

**CITY OF MARGATE**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2016**



**CITY OF MARGATE**  
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**CITY OF MARGATE**

**PART I**

**REPORT ON AUDIT OF**

**FINANCIAL STATEMENTS - REGULATORY BASIS**

**DECEMBER 31, 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 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, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Margate as of December 31, 2016 and 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, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 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 April 7, 2017 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**

**April 7, 2017**

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



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

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 7,546,747.84	6,711,797.78
Cash - Change	1,050.00	2,100.00
Total Cash	<u>7,547,797.84</u>	<u>6,713,897.78</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	16,593.20	11,748.65
Total Other Receivables	<u>16,593.20</u>	<u>11,748.65</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	857,973.56	925,857.14
Tax Title and Other Liens	5,692.79	3,263.93
Property Acquired for Taxes - at Assessed Valuation	138,557.50	138,557.50
Revenue Accounts Receivable	4,703.75	4,171.73
Interfund Receivable:		
Grant Fund	178,477.79	291,919.98
Total Receivables and Other Assets	<u>1,185,405.39</u>	<u>1,363,770.28</u>
Deferred Charges:		
Special Emergency Appropriation	696,746.86	1,553,253.15
Total Deferred Charges	<u>696,746.86</u>	<u>1,553,253.15</u>
Total Regular Fund	<u>9,446,543.29</u>	<u>9,642,669.86</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	623,172.38	936,433.28
Total Federal and State Grant Fund	<u>623,172.38</u>	<u>936,433.28</u>
Total Current Fund	<u>\$ 10,069,715.67</u>	<u>10,579,103.14</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,664,904.65	837,695.91
Reserve for Encumbrances	396,139.40	306,638.29
Accounts Payable	11,120.00	5,591.95
Prepaid Taxes	1,054,763.50	865,471.94
Overpaid Taxes	49,350.80	57,906.57
Local School Tax Payable	-	-
County Added Tax Payable	88,013.70	98,157.31
Due to State:		
Marriage Licenses	175.00	50.00
Interfund Payable:		
General Capital Fund	-	170,000.00
Other		
Reserve for Tax Appeals	13,952.11	13,952.11
Reserve for Sale of Municipal Assets	81.99	1,281.99
Reserve for Outside Liens	91,047.05	61,872.02
Reserve for Tax Sale Premiums	338,900.00	303,200.00
Reserve for Insurance Proceeds	165.93	9,665.93
Special Emergency Note Payable	750,000.00	1,500,000.00
	<u>4,458,614.13</u>	<u>4,231,484.02</u>
Reserve for Receivables and Other Assets	1,185,405.39	1,363,770.28
Fund Balance	<u>3,802,523.77</u>	<u>4,047,415.56</u>
Total Regular Fund	<u>9,446,543.29</u>	<u>9,642,669.86</u>
Federal and State Grant Fund:		
Unappropriated Reserves	-	-
Appropriated Reserves	444,694.59	196,095.73
Encumbrances Payable	-	448,417.57
Due from Current Fund	178,477.79	291,919.98
	<u>623,172.38</u>	<u>936,433.28</u>
Total Federal and State Grant Fund	<u>623,172.38</u>	<u>936,433.28</u>
Total Current Fund	<u>\$ 10,069,715.67</u>	<u>10,579,103.14</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized		
Fund Balance	\$ 3,400,000.00	3,415,200.00
Miscellaneous Revenue Anticipated	3,496,885.92	3,796,114.16
Receipts from Delinquent Taxes	917,128.79	967,386.07
Receipts from Current Taxes	53,776,100.34	52,267,303.20
Non Budget Revenue	377,627.78	238,366.15
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	827,576.62	1,015,896.53
Interfunds Returned	113,442.19	-
Refund of Prior Year's Expenditure	10,000.00	-
Grant Fund Cancellations	9,029.02	-
Prior Year A/P Cancelled	5,501.90	
Total Income	<u>62,933,292.56</u>	<u>61,700,266.11</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	12,228,741.00	11,922,219.41
Other Expenses	6,977,070.00	6,890,754.72
Deferred Charges & Statutory Expenditures	2,924,439.00	2,709,388.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,591,655.33	1,649,520.42
Capital Improvements	220,000.00	324,500.00
Debt Service	3,874,628.87	4,057,178.16
Deferred Charges	696,746.85	696,746.85
For Local School Purposes	1,541,470.83	1,518,737.50
Local District School Tax	10,511,408.00	10,511,408.00
County Tax	18,961,993.94	18,256,756.33
County Share of Added Tax	88,013.70	98,157.31
Interfund Created	-	291,919.98
Other:		
Prior Year's Deduction Disallowed	250.00	-
Correction to 2014 Special Emergency Cancellation	159,759.44	-
Adjustment to Payroll Reserve	2,007.39	
Total Expenditures	<u>59,778,184.35</u>	<u>58,927,286.68</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2016</u>	<u>2015</u>
Excess/(Deficit) in Revenue	\$ 3,155,108.21	2,772,979.43
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
None	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>3,155,108.21</u>	<u>2,772,979.43</u>
Fund Balance January 1	<u>4,047,415.56</u>	<u>4,689,636.13</u>
	7,202,523.77	7,462,615.56
Decreased by:		
Utilization as Anticipated Revenue	<u>3,400,000.00</u>	<u>3,415,200.00</u>
Fund Balance December 31	<u>\$ 3,802,523.77</u>	<u>4,047,415.56</u>

See accompanying Notes to Financial Statements - Regulatory Basis



**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or Prior Year
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 3,400,000.00		3,400,000.00	-
Total Fund Balance Anticipated	3,400,000.00	-	3,400,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	9,500.00		9,675.00	175.00
Other	11,000.00		12,169.07	1,169.07
Fees and Permits	178,000.00		192,968.66	14,968.66
Fines and Costs:				
Municipal Court	100,000.00		83,573.65	(16,426.35)
Interest and Costs on Taxes	150,000.00		212,636.69	62,636.69
Interest on Investments and Deposits	10,000.00		12,554.78	2,554.78
Anticipated Utility Operating Surplus	100,000.00		100,000.00	-
Beach Fees	300,000.00		337,115.00	37,115.00
Cable Franchise	50,000.00		64,178.44	14,178.44
Total Section A: Local Revenues	908,500.00	-	1,024,871.29	116,371.29
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	400,000.00		548,005.00	148,005.00
Total Section C: Uniform Construction Code Fees	400,000.00	-	548,005.00	148,005.00

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or Prior
	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	20,484.00		20,484.00	-
Clean Communities Program		37,409.48	37,409.48	-
Recycling Tonnage	9,668.87	8,738.82	18,407.69	-
Body Armor Replacement		2,585.16	2,585.16	-
Post Sandy Planning Grant			-	-
Coastal Resil NFWF			-	-
Sustainable Jersey	10,000.00	2,000.00	12,000.00	-
Congestion Mitigate/Air Quality		137,500.00	137,500.00	-
Green Communities Grant		3,000.00	3,000.00	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	40,152.87	191,233.46	231,386.33	-
Section G: Other Special Items				
Utility Operating Surplus of Prior Year	200,000.00		200,000.00	-
Uniform Fire Safety Act	11,000.00		11,389.63	389.63
Capital Surplus	200,000.00		200,000.00	-
Beach Vending License	79,000.00		111,000.00	32,000.00
Ambulance Billing	200,000.00		237,959.23	37,959.23
Recreation Fees	116,000.00		130,599.44	14,599.44
Sale of Municipal Assets	1,200.00		2,700.00	1,500.00
Reserve for Debt Service	25,000.00		25,000.00	-
Reserve for Insurance	9,500.00		9,500.00	-
Total Section G: Other Special Items	841,700.00	-	928,148.30	86,448.30
Total Miscellaneous Revenues:	2,954,827.87	191,233.46	3,496,885.92	350,824.59

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Realized	Excess or Prior
	Budget	N.J.S. 40A:4-87		
Receipts from Delinquent Taxes	570,000.00		917,128.79	347,128.79
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	22,085,726.45		23,352,320.30	1,266,593.85
Amount for Local District Tax	1,543,000.00		1,543,000.00	-
Library Tax	1,296,679.00		1,296,679.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	24,925,405.45	-	26,191,999.30	1,266,593.85
Budget Totals	31,850,233.32	191,233.46	34,006,014.01	1,964,547.23
Non- Budget Revenues:				
Other Non- Budget Revenues:			377,627.78	377,627.78
	\$ 31,850,233.32	191,233.46	34,383,641.79	2,342,175.01

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 53,776,100.34
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Less: Reserve for Tax Appeals Pending	
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Net Revenue from Collections	53,776,100.34
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Allocated to:

School, County and Other Taxes	29,561,415.64
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Balance for Support of Municipal Budget Appropriations	24,214,684.70
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,977,314.60
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Amount for Support of Municipal Budget Appropriations	26,191,999.30
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	917,128.79	
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Tax Title Lien Collections	-	
----------------------------	---	--

Total Receipts from Delinquent Taxes	917,128.79
--------------------------------------	------------

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Senior & Veterans Administrative Fees	1,647.50	
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Tax Abatements	29,700.00	
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Cell Tower Rent	129,237.50	
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Lucy Committee	17,042.40	
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Lease of Municipal Property	23,183.70	
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Library Building Reimbursement	30,000.00	
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Police Evidence	3,220.00	
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Solar Panel - SREC's	75,029.00	
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Refund of Prior Year Expenses	15,518.48	
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Premium on Sale of Notes	3,250.00	
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Statutory Excess in Dog Fund	423.60	
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Bench Donations	1,500.00	
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Sale of Land	20,000.00	
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Cancelled Escrow Funds	6,252.00	
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Miscellaneous	21,623.60	
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Total Miscellaneous Revenue Not Anticipated:	\$ 377,627.78
--	---------------

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		Year	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved		
<b>OPERATIONS WITHIN "CAPS"</b>							
<b>GENERAL GOVERNMENT:</b>							
<b>PUBLIC AFFAIRS AND PUBLIC SAFETY</b>							
Director's Office							
Salaries and Wages	\$ 27,000.00	27,000.00	26,574.97		425.03		(0.00)
Other Expenses	2,000.00	2,000.00	435.87		1,564.13		-
Police							
Salaries and Wages	4,025,700.00	4,005,200.00	3,818,847.96		186,352.04		-
Other Expenses	118,750.00	139,250.00	121,063.94	12,935.63	5,250.43		-
Fire							
Salaries and Wages	3,842,393.00	3,832,393.00	3,720,713.11		111,679.89		0.00
Other Expenses	99,300.00	109,300.00	98,944.65	10,054.62	300.73		0.00
Safety Official							
Salaries and Wages	14,880.00	14,880.00	14,879.80		0.20		0.00
Other Expenses	5,550.00	5,550.00	4,687.04	750.00	112.96		-
Lifeguards							
Salaries and Wages	515,021.00	515,021.00	465,292.53		49,728.47		-
Other Expenses	34,500.00	34,500.00	32,973.84	1,491.48	34.68		0.00
Beachfront Maintenance							
Salaries and Wages	87,000.00	87,000.00	73,971.68		13,028.32		-
Other Expenses	13,550.00	13,550.00	12,100.52	271.05	1,178.43		-
Planning Board							
Salaries and Wages	207,000.00	207,000.00	204,905.41		2,094.59		(0.00)
Other Expenses	34,600.00	34,600.00	22,287.55	1,595.00	10,717.45		-
Emergency Management Services							
Salaries and Wages	3,600.00	3,600.00	3,592.94		7.06		(0.00)
Municipal Court							
Salaries and Wages	191,579.00	191,579.00	191,344.68		234.32		0.00
Other Expenses	20,000.00	20,000.00	8,020.21	2,160.95	9,818.84		-
Legal Services and Costs							
Other Expenses	296,500.00	296,500.00	263,704.47	19,252.47	13,543.06		0.00
Public Defender							
Other Expenses	5,000.00	5,000.00	2,700.00	900.00	1,400.00		-
Municipal Prosecutor							
Salaries and Wages	23,518.00	23,518.00	23,517.92		0.08		0.00
Dog Regulation							
Other Expenses	8,200.00	8,200.00	7,800.00	336.00	64.00		-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		Year	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved		
<b>REVENUE AND FINANCE</b>							
Director's Office							
Salaries and Wages	509,000.00	509,000.00	462,153.67		46,846.33		-
Other Expenses	30,400.00	30,400.00	27,709.21	2,620.59	70.20		0.00
Financial Administration							
Salaries and Wages	28,000.00	28,000.00	16,889.00		11,111.00		-
Audit	27,000.00	27,000.00	25,800.00		1,200.00		-
Other Expenses	141,000.00	141,000.00	75,087.85	11,806.36	54,105.79		-
Assessment of Taxes							
Salaries and Wages	169,000.00	169,000.00	163,513.36		5,486.64		0.00
Other Expenses	68,300.00	68,300.00	44,608.32	6,194.80	17,496.88		-
Collection of Taxes							
Salaries and Wages	99,000.00	99,000.00	98,344.48		655.52		0.00
Other Expenses	16,200.00	16,200.00	8,888.58	100.00	7,211.42		-
City Clerk							
Salaries and Wages	66,500.00	69,000.00	68,983.51		16.49		0.00
Other Expenses	19,500.00	19,500.00	19,037.97	286.01	176.02		(0.00)
Elections							
Other Expenses	19,350.00	16,850.00	350.00		16,500.00		-
Insurance (N.J.S.A. 40A:4-45.3(00))							
General Liability	388,340.00	388,340.00	337,029.50		51,310.50		-
Workers Compensation Insurance	511,229.00	511,229.00	510,724.38		504.62		(0.00)
Employee Group Health	2,311,531.00	2,311,531.00	1,801,125.35	43,343.52	467,062.13		-
Health Benefit Waiver	45,000.00	42,900.00	35,212.11		7,687.89		-
<b>PUBLIC WORKS, PARKS AND PROPERTY</b>							
Director's Office							
Salaries and Wages	27,000.00	27,000.00	26,574.97		425.03		(0.00)
Other Expenses	7,000.00	7,000.00	5,199.19		1,800.81		-
Street Repairs and Maintenance							
Salaries and Wages	1,465,000.00	1,425,000.00	1,299,515.47		125,484.53		(0.00)
Other Expenses	495,000.00	535,000.00	477,792.53	54,013.46	3,194.01		(0.00)
Street Lighting							
Other Expenses	175,000.00	205,400.00	187,306.66	15,977.98	2,115.36		-
City Engineer							
Other Expenses	50,000.00	50,000.00	21,930.67	8,367.50	19,701.83		-
Rubbish Removal							
Other Expenses	838,000.00	838,000.00	678,824.01	62,945.51	96,230.48		-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Year Encumbered	Reserved
Parks and Playgrounds	108,000.00	108,000.00	106,081.63		1,918.37
Salaries and Wages	16,000.00	16,000.00	4,041.29	200.00	11,758.71
Other Expenses					
Recreation					
Salaries and Wages	358,000.00	358,000.00	349,290.13		8,709.87
Other Expenses	122,030.00	122,030.00	90,066.31	7,970.96	23,992.73
Pavilion					
Salaries and Wages	73,000.00	73,000.00	70,987.96		2,012.04
Other Expenses	23,900.00	23,900.00	11,068.71	2,641.88	10,189.41
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	134,100.00	134,100.00	87,642.41	341.10	46,116.49
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code					
Construction Official	453,000.00	456,550.00	455,717.57		832.43
Salaries and Wages	49,040.00	45,490.00	33,776.19	1,977.12	9,736.69
Other Expenses					
<b>UNCLASSIFIED</b>					
Payment of Ambulance Bills	18,000.00	18,000.00	13,032.33	2,788.02	2,179.65
Sick and Retirement Payments	82,000.00	82,000.00	82,000.00		-
Feasibility Studies	18,000.00	18,000.00	11,820.00	2,000.00	4,180.00
General Office Operations	75,700.00	75,700.00	49,407.82	5,549.39	20,742.79
Technology					
Other Expenses	63,150.00	63,150.00	57,643.01	5,046.36	460.63
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	160,000.00	160,000.00	146,568.84	11,545.33	1,885.83
Telephone	93,000.00	93,000.00	75,469.19	684.35	16,846.46
Natural Gas	79,000.00	48,600.00	31,169.20	5,812.05	11,618.75
Gasoline/Diesel	180,000.00	180,000.00	73,080.42	5,701.33	101,218.25
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>19,187,911.00</b>	<b>19,185,811.00</b>	<b>17,259,822.89</b>	<b>307,660.82</b>	<b>1,618,327.29</b>
Contingent	20,000.00	20,000.00	13,921.76	5,498.17	580.07
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>19,207,911.00</b>	<b>19,205,811.00</b>	<b>17,273,744.65</b>	<b>313,158.99</b>	<b>1,618,907.36</b>
Detail:					
Salaries and Wages	12,293,191.00	12,228,741.00	11,661,692.75	-	567,048.25
Other Expenses	6,914,720.00	6,977,070.00	5,612,051.90	313,158.99	1,051,859.11
					(0.00)
					0.00

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Year Encumbered      Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	707,656.00	707,656.00	707,656.00		-
Social Security System (O.A.S.I.)	480,000.00	480,000.00	471,152.27	8,847.73	(0.00)
Police and Firemen's Retirement System	1,559,683.00	1,559,683.00	1,559,683.00		-
Unemployment Compensation Insurance	35,000.00	37,100.00	37,086.62	13.38	(0.00)
Lifeguard Pension	100,000.00	100,000.00	18,611.70	81,388.30	-
Defined Contribution Retirement Program	40,000.00	40,000.00	7,938.32	74.93	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,922,339.00	2,924,439.00	2,802,127.91	81,463.23	(0.00)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	22,130,250.00	22,130,250.00	20,075,872.56	394,622.22	(0.00)
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Insurance: NJSA 40A:4-45.3					
Employee Group Insurance	38,469.00	38,469.00	38,469.00		-
Maintenance of Free Public Library	1,296,679.00	1,296,679.00	1,296,679.00		-
Recycling Tax					
Other Expenses	15,000.00	15,000.00	15,000.00		-
	1,350,148.00	1,350,148.00	1,350,148.00	-	-



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		Year	Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered				
(A) Public and Private Programs Off-Set by Revenues								
Recycling Tonnage Grant	9,668.87	18,407.69	18,407.69					-
Municipal Alliance on Alcoholism and Drug Abuse								
County Share	20,484.00	20,484.00	20,484.00					-
Local Share	5,121.00	5,121.00	5,121.00					-
Sustainable Jersey	10,000.00	10,000.00	10,000.00					-
Sustainable Jersey-PSEG		2,000.00	2,000.00					-
Body Armor Grant		2,585.16	2,585.16					-
Matching Funds for Grants	5,000.00	5,000.00				5,000.00		-
Clean Communities Act		40,409.48	40,409.48					
Congestion Mitigation-Air Quality		137,500.00	137,500.00					
Total Public and Private Programs Off-Set by Revenues	50,273.87	241,507.33	236,507.33	-		5,000.00		-
Total Operations - Excluded from "CAPS" Detail:	1,400,421.87	1,591,655.33	1,586,655.33	-		5,000.00		-
Other Expenses	1,400,421.87	1,591,655.33	1,586,655.33	-		5,000.00		-
(C) Capital Improvements								
Capital Improvement Fund	200,000.00	200,000.00	200,000.00					-
Purchase of Equipment	20,000.00	20,000.00	18,333.39	1,517.18		149.43		0.00
Total Capital Improvements	220,000.00	220,000.00	218,333.39	1,517.18		149.43		0.00
(D) Debt Service								
Payment of Bond Principal	2,520,000.00	2,520,000.00	2,520,000.00					-
Payment of Bond Anticipation Notes and Capital Notes								
Interest on Bonds	1,000,000.00	1,000,000.00	998,400.00					1,600.00
Interest on Notes	208,000.00	208,000.00	207,641.60					358.40
Green Trust Loan Program:								-
Loan Repayments for Principal and Interest	64,500.00	64,500.00	64,059.03					440.97
NJEIT Loans	65,000.00	65,000.00	62,090.75					2,909.25
Interest on Special Emergency Notes	25,000.00	25,000.00	22,437.49					2,562.51
Total Debt Service	3,882,500.00	3,882,500.00	3,874,628.87	-		-		7,871.13

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Year	
(E) Deferred Charges					
Special Emergency Authorizations - 5 years	696,746.85	696,746.85	696,746.85		-
Total Deferred Charges	<u>696,746.85</u>	<u>696,746.85</u>		<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,199,668.72	6,390,902.18	6,376,364.44	1,517.18	7,871.13
(I) Type I District School Debt Service					
Payment of Bond Principal	1,160,000.00	1,160,000.00	1,160,000.00		-
Interest on Bonds	358,000.00	358,000.00	357,537.50		462.50
Interest on Notes	25,000.00	25,000.00	23,933.33		1,066.67
Total Type I District School Debt	<u>1,543,000.00</u>	<u>1,543,000.00</u>	<u>1,541,470.83</u>	<u>-</u>	<u>1,529.17</u>
SUBTOTAL GENERAL APPROPRIATIONS	29,872,918.72	30,064,152.18	27,993,707.83	396,139.40	9,400.30
(M) Reserve for Uncollected Taxes	1,977,314.60	1,977,314.60	1,977,314.60		-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 31,850,233.32</u>	<u>32,041,466.78</u>	<u>29,971,022.43</u>	<u>1,664,904.65</u>	<u>9,400.30</u>
Budget		\$ 31,850,233.32		Cancelled	\$ 9,400.30
Appropriations by 40A-4-87		191,233.46		Overexpended	\$ (0.00)
Emergency Appropriations		<u>32,041,466.78</u>			<u>9,400.30</u>
Reserve for Uncollected Taxes		\$ 1,977,314.60			
Federal and State Grants		236,507.33			
Deferred Charges		696,746.85			
Disbursements		27,060,453.65			
		<u>\$ 29,971,022.43</u>			

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>2016</u>	<u>2015</u>
Dog License Fund:		
Cash	\$ 1,573.20	1,702.80
	<u>1,573.20</u>	<u>1,702.80</u>
Other Funds:		
Cash - Treasurer	543,483.69	607,083.25
	<u>543,483.69</u>	<u>607,083.25</u>
	<u>545,056.89</u>	<u>608,786.05</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to State of New Jersey	-	-
Reserve for Dog Fund Expenditures	<u>1,573.20</u>	<u>1,702.80</u>
	<u>1,573.20</u>	<u>1,702.80</u>
Other Funds:		
Payroll Deductions Payable	115,571.68	124,735.79
Miscellaneous Reserves	<u>427,912.01</u>	<u>482,347.46</u>
	<u>543,483.69</u>	<u>607,083.25</u>
Total	\$ <u>545,056.89</u>	<u>608,786.05</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,**

	2016	2015
<u>ASSETS</u>		
Cash	\$ 843,964.71	2,232,623.06
Deferred Charges to Future Taxation -		
Funded	43,721,665.15	34,324,816.95
Unfunded	10,035,843.99	18,415,803.88
Interfunds and Receivables		
Due from Water & Sewer Capital Fund	566,036.74	-
Due from Current Fund	-	170,000.00
	<u>55,167,510.59</u>	<u>55,143,243.89</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	34,545,000.00	25,080,000.00
Type I School Bonds Payable	8,465,000.00	8,425,000.00
Green Trust Loans Payable	423,645.74	478,409.04
NJEIT Loans Payable	288,019.41	341,407.91
Bond Anticipation Notes Payable	-	11,611,000.00
Improvement Authorizations:		
Funded	10,451.66	65,380.91
Unfunded	3,023,402.77	1,158,053.30
Encumbrances Payable	2,329,647.30	4,147,077.75
Due to Water Sewer Capital Fund	-	527,272.13
Reserve to Pay Bonds & Notes	5,190,221.20	2,807,842.50
Capital Improvement Fund	40,500.00	49,000.00
Fund Balance	851,622.51	452,800.35
	<u>\$ 55,167,510.59</u>	<u>\$ 55,143,243.89</u>

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

2015	6,804,803.88
2016	10,035,843.99

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

	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$ 452,800.35	795,075.85
Increased by:		
Funded Improvement Authorization Canceled	593,784.65	
Premium on Sale of Bond Anticipation Notes		224,724.50
Refund of Expenditures Against Cancelled Ordinances	5,037.51	
Decreased by:		
Surplus budgeted in Current Fund	(200,000.00)	(567,000.00)
Appropriated to Fund Improvement Authorizations		
Ending Balance December 31	\$ <u>851,622.51</u>	<u>452,800.35</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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



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

	2016	2015
<b><u>ASSETS</u></b>		
Operating Fund:		
Cash	\$ 1,514,817.08	1,560,812.28
Change Fund	100.00	100.00
	<u>1,514,917.08</u>	<u>1,560,912.28</u>
Receivables and Other Assets with Full Reserves:		
Water & Sewer Accounts Receivable	191,074.48	51,937.61
Deferred Charge-Overexpenditure	-	22,295.34
	<u>191,074.48</u>	<u>74,232.95</u>
Total Operating Fund	<u>1,705,991.56</u>	<u>1,635,145.23</u>
Capital Fund:		
Cash - Treasurer	-	-
Interfunds and Receivables		
Due from Utility Operating Fund	55,903.79	109,013.17
Due from General Capital	-	527,272.13
Fixed Capital - Complete	6,696,629.82	5,042,866.70
Fixed Capital - Authorized and Uncomplete	5,363,321.85	5,120,299.00
Total Capital Fund	12,115,855.46	10,799,451.00
	<u>\$ 13,821,847.02</u>	<u>12,434,596.23</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 36,766.93	292,357.35
Reserve for Encumbrances	81,010.76	26,705.01
Accounts Payable	-	1,920.00
Prepaid Water & Sewer Rents	73,254.37	25,950.76
Overpaid Water & Sewer Rents	53,310.22	53,442.96
Accrued Interest on Bonds and Notes	53,109.38	37,392.00
Reserve for Water Meter Installations	208,469.33	148,640.44
Interfunds:		
Due to Utility Capital Fund	55,903.79	109,013.17
	<u>561,824.78</u>	<u>695,421.69</u>
Reserve for Receivables	191,074.48	51,937.61
Fund Balance	953,092.30	887,785.93
 Total Operating Fund	 <u>1,705,991.56</u>	 <u>1,635,145.23</u>
Capital Fund:		
Encumbrances Payable	1,902,135.43	1,268,016.61
Interfunds:		
Due to General Capital Fund	566,036.74	-
Bond Anticipation Notes Payable	-	4,104,000.00
Serial Bonds Payable	4,900,000.00	-
Improvement Authorizations:		
Funded	-	-
Unfunded	259,677.23	939,428.33
Reserve for Amortization	4,277,951.83	4,297,165.86
Capital Improvement Fund	65,200.00	65,200.00
Fund Balance	144,854.23	125,640.20
 Total Capital Fund	 12,115,855.46	 10,799,451.00
	<u>\$ 13,821,847.02</u>	<u>12,434,596.23</u>

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

2015	1,761,999.84
2016	2,881,999.84

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

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized		
Fund Balance	\$ 225,000.00	225,000.00
Water & Sewer Rents	4,114,346.36	4,271,981.46
Miscellaneous Revenue Anticipated	21,222.14	49,632.94
Miscellaneous Revenue Not Anticipated	4,919.17	2,769.39
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	245,209.04	165,518.94
Cancelled Accounts Payable	1,920.00	-
Total Income	<u>4,612,616.71</u>	<u>4,714,902.73</u>
Expenditures		
Operations	3,825,555.00	3,806,919.00
Debt Service	44,460.00	266,595.34
Deferred Charges and Statutory Expenditures	152,295.34	108,000.00
Surplus (General Budget)	100,000.00	100,000.00
Total Expenditures	<u>4,122,310.34</u>	<u>4,281,514.34</u>
Excess in Revenue	<u>490,306.37</u>	<u>433,388.39</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>-</u>	<u>22,295.34</u>
Excess in Operations	<u>490,306.37</u>	<u>455,683.73</u>
Fund Balance January 1	<u>887,785.93</u>	<u>857,102.20</u>
	1,378,092.30	1,312,785.93
Decreased by:		
Utilization as Anticipated Revenue	225,000.00	225,000.00
Utilization as Anticipated Revenue - Current Fund	<u>200,000.00</u>	<u>200,000.00</u>
Fund Balance December 31	<u>\$ 953,092.30</u>	<u>887,785.93</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Beginning Balance January 1	\$	125,640.20	125,640.20
Increased by:			
Cancellation of Funded Improvement Authorization		19,214.03	
Decreased by:			
None			
Ending Balance December 31	\$	<u>144,854.23</u>	<u>125,640.20</u>

See accompanying Notes to Financial Statements - Regulatory Basis



**WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 225,000.00	225,000.00	-
Rents	3,918,850.34	4,114,346.36	195,496.02
Miscellaneous	16,000.00	21,222.14	5,222.14
Miscellaneous Revenue Not Anticipated		4,919.17	4,919.17
	<u>\$ 4,159,850.34</u>	<u>4,365,487.67</u>	<u>205,637.33</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	4,034,952.64
Prepayments & Overpayments Applied	79,393.72
	<u>4,114,346.36</u>

Miscellaneous Revenue Anticipated

Interest on Delinquent Rents	9,374.36
Miscellaneous	11,847.78
	<u>21,222.14</u>

Miscellaneous Revenue Not Anticipated

Interest on Investments	1,859.86
Miscellaneous	2,020.62
Refunds	1,038.69
	<u>4,919.17</u>

**WATER AND SEWER UTILITY FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,516,000.00	1,564,400.00	1,561,986.31		2,413.69	
Other Expenses	1,061,700.00	1,013,300.00	899,627.00	81,010.76	32,662.24	
Atlantic County Utilities Authority - Contractual	1,247,855.00	1,247,855.00	1,246,164.00		1,691.00	
	<u>3,825,555.00</u>	<u>3,825,555.00</u>	<u>3,707,777.31</u>	<u>81,010.76</u>	<u>36,766.93</u>	<u>-</u>
Debt Service:						
Interest on Notes	82,000.00	82,000.00	44,460.00			37,540.00
	<u>82,000.00</u>	<u>82,000.00</u>	<u>44,460.00</u>	<u>-</u>	<u>-</u>	<u>37,540.00</u>
Deferred Charges and Statutory Expenditures:						
Overexpenditure of Appropriations	22,295.34	22,295.34	22,295.34		-	
Social Security System	120,000.00	120,000.00	120,000.00		-	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		-	
	<u>152,295.34</u>	<u>152,295.34</u>	<u>152,295.34</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (General Budget)	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>		<u>-</u>	
	<u>\$ 4,159,850.34</u>	<u>4,159,850.34</u>	<u>4,004,532.65</u>	<u>81,010.76</u>	<u>36,766.93</u>	<u>37,540.00</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, 2016	Balance Dec. 31, 2015
General Fixed Assets:		
Land	\$ 50,903,100.00	\$ 50,903,100.00
Buildings	20,809,519.00	20,809,519.00
Machinery and Equipment	10,658,726.34	9,844,642.34
Total General Fixed Assets	\$ <u>82,371,345.34</u>	\$ <u>81,557,261.34</u>
Investment in General Fixed Assets	\$ <u>82,371,345.34</u>	\$ <u>81,557,261.34</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CITY OF MARGATE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 AND 2015**

**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 31<sup>st</sup> 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, 2016 AND 2015**

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 11<sup>th</sup> day of 11<sup>th</sup> 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 31<sup>st</sup>, 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, 2016 AND 2015**

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 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 City'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 City'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. It is anticipated that this statement will not have any effect on the City's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after June 15, 2016. It is anticipated that this statement will not have any effect on the City's financial reporting.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after June 15, 2016. It is anticipated that this statement will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement is effective for fiscal periods beginning after June 15, 2016. The impact of this statement will be additional disclosures.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018. It is anticipated that this statement will not have any effect on the City's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018. It is anticipated that this statement will not have any effect on the City'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 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$1,977,314.60 and \$1,896,974.15. To balance the budget, the municipality is required to show a budgeted fund balance.

The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$3,400,000.00 and \$3,415,200.00. In addition, the entity operates a self-liquidating Water & 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 2016 and 2015 statutory budgets was \$225,000.00 and \$225,000.00.

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 2016 and 2015 calendar years:

<u>Budget Category</u>	<u>2016</u>	<u>2015</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	(20,500)	
Other Expenses	20,500	
Fire Department		
Salaries and Wages	(10,000)	(42,500)
Other Expenses	10,000	
Street Repairs		
Salaries and Wages	(40,000)	40,000
Other Expenses	40,000	(40,000)
Natutal Gas	(30,400)	

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 2016 and 2015, the following budget insertions were approved:

<u>Budget Category</u>	<u>2016</u>	<u>2015</u>
Body Armor	\$ 2,585.16	\$ 2,689.05
Recycling Tonnage Grant	8,738.82	
Clean Communities	40,409.48	32,723.86
Sustainable Jersey-PSEG	2,000.00	
Congestion Mitigation-Air Quality	137,500.00	
	<u>\$ 191,233.46</u>	<u>\$ 35,412.91</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, 2016 was \$696,746.86. The required amount is included in the 2017 budget.

**Note 3: INVESTMENTS**

As of December 31, 2016 and 2015, 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.

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**CITY OF MARGATE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in

New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2016 and 2015, \$0 of the municipality's bank balance of \$10,481,250.13 and \$11,007,339.68 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, 2016 and 2015:

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Land	\$ 50,903,100.00			50,903,100.00
Buildings	20,809,519.00			20,809,519.00
Machinery & Equipment	9,844,642.34	998,834.00	184,750.00	10,658,726.34
	<u>\$ 81,557,261.34</u>	<u>998,834.00</u>	<u>184,750.00</u>	<u>82,371,345.34</u>

	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>

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**CITY OF MARGATE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 6: SHORT-TERM FINANCING**

The following is a summary of changes in short-term debt for the years ended December 31, 2016 and 2015:

	Current Fund	General Capital Fund	Sewer Capital Fund	Total
Balance December 31, 2015	\$ 1,500,000.00	\$ 11,611,000.00	\$ 4,104,000.00	\$ 17,215,000.00
Increases	-	-	-	-
Decreases	(750,000.00)	(11,611,000.00)	(4,104,000.00)	(16,465,000.00)
Balance December 31, 2016	<u>\$ 750,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000.00</u>

	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)	(10,700,000.00)
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>

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 was due on July 19, 2016. This Note was permanently funded by the 2016 Serial Bond Issue.

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 was due on July 19, 2016. This Note was permanently funded by the 2016 Serial Bond Issue.

On December 27, 2012, the City issued an Emergency Note in the Amount of \$3,750,000.00 to fund extraordinary expenses related to Hurricane Sandy. The City has paid this Note down by \$750,000.00 per year beginning in 2013. At December 31, 2016, the balance of this Note is \$750,000.00.

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**CITY OF MARGATE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 7: LONG-TERM DEBT**

**Summary of Municipal Debt**

	Year 2016	Year 2015	Year 2014
Issued:			
General:			
Bonds and Notes	\$ 43,721,665.15	\$ 45,935,816.95	\$ 36,202,672.53
Water/Sewer Utility:			
Bonds and Notes	4,900,000.00	4,104,000.00	2,527,000.00
Total Issued	<u>48,621,665.15</u>	<u>50,039,816.95</u>	<u>38,729,672.53</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>5,190,221.20</u>	<u>2,807,842.50</u>	<u>2,275,791.13</u>
Net Debt	<u>43,431,443.95</u>	<u>47,231,974.45</u>	<u>36,453,881.40</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	10,035,843.99	6,804,803.88	6,780,587.28
Water/Sewer Utility:			
Bonds and Notes	2,881,999.84	1,761,999.84	2,053,999.84
Total Authorized But Not Issued	<u>12,917,843.83</u>	<u>8,566,803.72</u>	<u>8,834,587.12</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 56,349,287.78</u>	<u>\$ 55,798,778.17</u>	<u>\$ 45,288,468.52</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 1.022%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 8,673,874.71	\$ 8,673,874.71	\$ -
Utility Debt	7,781,999.84	7,781,999.84	-
General Debt	<u>45,083,634.43</u>	<u>5,190,221.20</u>	<u>39,893,413.23</u>
	<u>\$ 61,539,508.98</u>	<u>\$ 21,646,095.75</u>	<u>\$ 39,893,413.23</u>

Net debt \$39,893,413.23 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$3,903,351,622.33 = 1.022%.

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

3-1/2% of Equalized Valuation Basis	\$ 136,617,306.78
Net Debt	<u>39,893,413.23</u>
Remaining Borrowing Power	<u>\$ 96,723,893.55</u>

**CITY OF MARGATE  
NOTES TO FINANCIAL STATEMENTS  
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**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		\$	4,612,616.71
Deductions:			
Operating & Maintenance Costs	\$	3,977,850.34	
Debt Service per Water and Sewer Utility Fund		44,460.00	
Total Deductions			<u>4,022,310.34</u>
Excess in Revenue		\$	<u><u>590,306.37</u></u>

**Description of Bonds and Loans Payable**

**At December 31, 2016, bonds and loans payable in the General Capital Fund consisted of the following individual issues:**

\$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, 2016, is \$0.

\$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, 2016, is \$14,345,000.00.

\$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, 2016, is \$8,215,000.00.

\$11,985,000 General Obligation Bond dated July 15, 2016, due in annual installments through July 15, 2029, bearing interest at rates varying from 2.000% to 4.000%. The balance remaining as of December 31, 2016, is \$11,958,000.00.

\$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, 2016, is \$26,251.14.

\$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, 2016, is \$13,128.97.

\$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, 2016, is \$76,477.26.

\$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, 2016, is \$307,788.37.

\$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, 2016 is \$110,000.

\$312,500 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing no interest. The balance remaining as of December 31, 2016 is \$81,040.52.

**CITY OF MARGATE**  
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\$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, 2016 is \$55,000.00.

\$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, 2016 is \$41,978.89.

**At December 31, 2016, 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, 2016, is \$7,265,000.00.

\$1,200,000 Type I School Bonds dated July 15, 2016, due in annual installments through July 15, 2030, bearing interest at rates varying from .200% to 4.000%. The balance remaining as of December 31, 2016, is \$1,200,000.00.

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

	Outstanding 12/31/15	Issues or Additions	Payments or Expenditures	Outstanding 12/31/16	Amounts Due Within One Year
General Capital Fund:					
Serial Bonds Payable	\$ 25,080,000.00	\$ 11,985,000.00	2,520,000.00	34,545,000.00	2,940,000.00
School Bonds Payable	8,425,000.00	1,200,000.00	1,160,000.00	8,465,000.00	1,260,000.00
Loans Payable	819,816.95		108,151.80	711,665.15	110,123.34
Compensated Absences Pay.	2,485,260.06		88,136.19	2,397,123.87	
Total General Capital Fund	36,810,077.01	13,185,000.00	3,876,287.99	46,118,789.02	4,310,123.34
Utility Capital Fund:					
Serial Bonds Payable	-	4,900,000.00		4,900,000.00	200,000.00
Total Utility Capital Fund	-	4,900,000.00	-	4,900,000.00	200,000.00
Total All Funds	\$ 36,810,077.01	\$ 18,085,000.00	3,876,287.99	51,018,789.02	4,510,123.34

	Outstanding 12/31/14	Payments or Expenditures	Outstanding 12/31/15	Amounts Due Within One Year
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	40,536,980.86	3,774,855.58	34,324,816.95	3,789,978.60
Utility Capital Fund:				
Bonds Payable	215,000.00	215,000.00	-	
Total Utility Capital Fund	215,000.00	215,000.00	-	-
Total All Funds	\$ 40,751,980.86	3,989,855.58	34,324,816.95	3,789,978.60



**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding**

Year Ending December 31st	General Capital Fund		Local School Type I		Utility Capital Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,940,000.00	\$ 1,196,300.00	\$ 1,260,000.00	\$ 326,787.50	\$ 200,000.00	\$ 115,875.00
2018	3,030,000.00	1,095,850.00	1,270,000.00	265,162.50	230,000.00	111,875.00
2019	3,080,000.00	987,650.00	1,280,000.00	203,187.50	260,000.00	107,275.00
2020	3,125,000.00	871,550.00	1,290,000.00	146,487.50	280,000.00	99,475.00
2021	2,000,000.00	746,650.00	1,290,000.00	95,087.50	300,000.00	88,275.00
2022-2026	16,790,000.00	2,073,450.00	1,780,000.00	102,643.75	1,740,000.00	301,775.00
2027-2030	3,580,000.00	262,725.00	295,000.00	11,700.00	1,890,000.00	116,175.00
	<u>\$ 34,545,000.00</u>	<u>7,234,175.00</u>	<u>8,465,000.00</u>	<u>1,151,056.25</u>	<u>4,900,000.00</u>	<u>940,725.00</u>

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
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	98,899.03	6,973.07
2022-2026	188,356.58	15,437.74
2027-2029	42,929.05	2,048.40
	<u>\$ 711,665.15</u>	<u>\$ 75,013.69</u>

**Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2016 and 2015, which were appropriate and included as anticipated revenue for the year ending December 31, 2017 and 2016 were as follows:

	Year	Balance December 31st		Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2016	\$ 3,802,523.77	*	3,200,000.00	84.15%
	2015	4,047,415.56		3,400,000.00	84.00%
Water and Sewer Utility Fund	2016	\$ 953,092.30	*	94,750.00	9.94%
	2015	887,785.93		225,000.00	25.34%

\* - 2017 Budget has been Introduced but not yet Adopted.

**CITY OF MARGATE  
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**Note 9: SCHOOL TAXES**

Local District School Tax in the amounts of \$10,511,408.00 and \$10,511,408.00 have been raised for the 2016 and 2015 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:

	Balance December 31, 2016	Balance December 31, 2015
Prepaid Taxes - Cash Liability	\$ 1,054,763.50	\$ 865,471.94

**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>.

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

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

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

**CITY OF MARGATE  
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*Funding Policy*

The contribution policy 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 of 7.06% through June 30, 2016 and 7.20% 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, 2016, 2015, and 2014 were \$707,656.00, \$646,990.00, and \$608,889.74.

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, 2016, 2015, and 2014 were \$1,559,683.00, \$1,407,198.00, and \$1,395,754.50.

The total payroll for the year ended December 31, 2016, 2015, and 2014 was \$11,516,276.21, \$11,704,765.99, and \$11,416,571.48. Payroll covered by PFRS was \$6,026,941.00, \$6,096,931.00, and \$5,988,166.00. Payroll covered by PERS was \$5,737,323.00, \$5,595,312.00 and \$5,674,081.00.

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 \$5,913.45 for 2016, \$2,873.24 for 2015 and \$2,202.11 for 2014.

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, 2016, 2015 and 2014 was \$18,611.70, \$100,000.00 and \$35,000.00. The City's trust for the Lifeguard Pension at December 31, 2016 was \$151,267.13. The benefits paid by the trust for the year ended December 31, 2016, 2015 and 2014 were \$67,136.55, \$53,831.24 and \$53,589.24.

*Significant Legislation*

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to the current rate of 7.20% plus an additional 1% phased-in over 7 years to 7.50% in 2018; 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.

**CITY OF MARGATE  
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- 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. The 4-year phase in period is now complete.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

**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. GASB statement 68 requires that the June 30, 2016 actuarial valuation be used for this disclosure, but as of the date of this report the 2016 actuarial valuations are not yet available from the Division of Pensions. The Division of Local Government Services has confirmed that disclosing the 2015 valuation is in compliance with the Regulatory Basis of Accounting described in Note 1.

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
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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>

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>

**CITY OF MARGATE**  
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**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.

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%

**CITY OF MARGATE**  
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*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.*

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.

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**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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	<u>\$ 6,851,193</u>	<u>(1,534,789)</u>

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	<u>\$ 5,316,404</u>

**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%



**CITY OF MARGATE**  
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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.

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:

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 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

**CITY OF MARGATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

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.

**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 \$2,397,123.87 and \$2,485,260.60, as of December 31, 2016 and 2015 respectively, based on current pay rates and compensated absence balances.

**CITY OF MARGATE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 168,477.79	\$
Federal and State Grant		168,477.79
General Capital Fund	566,036.74	
Utility Operating		55,903.79
Utility Capital	55,903.79	566,036.74
Total	\$ 790,418.32	\$ 790,418.32

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.

**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, 2016, 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.

**CITY OF MARGATE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, additionally 19 parking spaces are leased by annual auction, the current rate is \$200 per parking space. The entity leases property to Lamberti's Sunset Marina and Restaurant for \$500 per year 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 \$23,183.70 in 2016 and \$33,102.70 in 2015.

**Note 20: PAYMENT IN LIEU OF TAXES (PILOT)**

The City has an agreement with Margate Terrace, a Non-Profit Corporation that operates Senior Citizen Housing. The agreement calls for Margate Terrace to make Payments In lieu of Taxes (PILOT) to the City of Margate. The current payment amount is \$\$3,300 per month.

**Note 21: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and April 7, 2017, 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**





### 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 7, 2017 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**

**April 7, 2017**





### 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, 2016. 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, 2016.

### **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.***  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

**April 7, 2017**

## Part I -- Summary of Auditor's Results

A) Type of auditor's report issued:		<u>Adverse for GAAP basis, Unmodified for Regulatory basis</u>	
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	<u>  X  </u> 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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**CITY OF MARGATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

***Part I -- Summary of Auditor's Results***

**State Awards Section**

**Not Applicable**

- J) Dollar threshold used to determine Type A programs: \_\_\_\_\_
- K) Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no \_\_\_\_\_ n/a
- L) Type of auditor's report on compliance for major programs  
\_\_\_\_\_
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses?  
\_\_\_\_\_ yes \_\_\_\_\_ no
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08?  
\_\_\_\_\_ yes \_\_\_\_\_ no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

***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, 2016**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal FAIN Number	Grant Period		Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures			(MEMO) Passed Through to Sub-Recipients
			From	To			Pass Through	Source	Total	
<b>FEDERAL:</b>										
Federal Emergency Management Agency										
2012 Wind Storm	97.036	N/A	6/30/2012	Open	34,804.73 \$	34,804.73	-	-	-	-
Winter Storm Jonas	97.036	4264DRNJ00	1/22/2016	Open	50,156.93	50,156.93	50,156.93		50,156.93	-
Hurricane Sandy:										
City Hall Re-Purposing	97.036	4086DRNJ00	10/26/2012	Open	1,670,572.22	1,670,572.17				
Irrigation System	97.036	4086DRNJ00	10/26/2012	Open	292,923.98	137,365.95				
Emergency Generators	97.036	4086DRNJ00	10/26/2012	Open	176,500.00	176,500.00				
Total Federal Emergency Management Agency						2,069,399.78	1,069,618.45	-	1,069,618.45	-
U.S. Department of the Interior										
Hurricane Sandy Coastal Resiliency NFWF Grant	15.153	N/A	01/01/2015	Open	187,500.00	30,292.23	49,415.10	-	49,415.10	-
Total U.S. Department of the Interior						30,292.23	49,415.10	-	49,415.10	-
U.S. Department of Justice										
Body Armor Replacement	16.607	N/A	2016	Open	2,585.16	2,585.16	-	-	-	-
Total Federal Department of Justice						2,585.16	-	-	-	-
Housing and Urban Development										
Neighborhood Revitalization	14.892	N/A	01/01/2014	Open	354,664.00	351,885.62	92,270.67		92,270.67	-
Community Development Block Grant										
Hurricane Sandy Recovery Grant	14.269	NFCS-2016-0116	01/01/2015	Open	425,000.00	10,000.00	151,877.18		151,877.18	-
Total Housing and Urban Development						361,885.62	244,147.85	-	244,147.85	-
Total Federal Assistance						\$ 2,464,162.79	1,363,181.40	-	1,363,181.40	-

**NOTES TO SCHEDULE OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2016**

**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. The City has elected not to use the 10% de minimis indirect cost rate.

**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	\$ 1,363,181.40
	<u>\$ 1,363,181.40</u>

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2015	\$ 6,711,797.78	-
Increased by Receipts:		
Tax Collector	54,658,555.28	
Revenue Accounts Receivable	3,419,790.68	
Veterans and Senior Citizen Deductions	81,625.00	
Homestead Rebates	360,928.20	
Tax Sale Premiums	196,600.00	
Reserve for Outside Liens	402,022.81	
Due to State of NJ - Marriage Licenses	550.00	
Change Funds	1,050.00	
Due from Current Fund	113,442.19	
Grant Fund Cancellations	9,029.02	
Refund of Prior Year's Expenditure	10,000.00	
Due from Current Fund - Matching Funds		5,121.00
Federal and State Unappropriated		39,994.64
Federal and State Receivables		428,373.14
	<u>59,253,593.18</u>	<u>473,488.78</u>
	65,965,390.96	473,488.78
Decreased by Disbursements:		
Current Year Appropriation	27,060,453.65	
Prior Year Appropriations	305,637.58	
Accounts Payable	90.05	
Federal and State Grant - Appropriated Reserves		351,017.57
County Taxes	19,060,151.25	
Local District School Taxes	10,511,408.00	
Tax Overpayments	19,351.42	
Tax Sale Premiums	160,900.00	
Reserve for Outside Liens	372,847.78	
Due to State of NJ - Marriage Licenses	425.00	
Special Emergency Note	750,000.00	
Refund of Prior Year's Revenue	250.00	
Payroll Reserve	2,007.39	
Grant Fund Cancellations		9,029.02
Due to General Capital Fund	170,000.00	
Due to Grant Fund - Matching Funds	5,121.00	
Due to Current Fund		113,442.19
	<u>58,418,643.12</u>	<u>473,488.78</u>
Balance December 31, 2016	\$ <u><u>7,546,747.84</u></u>	<u><u>-</u></u>



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

Balance December 31, 2015		\$	-
Increased by Receipts:			
Prepaid Taxes	1,054,763.50		
Taxes Receivable	53,322,452.87		
Tax Overpayments	68,702.22		
Interest and Costs on Taxes	212,636.69		
			<u>54,658,555.28</u>
			54,658,555.28
Payments to Treasurer			<u>54,658,555.28</u>
		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2016
				2015	2016			
2015	\$ 925,857.14				917,128.79	1,700.96	117.55	6,909.84
	<u>925,857.14</u>	-	-	-	<u>917,128.79</u>	<u>1,700.96</u>	<u>117.55</u>	<u>6,909.84</u>
2016		54,422,721.19	252,045.44	865,471.94	52,910,628.40	45,854.69	1,747.88	851,063.72
	<u>925,857.14</u>	<u>54,422,721.19</u>	<u>252,045.44</u>	<u>865,471.94</u>	<u>53,827,757.19</u>	<u>47,555.65</u>	<u>1,865.43</u>	<u>857,973.56</u>
					53,322,452.87	Cash Receipts		
					360,928.20	Homestead Rebates		
					57,906.57	Overpayments Applied		
					<u>86,469.55</u>	Senior Citizens and Veterans		
					<u>53,827,757.19</u>			
<u>Analysis of Current Year Tax Levy</u>								
Tax Yield:								
			General Property Tax		54,422,721.19			
			Added Taxes (54:4-63.1 et. Seq.)		<u>252,045.44</u>			
						<u>54,674,766.63</u>		
Tax Levy:								
			General County Taxes		18,068,521.71			
			County Open Space Taxes		65,069.16			
			County Health Taxes		828,403.07			
			County Added and Omitted Taxes		<u>88,013.70</u>			
			Total County Taxes			19,050,007.64		
			Local School District Tax			10,511,408.00		
			Additional Local School District Tax					
			Local Library Tax					
			Local Tax for Municipal Purposes		24,925,405.45			
			Add: Additional Tax Levied		<u>187,945.54</u>			
						<u>25,113,350.99</u>		
						<u>54,674,766.63</u>		

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

Balance December 31, 2015		\$	3,263.93
Increased by:			
Transfers from Taxes Receivable	1,865.43		
Interest and Costs Accrued at Tax Sale	563.43		
	<hr/>		<hr/>
			2,428.86
			5,692.79
Decreased by:			
Collections			
	<hr/>		<hr/>
			-
Balance December 31, 2016		\$	<u><u>5,692.79</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2016	Collected by Treasurer	Balance Dec. 31, 2016
Licenses:				
Alcoholic	\$	9,675.00	9,675.00	-
Other		12,169.07	12,169.07	-
Fees and Permits		192,968.66	192,968.66	-
Fines and Costs:				
Municipal Court	4,171.73	84,105.67	83,573.65	4,703.75
Interest Earned on Investments		12,554.78	12,554.78	-
Anticipated Utility Operating Surplus		100,000.00	100,000.00	-
Beach Fees		337,115.00	337,115.00	-
Cable Franchise Fee		64,178.44	64,178.44	-
Energy Receipts Tax		764,475.00	764,475.00	-
Uniform Construction Code Fees		548,005.00	548,005.00	-
Anticipated Utility Operating Surplus of Prior Year		200,000.00	200,000.00	-
Uniform Fire Safety Act Fees		11,389.63	11,389.63	-
Capital Surplus		200,000.00	200,000.00	-
Beach Vending Licenses		111,000.00	111,000.00	-
Ambulance Billing		237,959.23	237,959.23	-
Recreation Fees		130,599.44	130,599.44	-
Reserve for Debt Service		25,000.00	25,000.00	-
Sale of Municipal Assets		1,500.00	1,500.00	-
Miscellaneous Revenue Not Anticipated		377,627.78	377,627.78	-
	<u>\$ 4,171.73</u>	<u>3,420,322.70</u>	<u>3,419,790.68</u>	<u>4,703.75</u>

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

**OPERATIONS WITHIN "CAPS"**  
**GENERAL GOVERNMENT:**

**DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
\$				
Director's Office				
Salaries and Wages	1,276.27	1,276.27		1,276.27
Other Expenses				
Police				
Salaries and Wages	132,482.99	132,482.99		132,482.99
Other Expenses	3,493.85	3,493.85	2,787.74	706.11
Prosecutor				
Salaries and Wages	2,199.96	2,199.96		2,199.96
Fire				
Salaries and Wages	13,142.56	13,142.56		13,142.56
Other Expenses	16,355.81	16,355.81	16,184.79	171.02
Fire Safety Official				
Salaries and Wages	572.50	572.50		572.50
Other Expenses	3,078.04	3,078.04	2,993.76	84.28
Lifeguards				
Salaries and Wages	55,612.18	55,612.18		55,612.18
Other Expenses	1,962.73	1,962.73	1,838.35	124.38
Beachfront Maintenance				
Salaries and Wages	601.86	601.86		601.86
Other Expenses	8,785.60	8,785.60	6,157.16	2,628.44
Planning Board				
Salaries and Wages				
Other Expenses	6,392.83	6,392.83	1,309.47	5,083.36
Legal Services and Costs				
Other Expenses	92,628.57	92,628.57	63,364.80	29,263.77
Emergency Management				
Salaries and Wages	7.06	7.06		7.06
Dog Regulation				
Other Expenses	200.00	200.00		200.00
Municipal Court				
Salaries and Wages	934.34	934.34		934.34
Other Expenses	7,897.23	7,897.23	1,585.00	6,312.23
Public Defender				
Other Expenses	3,600.00	3,600.00	800.00	2,800.00

**DEPARTMENT OF REVENUE AND FINANCE**

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Director's Office				
Salaries and Wages	20,443.74	20,443.74		20,443.74
Other Expenses	15,178.83	15,178.83	1,555.50	13,623.33
Financial Administration				
Salaries and Wages	13,722.74	13,722.74		13,722.74
Audit	3,500.00	3,500.00	3,500.00	-
Other Expenses	29,485.18	29,485.18	21,750.00	7,735.18
Assessment of Taxes				
Salaries and Wages	403.00	403.00		403.00
Other Expenses	13,895.49	13,895.49	5,275.99	8,619.50
Tax Collector				
Salaries and Wages	519.94	519.94		519.94
Other Expenses	10,858.92	10,858.92	140.00	10,718.92
City Clerk				
Salaries and Wages	24,575.92	24,575.92		24,575.92
Other Expenses	4,191.64	4,191.64	4,183.48	8.16
Elections				
Other Expenses	8,594.03	8,594.03		8,594.03
Insurance				
Liability Insurance	31,605.99	31,605.99		31,605.99
Workers Compensation	7,547.00	7,547.00		7,547.00
Group Insurance Plan for Employees	51,604.98	51,604.98	1,808.54	49,796.44
Health Benefits Waiver	3,110.42	3,110.42		3,110.42

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

**DEPARTMENT OF PUBLIC WORKS, PARKS AND PROPERTY**

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Director's Office				
Salaries and Wages		-		-
Other Expenses	3,963.53	3,963.53		3,963.53
Rubbish Removal				
Other Expenses	83,898.04	83,898.04	62,754.73	21,143.31
City Engineer				
Other Expenses	23,413.69	23,413.69	15,272.00	8,141.69
Street Repairs and Maintenance				
Salaries and Wages	53,912.24	53,912.24		53,912.24
Other Expenses	43,005.80	43,005.80	31,935.13	11,070.67
Playgrounds				
Salaries and Wages	1,106.09	1,106.09		1,106.09
Other Expenses	20,804.35	20,804.35	2,596.95	18,207.40
Street Lighting				
Other Expenses	521.88	521.88		521.88
Recreation				
Salaries and Wages	18,609.75	18,609.75		18,609.75
Other Expenses	25,697.57	25,697.57	11,925.08	13,772.49
Pavilion				
Salaries and Wages	3,575.28	3,575.28		3,575.28
Other Expenses	1,473.73	1,473.73	977.35	496.38
Celebration of Public Events				
Other Expenses	12,372.90	12,372.90	2,000.00	10,372.90
Construction Code Official				
Salaries and Wages	3,784.21	3,784.21		3,784.21
Other Expenses	31,622.26	31,622.26	889.00	30,733.26
<b>UNCLASSIFIED</b>				
Feasibility Studies	12,605.04	12,605.04		12,605.04
Payment of Ambulance Bills	6,448.85	6,448.85	4,109.19	2,339.66
General Office Operations	29,205.75	29,205.75	9,862.40	19,343.35
Technology	21,677.55	21,677.55	19,611.82	2,065.73
Electricity	22,228.76	22,228.76		22,228.76
Telephone	10,985.69	10,985.69	6,405.58	4,580.11
Natural Gas	29,604.66	29,604.66	4,655.84	24,948.82
Gasoline	63,323.76	63,323.76	4,770.13	58,553.63
Contingent	2,968.73	2,968.73	22.80	2,945.93

**STATUTORY EXPENDITURES**

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Contributions to:				
Public Employees' Retirement System	87.92	87.92		87.92
Social Security System (O.A.S.I.)	773.63	773.63		773.63
Police and Firemen's Retirement System	2.05	2.05		2.05
Unemployment	2,449.22	2,449.22		2,449.22
DCRP (Defined Contribution Retirement Program)	12.82	12.82		12.82
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
Maintenance of Free Public Library	0.35	0.35		0.35
Recycling Tax				
Other Expenses				
Matching Funds for Grants	15,000.00	15,000.00		15,000.00
	5,000.00	5,000.00		5,000.00
<b>CAPITAL IMPROVEMENTS</b>				
Purchase of Equipment	3,735.90	3,735.90	3,735.00	0.90
	<u>\$ 1,144,334.20</u>	<u>1,144,334.20</u>	<u>316,757.58</u>	<u>827,576.62</u>
		Cash Disbursed	305,637.58	
		Accounts Payable	11,120.00	
			<u>316,757.58</u>	



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

Balance December 31, 2015		
School Tax Payable	\$	-
School Tax Deferred		
	<u>                    </u>	\$ -
Increased by:		
Levy - Calendar Year 2015		<u>10,511,408.00</u>
		10,511,408.00
Decreased by:		
Payments		<u>10,511,408.00</u>
Balance December 31, 2016		
School Tax Payable		-
School Tax Deferred		-
	<u>                    </u>	<u>-</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		10,511,408.00
Tax Payable Ending		<u>-</u>
		10,511,408.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 10,511,408.00</u></u>

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2015	<u>Transferred</u> From 2016 Revenues	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2016
					<u>Prior</u> <u>Year</u>
<b>FEDERAL GRANTS:</b>					
Community Development Block Grant	\$ 425,000.00		10,000.00	65,000.00	350,000.00
Neighborhood Community Revitalization	354,664.00		351,885.62	2,778.38	0.00
Coastal Resil-NFWF	125,000.00		30,292.23		94,707.77
Green Communities		3,000.00			3,000.00
Total Federal	<u>904,664.00</u>	<u>3,000.00</u>	<u>392,177.85</u>	<u>67,778.38</u>	<u>447,707.77</u>
<b>STATE GRANTS:</b>					
Recycling Tonnage	8,741.79	18,407.69	9,668.87		17,480.61
Congestion Mitigation/Air Quality		137,500.00			137,500.00
Sustainable NJ		12,000.00	12,000.00		-
Total State	<u>8,741.79</u>	<u>167,907.69</u>	<u>21,668.87</u>	<u>-</u>	<u>154,980.61</u>
<b>OTHER GRANTS:</b>					
Municipal Alliance	23,027.49	20,484.00	14,526.42	8,501.07	20,484.00
Total Other	<u>23,027.49</u>	<u>20,484.00</u>	<u>14,526.42</u>	<u>8,501.07</u>	<u>20,484.00</u>
	<u>\$ 936,433.28</u>	<u>191,391.69</u>	<u>428,373.14</u>	<u>76,279.45</u>	<u>623,172.38</u>

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

	Balance December 31, 2015	2016 Appropriations	Disbursed	Prior Year Encumbrances	Canceled	Balance Dec. 31, 2016
<b>FEDERAL GRANTS:</b>						
Community Develop Block Grant	\$ 60,987.50		151,877.18	(224,787.50)	65,000.00	68,897.82
Body Armor Replacement	2,689.05	2,585.16				5,274.21
Neighborhood Community Revitalization Program	-		92,270.67	(98,952.81)	6,682.14	-
Coastal Resil NFWF	56,491.24		49,415.10	(124,677.26)		131,753.40
Green Communities		3,000.00				3,000.00
Total Federal	120,167.79	5,585.16	293,562.95	(448,417.57)	71,682.14	208,925.43
<b>STATE GRANTS:</b>						
Clean Communities Program	26,314.86	37,409.48	28,114.86			35,609.48
Recycling Tonnage	19,146.51	18,407.69				37,554.20
Sustainable Jersey	-	12,000.00	11,940.90			59.10
Congestion Mitigation		137,500.00				137,500.00
Total State	45,461.37	205,317.17	40,055.76	-	-	210,722.78
<b>OTHER GRANTS:</b>						
Municipal Alliance	30,466.57	25,605.00	17,398.86		13,626.33	25,046.38
Total Other	30,466.57	25,605.00	17,398.86	-	13,626.33	25,046.38
	\$ 196,095.73	\$ 236,507.33	351,017.57	\$ (448,417.57)	85,308.47	444,694.59

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

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
					<u>Prior Year</u>
<b>FEDERAL GRANTS:</b>					
Body Armor Replacement	\$	2,585.16	2,585.16		-
Total Federal	-	2,585.16	2,585.16	-	-
<b>STATE GRANTS:</b>					
Clean Communities		37,409.48	37,409.48		-
Total State	-	37,409.48	37,409.48	-	-
\$	-	39,994.64	39,994.64	-	-

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2015	\$ 1,702.80	607,083.25
Increased by Receipts:		
Dog License Fees 2016	624.00	
Due to State of New Jersey	183.00	
Payroll Deductions Payable		6,894,266.10
Miscellaneous Trust Reserves		417,577.14
	<u>807.00</u>	<u>7,311,843.24</u>
	2,509.80	7,918,926.49
Decreased by Disbursements		
Statutory Expenditures	753.60	
Due to State of New Jersey	183.00	
Payroll Deductions Payable		6,903,430.21
Miscellaneous Trust Reserves		472,012.59
	<u>936.60</u>	<u>7,375,442.80</u>
Balance December 31, 2016	\$ <u><u>1,573.20</u></u>	<u><u>543,483.69</u></u>

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

Balance December 31, 2015		\$	1,702.80
Increased by:			
Dog License Fees Collected	624.00		
	<hr/>		<hr/>
			624.00
			<hr/>
			2,326.80
Decreased by:			
Expenditures under N.J.S. 4:19-15:11	753.60		
	<hr/>		<hr/>
			753.60
			<hr/>
Balance December 31, 2016		\$	<u><u>1,573.20</u></u>

License Fees Collected:

Year		Amount
2015	\$	969.00
2014		<hr/> 807.00
	\$	<hr/> <u><u>1,776.00</u></u>

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

Balance December 31, 2015	\$	-
Increased by:		
None	-	-
		-
Decreased by:		
None		-
Balance December 31, 2016	\$	-

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

Balance December 31, 2015	\$	-
Increased by:		
2016 State License Fees	183.00	
		183.00
		183.00
Decreased by:		
Disbursements to the State		183.00
Balance December 31, 2016	\$	-

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Reserve</u>	<u>Balance 12/31/15</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/16</u>
Parking Offense Adjudication Act	\$ 3,346.75	388.00	500.00	3,234.75
Developers Escrow	21,257.49	18,475.65	23,686.50	16,046.64
Engineer/Inspections	109,821.94	260,000.00	281,860.53	87,961.41
Law Enforcement Trust I	34,688.12	33.66	23,400.00	11,321.78
Law Enforcement Trust II	4,148.22	5.63	2,026.00	2,127.85
Recreation Trust	33,367.10	69,658.32	73,233.01	29,792.41
Life Guard Pension Fund	171,980.80	46,422.88	67,136.55	151,267.13
Public Defender	874.50	2,593.00	170.00	3,297.50
Adopt a Beach	5,362.54			5,362.54
Accumulated Absences	97,500.00	20,000.00		117,500.00
	<u>\$ 482,347.46</u>	<u>417,577.14</u>	<u>472,012.59</u>	<u>427,912.01</u>



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

Balance December 31, 2015		\$	124,735.79
Increased by:			
Receipts	<u>6,894,266.10</u>		<u>6,894,266.10</u>
			7,019,001.89
Decreased by:			
Disbursements	<u>6,903,430.21</u>		<u>6,903,430.21</u>
Balance December 31, 2016		\$	<u><u>115,571.68</u></u>

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

Balance December 31, 2015		\$	2,232,623.06
Increased by:			
BOE ROD Grant Proceeds	760,175.89		
FEMA Proceeds	2,045,678.70		
Due from Current Fund	170,000.00		
Serial Bonds Issued	13,185,000.00		
Premium Received on Sale of Bonds	361,700.00		
Refund of Expenditures Against Cancelled Ordinances	5,037.51		
Budget Appropriation:			
Capital Improvement Fund	200,000.00		
			<u>16,727,592.10</u>
			18,960,215.16
Decreased by:			
Improvement Authorizations	5,186,941.58		
Due to Water & Sewer Capital Fund	1,093,308.87		
Anticipated as Current Fund Revenue	225,000.00		
Bond Anticipation Notes Paid	11,611,000.00		
			<u>18,116,250.45</u>
Balance December 31, 2016		\$	<u><u>843,964.71</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2015	Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued		Miscellaneous	From	To		
Fund Balance	\$ 452,800.35	5,037.51	\$ -		200,000.00		208,500.00	593,784.65	851,622.51
Capital Improvement Fund	49,000.00	200,000.00							40,500.00
Encumbrances Payable	4,147,077.75				4,147,077.75			2,329,647.30	2,329,647.30
Due from Water & Sewer Capital Fund	527,272.13				1,093,308.87				(566,036.74)
Due to Current Fund	(170,000.00)	170,000.00							-
Reserve to Pay Bonds	2,807,842.50	2,407,378.70			25,000.00				5,190,221.20
Improvement Authorizations:									
09-18 Various Capital Improvements	7,434.12		750.00				8,184.12		-
09-19 Various Capital Improvements	65,380.91						65,380.91		0.00
10-16 / 30 Repair of Benson Avenue Water Tower	12,560.48			6,560.48			6,500.00		-
10-31 Purchase of Public Works Vehicles	22,530.50			3,528.58			19,001.92		-
11-18 / 11-21 Fire House #1	(185.34)		250.00	63.91			0.75		-
11-19 Various Capital Improvements	(423.28)		400.00	-					(23.28)
12-03 Improvements & Renovations to Fire House #1	(938.52)		50,000.00	8,161.61			49,899.87	9,000.00	-
12-05 Ventnor Gardens Storm Sewer	-								-
12-11 Various Capital Improvements	87,822.34			2,890.40			84,931.94		-
13-03 Various Capital Improvements - Sandy	48,579.75		43,100.00	3,557.12			88,122.63		-
13-04 Various Roadway Improvements	44,500.32			1,843.40			42,656.92		-
13-15 Various Capital Improvements	47,306.88			(146,038.65)			193,345.53		-
14-07 Various Capital Improvements	(79,053.25)		90,000.00	(100,610.10)			104,454.17		7,102.68
14-13 Type I School Improvements	(735,209.67)	760,175.89		222,192.94					(197,226.72)
14-24 Various Capital Improvements & Sandy	(482,467.56)		525,000.00	6,772.38			35,760.06		-
14-32 Various Capital Improvements & Sandy	(798,976.44)		864,000.00	6,135.17			55,539.41		3,348.98
15-04 Various Capital Improvements	(3,820,230.91)	-		79,538.89			295,572.72		(4,195,342.52)
16-03 Improvements & Repairs to City Hall				246,036.30			244,235.70	25,000.00	(465,272.00)
16-05 Various Capital Improvements				699,231.40			1,638,845.30	183,500.00	(2,154,576.70)
16-22 Refunding Bond- 2016									-
	\$ 2,232,623.06	3,542,592.10	\$ 1,574,000.00	1,039,863.83	5,465,386.62		3,140,931.95	3,140,931.95	843,964.71

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

Balance December 31, 2015		\$	49,000.00
Increased by:			
Budget Appropriation	<u>200,000.00</u>		<u>200,000.00</u>
			249,000.00
Decreased by:			
Improvement Authorizations Funded	<u>208,500.00</u>		<u>208,500.00</u>
Balance December 31, 2016		\$	<u><u>40,500.00</u></u>

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

Balance December 31, 2015		\$	34,324,816.95
Increased by:			
Serial Bonds Issued	13,185,000.00		
	<hr/>		<hr/>
			13,185,000.00
			<hr/>
			47,509,816.95
Decreased by:			
Serial Bonds Paid	3,680,000.00		
Loan Principal Paid	108,151.80		
	<hr/>		<hr/>
			3,788,151.80
			<hr/>
Balance December 31, 2016		\$	<u><u>43,721,665.15</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Other	Balance Dec. 31, 2016	Analysis of Balance	
							Expenditures	Unexpended Improvement Authorizations
09-18	Various Capital Improvements	\$ 978,750.00		903,750.00	75,000.00	-		-
10-16 / 30	Repair of Benson Avenue Water Tower	230,500.00		230,500.00		-		-
10-31	Purchase of Public Works Vehicles	422,000.00		422,000.00		-		-
11/-18 / 11-21	Fire House #1	526,250.00		526,250.00		-		-
11-19	Various Capital Improvements	340,423.28		340,400.00		23.28	23.28	-
12-03	Improvements & Renovations to Fire House #1	1,834,000.00		1,900,000.00	(66,000.00)	-		-
12-11	Various Capital Improvements	766,834.00		766,834.00		-		-
13-03	Various Capital Improvements - Sandy	945,000.00		943,716.00	1,284.00	-		-
13-04	Various Roadway Improvements	489,060.00		489,060.00		-		-
13-15	Various Roadway Improvements	1,063,240.00		1,063,240.00		-		-
14-07	Various Capital Improvements	1,894,446.00		1,890,000.00		4,446.00		4,446.00
14-13	Type I School Improvements	2,169,050.60		1,200,000.00	760,175.89	208,874.71	197,226.72	11,647.99
14-24	Various Capital Improvements & Sandy	1,645,250.00		1,645,250.00		-		-
14-32	Various Capital Improvements & Sandy	855,000.00		864,000.00	(9,000.00)	-		-
15-04	Various Capital Improvements	4,256,000.00				4,256,000.00	4,195,342.52	60,657.48
16-03	Improvements & Repairs to City Hall		475,000.00			475,000.00	465,272.00	9,728.00
16-05	Various Capital Improvements		3,486,500.00			3,486,500.00	2,154,576.70	1,331,923.30
16-22	Refunding Bond- 2016		1,605,000.00			1,605,000.00		1,605,000.00
		<u>\$ 18,415,803.88</u>	<u>5,566,500.00</u>	<u>13,185,000.00</u>	<u>761,459.89</u>	<u>10,035,843.99</u>	<u>7,012,441.22</u>	<u>3,023,402.77</u>
	Cancelled Authorizations				\$ 1,284.00			
	Grant Proceeds Received				760,175.89		Improvement Authorizations Unfunded	\$ 3,023,402.77
					<u>761,459.89</u>		Less:	
							Unexpended Proceeds of Bond	
							Anticipation Notes Issued:	
							<b>Ord. Number</b>	
							NONE	
							\$ -	
								<u>\$ 3,023,402.77</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Paid or Charged	Cancelled	Balance December 31, 2016	
				Balance December 31, 2015	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	65,380.91				-	65,380.91		-
10-16 / 30	Repair of Benson Avenue Water Tower	5/20/2010 10/21/2010	270,000	13,060.48				6,560.48	6,500.00		-
10-31	Purchase of Public Works Vehicles	10/21/2010	500,000	22,530.50				3,528.58	19,001.92		-
11/-18 / 11-21	Fire House #1	8/18/2011	575,000	64.66				63.91	0.75		-
12-03	Improvements & Renovations to Fire House #1	2/16/2012	2,000,000	58,061.48				8,161.61	49,899.87		-
12-05	Ventnor Gardens Storm Sewer	2012	200,000					-			-
12-11	Various Capital Improvements	7/19/2012	900,000	87,822.34				2,890.40	84,931.94		-
13-03	Various Capital Improvements - Sandy	2/21/2013	945,000	92,963.75				3,557.12	89,406.63		-
13-04	Various Roadway Improvements	2/7/2013	514,800	44,500.32				1,843.40	42,656.92		-
13-15	Various Roadway Improvements	7/3/2013	1,119,200	47,306.88				(146,038.65)	193,345.53		-
14-07	Various Capital Improvements	4/1/2014	3,734,000	15,392.75				3,844.07		7,102.68	4,446.00
14-13	Type I School Improvements	5/12/2014	2,257,834	233,840.93				222,192.94			11,647.99
14-24	Various Capital Improvements & Sandy	6/30/2014	1,670,250	42,532.44				6,772.38	35,760.06		-
14-32	Various Capital Improvements & Sandy	11/6/2014	900,000	56,023.56				52,674.58		3,348.98	-
15-04	Various Capital Improvements	2015	4,630,000	435,769.09				375,111.61			60,657.48
16-03	Improvements & Repairs to City Hall	2/18/2016	500,000		25,000.00	475,000.00		490,272.00			9,728.00
16-05	Various Capital Improvements	3/17/2016	3,670,000		183,500.00	3,486,500.00		2,338,076.70			1,331,923.30
16-22	Refunding Bond- 2016	10/20/2016	1,605,000			1,605,000.00					1,605,000.00
				<u>\$ 65,380.91</u>	<u>208,500.00</u>	<u>5,566,500.00</u>		<u>3,369,511.13</u>	<u>595,068.65</u>	<u>10,451.66</u>	<u>3,023,402.77</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	December 31, 2016	Amount					
General Refunding Bonds of 2009	9/30/2009	4,480,000	1/15/2017	\$	1,150,000	4.000%	715,000.00		715,000.00	-
General Obligation Bonds of 2011	1/15/2011	17,345,000	1/15/2018		1,200,000	4.000%	14,945,000.00		600,000.00	14,345,000.00
			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%				
General Refunding Bonds of 2013	3/21/13	9,570,000	1/15/2028		1,195,000	5.000%				
			6/1/2017		1,190,000	3.000%	9,420,000.00		1,205,000.00	8,215,000.00
			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%				
Type I School Refunding Bonds	9/30/2009	12,730,000	6/1/2023		1,155,000	4.000%				
			2/1/2017		1,210,000	5.000%	8,425,000.00		1,160,000.00	7,265,000.00
			2/1/2018		1,215,000	5.000%				
			2/1/2019		1,220,000	5.000%				
			2/1/2020		1,220,000	4.000%				
			2/1/2021		1,210,000	4.000%				
			2/1/2022		1,190,000	4.125%				



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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	December 31, 2016 Amount					
General Obligation Bonds of 2016	7/15/2016	11,985,000	7/15/2017	600,000	2.000%		11,985,000.00		11,985,000.00
			7/15/2018	650,000	2.000%				
			7/15/2019	700,000	3.000%				
			7/15/2020	750,000	4.000%				
			7/15/2021	800,000	4.000%				
			7/15/2022	900,000	3.000%				
			7/15/2023	950,000	2.000%				
			7/15/2024	950,000	0.200%				
			7/15/2025	1,000,000	2.000%				
			7/15/2026	1,100,000	2.000%				
			7/15/2027	1,200,000	2.000%				
			7/15/2028	1,200,000	2.000%				
			7/15/2029	1,185,000	2.000%				
School Bonds of 2016	7/15/2016	1,200,000	7/15/2017	50,000	2.000%		1,200,000.00		1,200,000.00
			7/15/2018	55,000	2.000%				
			7/15/2019	60,000	3.000%				
			7/15/2020	70,000	4.000%				
			7/15/2021	80,000	4.000%				
			7/15/2022	90,000	3.000%				
			7/15/2023	100,000	2.000%				
			7/15/2024	100,000	0.200%				
			7/15/2025	100,000	2.000%				
			7/15/2026	100,000	2.000%				
			7/15/2027	100,000	2.000%				
			7/15/2028	100,000	2.000%				
			7/15/2029	100,000	2.000%				
			7/15/2030	95,000	2.125%				
						\$ 33,505,000.00	\$ 13,185,000.00	3,680,000.00	43,010,000.00
						25,080,000.00	11,985,000.00	2,520,000.00	34,545,000.00
						8,425,000.00	1,200,000.00	1,160,000.00	8,465,000.00
						33,505,000.00	13,185,000.00	3,680,000.00	43,010,000.00

General Obligation Bonds  
Type I School Bonds

**GENERAL CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
Green Trust - Waterfront Project	1992	\$ 262,500	2017	17,413.55	2.00%	\$ 43,321.57	17,070.43	26,251.14
			2018	8,837.59	2.00%			
Green Trust - Public Library Park - Phase I	1999	143,580	2017	8,709.03	2.00%	21,666.39	8,537.42	13,128.97
			2018	4,419.94	2.00%			
Green Trust - Public Library Park - Phase I	2005	\$ 150,000	2017	7,836.93	2.00%	84,159.76	7,682.50	76,477.26
			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, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
Green Trust - Jerome Avenue Recreation	2009	449,500	2017	21,904.56	2.00%	329,261.32	21,472.95	307,788.37
			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	2017	20,000.00	5.00%	130,000.00	20,000.00	110,000.00
			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 December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
New Jersey Environmental Infrastructure Trust Fund Loan: Various Capital Improvements	2001	312,500	2017	16,232.05	None	97,912.26	16,871.74	81,040.52
			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	2017	10,000.00	5.00%	65,000.00	10,000.00	55,000.00
			2018	10,000.00	5.00%			
			2019	10,000.00	5.00%			
			2020	10,000.00	4.75%			
			2021	15,000.00	4.75%			



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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Decreased	Other Adjustment	Balance Dec. 31, 2016
Various Capital Improvements	09-18	7/24/2012	7/20/2015	7/19/2016	2.000%	912,000.00	903,000.00	(9,000.00)	-
Repair of Benson Avenue Water Tower	10-16 / 10-30	7/24/2012	7/20/2015	7/19/2016	2.000%	230,000.00	230,000.00		-
Purchase of Public Works Vehicles	10-31	7/24/2012	7/20/2015	7/19/2016	2.000%	422,000.00	422,000.00		-
Fire House #1	11/-18 / 11-21	7/24/2012	7/20/2015	7/19/2016	2.000%	526,000.00	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	7/20/2015	7/19/2016	2.000%	1,841,000.00	1,850,000.00	9,000.00	-
Various Capital Improvements	12-11		7/20/2015	7/19/2016	2.000%	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	7/20/2015	7/19/2016	2.000%	489,060.00	489,060.00		-
Various Road Improvements	13-15	7/21/2014	7/20/2015	7/19/2016	2.000%	1,063,240.00	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	7/20/2015	7/19/2016	2.000%	1,200,000.00	1,200,000.00		-
Various Capital Improvements & Sandy	14-24	7/21/2014	7/20/2015	7/19/2016	2.000%	1,120,250.00	1,120,250.00		-
						<u>\$ 11,611,000.00</u>	<u>11,611,000.00</u>	<u>-</u>	<u>-</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Other	Balance Dec. 31, 2016
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	423.28		400.00		23.28
12-03	Improvements & Renovations to Fire House #1	59,000.00		50,000.00	9,000.00	-
13-03	Various Capital Improvements - Sandy	44,384.00		43,100.00	1,284.00	-
14-07	Various Capital Improvements	94,446.00		90,000.00		4,446.00
14-13	Type I School Improvements	969,050.60			760,175.89	208,874.71
14-24	Various Capital Improvements & Sandy	525,000.00		525,000.00		-
14-32	Various Capital Improvements & Sandy	855,000.00		864,000.00	(9,000.00)	-
15-04	Various Capital Improvements	4,256,000.00				4,256,000.00
16-03	Improvements & Repairs to City Hall		475,000.00			475,000.00
16-05	Various Capital Improvements		3,486,500.00			3,486,500.00
16-22	Refunding Bond- 2016		1,605,000.00			1,605,000.00
		<u>\$ 6,804,803.88</u>	<u>\$ 5,566,500.00</u>	<u>\$ 1,574,000.00</u>	<u>761,459.89</u>	<u>10,035,843.99</u>
		Authorizations Cancelled				
					\$ 1,284.00	
		BOE ROD Grant Proceeds Received				
					760,175.89	
					<u>\$ 761,459.89</u>	

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

	Operating Fund	Capital Fund
Balance December 31, 2015	\$ 1,560,812.28	-
Increased by Receipts:		
Water & Sewer Accounts Receivable	4,034,952.64	
Miscellaneous Revenue Anticipated	21,222.14	
Miscellaneous Revenue Not Anticipated	4,919.17	
Water Meter Receipts	148,244.24	
Overpaid Water & Sewer Rents	53,310.22	
Prepaid Water & Sewer Rents	73,254.37	
Bonds Issued		4,900,000.00
Due from General Capital Fund		1,093,308.87
	4,335,902.78	5,993,308.87
	5,896,715.06	5,993,308.87
Decreased by Disbursements:		
Current Year Appropriation	3,937,777.31	
Prior Year Appropriations	73,853.32	
Accounts Payable		1,268,016.61
Improvement Authorizations		621,292.26
Payment of Bond Anticipation Notes		4,104,000.00
Water Meters	88,415.35	
Accrued Interest on Bonds	81,852.00	
Prior Year's Operating Surplus -		
Anticipated as Current Fund Revenue	200,000.00	
	4,381,897.98	5,993,308.87
Balance December 31, 2016	\$ 1,514,817.08	-



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

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 125,640.20						19,214.03	144,854.23
Capital Improvement Fund	65,200.00							65,200.00
Due from Water & Sewer Operating Fund	(109,013.17)							(55,903.79)
Due to General Capital Fund	(527,272.13)	1,093,308.87					53,109.38	566,036.74
Encumbrances Payable	1,268,016.61				1,268,016.61		1,902,135.43	1,902,135.43
<u>Improvement Authorizations:</u>								
2007-45 Improvements to Water & Sewer Utility System	(1,490.30)							(1,490.30)
2009-01 Improvements to Water & Sewer Utility System	(2,210.54)							(2,210.54)
2013-05 Various Water & Sewer Improvements	13,627.96			9,255.26		4,372.70		(0.00)
2013-14 Various Water & Sewer Improvements	363,729.53			(2,635.35)		366,364.88		-
2014-04 Various Water Improvements	7,224.30			1,187.45		6,036.85		0.00
2014-08 Various Water & Sewer Improvements	(7,640.42)			(490.00)		53,109.38		(60,259.80)
2015-05 Various Water & Sewer Improvements	(1,195,812.04)		796,000.00	(186.72)		106,551.29		(506,176.61)
2016-06 Various Water & Sewer Improvements				614,161.62		1,438,023.74		(2,052,185.36)
		1,093,308.87	796,000.00	621,292.26	1,268,016.61	1,974,458.84	1,974,458.84	-
	\$ -							

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

Balance December 31, 2015		\$	51,937.61
Increased by Receipts:			
Consumer Accounts Charges and Levies	4,253,483.23		
	<hr/>		<hr/>
			4,253,483.23
			4,305,420.84
Decreased by Disbursements:			
Collections	4,034,952.64		
Prepayments & Overpayments Applied	79,393.72		
	<hr/>		<hr/>
			4,114,346.36
Balance December 31, 2016		\$	<u><u>191,074.48</u></u>

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Operating:				
Salaries and Wages	\$ 25,791.82	25,791.82		25,791.82
Other Expenses	293,270.54	293,270.54	73,853.32	219,417.22
	<u>319,062.36</u>	<u>319,062.36</u>	<u>73,853.32</u>	<u>245,209.04</u>

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

Balance December 31, 2015		37,392.00
Increased by:		
Budget Appropriations	44,460.00	
Due from Utility Capital	<u>53,109.38</u>	
		<u>97,569.38</u>
		134,961.38
Decreased By:		
Payments of Debt Service Interest		<u>81,852.00</u>
Balance December 31, 2016		<u><u>53,109.38</u></u>

Analysis of Accrued Interest December 31, 2016

Principal Outstanding December 31, 2016	Interest Rate	From	To	Days	Amount
4,900,000.00	Var.	7/19/2016	12/31/2016	165	\$ 53,109.38
					<u>\$ 53,109.38</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016	
			Outstanding December 31, 2016								
			Date	Amount							
Utility Bonds	7/15/2016	\$ 4,900,000.00	7/15/2017	200,000.00	\$	-	\$	4,900,000.00		4,900,000.00	
			7/15/2018	230,000.00	2.00%						
			7/15/2019	260,000.00	3.00%						
			7/15/2020	280,000.00	4.00%						
			7/15/2021	300,000.00	4.00%						
			7/15/2022	320,000.00	3.00%						
			7/15/2023	330,000.00	2.00%						
			7/15/2024	350,000.00	2.00%						
			7/15/2025	370,000.00	2.00%						
			7/15/2026	370,000.00	2.00%						
			7/15/2027	370,000.00	2.00%						
			7/15/2028	380,000.00	2.00%						
			7/15/2029	380,000.00	2.00%						
			7/15/2030	380,000.00	2.00%						
			7/15/2031	380,000.00	2.15%						
						\$	-	\$	4,900,000.00	-	4,900,000.00

**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, 2015	Increased	Decreased	Balance Dec. 31, 2016
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	7/20/2015	7/19/2016	2.00%	1,500,000.00		1,500,000.00	-
Various Water-Sewer Capital Improvements	2013-14	7/20/2015	7/20/2015	7/19/2016	2.00%	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>\$ 4,104,000.00</u>	<u>-</u>	<u>4,104,000.00</u>	<u>-</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Cancelled	Balance Dec. 31, 2016
2007-45	Improvements to Water & Sewer Utility System	\$ 1,490.30				1,490.30
2009-01	Improvements to Water & Sewer Utility System	2,210.54				2,210.54
2013-05	Various Water & Sewer Improvements	154,000.00			154,000.00	-
2014-04	Various Water Utility Improvements	30,000.00			30,000.00	-
2014-08	Various Water & Sewer Improvements	74,299.00				74,299.00
2015-05	Various Water & Sewer Improvements	1,500,000.00		796,000.00		704,000.00
2016-06	Various Water & Sewer Improvements		2,100,000.00			2,100,000.00
		<u>\$ 1,761,999.84</u>	<u>2,100,000.00</u>	<u>796,000.00</u>	<u>\$ 184,000.00</u>	<u>2,881,999.84</u>



**CITY OF MARGATE**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2016**



## **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:

- Cleaning and Televising of Sewer Systems
- Storm Sewer Repair for 7907 Lagoon Drive
- Underground Tank Removal from Public Works Yard
- Tighe School Storm Sewer Upgrade
- Municipal Building HVAC Service
- Gladstone Avenue Exterior Water Tank Painting
- 2015-2016 Road Program
- 2016 State Aid Reconstruction of Winchester Avenue

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 16, 2016 and was complete.

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

<u>Year</u>	<u>Number</u>
2016	7
2015	5
2014	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 2016 and 2017 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>
2016	\$ 54,674,766.63	53,776,100.34	98.36%
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%

### Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 1.512	1.488	1.460	1.464	1.373
Apportionment of Tax Rate:					
Municipal	0.649	0.637	0.639	0.681	0.682
County	0.528	0.513	0.481	0.482	0.388
Local School	0.335	0.338	0.340	0.301	0.303

### 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>
2016	\$ 5,692.79	857,973.56	863,666.35	1.62%
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%

### 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

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**

**April 7, 2017**

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