	20,710,886.00	4,950.00	(93,683.00)	20,809,519.00
Machinery & Equipment	7,282,361.71	955,527.00	601,600.00	7,636,288.71
	<u>\$ 78,896,347.71</u>	<u>960,477.00</u>	<u>507,917.00</u>	<u>79,348,907.71</u>

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**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 6: SHORT-TERM FINANCING

The following is a summary of changes in short-term debt for the years ended December 31, 2015 and 2014:

	Current Fund	General Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2014	\$ 2,250,000.00	\$ 7,638,000.00	\$ 2,312,000.00	\$ 12,200,000.00
Increases	-	11,611,000.00	4,104,000.00	15,715,000.00
Decreases	(750,000.00)	(7,638,000.00)	(2,312,000.00)	(10,646,746.00)
Balance December 31, 2015	<u>\$ 1,500,000.00</u>	<u>\$ 11,611,000.00</u>	<u>\$ 4,104,000.00</u>	<u>\$ 17,215,000.00</u>

	Current Fund	General Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2013	\$ 3,000,000.00	\$ 4,085,000.00	\$ -	\$ 7,085,000.00
Increases	-	7,638,000.00	2,312,000.00	9,950,000.00
Decreases	(750,000.00)	(4,085,000.00)	-	(4,835,000.00)
Balance December 31, 2014	<u>\$ 2,250,000.00</u>	<u>\$ 7,638,000.00</u>	<u>\$ 2,312,000.00</u>	<u>\$ 12,200,000.00</u>

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

On July 20, 2015 the City issued a Bond Anticipation Note in the Amount of \$11,611,000, bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note was due July 20, 2015 and the City reissued the note at that date bearing interest at a rate of 2.00% and it will be due on July 19, 2016.

On July 20, 2015 the City issued a Bond Anticipation Note in the Amount of \$4,104,000, bearing interest at a rate of 2.00% per annum to fund various Water and Sewer Capital Ordinances. The Note was due July 20, 2015 and the City reissued the note at that date bearing interest at a rate of 2.00% and it will be due on July 19, 2016.

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 \$696,746.85 and issued a note for \$1,553,253.15 bearing interest at a rate of 1.5% per annum and due December 15, 2016.

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**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 7: LONG-TERM DEBT

Summary of Municipal Debt

	Year 2015	Year 2014	Year 2013
Issued:			
General:			
Bonds and Notes	\$ 45,935,816.95	\$ 36,202,672.53	\$ 35,281,067.98
Water/Sewer Utility:			
Bonds and Notes	<u>4,104,000.00</u>	<u>2,527,000.00</u>	<u>425,000.00</u>
Total Issued	<u>50,035,816.95</u>	<u>38,729,672.53</u>	<u>35,706,067.98</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>2,807,842.50</u>	<u>2,275,791.13</u>	<u>1,166,345.86</u>
Net Debt	<u>47,231,974.45</u>	<u>36,453,881.40</u>	<u>34,539,722.12</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	6,804,803.88	6,780,587.28	3,786,134.00
Water/Sewer Utility:			
Bonds and Notes	<u>1,761,999.84</u>	<u>2,053,999.84</u>	<u>3,366,000.00</u>
Total Authorized But Not Issued	<u>8,566,803.72</u>	<u>8,834,587.12</u>	<u>7,152,134.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 55,798,778.17</u>	<u>\$ 45,288,468.52</u>	<u>\$ 41,691,856.12</u>

*The General debt includes type I school debt.

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%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 10,594,050.60	\$ 10,594,050.60	\$ -
Utility Debt	5,865,999.84	5,865,999.84	-
General Debt	<u>42,146,570.23</u>	<u>2,807,842.50</u>	<u>39,338,727.73</u>
	<u>\$ 58,606,620.67</u>	<u>\$ 19,267,892.94</u>	<u>\$ 39,338,727.73</u>

Net debt \$39,338,727.73 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$3,864,571,501 = 1.018%.

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

3-1/2% of Equalized Valuation Basis	\$	135,260,002.54
Net Debt		<u>39,338,727.73</u>
Remaining Borrowing Power	\$	<u><u>95,921,274.81</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year		\$	4,714,902.73
Deductions:			
Operating & Maintenance Costs	\$	3,914,919.00	
Debt Service per Water and Sewer Utility Fund		<u>244,300.00</u>	
Total Deductions			<u>4,159,219.00</u>
Excess in Revenue	\$		<u><u>555,683.73</u></u>

Description of Bonds and Loans Payable

At December 31, 2015, 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, 2015, is \$0.

\$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, 2015, is \$715,000.00.

\$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, 2015, is \$14,945,000.00.

\$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, 2015, is \$9,420,000.00.

\$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, 2015, is \$43,321.57.

\$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, 2015, is \$21,666.39.

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

\$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, 2015, is \$84,159.74.

\$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, 2015, is \$329,261.35.

\$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, 2015 is \$130,000.00.

\$312,500 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing no interest. The balance remaining as of December 31, 2015 is \$97,912.26.

\$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, 2015 is \$65,000.00.

\$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, 2015 is \$48,495.65.

At December 31, 2015, 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 \$8,425,000.00.

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CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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The following schedule represents the changes in the Long-term Debt:

	<u>Outstanding 12/31/14</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/15</u>	<u>Amounts Due Within One Year</u>
General Capital Fund:				
Serial Bonds Payable	\$ 27,635,000.00	2,555,000.00	25,080,000.00	2,520,000.00
School Bonds Payable	9,535,000.00	1,110,000.00	8,425,000.00	1,160,000.00
Loans Payable	929,672.53	109,855.58	819,816.95	109,978.60
Compensated Absences Pay.	2,437,308.33	(47,952.27)	2,485,260.60	
Total General Capital Fund	<u>40,536,980.86</u>	<u>3,774,855.58</u>	<u>34,324,816.95</u>	<u>3,789,978.60</u>
Utility Capital Fund:				
Bonds Payable	<u>215,000.00</u>	<u>215,000.00</u>	<u>-</u>	<u>-</u>
Total Utility Capital Fund	<u>215,000.00</u>	<u>215,000.00</u>	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 40,751,980.86</u>	<u>3,989,855.58</u>	<u>34,324,816.95</u>	<u>3,789,978.60</u>
	<u>Outstanding 12/31/13</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/14</u>	<u>Amounts Due Within One Year</u>
General Capital Fund:				
Serial Bonds Payable	\$ 30,165,000.00	2,530,000.00	27,635,000.00	2,555,000.00
School Bonds Payable	10,580,000.00	1,045,000.00	9,535,000.00	1,110,000.00
Loans Payable	1,031,067.98	101,395.45	929,672.53	109,855.58
Compensated Absences Pay.	2,320,461.60	(116,846.73)	2,437,308.33	
Total General Capital Fund	<u>44,096,529.58</u>	<u>3,676,395.45</u>	<u>38,099,672.53</u>	<u>3,774,855.58</u>
Utility Capital Fund:				
Bonds Payable	<u>425,000.00</u>	<u>210,000.00</u>	<u>215,000.00</u>	<u>215,000.00</u>
Total Utility Capital Fund	<u>425,000.00</u>	<u>210,000.00</u>	<u>215,000.00</u>	<u>215,000.00</u>
Total All Funds	<u>\$ 44,521,529.58</u>	<u>3,886,395.45</u>	<u>38,314,672.53</u>	<u>3,989,855.58</u>

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CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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	
	Principal	Interest	Principal	Interest
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	2,380,000.00	725,950.00	1,220,000.00	176,787.50
2020	2,375,000.00	630,850.00	1,220,000.00	121,887.50
2021-2026	10,690,000.00	1,938,900.00	2,400,000.00	97,831.25
2027-2029	2,395,000.00	119,625.00		
	<u>\$ 25,080,000.00</u>	<u>6,144,475.00</u>	<u>8,425,000.00</u>	<u>1,289,993.75</u>

Schedule of Annual Debt Service for Principal and Interest for Loans

Year Ending December 31	General Capital Fund	
	Principal	Interest
2016	\$ 109,978.60	\$ 18,858.23
2017	110,123.34	16,257.48
2018	96,900.04	13,634.62
2019	83,296.34	11,392.23
2020	91,160.77	9,270.15
2021-2026	260,527.89	22,410.81
2027-2029	67,829.94	2,048.40
	<u>\$ 819,816.92</u>	<u>\$ 93,871.92</u>

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**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014, which were appropriate and included as anticipated revenue for the year ending December 31, 2016 and 2015 were as follows:

	<u>Year</u>		<u>Balance December 31st</u>	<u>Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2015	\$	4,047,415.56	3,400,000.00	84.00%
	2014		4,689,636.13	3,415,200.00	72.82%
Water and Sewer Utility Fund	2015	\$	887,785.93	225,000.00	25.34%
	2014		857,102.20	225,000.00	26.25%

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$10,511,408.00 and \$10,498,908.00 have been raised for the 2015 and 2014 calendar years and remitted to the school district.

Note 10: TAXES COLLECTED IN ADVANCE

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

		<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
Prepaid Taxes - Cash Liability	\$	<u>865,471.94</u>	<u>\$ 872,282.61</u>

Note 11: PENSION PLANS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans 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 or the report can be accessed on the internet at- <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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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.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions is 6.92% through June 30, 2015 and 7.06% thereafter of employee's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were \$646,990.00, \$608,889.74, and \$608,525.00.

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. PFRS provides for employee contributions of 10.0% of employer's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were \$1,407,198.00, \$1,395,754.50, and \$1,541,450.00.

The total payroll for the year ended December 31, 2015, 2014, and 2013 was \$11,704,765.99, \$11,416,571.48, and \$11,574,054.03. Payroll covered by PFRS was \$6,096,931.00, \$5,988,166.00, and \$3,247,138.00. Payroll covered by PERS was \$5,595,312.00, \$5,674,081.00 and \$5,372,662.00.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was \$2,873.24 for 2015, \$2,202.11 for 2014 and \$2,242.36 for 2013.

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, 2015, 2014 and 2013 was \$100,000.00, \$35,000.00 and \$24,005.08. The City's trust for the Lifeguard Pension at December 31, 2015 was \$171,980.80. The benefits paid by the trust for the year ended December 31, 2015, 2014 and 2013 were \$53,831.24, \$53,589.24 and \$28,690.72.

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 $\frac{1}{4}$ 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.
- 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 $\frac{1}{60}^{\text{th}}$ from $\frac{1}{55}^{\text{th}}$, 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 $\frac{1}{7}^{\text{th}}$ of the required amount, beginning in fiscal years 2012.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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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.

NOTE 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2015:

Public Employees' Retirement System

The Municipality has a liability of \$18,477,226.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.08231125060%, which would be an increase of 4.88% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$2,014,171.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 440,802	
Changes of assumptions	1,984,307	
Changes in proportion	608,337	(259,536)
Net difference between projected and actual earnings on pension plan investments		(297,078)
Total	<u>\$ 3,033,446</u>	<u>(556,614)</u>

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	463,003
2017		463,003
2018		463,003
2019		695,017
2020		392,806
Total	\$	<u>2,476,832</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Municipality's proportionate share of the net pension liability	\$ 22,291,961	18,477,226	\$ 15,284,288

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The Municipality has a liability of \$31,960,208.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.19187813010%, which would be an increase of 0.44% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$5,157,063.00. At December 31, 2015, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	(275,667)
Changes of assumptions	5,900,648	
Changes in proportion	950,545	(702,883)
Net difference between projected and actual earnings on pension plan investments		(556,239)
Total	\$ 6,851,193	(1,534,789)

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	1,025,126
2017		1,025,126
2018		1,025,126
2019		1,620,611
2020		620,415
Total	\$	5,316,404

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.60% - 9.48% (based on age)
Thereafter	3.60% - 10.48% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
District's proportionate share of the net pension liability	\$ 41,433,649	31,960,208	24,238,784

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 State special funding situation net pension liability amount of \$1,460,720,421.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense of \$182,203,735.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.19187813010% for 2015. The net pension liability amount allocated to the Municipality was \$2,802,803.00. For the fiscal year ending June 30, 2015 State special funding situation pension expense of \$466,990.00 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

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**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 13: 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 \$2,485,260.60 and \$2,437,308.33, as of December 31, 2015 and 2014 respectively, based on current pay rates and compensated absence balances.

Note 14: ECONOMIC DEPENDENCY

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

Note 15: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2015 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 291,919.98	\$ 170,000.00
Federal and State Grant		291,919.98
General Capital Fund	170,000.00	527,272.13
Utility Operating		109,013.17
Utility Capital	<u>636,285.30</u>	
Total	\$ <u>1,098,205.28</u>	\$ <u>1,098,205.28</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 16: FEDERAL AND STATE GRANTS

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

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 17: 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, 2015, 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 18: 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 19: LEASE OF CITY PROPERTY

The City is party to several lease agreements for various entity properties. The City leases property to Margate Terrace Corporation which provides elderly and handicapped persons with housing facilities for \$1,500 per month. A parking lot owned by the City is leased to Quincy Ventures for \$5,000 per year. The entity leases property to Lamberti's Sunset Marina and Restaurant for \$500 per month to be operated as a restaurant. An office space owned by the City is leased to Atlantic Coast Alarm for \$350 per month. Atlantic Coast Alarm operates this property as a security control office to be used in conjunction with a municipal alarm system which is operated by the City. The total revenue for the lease of municipal properties was \$33,102.70 in 2015 and \$21,688.03 in 2014.

Note 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2015 and May 6, 2016 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



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Commission
City of Margate, 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 regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 6, 2016 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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 the 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
Certified Public Accountant
Registered Municipal Accountant
No. 393

May 6, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Commission
City of Margate, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the City of Margate's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Margate's major federal programs for the year ended December 31, 2015. The City of 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 and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 or state program occurred. An audit includes examining, on a test basis, evidence about the City of 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 the City of Margate's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of 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, 2015.

Report on Internal Control Over Compliance

Management of the City 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 the City of 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 the Uniform Guidance, 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 the City 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS

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

May 6, 2016

Part I -- Summary of Auditor's Results

A) Type of auditor's report issued:		Modified for GAAP basis, Unmodified for Regulatory basis		
B) Internal control over financial reporting:				
1) Material weakness(es) identified?	_____	yes	<u> X </u>	no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____	yes	<u> X </u>	no
C) Noncompliance material to general-purpose financial statements noted?		yes	X	no

D)	Dollar threshold used to determine Type A programs:	<u>\$750,000</u>			
E)	Auditee qualified as low-risk auditee?	<u> </u>	yes	<u> X </u>	no <u> </u> n/a
F)	Type of auditor's report on compliance for major programs	<u>Unmodified</u>			
G)	Internal Control over compliance:				
	1) Material weakness(es) identified?	<u> </u>	yes	<u> X </u>	no
	2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u> </u>	yes	<u> X </u>	no
H)	Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<u> </u>	yes	<u> X </u>	no
I)	Identification of major programs:				

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Part 2 - Schedule of Financial Statement Findings

NONE

Part 3 - Schedule of Federal Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Receipts or Revenue Recognized	Disbursements/ Expenditures
		From	To			
FEDERAL:						
Federal Emergency Management Agency Hurricane Sandy	97.036	01/01/13	12/31/16	526,743.74 \$	526,743.74	526,743.74
Total Federal Emergency Management Agency					526,743.74	526,743.74
U.S. Department of the Interior Hurricane Sandy Coastal Resiliency NFWF Grant	15.153	01/01/2015	12/31/2016	187,500.00	-	6,331.50
Total U.S. Department of the Interior					-	6,331.50
U.S. Department of Justice Body Armor Replacement	16.607	2014	Open	14,614.26	2,689.05	14,614.26
Body Armor Replacement	16.607	2015	Open	2,689.05		-
Total Federal Department of Justice					2,689.05	14,614.26
Housing and Urban Development Neighborhood Revitalization	14.892	01/01/2014	12/31/2016	354,664.00	-	255,711.19
Community Development Block Grant						
Hurricane Sandy Recovery Grant	14.269	01/01/2015	12/31/2016	425,000.00	-	139,225.00
Total Housing and Urban Development					-	394,936.19
Total Federal Assistance					529,432.79 \$	942,625.69

See Accompanying Notes to Schedule of Federal Awards

**NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 1: BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal grant activity of the City of Margate, State of New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Encumbrances are considered in determining the single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statements. Receipts from federal grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services as follows:

	<u>Total</u>
Expenditures per Schedule of Federal Awards	
	\$ 942,625.69
	<u>\$ 942,625.69</u>

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2014	\$ 7,725,787.79	-
Increased by Receipts:		
Tax Collector	52,892,523.00	
Revenue Accounts Receivable	3,554,353.93	
Veterans and Senior Citizen Deductions	87,250.00	
Homestead Rebates	442,035.69	
Tax Sale Premiums	240,000.00	
Reserve for Outside Liens	399,984.83	
Reserve for Insurance Proceeds	9,665.93	
Due to State of NJ - Marriage Licenses	625.00	
Reserve for Sale of Municipal Assets	1,281.99	
Due from General Capital Fund	170,000.00	
Due from Current Fund		318,034.96
Due from Current Fund - Matching Funds		72,742.00
Federal and State Unappropriated		35,412.91
Federal and State Receivables		17,940.51
	<u>57,797,720.37</u>	<u>444,130.38</u>
	65,523,508.16	444,130.38
Decreased by Disbursements:		
Current Year Appropriation	27,584,694.59	
Prior Year Appropriations	300,696.39	
Federal and State Grant - Appropriated Reserves		444,130.38
County Taxes	18,324,212.14	
Local District School Taxes	10,511,408.00	
Tax Overpayments	16,665.22	
Tax Sale Premiums	477,625.00	
Change Funds	1,250.00	
Reserve for Outside Liens	453,732.08	
Due to State of NJ - Marriage Licenses	650.00	
Special Emergency Note	750,000.00	
Due to Grant Fund - Matching Funds	72,742.00	
Due to Grant Fund	318,034.96	
	<u>58,811,710.38</u>	<u>444,130.38</u>
Balance December 31, 2015	\$ <u><u>6,711,797.78</u></u>	<u><u>-</u></u>

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

Balance December 31, 2014		\$	-
Increased by Receipts:			
Prepaid Taxes	865,471.94		
Taxes Receivable	51,778,936.42		
Tax Overpayments	57,906.57		
Interest and Costs on Taxes	186,017.01		
			<u>52,892,523.00</u>
			52,892,523.00
Payments to Treasurer			<u>52,892,523.00</u>
		\$	<u><u>-</u></u>

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2015
				2014	2015			
2014 \$	863,686.01		100,016.35		963,195.01		507.35	(0.00)
	863,686.01	-	100,016.35	-	963,195.01	-	507.35	(0.00)
2015		52,981,836.75	284,713.37	872,282.61	51,395,020.59	71,787.21	1,602.57	925,857.14
\$	863,686.01	52,981,836.75	384,729.72	872,282.61	52,358,215.60	71,787.21	2,109.92	925,857.14
Analysis of Current Year Tax Levy								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
					52,981,836.75			
					284,713.37			
						53,266,550.12		
Tax Levy:								
General County Taxes								
County Open Space Taxes								
County Health Taxes								
County Added and Omitted Taxes								
Total County Taxes								
					17,754,369.61			
					55,607.78			
					446,778.94			
					98,157.31			
						18,354,913.64		
Local School District Tax								
Additional Local School District Tax								
Local Library Tax								
					10,511,408.00			
Local Tax for Municipal Purposes								
Add: Additional Tax Levied								
					24,193,726.42			
					206,502.06			
						24,400,228.48		
						53,266,550.12		

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

Balance December 31, 2014		\$	5,201.00
Increased by:			
Transfers from Taxes Receivable	2,109.92		
Interest and Costs Accrued at Tax Sale	<u>144.07</u>		
			<u>2,253.99</u>
			7,454.99
Decreased by:			
Collections	<u>4,191.06</u>		
			<u>4,191.06</u>
Balance December 31, 2015		\$	<u><u>3,263.93</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2014	Accrued in 2015	Collected by Treasurer	Balance Dec. 31, 2015
Licenses:				
Alcoholic	\$	9,615.00	9,615.00	-
Other		14,803.50	14,803.50	-
Fees and Permits		191,961.00	191,961.00	-
Fines and Costs:		\$	\$	
Municipal Court	4,359.43	115,652.39	115,840.09	4,171.73
Interest Earned on Investments		16,320.35	16,320.35	-
Anticipated Utility Operating Surplus		100,000.00	100,000.00	-
Beach Fees		324,148.00	324,148.00	-
Cable Franchise Fee		57,762.82	57,762.82	-
Energy Receipts Tax		764,475.00	764,475.00	-
Uniform Construction Code Fees		434,845.00	434,845.00	-
Anticipated Utility Operating Surplus of Prior Year		200,000.00	200,000.00	-
Uniform Fire Safety Act Fees		11,886.88	11,886.88	-
Capital Surplus		567,000.00	567,000.00	-
Beach Vending Licenses		99,000.00	99,000.00	-
Ambulance Billing		234,109.09	234,109.09	-
Recreation Fees		127,704.22	127,704.22	-
Reserve for Debt Service		46,516.83	46,516.83	-
Miscellaneous Revenue Not Anticipated		238,366.15	238,366.15	-
	<u>\$ 4,359.43</u>	<u>3,554,166.23</u>	<u>3,554,353.93</u>	<u>4,171.73</u>

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

OPERATIONS WITHIN "CAPS"
GENERAL GOVERNMENT:
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
Director's Office				
Salaries and Wages	\$ 0.02	0.02		0.02
Other Expenses	20.73	20.73		20.73
Police				
Salaries and Wages	228,931.06	228,931.06		228,931.06
Other Expenses	27,144.35	27,144.35	26,328.90	815.45
Prosecutor				
Salaries and Wages	0.04	0.04		0.04
Fire				
Salaries and Wages	46,979.90	46,979.90		46,979.90
Other Expenses	1,306.77	1,306.77	1,122.49	184.28
Fire Safety Official				
Salaries and Wages	0.20	0.20		0.20
Other Expenses	1,045.63	1,045.63	992.84	52.79
Lifeguards				
Salaries and Wages	64,271.55	64,271.55		64,271.55
Other Expenses	216.20	216.20	127.42	88.78
Beachfront Maintenance				
Salaries and Wages	1,799.86	1,799.86		1,799.86
Other Expenses	977.22	977.22	816.16	161.06
Planning Board				
Salaries and Wages	0.04	0.04		0.04
Other Expenses	5,465.78	5,465.78	2,275.00	3,190.78
Legal Services and Costs				
Other Expenses	89,723.63	99,723.63	83,833.24	15,890.39
Emergency Management				
Salaries and Wages	0.06	0.06		0.06
Dog Regulation				
Other Expenses	386.00	386.00		386.00
Municipal Court				
Salaries and Wages	2,203.81	2,203.81		2,203.81
Other Expenses	5,371.15	5,371.15	2,108.95	3,262.20
Public Defender				
Other Expenses	2,400.00	2,400.00		2,400.00

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
DEPARTMENT OF REVENUE AND FINANCE				
Director's Office				
Salaries and Wages	9,875.23	9,875.23		9,875.23
Other Expenses	5,230.59	5,230.59	4,345.72	884.87
Financial Administration				
Salaries and Wages	150.00	150.00		150.00
Other Expenses	15,523.80	15,523.80	13,543.39	1,980.41
Assessment of Taxes				
Salaries and Wages	30,099.87	30,099.87		30,099.87
Other Expenses	19,017.97	19,017.97	3,566.56	15,451.41
Tax Collector				
Other Expenses	5,829.23	5,829.23	1,414.85	4,414.38
City Clerk				
Other Expenses	156.65	156.65		156.65
Elections				
Other Expenses	82.58	82.58		82.58
Insurance				
Liability Insurance				
Group Insurance Plan for Employees	24,889.99	24,889.99		24,889.99
	199,647.89	189,647.89	2,795.32	186,852.57
DEPARTMENT OF PUBLIC WORKS, PARKS AND PROPERTY				
Director's Office				
Salaries and Wages	1.16	1.16		1.16
Other Expenses	1,416.00	1,416.00		1,416.00
Rubbish Removal				
Other Expenses	104,533.47	104,533.47	57,705.87	46,827.60
City Engineer				
Other Expenses	11,877.92	11,877.92	7,886.00	3,991.92
Street Repairs and Maintenance				
Salaries and Wages	77,201.69	77,201.69		77,201.69
Other Expenses	31,730.85	31,730.85	24,259.67	7,471.18
Playgrounds				
Other Expenses	789.01	789.01	135.52	653.49
Street Lighting				
Other Expenses	577.10	577.10		577.10
Recreation				
Salaries and Wages	7,862.43	7,862.43		7,862.43
Other Expenses	18,790.19	18,790.19	10,943.35	7,846.84
Pavilion				
Other Expenses	2,365.60	2,365.60	2,364.68	0.92

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
Celebration of Public Events	7,995.25	7,995.25		7,995.25
Other Expenses				
Construction Code Official	376.69	376.69		376.69
Salaries and Wages	40,936.96	40,936.96		40,936.96
Other Expenses				
UNCLASSIFIED				
Feasibility Studies	21,600.00	21,600.00	1,000.00	20,600.00
Payment of Ambulance Bills	3,278.12	3,278.12	2,685.01	593.11
General Office Operations	10,419.47	10,419.47	3,529.90	6,889.57
Technology	2,313.09	2,313.09	610.77	1,702.32
Electricity	44,556.16	44,556.16	850.00	43,706.16
Telephone	18,339.95	18,339.95	5,661.35	12,678.60
Natural Gas	0.03	0.03		0.03
Gasoline	46,362.65	46,362.65	9,748.43	36,614.22
Contingent	2,994.05	2,994.05	450.00	2,544.05
STATUTORY EXPENDITURES				
Contributions to:				
Social Security System (O.A.S.I.)	12,748.24	12,748.24		12,748.24
Unemployment	3,375.14	3,375.14		3,375.14
DCRP (Defined Contribution Retirement Program)	797.89	797.89		797.89
OPERATIONS EXCLUDED FROM "CAPS"				
Matching Funds for Grants	5,000.00	5,000.00		5,000.00
CAPITAL IMPROVEMENTS				
Purchase of Equipment	49,606.01	49,606.01	29,595.00	20,011.01
	<u>\$ 1,316,592.92</u>	<u>1,316,592.92</u>	<u>300,696.39</u>	<u>1,015,896.53</u>

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

Balance December 31, 2014		
School Tax Payable	\$	-
School Tax Deferred		
	<hr/>	\$ -
Increased by:		
Levy - Calendar Year 2015		<hr/> 10,511,408.00
		10,511,408.00
Decreased by:		
Payments		<hr/> 10,511,408.00
Balance December 31, 2015		
School Tax Payable		-
School Tax Deferred		-
	<hr/>	-
		<hr/> <hr/>
Current Year Liability for Local School District School Tax:		
Tax Paid		10,511,408.00
Tax Payable Ending		<hr/> -
		10,511,408.00
Less: Tax Payable Beginning		<hr/> -
Amount charged to Current Year Operations		<hr/> <hr/> \$ 10,511,408.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	Balance Dec. 31, 2014	Transferred From 2015 Revenues	Received	Adjustments	Balance Dec. 31, 2015
FEDERAL GRANTS:					
Community Development Block Grant	\$ 375,000.00	50,000.00	-		425,000.00
Neighborhood Community Revital	354,664.00				354,664.00
Coastal Resil-NFWF		125,000.00			125,000.00
Total Federal	<u>729,664.00</u>	<u>175,000.00</u>	<u>-</u>	<u>-</u>	<u>904,664.00</u>
STATE GRANTS:					
Recycling Tonnage		8,741.79			8,741.79
Total State	<u>-</u>	<u>8,741.79</u>	<u>-</u>	<u>-</u>	<u>8,741.79</u>
OTHER GRANTS:					
Municipal Alliance		40,968.00	17,940.51		23,027.49
Total Other	<u>-</u>	<u>40,968.00</u>	<u>17,940.51</u>	<u>-</u>	<u>23,027.49</u>
	<u>\$ 729,664.00</u>	<u>224,709.79</u>	<u>17,940.51</u>	<u>-</u>	<u>936,433.28</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2014	2015 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2015
FEDERAL GRANTS:					
Community Develop Block Grant	\$ 375,000.00	50,000.00	139,225.00	224,787.50	60,987.50
Body Armor Replacement	14,614.26	2,689.05	14,614.26		2,689.05
Neighborhood Community Revital Program	354,664.00		255,711.19	98,952.81	-
Coastal Resil NFWF		187,500.00	6,331.50	124,677.26	56,491.24
Total Federal	744,278.26	240,189.05	415,881.95	448,417.57	120,167.79
STATE GRANTS:					
Clean Communities Program		32,723.86	6,409.00		26,314.86
Recycling Tonnage		19,146.51			19,146.51
Sustainable Jersey	1,096.00		1,096.00		-
Total State	1,096.00	51,870.37	7,505.00	-	45,461.37
OTHER GRANTS:					
Municipal Alliance		51,210.00	20,743.43		30,466.57
Total Other	-	51,210.00	20,743.43	-	30,466.57
	\$ 745,374.26	\$ 343,269.42	444,130.38	\$ 448,417.57	196,095.73

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred To 2015 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2015</u>
FEDERAL GRANTS:					
Body Armor Replacement	\$	2,689.05	2,689.05		-
Total Federal	-	2,689.05	2,689.05	-	-
STATE GRANTS:					
Recycling Tonnage Grant	10,404.72	10,404.72			0.00
Clean Communities		32,723.86	32,723.86		-
Total State	10,404.72	43,128.58	32,723.86	-	0.00
\$	10,404.72	45,817.63	35,412.91	-	0.00

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2014	\$ 1,819.20	485,451.80
Increased by Receipts:		
Dog License Fees 2015	969.00	
Due to State of New Jersey	201.00	
Prepaid Dog Licenses		
Payroll Deductions Payable		8,923,089.59
Miscellaneous Trust Reserves		504,202.52
	<u>1,170.00</u>	<u>9,427,292.11</u>
	2,989.20	9,912,743.91
Decreased by Disbursements		
Statutory Expenditures	1,085.40	
Due to State of New Jersey	201.00	
Prepaid Dog Licenses		
Payroll Deductions Payable		8,922,850.62
Miscellaneous Trust Reserves		382,810.04
Due to Current - Trust Assessment		
	<u>1,286.40</u>	<u>9,305,660.66</u>
Balance December 31, 2015	\$ <u><u>1,702.80</u></u>	<u><u>607,083.25</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2014		\$ 1,819.20
Increased by:		
Dog License Fees Collected	969.00	
	<hr/>	<hr/>
		969.00
		2,788.20
Decreased by:		
Statutory Excess	1,085.40	
Expenditures under N.J.S. 4:19-15:11		
	<hr/>	<hr/>
		1,085.40
Balance December 31, 2015		\$ <u><u>1,702.80</u></u>

License Fees Collected:

Year	Amount
2014	\$ 807.00
2013	897.60
	<hr/>
	\$ <u><u>1,704.60</u></u>

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

Balance December 31, 2014		\$	-
Increased by:			
Statutory Excess	-		-
			-
Decreased by:			
Payments to Current			-
Balance December 31, 2015		\$	-

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

Balance December 31, 2014		\$	-
Increased by:			
2015 State License Fees	201.00		
			201.00
			201.00
Decreased by:			
Disbursements to the State			201.00
Balance December 31, 2015		\$	-

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Reserve</u>	<u>Balance 12/31/14</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/15</u>
Parking Offense Adjudication Act	\$ 2,546.75	800.00		3,346.75
Developers Escrow	143,829.75	240,554.93	253,305.25	131,079.43
Law Enforcement Trust I	8,841.82	25,846.30	-	34,688.12
Law Enforcement Trust II	4,141.99	6.23	-	4,148.22
Recreation Trust	35,192.85	70,592.80	72,418.55	33,367.10
Skate Park	-	-	-	-
Life Guard Pension Fund	107,119.28	118,692.76	53,831.24	171,980.80
Public Defender	1,915.00	1,959.50	3,000.00	874.50
Adopt a Beach	4,867.54	750.00	255.00	5,362.54
A T&T Cell Tower Engineer Fee	-	-	-	-
Miscellaneous Escrow Deposits	-	-	-	-
Emergency Restoration	-	-	-	-
Accumulated Absences	52,500.00	45,000.00	-	97,500.00
	<u>\$ 360,954.98</u>	<u>504,202.52</u>	<u>382,810.04</u>	<u>482,347.46</u>

TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

Balance December 31, 2014		\$	124,496.82
Increased by:			
Receipts	<u>8,923,089.59</u>		<u>8,923,089.59</u>
			9,047,586.41
Decreased by:			
Disbursements	<u>8,922,850.62</u>		<u>8,922,850.62</u>
Balance December 31, 2015		\$	<u><u>124,735.79</u></u>

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

Balance December 31, 2014		\$	3,130,037.22
Increased by:			
Bond Anticipation Notes Issued	11,611,000.00		
State Aid Receivable	-		
Grant Proceeds	231,283.40		
Due from Water & Sewer Capital Fund	5,050,475.75		
Due from Current Fund	142,555.38		
Reserve to Pay Bonds and Notes - Sandy	578,568.20		
Premium Received on Sale of BAN	224,724.50		
Budget Appropriation:			
Capital Improvement Fund	280,500.00		
			<u>18,119,107.23</u>
			21,249,144.45
Decreased by:			
Improvement Authorizations	6,417,497.68		
Due to Water & Sewer Capital Fund	4,204,951.50		
Due to Current Fund	142,555.38		
Anticipated as Current Fund Revenue	613,516.83		
Bond Anticipation Notes Paid	7,638,000.00		
			<u>19,016,521.39</u>
Balance December 31, 2015		\$	<u><u>2,232,623.06</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2014	Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous	Debt Issued		Miscellaneous		From	To	
			\$						
Fund Balance	\$ 795,075.85	224,724.50			567,000.00		231,500.00		452,800.35
Capital Improvement Fund	-	280,500.00					1,632,612.98	4,147,077.75	49,000.00
Encumbrances Payable	1,632,612.98								
Due from Water & Sewer Capital Fund	(318,252.12)	5,050,475.75			4,204,951.50				4,147,077.75
Due to Current Fund		142,555.38			312,555.38				527,272.13
Reserve for Waterfront Park									(170,000.00)
Reserve for Environmental Trust									-
Reserve to Pay Bonds	2,275,791.13	578,568.20			46,516.83				2,807,842.50
State Aid Receivable									-
Improvement Authorizations:									
09-18 Various Capital Improvements	7,434.12								7,434.12
09-19 Various Capital Improvements	161,831.91			65,905.00			41,854.40	11,308.40	65,380.91
10-16 / 30 Repair of Benson Avenue Water Tower	12,560.48								12,560.48
10-31 Purchase of Public Works Vehicles	22,530.50								22,530.50
11/-18 / 11-21 Fire House #1	(185.34)								(185.34)
11-19 Various Capital Improvements	(340,423.28)		340,000.00						(423.28)
12-03 Improvements & Renovations to Fire House #1	(9,816.31)		16,000.00	11,395.21			135,806.14	4,273.00	(938.52)
12-05 Ventnor Gardens Storm Sewer	199,951.55			64,145.41					(0.00)
12-11 Various Capital Improvements	36,739.50			112,743.63				163,826.47	87,822.34
13-03 Various Capital Improvements - Sandy	(858,631.59)		900,616.00					6,595.34	48,579.75
13-04 Various Roadway Improvements	44,500.32								44,500.32
13-15 Various Capital Improvements	(317,390.98)		386,384.00	162,556.26			152,641.15	293,511.27	47,306.88
14-07 Various Capital Improvements	(1,555,576.17)		1,800,000.00	1,114,785.06			108,291.52	899,599.50	(79,053.25)
14-13 Type I School Improvements	289,497.64	88,783.40	700,000.00	1,982,645.81			16,644.90	185,800.00	(735,209.67)
14-24 Various Capital Improvements & Sandy	1,006,787.03			1,013,798.48			543,155.11	67,699.00	(482,467.56)
14-32 Various Capital Improvements & Sandy	45,000.00			26,976.44			817,000.00		(798,976.44)
15-04 Various Capital Improvements		142,500.00		1,862,546.38			2,331,684.53	231,500.00	(3,820,230.91)
	\$ 3,130,037.22	6,508,107.23	\$ 4,143,000.00	6,417,497.68	5,131,023.71		6,011,190.73	6,011,190.73	2,232,623.06

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

Balance December 31, 2014		\$	-
Increased by:			
Budget Appropriation	<u>280,500.00</u>		<u>280,500.00</u>
			280,500.00
Decreased by:			
Improvement Authorizations Funded	<u>231,500.00</u>		<u>231,500.00</u>
Balance December 31, 2015		\$	<u><u>49,000.00</u></u>

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

Balance December 31, 2014		\$	38,099,672.53
Increased by:			
None			
	<hr/>		<hr/>
			-
			<hr/>
			38,099,672.53
Decreased by:			
Serial Bonds Paid	3,665,000.00		
Loan Principal Paid	109,855.58		
	<hr/>		<hr/>
			3,774,855.58
			<hr/>
Balance December 31, 2015		\$	<u><u>34,324,816.95</u></u>

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

Ord #	Improvement Description	2015		Analysis of Balance				
		Balance Dec. 31, 2014	Authorizations	Other	Balance Dec. 31, 2015	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
09-18	Various Capital Improvements	\$ 1,002,750.00		24,000.00	978,750.00	903,000.00	75,750.00	-
10-16 / 30	Repair of Benson Avenue Water Tower	237,500.00		7,000.00	230,500.00	230,000.00		500.00
10-31	Purchase of Public Works Vehicles	475,000.00		53,000.00	422,000.00	422,000.00		-
11/-18 / 11-21	Fire House #1	546,250.00		20,000.00	526,250.00	526,000.00	185.34	64.66
11-19	Various Capital Improvements	340,423.28			340,423.28	340,000.00	423.28	
12-03	Improvements & Renovations to Fire House #1	1,900,000.00		66,000.00	1,834,000.00	1,850,000.00	(16,000.00)	-
12-11	Various Capital Improvements	766,834.00			766,834.00	766,834.00		-
13-03	Various Capital Improvements - Sandy	945,000.00			945,000.00	900,616.00		44,384.00
13-04	Various Roadway Improvements	489,060.00			489,060.00	489,060.00		-
13-15	Various Roadway Improvements	1,063,240.00			1,063,240.00	1,063,240.00		-
14-07	Various Capital Improvements	1,894,446.00			1,894,446.00	1,800,000.00	79,053.25	15,392.75
14-13	Type I School Improvements	2,257,834.00		88,783.40	2,169,050.60	1,200,000.00	735,209.67	233,840.93
14-24	Various Capital Improvements & Sandy	1,645,250.00			1,645,250.00	1,120,250.00	482,467.56	42,532.44
14-32	Various Capital Improvements & Sandy	855,000.00			855,000.00		798,976.44	56,023.56
15-04	Various Capital Improvements		4,398,500.00	142,500.00	4,256,000.00		3,820,230.91	435,769.09
		\$ 14,418,587.28	4,398,500.00	401,283.40	18,415,803.88	11,611,000.00	5,976,296.45	828,507.43
	Estimated Proceeds from BAN's	\$		170,000.00	Improvement Authorizations Unfunded			
	Grant Proceeds Received	\$		231,283.40	Less:			
				401,283.40	Unexpended Proceeds of Bond Anticipation Notes Issued:			
					Ord. Number			
					09-18		\$ 8,184.12	
					10-16 / 30		12,560.48	
					10-31		22,530.50	
					12-03		58,061.48	
					12-11		87,822.34	
					13-03		48,579.75	
					13-04		44,500.32	
					13-15		47,306.88	
								329,545.87
								\$ 828,507.43

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Paid or Charged	Balance December 31, 2015	
				Balance December 31, 2014 Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
09-18	Various Capital Improvements	7/2/2009	5,090,000		8,184.12					8,184.12
09-19	Various Capital Improvements	7/2/2009	820,000	161,831.91				96,451.00	65,380.91	-
10-16 / 30	Repair of Benson Avenue Water Tower	5/20/2010 10/21/2010	270,000		13,060.48					13,060.48
10-31	Purchase of Public Works Vehicles	10/21/2010	500,000		22,530.50					22,530.50
11/-18 / 11-21	Fire House #1	8/18/2011	575,000		64.66					64.66
12-03	Improvements & Renovations to Fire House #1	2/16/2012	2,000,000		65,183.69			7,122.21		58,061.48
12-05	Ventnor Gardens Storm Sewer	2012	200,000	199,951.55				199,951.55	-	
12-11	Various Capital Improvements	7/19/2012	900,000		36,739.50			(51,082.84)		87,822.34
13-03	Various Capital Improvements - Sandy	2/21/2013	945,000		86,368.41			(6,595.34)		92,963.75
13-04	Various Roadway Improvements	2/7/2013	514,800		44,500.32					44,500.32
13-15	Various Roadway Improvements	7/3/2013	1,119,200		68,993.02			21,686.14		47,306.88
14-07	Various Capital Improvements	4/1/2014	3,734,000		338,869.83			323,477.08		15,392.75
14-13	Type I School Improvements	5/12/2014	2,257,834		2,047,331.64			1,813,490.71		233,840.93
14-24	Various Capital Improvements & Sandy	6/30/2014	1,670,250		1,531,787.03			1,489,254.59		42,532.44
14-32	Various Capital Improvements & Sandy	11/6/2014	900,000	45,000.00	855,000.00			843,976.44		56,023.56
15-04	Various Capital Improvements		4,630,000			231,500.00	4,398,500.00	4,194,230.91		435,769.09
				\$ 406,783.46	5,118,613.20	231,500.00	4,398,500.00	8,931,962.45	65,380.91	1,158,053.30

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2014	Decreased	Refunded	Balance Dec. 31, 2015
			December 31, 2015	Outstanding	Amount					
			Date							
General Obligation Bonds of 2006	6/1/2006	17,125,000	6/1/2015		1,200,000	4.250% \$	1,200,000.00	1,200,000.00		-
General Refunding Bonds of 2009	9/30/2009	4,480,000	2/1/2015		740,000	4.000%	1,455,000.00	740,000.00		715,000.00
			2/1/2016		715,000	5.000%				
General Obligation Bonds of 2011	1/15/2011	17,345,000	1/15/2015		600,000	4.000%	15,545,000.00	600,000.00		14,945,000.00
			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	6/1/2015		15,000	2.000%	9,435,000.00	15,000.00		9,420,000.00
			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%				

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**GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	December 31, 2015	Amount				
Green Trust - Waterfront Project	1992	\$ 262,500	2016	17,070.43		2.00%	\$ 60,055.64	16,734.07	43,321.57
			2017	17,413.55		2.00%			
			2018	8,837.59		2.00%			
Green Trust - Public Library Park - Phase I	1999	143,580	2016	8,537.42		2.00%	30,035.59	8,369.20	21,666.39
			2017	8,709.03		2.00%			
			2018	4,419.94		2.00%			
Green Trust - Public Library Park - Phase I	2005	\$ 150,000	2016	7,682.50		2.00%	91,690.89	7,531.13	84,159.76
			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, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
Green Trust - Jerome Avenue Recreation	2009	449,500	2016	21,472.95	2.00%	350,311.17	21,049.85	329,261.32
			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	2016	20,000.00	5.00%	150,000.00	20,000.00	130,000.00
			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, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
New Jersey Environmental Infrastructure Trust Fund Loan: Various Capital Improvements	2001	312,500	2016	16,871.74	None	115,423.69	17,511.43	97,912.26
			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			
New Jersey Environmental Infrastructure Trust Fund Loan: Various Capital Improvements	2001	160,000	2016	10,000.00	5.00%	75,000.00	10,000.00	65,000.00
			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 LOANS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds					
			Outstanding December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
New Jersey Environmental Infrastructure Trust Fund Loan:								
Various Capital Improvements	2001	164,949	2016	8,343.56	None	57,155.55	8,659.90	48,495.65
			2017	8,027.22	None			
			2018	7,710.88	None			
			2019	7,394.53	None			
			2020	7,078.18	None			
			2021	9,941.28	None			
						\$ 929,672.53	109,855.58	819,816.95
Green Trust Loans								
New Jersey Environmental Infrastructure Trust						532,093.29	53,684.25	478,409.04
						397,579.24	56,171.33	341,407.91
						929,672.53	109,855.58	819,816.95

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Various Capital Improvements	09-18	7/24/2012 7/24/2012	7/23/2014 7/20/2015	7/22/2015 7/19/2016	1.000% \$ 2.000%	927,000.00	912,000.00	927,000.00	- 912,000.00
Repair of Benson Avenue Water Tower	10-16 / 10-30	7/24/2012 7/24/2012	7/23/2014 7/20/2015	7/22/2015 7/19/2016	1.000% 2.000%	237,000.00	230,000.00	237,000.00	- 230,000.00
Purchase of Public Works Vehicles	10-31	7/24/2012 7/24/2012	7/23/2014 7/20/2015	7/22/2015 7/19/2016	1.000% 2.000%	475,000.00	422,000.00	475,000.00	- 422,000.00
Fire House #1	11-18 / 11-21	7/24/2012 7/24/2012	7/23/2014 7/20/2015	7/22/2015 7/19/2016	1.000% 2.000%	546,000.00	526,000.00	546,000.00	- 526,000.00
Various Capital Improvements	11-19	7/20/2015	7/20/2015	7/19/2016	2.000%	-	340,000.00		340,000.00
Improvements & Renovations to Fire House #1	12-03	7/24/2012 7/24/2012	7/23/2014 7/20/2015	7/22/2015 7/19/2016	1.000% 2.000%	1,900,000.00	1,841,000.00	1,900,000.00	- 1,841,000.00
Various Capital Improvements	12-11	7/21/2014	7/21/2014 7/20/2015	7/20/2015 7/19/2016	1.000% 2.000%	766,834.00	766,834.00	766,834.00	- 766,834.00
Various Capital Improvements & Sandy	13-03	7/20/2015	7/20/2015	7/19/2016	2.000%		900,616.00		900,616.00
Various Capital Improvements	13-04	7/21/2014	7/21/2014 7/20/2015	7/20/2015 7/19/2016	1.000% 2.000%	489,060.00	489,060.00	489,060.00	- 489,060.00
Various Road Improvements	13-15	7/21/2014	7/21/2014 7/20/2015	7/20/2015 7/19/2016	1.000% 2.000%	676,856.00	1,063,240.00	676,856.00	- 1,063,240.00
Various Capital Improvements	14-07	7/20/2015	7/20/2015	7/19/2016	2.000%		1,800,000.00		1,800,000.00
Type I School Improvements	14-13	7/21/2014	7/21/2014 7/20/2015	7/20/2015 7/19/2016	1.000% 2.000%	500,000.00	1,200,000.00	500,000.00	- 1,200,000.00
Various Capital Improvements & Sandy	14-24	7/21/2014	7/21/2014 7/20/2015	7/20/2015 7/19/2016	1.000% 2.000%	1,120,250.00	1,120,250.00	1,120,250.00	- 1,120,250.00
						<u>\$ 7,638,000.00</u>	<u>11,611,000.00</u>	<u>7,638,000.00</u>	<u>11,611,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Other	Balance Dec. 31, 2015
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	340,423.28		340,000.00		423.28
12-03	Improvements & Renovations to Fire House #1	75,000.00		16,000.00		59,000.00
13-03	Various Capital Improvements - Sandy	945,000.00		900,616.00		44,384.00
13-15	Various Capital Improvements	386,384.00		386,384.00		-
14-07	Various Capital Improvements	1,894,446.00		1,800,000.00		94,446.00
14-13	Type I School Improvements	1,757,834.00		700,000.00	88,783.40	969,050.60
14-24	Various Capital Improvements & Sandy	525,000.00				525,000.00
14-32	Various Capital Improvements & Sandy	855,000.00				855,000.00
15-04	Various Capital Improvements		4,398,500.00		142,500.00	4,256,000.00
		<u>\$ 6,780,587.28</u>	<u>4,398,500.00</u>	<u>\$ 4,143,000.00</u>	<u>231,283.40</u>	<u>6,804,803.88</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2014	\$ 1,348,036.03	-
Increased by Receipts:		
Water & Sewer Accounts Receivable	4,194,910.23	
Miscellaneous Revenue Anticipated	49,632.94	
Miscellaneous Revenue Not Anticipated	2,769.39	
Water Meter Receipts	72,900.00	
Overpaid Water & Sewer Rents	53,442.96	
Prepaid Water & Sewer Rents	25,950.76	
Due from Federal & State Grant Fund	-	
Due from Water & Sewer Utility Operating		946,475.75
Due from General Capital Fund	4,399,606.28	946,475.75
	5,747,642.31	946,475.75
Decreased by Disbursements:		
Current Year Appropriation	3,915,156.64	
Prior Year Appropriations	13,341.60	
Accounts Payable		
Improvement Authorizations		946,475.75
Water Meters	35,211.79	
Accrued Interest on Bonds	23,120.00	
Due to Current Fund	200,000.00	
Due to Water & Sewer Capital Fund		
Prior Year's Operating Surplus -		
Anticipated as Current Fund Revenue	-	
	4,186,830.03	946,475.75
Balance December 31, 2015	\$ 1,560,812.28	-

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

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous	Debt Issued	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	(109,013.17)							(109,013.17)
Due to General Capital Fund	318,252.12	946,475.75			1,792,000.00			(527,272.13)
Encumbrances Payable	978,034.83					978,034.83	1,268,016.61	1,268,016.61
<u>Improvement Authorizations:</u>								
2007-45 Improvements to Water & Sewer Utility System	(608,490.30)		607,000.00					(1,490.30)
2009-01 Improvements to Water & Sewer Utility System	(137,210.54)		135,000.00					(2,210.54)
2013-05 Various Water & Sewer Improvements	9,013.10			56,791.70			61,406.56	13,627.96
2013-14 Various Water & Sewer Improvements	333,281.93			18,321.08		18,858.11	67,626.79	363,729.53
2014-04 Various Water Improvements	(93,571.17)		150,000.00	16,049.00		51,700.00	18,544.47	7,224.30
2014-08 Various Water & Sewer Improvements	(881,137.00)		900,000.00	726,821.54		130,138.89	830,457.01	(7,640.42)
2015-05 Various Water & Sewer Improvements				128,492.43		1,067,319.61		(1,195,812.04)
	\$ -	946,475.75	1,792,000.00	946,475.75	1,792,000.00	2,246,051.44	2,246,051.44	-

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

Balance December 31, 2014		\$ 63,670.47
Increased by Receipts:		
Consumer Accounts Charges and Levies	4,260,248.60	
	<hr/>	<hr/> 4,260,248.60
		4,323,919.07
Decreased by Disbursements:		
Collections	4,194,910.23	
Prepayments & Overpayments Applied	77,071.23	
	<hr/>	<hr/> 4,271,981.46
Balance December 31, 2015		\$ <u><u>51,937.61</u></u>

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
Operating:				
Salaries and Wages	\$ -	-		-
Other Expenses	134,446.54	134,446.54	13,341.60	121,104.94
Atlantic County Utilities Authority - Contractual	44,414.00	44,414.00		44,414.00
	<u>178,860.54</u>	<u>178,860.54</u>	<u>13,341.60</u>	<u>165,518.94</u>

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

Balance December 31, 2014		13,216.66
Increased by:		
Budget Appropriations	25,000.00	
Deferred Charge-Overexpenditure	<u>22,295.34</u>	
		<u>47,295.34</u>
		60,512.00
Decreased By:		
Payments of Debt Service Interest		<u>23,120.00</u>
Balance December 31, 2015		<u><u>37,392.00</u></u>

Analysis of Accrued Interest December 31, 2015

Principal Outstanding December 31, 2015	Interest Rate	From	To	Days	Amount
4,104,000.00	2.00%	7/19/2016	12/31/2016	164	\$ 37,392.00
					<u>\$ 37,392.00</u>

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Deferred Charges to Future Revenue	Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded			Funded	Unfunded
2013-05	Various Water & Sewer Improvements	2/7/2013	\$ 1,654,000.00	\$	163,013.10	\$	(4,614.86)	\$	167,627.96
2013-14	Various Water & Sewer Improvements	7/3/2013	812,000.00		333,281.93		(30,447.60)		363,729.53
2014-04	Various Water Utility Improvements	3/18/2014	180,000.00		86,428.83		49,204.53		37,224.30
2014-08	Various Water & Sewer Improvements	4/1/2014	974,299.00		93,162.00		26,503.42		66,658.58
2015-05	Various Water & Sewer Improvements		1,500,000.00			1,500,000.00	1,195,812.04		304,187.96
				\$	675,885.86	1,500,000.00	1,236,457.53	-	939,428.33

**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, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount	December 31, 2015					
Water & Sewer Utility Refunding Bonds	9/30/2009	\$ 1,045,000.00				4.00%	\$ 215,000.00		215,000.00	-
							\$ 215,000.00		215,000.00	-
							\$ -		215,000.00	-

**WATER AND SEWER UTILITY 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, 2014	Increased	Decreased	Balance Dec. 31, 2015
Improvements to Water & Sewer System	2007-45	7/20/2015	7/20/2015	7/19/2016	2.00%	\$	607,000.00		607,000.00
Improvements to Water & Sewer System	2009-01	7/20/2015	7/20/2015	7/19/2016	2.00%		135,000.00		135,000.00
Various Water-Sewer Capital Improvements	2013-05	7/21/2014 7/21/2014	7/21/2014 7/20/2015	7/20/2015 7/19/2016	1.00% 2.00%	1,500,000.00	1,500,000.00	1,500,000.00	- 1,500,000.00
Various Water-Sewer Capital Improvements	2013-14	7/21/2014 7/20/2015	7/21/2014 7/20/2015	7/20/2015 7/19/2016	1.00% 2.00%	812,000.00	812,000.00	812,000.00	- 812,000.00
Various Water Utility Improvements	2014-04	7/20/2015	7/20/2015	7/19/2016	2.00%		150,000.00		150,000.00
Various Water-Sewer Capital Improvements	2014-08	7/20/2015	7/20/2015	7/19/2016	2.00%		900,000.00		900,000.00
						<u>\$ 2,312,000.00</u>	<u>4,104,000.00</u>	<u>2,312,000.00</u>	<u>4,104,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Balance Dec. 31, 2015
2007-45	Improvements to Water & Sewer Utility System	\$ 608,490.30		607,000.00	1,490.30
2009-01	Improvements to Water & Sewer Utility System	137,210.54		135,000.00	2,210.54
2013-05	Various Water & Sewer Improvements	154,000.00			154,000.00
2014-04	Various Water Utility Improvements	180,000.00		150,000.00	30,000.00
2014-08	Various Water & Sewer Improvements	974,299.00		900,000.00	74,299.00
2015-05	Various Water & Sewer Improvements		1,500,000.00		1,500,000.00
		<u>\$ 2,053,999.84</u>	<u>1,500,000.00</u>	<u>1,792,000.00</u>	<u>1,761,999.84</u>

CITY OF MARGATE

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2015

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 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 therefor, 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 \$40,000.

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 Attorney'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 sought by public advertising for the following items:

- 11 Cubic Yard Refuse Collection Truck
- Stainless Steel Dump Truck, Plow, Spreader, and Peterbilt Chassis
- 2015 Cleaning and Televising of Sewer Systems
- Municipal Building Repurposing-Phase II
- Decatur Ave. Vehicle Ramp Replacement
- Redevelopment of Well #9
- Ventnor Ave. Parkway Irrigation System Replacement
- Municipal Upgrades- Phase II
- Reconstruction of Amherst Ave
- NJEDA Neighborhood Streetscape Community Revitalization Program
- 2014 Road Program
- 2013 & 2014 CDBG Beach Bulkhead Access Project

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

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide 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, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the City of Margate, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Board of Commissioners of the City of Margate, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2014.

It appears from an examination of the Collector's records that interest was charged in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 11, 2015 and was complete.

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

<u>Year</u>	<u>Number</u>
2015	5
2014	5
2013	5

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as 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 2015 and 2016 Taxes	5
Delinquent Taxes	5
Payment of Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	<u>20</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2015	\$ 53,266,550.12	52,267,303.20	98.12%
2014	51,592,694.68	50,756,056.64	98.38%
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%

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ 1.488	1.460	1.464	1.373	1.334
Apportionment of Tax Rate:					
Municipal	0.637	0.639	0.681	0.682	0.614
County	0.513	0.481	0.482	0.388	0.387
Local School	0.338	0.340	0.301	0.303	0.333

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 3,263.93	925,857.14	929,121.07	1.74%
2014	5,201.00	863,686.01	868,887.01	1.68%
2013	3,008.38	835,050.24	838,058.62	1.63%
2012	2,763.03	930,082.23	932,845.26	1.94%
2011	1,641.66	817,722.99	819,364.65	1.77%

Uniform Construction Code

The City of Margate's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

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

FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR YEAR FINDINGS

None

RECOMMENDATIONS

None

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,

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

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

May 6, 2016

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