

*Report of Audit*

*on the*

*Financial Statements*

*of the*

***City of Margate City***

*in the*

*County of Atlantic*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2018*



CITY OF MARGATE CITY

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CITY OF MARGATE CITY

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2018 AND 2017



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Board  
of Commissioners  
City of Margate City  
County of Atlantic  
Margate City, New Jersey 08402

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

We have audited the accompanying balance sheet - regulatory basis of the various individual funds and account group of the City of Margate City, as of December 31, 2018 and the related statement of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's regulatory 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 regulatory 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 regulatory 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"), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of State of New Jersey OMB 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory financial statements are free of material misstatement.

## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 City of Margate City'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 City of Margate City'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 regulatory 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 regulatory financial statements, the regulatory financial statements are prepared by the City of Margate City 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 the various individual funds and account group of the City of Margate City as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2018.

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

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheet of the various individual funds and account group as of December 31, 2018, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2018 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.

# SUPLEE, CLOONEY & COMPANY

## **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 City's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the Schedule of Expenditures of State Financial Assistance as required by New Jersey OMB 15-08, are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory 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 and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the Schedule of State Financial Assistance as required by New Jersey OMB 15-08, are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

## **Prior Period Financial Statements**

The financial statements - regulatory basis of the City of Margate City as of December 31, 2017, and for the year then ended, were audited by other auditors whose report dated June 15, 2018, expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an unmodified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2019 on our consideration of the City of Margate City'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 City's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 25, 2019

CURRENT FUND

CITY OF MARGATE CITY

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>			
Cash	A-4	\$ 9,775,233.27	\$ 16,539,240.62
Change Fund	A-6	2,100.00	2,100.00
		<u>\$ 9,777,333.27</u>	<u>\$ 16,541,340.62</u>
Due State of New Jersey - Senior Citizens and Veterans	A-8	16,442.21	16,344.20
		<u>\$ 9,793,775.48</u>	<u>\$ 16,557,684.82</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 778,097.59	\$ 787,688.02
Tax Title Liens Receivable	A-7	19,098.83	9,951.62
Property Acquired for Taxes - Assessed Valuation	A-10	138,557.50	138,557.50
Revenue Accounts Receivable	A-13	5,078.83	4,627.46
Interfunds Receivable	A-12	23,582.40	
	A	<u>\$ 964,415.15</u>	<u>\$ 940,824.60</u>
Deferred Charges	A-34	\$	\$ 50,923.64
	A	<u>\$ 10,758,190.63</u>	<u>\$ 17,549,433.06</u>
Grant Fund:			
Grants Receivable	A-31	\$ 3,172,262.77	\$ 3,248,901.04
Due Current Fund	A-11		61,072.27
	A	<u>\$ 3,172,262.77</u>	<u>\$ 3,309,973.31</u>
	A	<u>\$ 13,930,453.40</u>	<u>\$ 20,859,406.37</u>

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

CITY OF MARGATE CITY

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
Appropriation Reserves	A-3:A-14	\$ 1,434,952.49	\$ 2,198,887.47
Prepaid Taxes	A-18	1,058,952.65	8,941,979.90
Encumbrances Payable	A-21	340,529.89	203,076.62
Accounts Payable	A-22	734.97	5,877.00
Tax Overpayments	A-17	220,140.42	65,017.14
Interfunds Payable	A-12		61,072.27
Reserve For:			
Marriage Licenses Due State	A-19	50.00	200.00
Premium on Tax Sale	A-15	479,400.00	339,800.00
Redemption of Outside Liens	A-16		57,411.69
Sale of Municipal Assets	A-27	64,593.00	47,966.99
State Tax Appeals	A-23	13,952.11	13,952.11
County Taxes Payable - Added	A-26	97,277.06	111,232.23
Insurance Proceeds	A-24	165.93	165.93
		<u>\$ 3,710,748.52</u>	<u>\$ 12,046,639.35</u>
Reserve for Receivables and Other Assets	A	964,415.15	940,824.60
Fund Balance	A-1	<u>6,083,026.96</u>	<u>4,561,969.11</u>
	A	<u>\$ 10,758,190.63</u>	<u>\$ 17,549,433.06</u>
Grant Fund:			
Reserve for Grants - Appropriated	A-32	\$ 3,148,700.37	\$ 3,059,522.80
Reserve for Accounts Payable	A-33		250,450.51
Due Current Fund	A-11	<u>23,562.40</u>	
	A	<u>\$ 3,172,262.77</u>	<u>\$ 3,309,973.31</u>
	A	<u>\$ 13,930,453.40</u>	<u>\$ 20,859,406.37</u>

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

"A-1"

CITY OF MARGATE CITY

CURRENT FUND

STATEMENTS OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

		YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>		
Fund Balance Utilized	A-1:A-2	\$ 2,930,000.00	\$ 3,200,000.00
Miscellaneous Revenue Anticipated	A-2	3,684,794.63	6,768,672.55
Receipts From Delinquent Taxes	A-2	787,633.40	780,748.77
Receipts From Current Taxes	A-2	56,842,603.84	56,313,746.38
Non-Budget Revenue	A-2	419,369.78	432,836.10
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	2,179,643.13	1,634,317.37
Reserve for Redemption of Outside Liens Canceled	A-16	32,593.55	
Reserve for Tax Sale Premiums Canceled	A-15	32,800.00	
Accounts Payable Canceled	A-22	5,877.00	
Grant Reserves Canceled	A-32	63,466.22	
Interfunds Returned			178,477.79
<u>TOTAL REVENUE AND OTHER INCOME</u>		<u>\$ 66,978,781.55</u>	<u>\$ 69,308,798.96</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS"	A-3	\$ 19,851,277.39	\$ 19,665,293.00
Deferred Charges and Regulatory Expenditures - Municipal	A-3	3,142,070.76	2,931,013.00
Other Operations Excluded From "CAPS"	A-3	1,432,629.48	4,424,737.00
Municipal Debt Service	A-3	4,325,612.77	4,274,977.55
Capital Improvements	A-3	210,000.00	175,000.00
Deferred Charges	A-3	50,946.92	696,746.86
Type I School Debt Service	A-3	1,559,843.75	1,586,787.50
County Tax	A-26	21,271,482.80	20,942,127.56
County Share of Added Taxes	A-26	97,277.06	111,232.20
Local District School Tax	A-25	10,511,408.00	10,511,408.00
Other			634.99
Grant Receivables Canceled	A-31	51,592.37	29,395.96
Interfunds Advanced		23,582.40	
<u>TOTAL EXPENDITURES</u>		<u>\$ 62,527,723.70</u>	<u>\$ 65,349,353.62</u>
Excess in Revenue		\$ 4,451,057.85	\$ 3,959,445.34
Fund Balance, January 1	A	\$ 4,561,969.11	\$ 3,802,523.77
		\$ 9,013,026.96	\$ 7,761,969.11
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	2,930,000.00	3,200,000.00
Fund Balance, December 31	A	<u>\$ 6,083,026.96</u>	<u>\$ 4,561,969.11</u>

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



CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	NJSA 40A: 4-87		
Fund Balance Anticipated	A-1	\$ 2,930,000.00		\$ 2,930,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	\$ 9,000.00	\$	\$ 8,835.00	\$ (165.00)
Other	A-2	10,000.00		10,046.50	46.50
Fees and Permits:					
Construction Code Official	A-13	400,000.00		371,570.00	(28,430.00)
Other	A-2	160,000.00		173,901.70	13,901.70
Municipal Court:					
Fines and Costs	A-13	90,000.00		113,705.11	23,705.11
Interest and Costs on Taxes	A-13	150,000.00		178,713.03	28,713.03
Interest on Investments and Deposits	A-13	10,000.00		52,169.26	42,169.26
Beach Fees	A-13	300,000.00		307,585.00	7,585.00
Cable TV Franchise Fee	A-13	68,000.00		72,298.38	4,298.38
Anticipated Utility Operating Surplus	A-13	100,000.00		100,000.00	
Energy Receipts Tax	A-13	764,475.00		764,475.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-31	20,484.00	20,484.00	40,968.00	
Clean Communities Program	A-31		30,419.48	30,419.48	
Utility Operating Surplus of Prior Year	A-13	200,000.00		200,000.00	
Uniform Fire Safety Act	A-13	11,000.00		15,445.95	4,445.95
Capital Surplus	A-13	200,000.00		200,000.00	
Beach Vending License	A-13	54,000.00		54,000.00	
Ambulance Billing	A-13	200,000.00		189,785.22	(10,214.78)
Recreation Fees	A-13	120,000.00		155,877.00	35,877.00
Reserve for Debt Service	A-13	645,000.00		645,000.00	
<u>Total Miscellaneous Revenues</u>	A-1	\$ 3,511,959.00	\$ 50,903.48	\$ 3,684,794.63	\$ 121,932.15
Receipts From Delinquent Taxes	A-1:A-9	\$ 570,000.00		\$ 787,633.40	\$ 217,633.40
Amt. to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-9	\$ 22,723,583.06			
Local Tax for Municipal Library Purposes	A-9	1,341,000.00			
Local Tax for School Purposes	A-9	1,561,000.00			
	A-2	\$ 25,625,583.06		\$ 27,072,956.97	\$ 1,447,373.91
<u>BUDGET TOTALS</u>		\$ 32,637,542.06	\$ 50,903.48	\$ 34,475,385.00	\$ 1,837,842.94
Non-Budget Revenues	A-2			419,369.78	419,369.78
		\$ 32,637,542.06	\$ 50,903.48	\$ 34,894,754.78	\$ 2,257,212.72
	REF.	A-3	A-3		

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

CITY OF MARGATE CITY  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A:9	\$ 56,842,603.84
Allocated To:		
County Taxes	A-9	\$ 21,368,759.86
Local District School Taxes	A-9	<u>10,511,408.00</u>
Balance for Support of Municipal Budget Appropriations		\$ 24,962,435.98
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,110,520.99</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 27,072,956.97</u></u>
Licenses - Other:		
Clerk		\$ 4,157.00
Registrar		48.00
Mercantile		<u>5,841.60</u>
	A-2:A-13	<u><u>\$ 10,046.60</u></u>
Other - Fees and Permits:		
Clerk		\$ 3,035.65
Building		147,739.00
Registrar		1,240.00
Police		17,291.05
Staff Community		300.00
Tax Lists		60.00
Fire		432.00
Street Opening/Planning/Zoning		<u>3,804.00</u>
	A-2:A-13	<u><u>\$ 173,901.70</u></u>

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

CITY OF MARGATE CITY  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
PILOT-Payment in Lieu of Taxes		\$ 39,600.00
Lease Municipal Property		32,350.00
Scrap Metal		7,179.25
Cell Tower Rent		164,712.50
Miscellaneous		20,445.17
Clerk - Miscellaneous		14,732.30
City Auction		55,197.89
Shared Services-Dog Park		3,500.00
Refunds and Reimbursements		33,172.71
Beach Donation		2,500.00
Solar Panel - SREC		16,998.00
City Library Rent		30,000.00
Reserve for Excess Animal Control Expenditures		538.60
Senior Citizens and Veterans Administrative Fee		1,522.80
Tax Collector		2,920.56
	A-4	\$ 425,369.78
Less: Refund	A-4	6,000.00
<u>Total Non-Budget Revenue</u>	A-1:A-2	\$ 419,369.78

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

CITY OF MARGATE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
DIRECTOR'S OFFICE:					
Salaries and Wages	\$ 27,375.00	\$ 27,375.00	\$ 26,575.02	\$ 799.98	\$
Other Expenses	1,000.00	1,000.00	140.00	860.00	
POLICE:					
Salaries and Wages	4,260,028.00	4,260,028.00	4,176,612.60	83,415.40	
Other Expenses	143,750.00	143,750.00	139,703.29	4,046.71	
FIRE:					
Salaries and Wages	3,984,500.00	3,984,500.00	3,907,339.70	77,160.30	
Other Expenses	115,450.00	115,450.00	115,439.02	10.98	
SAFETY OFFICIAL:					
Salaries and Wages	15,000.00	15,000.00	14,879.80	120.20	
Other Expenses	5,550.00	5,550.00	5,529.80	20.20	
LIFEGUARDS:					
Salaries and Wages	518,000.00	479,245.39	479,245.39		
Other Expenses	34,500.00	34,500.00	33,475.98	1,024.02	
BEACHFRONT MAINTENANCE:					
Salaries and Wages	87,000.00	85,777.00	72,092.66	13,684.34	
Other Expenses	13,150.00	14,373.00	14,372.64	0.36	
PLANNING BOARD:					
Salaries and Wages	97,000.00	109,000.00	108,750.06	249.94	
Other Expenses	31,600.00	23,600.00	23,561.32	38.68	
EMERGENCY MANAGEMENT SERVICES:					
Salaries and Wages	7,500.00	7,500.00	7,499.96	0.04	
MUNICIPAL COURT:					
Salaries and Wages	205,500.00	206,275.00	206,274.97	0.03	
Other Expenses	30,675.00	29,900.00	7,261.43	22,638.57	
LEGAL SERVICES COST:					
Other Expenses	205,000.00	220,000.00	213,116.14	6,883.86	
PUBLIC DEFENDER:					
Other Expenses	5,000.00	5,000.00	3,600.00	1,400.00	
MUNICIPAL PROSECUTOR:					
Salaries and Wages	30,000.00	30,000.00	29,998.80	1.20	
DOG REGULATION:					
Other Expenses	8,200.00	8,200.00	7,800.00	400.00	
REVENUE AND FINANCE					
DIRECTORS OFFICE:					
Salaries and Wages	345,000.00	330,400.00	317,267.59	13,132.41	
Other Expenses	43,000.00	55,879.00	51,666.20	4,212.80	
FINANCIAL ADMINISTRATION:					
Salaries and Wages	56,000.00	56,000.00	48,215.35	7,784.65	
Other Expenses	214,000.00	214,000.00	211,129.19	2,870.81	
Audit	35,000.00	35,000.00	26,000.00	9,000.00	
ASSESSMENT OF TAXES:					
Salaries and Wages	186,000.00	186,000.00	184,362.79	1,637.21	
Other Expenses	79,850.00	79,850.00	57,902.77	21,947.23	
COLLECTION OF TAXES:					
Salaries and Wages	111,000.00	112,600.00	112,554.80	45.20	
Other Expenses	10,000.00	10,000.00	9,415.04	584.96	
CITY CLERK:					
Salaries and Wages	68,000.00	68,000.00	67,394.72	605.28	
Other Expenses	18,700.00	29,200.00	28,621.43	578.57	
ELECTIONS:					
Other Expenses	1,000.00	3,650.00	3,611.26	38.74	
INSURANCE:					
General Liability	251,400.00	251,400.00	206,356.76	45,043.24	
Workers Compensation Insurance	514,000.00	514,000.00	514,000.00		
Employee Group Health	2,420,000.00	2,420,000.00	1,774,949.84	645,050.16	
Health Benefit Waiver	70,000.00	70,000.00	47,538.97	22,461.03	
REGISTER OF VITAL STATISTICS:					
Salaries and Wages	7,000.00	7,000.00	6,999.98	0.02	
Other Expenses	500.00	500.00	432.00	68.00	
PUBLIC WORKS, PARKS AND PROPERTY					
DIRECTORS OFFICE:					
Salaries and Wages	27,375.00	27,375.00	26,575.00	800.00	
Other Expenses	7,000.00	800.00	580.00	220.00	
STREET REPAIRS AND MAINTENANCE:					
Salaries and Wages	1,490,000.00	1,450,000.00	1,425,740.60	24,259.40	
Other Expenses	165,000.00	205,000.00	204,438.58	561.42	
CITY ENGINEER:					
Other Expenses	50,000.00	50,000.00	49,510.50	489.50	
RUBBISH REMOVAL:					
Other Expenses	838,000.00	838,000.00	809,264.19	28,735.81	
PARKS AND PLAYGROUNDS:					
Salaries and Wages	172,000.00	148,000.00	147,408.64	591.36	
Other Expenses	410,000.00	410,000.00	409,759.97	240.03	
RECREATION:					
Salaries and Wages	415,000.00	445,200.00	402,822.39	42,377.61	
Other Expenses	126,500.00	126,500.00	113,262.90	13,237.10	
PAVILION:					
Salaries and Wages	115,000.00	115,000.00	98,396.68	16,603.32	
Other Expenses	32,700.00	32,700.00	13,947.02	18,752.98	

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

CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>CANCELED</u>
CELEBRATION OF PUBLIC EVENTS					
Other Expenses	130,000.00	130,000.00	120,959.49	9,040.51	
TECHNOLOGY:					
Salaries and Wages	164,000.00	164,000.00	159,735.44	4,264.56	
Other Expenses	93,650.00	93,650.00	83,459.71	10,190.29	
UNIFORM CONSTRUCTION CODE					
STATE UNIFORM CONSTRUCTION CODE CODE OFFICIAL:					
CONSTRUCTION OFFICIAL:					
Salaries and Wages	444,000.00	444,000.00	389,762.01	54,237.99	
Other Expenses	88,200.00	84,200.00	40,621.83	43,578.17	
UNCLASSIFIED					
Payment of Ambulance Bills	20,000.00	20,000.00	20,000.00		
Sick and Retirement Payments	63,000.00	63,000.00	63,000.00		
Feasibility Studies	20,000.00	2,350.00		2,350.00	
General Office Operations	65,000.00	54,500.00	54,310.55	189.45	
Employee Wellness	20,000.00	20,000.00	6,708.00	13,292.00	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	150,000.00	159,000.00	156,889.10	2,110.90	
Street Lighting	215,000.00	215,000.00	190,892.52	24,107.48	
Telephone	94,500.00	94,500.00	89,243.19	5,256.81	
Natural Gas	58,000.00	59,600.00	58,845.18	754.82	
Gasoline/Diesel	130,000.00	119,400.00	117,420.53	1,979.47	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 19,860,153.00	19,821,277.39	\$ 18,515,241.29	\$ 1,306,036.10	\$
Contingent	30,000.00	30,000.00	29,997.56	2.44	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 19,890,153.00	19,851,277.39	\$ 18,545,238.85	\$ 1,306,038.54	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"					
STATUTORY EXPENDITURES					
CONTRIBUTION TO					
Public Employees' Retirement System of NJ	\$ 789,128.15	789,128.15	\$ 730,046.52	\$ 59,081.63	\$
Social Security System (O.A.S.I.)	510,000.00	510,000.00	467,012.64	42,987.36	
Police & Firemen's Retirement System of NJ	1,634,188.00	1,634,188.00	1,634,188.00		
Unemployment Compensation Insurance	50,000.00	50,000.00	35,812.24	14,187.76	
Lifeguard Pension	100,000.00	138,754.61	138,754.61		
Defined Contribution Retirement Program	20,000.00	20,000.00	7,342.80	12,657.20	
TOTAL DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 3,103,316.15	3,142,070.76	\$ 3,013,156.81	\$ 128,913.95	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 22,993,469.15	22,993,348.15	\$ 21,558,395.66	\$ 1,434,952.49	\$
OPERATIONS EXCLUDED FROM "CAPS"					
EMPLOYEE GROUP INSURANCE	\$		\$	\$	\$
MAINTENANCE OF FREE PUBLIC LIBRARY	1,341,000.00	1,341,000.00	1,341,000.00		
Other Expenses	10,000.00	10,000.00	10,000.00		
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	\$ 1,351,000.00	1,351,000.00	\$ 1,351,000.00	\$	\$
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES					
MUNICIPAL ALLIANCE ON ALCOHOLISM AND DRUG ABUSE	\$		\$	\$	\$
County Share (N.J.S.A. 40A:4-87 + \$20,484.00)	20,484.00	40,968.00	40,968.00		
Local Share (N.J.S.A. 40A:4-87 + \$5,121.00)	5,121.00	10,242.00	10,242.00		
MATCHING FUNDS OF GRANTS	5,000.00				
CLEAN COMMUNITIES ACT (N.J.S.A. 40A:4-87 + \$30,419.48)		30,419.48	30,419.48		
TOTAL FOR STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES	\$ 30,605.00	81,629.48	\$ 81,629.48	\$	\$
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 1,381,605.00	1,432,629.48	\$ 1,432,629.48	\$	\$

CITY OF MARGATE CITY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 210,000.00	210,000.00	\$ 210,000.00	\$	\$
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 210,000.00	210,000.00	\$ 210,000.00	\$	\$
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 3,030,000.00	3,030,000.00	\$ 3,030,000.00	\$	\$
Interest on Bonds	1,072,000.00	1,072,000.00	1,071,033.08		966.92
Interest on Notes	117,000.00	117,000.00	116,675.00		325.00
Loan Repayments for Principal and Interest	51,000.00	51,000.00	50,668.89		331.11
NJEIT Loans	60,000.00	60,000.00	57,235.80		2,764.20
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	\$ 4,330,000.00	4,330,000.00	\$ 4,325,612.77	\$	\$ 4,387.23
DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM CAPS					
Emergency Authorizations	\$ 50,923.64	50,923.64	\$ 50,923.64	\$	\$
Deferred Charge to Future Taxation Unfunded: Ord. 11-19	23.28	23.28	23.28		
TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM CAPS	\$ 50,946.92	50,946.92	\$ 50,946.92	\$	\$
TYPE 1 DISTRICT SCHOOL DEBT SERVICE					
Payment of Bond Principle	\$ 1,270,000.00	1,270,000.00	\$ 1,270,000.00	\$	\$
Interest on Bonds	266,000.00	266,000.00	265,162.50		837.50
Interest on Notes	25,000.00	25,000.00	24,681.25		318.75
TOTAL TYPE 1 DISTRICT SCHOOL DEBT SERVICE - EXCLUDED FROM "CAPS"	\$ 1,561,000.00	1,561,000.00	\$ 1,559,843.75	\$	\$ 1,156.25
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 7,533,551.92	7,584,576.40	\$ 7,579,032.92	\$	\$ 5,543.48
SUBTOTAL GENERAL APPROPRIATIONS	\$ 30,527,021.07	30,577,924.55	\$ 29,137,428.58	\$ 1,434,952.49	\$ 5,543.48
RESERVE FOR UNCOLLECTED TAXES	\$ 2,110,520.99	2,110,520.99	\$ 2,110,520.99	\$	\$
TOTAL GENERAL APPROPRIATIONS	\$ 32,637,542.06	32,688,445.54	\$ 31,247,949.57	\$ 1,434,952.49	\$ 5,543.48
	REF.	A-2-A-3	A-3	A-1-A-3	A-A-1
Budget	A-3		32,637,542.06		
Appropriation by 40A 4-87	A-2		50,903.48		
	A-3		32,688,445.54		
Reserve for Encumbrances Payable	A-21		\$ 340,529.89		
Reserve for Grants Appropriated	A-32		81,629.48		
Deferred Charges	A-34		50,923.64		
Reserve for Uncollected Taxes	A-2		2,110,520.99		
Disbursements	A-4		30,086,897.76		
			\$ 32,670,501.76		
Less: Refunds	A-4		1,422,552.19		
	A-3		\$ 31,247,949.57		

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

TRUST FUND

"B"

CITY OF MARGATE CITY

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

		BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2017
<u>ASSETS</u>	<u>REF.</u>		
Animal Control Fund:			
Cash	B:B-1	\$ <u>1,381.40</u>	\$ <u>1,392.00</u>
Other Funds:			
Cash	B-1	\$ <u>899,481.64</u>	\$ <u>694,421.84</u>
	B	\$ <u>899,481.64</u>	\$ <u>694,421.84</u>
		\$ <u>900,863.04</u>	\$ <u>695,813.84</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-4	\$ <u>1,381.40</u>	\$ <u>1,392.00</u>
	B	\$ <u>1,381.40</u>	\$ <u>1,392.00</u>
Other Funds:			
Due Current Fund	B-2	\$ 20.00	\$
Reserves For:			
Various Deposits	B-3	270,071.84	168,343.09
Builders Escrow	B-7	20,797.91	16,029.43
Pension Plan for Life Guards	B-9	403,283.18	297,858.73
Law Enforcement Trust Fund - State	B-10	11,364.23	11,338.68
Law Enforcement Trust Fund - Federal	B-11	2,135.80	2,131.01
Payroll Deductions Payable	B-8	162,425.48	163,828.50
Recreation Deposits	B-6	29,383.20	34,892.40
	B	\$ <u>899,481.64</u>	\$ <u>694,421.84</u>
		\$ <u>900,863.04</u>	\$ <u>695,813.84</u>

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



GENERAL CAPITAL FUND

"C"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 3,082,583.95	\$ 3,113,033.22
Deferred Charges to Future Taxation:			
Funded	C-4	34,742,814.97	39,141,541.81
Unfunded	C-5	15,805,423.39	12,328,560.71
Due Water and Sewer Capital Fund	C-7	1,374,270.74	2,053,102.69
		<u>\$ 55,005,093.05</u>	<u>\$ 56,636,238.43</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-10	\$ 28,305,000.00	\$ 31,335,000.00
Type I School Bonds Payable	C-11	5,935,000.00	7,205,000.00
Green Trust Loan Payable	C-13	324,184.88	367,781.67
Infrastructure Loan Payable	C-12	178,630.09	233,760.14
Bond Anticipation Notes Payable	C-16	8,100,000.00	6,300,000.00
Improvement Authorizations:			
Funded	C-8	31,248.73	
Unfunded	C-5:C-8	5,165,789.04	3,997,129.61
Reserve for:			
Contracts Payable	C-9	1,878,818.65	1,365,165.58
Capital Improvement Fund	C-6	20,500.00	40,500.00
Pay Bonds	C-15	513,200.00	513,200.00
Pay Bonds- Hurricane Sandy	C-14	3,839,486.83	4,445,416.60
Fund Balance	C-1	713,234.83	833,284.83
		<u>\$ 55,005,093.05</u>	<u>\$ 56,636,238.43</u>

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

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 833,284.83
Increased by:		
Premium on Sale of Bond Anticipation Notes	C-2	79,950.00
		<u>\$ 913,234.83</u>
Decreased by:		
Disbursements - Current Anticipated Revenue	C-2	200,000.00
		<u>200,000.00</u>
Balance, December 31, 2018	C	<u><u>\$ 713,234.83</u></u>

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

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WATER AND SEWER UTILITY FUND

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
OPERATING FUND:			
Cash	D-5	\$ 1,659,923.42	\$ 1,676,008.59
Change Fund	D-10	<u>100.00</u>	<u>100.00</u>
		\$ <u>1,660,023.42</u>	\$ <u>1,676,108.59</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D:D-6	\$ <u>108,358.12</u>	\$ <u>101,034.06</u>
<u>TOTAL OPERATING FUND</u>	D	\$ <u>1,768,381.54</u>	\$ <u>1,777,142.65</u>
CAPITAL FUND:			
Fixed Capital	D-25	\$ 6,696,629.82	\$ 6,696,629.82
Fixed Capital - Authorized and Uncomplete	D-3	8,349,282.65	5,849,282.65
Due Water and Sewer Utility Fund	D-17	<u>46,736.86</u>	<u>55,903.79</u>
<u>TOTAL CAPITAL FUND</u>	D	\$ <u>15,092,649.33</u>	\$ <u>12,601,816.26</u>
		\$ <u><u>16,861,030.87</u></u>	\$ <u><u>14,378,958.91</u></u>

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

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<b>OPERATING FUND:</b>			
Liabilities:			
Appropriation Reserves	D-4;D-12	\$ 96,789.27	\$ 5,883.96
Reserve for Accounts Payable	D-7		217.70
Reserve for Encumbrances Payable	D-7	68,364.59	56,155.62
Due Water and Sewer Capital Fund	D-11	46,736.86	55,903.79
Accrued Interest on Bonds and Notes	D-9	69,654.46	55,584.41
Prepaid Water and Sewer Rents	D-13	47,404.99	72,466.11
Water / Sewer Overpayments	D-14	40,196.23	38,367.27
Reserve for Water Meter Installation	D-8	222,909.89	211,347.34
		<u>\$ 592,056.29</u>	<u>\$ 495,926.20</u>
Reserve for Receivables	D	108,358.12	101,034.06
Fund Balance	D-1	<u>1,067,967.13</u>	<u>1,180,182.39</u>
<u>TOTAL OPERATING FUND</u>	D	<u>\$ 1,768,381.54</u>	<u>\$ 1,777,142.65</u>
<b>CAPITAL FUND:</b>			
Capital Improvement Fund	D-15	\$ 65,200.00	\$ 65,200.00
Due General Capital Fund	D-18	1,374,270.74	2,053,102.69
Bonds Payable	D-21	4,470,000.00	4,700,000.00
Bond Anticipation Notes Payable	D-22	1,650,000.00	450,000.00
Contracts Payable	D-19	1,080,299.76	237,548.82
Improvement Authorizations- Funded	D-20	7,471.56	120.50
Improvement Authorizations- Unfunded	D-20	1,592,601.21	473,038.19
Reserve for Amortization	D-16	4,707,951.83	4,477,951.83
		<u>\$ 14,947,795.10</u>	<u>\$ 12,456,962.03</u>
Fund Balance	D-2	<u>144,854.23</u>	<u>144,854.23</u>
<u>TOTAL CAPITAL FUND</u>	D	<u>\$ 15,092,649.33</u>	<u>\$ 12,601,816.26</u>
		<u>\$ 16,861,030.87</u>	<u>\$ 14,378,958.91</u>

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

"D-1"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-1:D-3	\$ 134,830.00	\$ 94,750.00
Water and Sewer Rents	D-3	4,285,395.11	4,369,039.29
Miscellaneous Revenue	D-3	25,849.75	27,790.73
Miscellaneous Revenue not Anticipated	D-3	9,431.41	2,131.06
Other Credits to Income:			
Accounts Payable Canceled	D-7	217.70	
Unexpended Balance of Appropriation Reserves	D-12	17,595.77	81,644.63
<u>TOTAL INCOME</u>		<u>\$ 4,473,319.74</u>	<u>\$ 4,575,355.71</u>
<u>EXPENDITURES</u>			
Operating	D-4	\$ 3,661,830.00	\$ 3,503,165.59
Debt Service	D-4	356,875.00	318,350.03
Deferred Charges and Regulatory Expenditures	D-4	132,000.00	132,000.00
Surplus (General Budget)	D-4	100,000.00	100,000.00
<u>TOTAL EXPENDITURES</u>		<u>\$ 4,250,705.00</u>	<u>\$ 4,053,515.62</u>
Excess in Revenue		\$ 222,614.74	\$ 521,840.09
Fund Balance, January 1	D:D-1	1,180,182.39	953,092.30
		\$ 1,402,797.13	\$ 1,474,932.39
Decreased by:			
Anticipated Revenue Current Fund	D-5	200,000.00	200,000.00
Utilization as Anticipated Revenue	D-1:D-3	134,830.00	94,750.00
Fund Balance, December 31	D:D-1	<u>\$ 1,067,967.13</u>	<u>\$ 1,180,182.39</u>

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



CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

STATEMENT OF WATER AND SEWER CAPITAL FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2017 and December 31, 2018	D	\$ <u>144,854.23</u>

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

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS</u>
Fund Balance Utilized	D-1	\$ 134,830.00	\$ 134,830.00	\$
Water and Sewer Rents	D-1	4,100,000.00	4,285,395.11	185,395.11
Miscellaneous	D-1:D-5	<u>16,000.00</u>	<u>25,849.75</u>	<u>9,849.75</u>
<u>BUDGET TOTALS</u>	D-4	<u>\$ 4,250,830.00</u>	<u>\$ 4,446,074.86</u>	<u>\$ 195,244.86</u>

ANALYSIS OF MISCELLANEOUS REVENUE ANTICIPATED

Miscellaneous:		
Interest on Utility Charges		\$ 13,151.16
Pools		10,700.00
Fire Protection Hydrant		550.00
Miscellaneous		<u>1,448.59</u>
	D-1:D-3	<u>\$ 25,849.75</u>

MISCELLANEOUS REVENUE NOT ANTICIPATED

Interest on Investments and Deposits		8,785.15
Cost of Sale		<u>646.26</u>
	D-1	<u>9,431.41</u>

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

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>OPERATING:</u>					
Salaries and Wages	\$ 1,446,500.00	\$ 1,446,500.00	\$ 1,400,065.09	\$ 46,434.91	\$
Other Expenses	1,006,000.00	1,006,000.00	975,915.64	30,084.36	
Atlantic County Utilities Authority:					
Other Expenses - shared costs	1,209,330.00	1,209,330.00	1,189,060.00	20,270.00	
<u>TOTAL OPERATING</u>	<u>\$ 3,661,830.00</u>	<u>\$ 3,661,830.00</u>	<u>\$ 3,565,040.73</u>	<u>\$ 96,789.27</u>	<u>\$</u>
<u>DEBT SERVICE:</u>					
Payment of Bond Principal	\$ 230,000.00	\$ 230,000.00	\$ 230,000.00		\$
Interest on Bonds	112,000.00	112,000.00	111,875.00		125.00
Interest on Notes	15,000.00	15,000.00	15,000.00		
	<u>\$ 357,000.00</u>	<u>\$ 357,000.00</u>	<u>\$ 356,875.00</u>	<u>\$</u>	<u>\$ 125.00</u>
<u>STATUTORY EXPENDITURES:</u>					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00		\$
State Unemployment Insurance	12,000.00	12,000.00	12,000.00		
	<u>\$ 132,000.00</u>	<u>\$ 132,000.00</u>	<u>\$ 132,000.00</u>	<u>\$</u>	<u>\$</u>
<u>SURPLUS ( General Budget)</u>	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$</u>	<u>\$</u>
	<u>\$ 4,250,830.00</u>	<u>\$ 4,250,830.00</u>	<u>\$ 4,153,915.73</u>	<u>\$ 96,789.27</u>	<u>\$ 125.00</u>
<u>REF.</u>	D-3		D-1	D:D-1	
Disbursements	D-5		\$ 3,958,676.14		
Reserve for Encumbrances Payable	D-7		68,364.59		
Reserve for Accrued Interest on Bonds	D-9		126,875.00		
			<u>\$ 4,153,915.73</u>		

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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CITY OF MARGATE CITY

STATEMENT OF GENERAL FIXED ASSETS

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
FIXED ASSETS		
Land	\$ 50,903,100.00	\$ 50,903,100.00
Buildings	20,834,458.00	20,809,519.00
Machinery and Equipment	<u>10,944,344.97</u>	<u>10,741,882.12</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 82,681,902.97</u>	<u>\$ 82,454,501.12</u>
RESERVE		
Investments in General Fixed Assets	<u>\$ 82,681,902.97</u>	<u>\$ 82,454,501.12</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF MARGATE CITY

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Margate City is an instrumentality of the State of New Jersey established to function as a municipality. The City Commission consists of elected officials and is responsible for the fiscal control of the City.

Except as noted below, the financial statements of the City of Margate City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City of Margate City, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the City of Margate City do not include the operations of the Free Public Library or the Local Board of Education inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the City of Margate City 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 respect to public funds. Under this method of accounting, the financial transactions and accounts of the City of Margate City are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the City accounts for its financial transactions through the following individual funds and account group:



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund – resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund – receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created.

General Capital Fund – receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water and Sewer 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 – utilized to account for property, land, buildings and equipment that have been acquired by other 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 accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 and constitute part of the City's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding 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 and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the City as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$2,500.00 or more per unit.

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. No depreciation has been provided on general fixed assets or reported in the financial statements.

The City has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the City's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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.

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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital – Water & Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water & 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. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB Statement No. 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The City presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The City considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The City of Margate City had the following cash and cash equivalents at December 31, 2018:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Current Fund	\$2,100.00	\$9,606,378.62	\$1,715,384.24	\$1,546,529.59	\$9,775,233.27
Animal Control Fund		1,361.40			1,361.40
Trust Other Fund		898,470.68	2,074.50	1,063.54	899,481.64
General Capital Fund		3,083,138.95		555.00	3,082,583.95
Water and Sewer Utility Fund	100.00	1,616,330.98	59,996.99	16,404.55	1,659,923.42
	<u>\$2,200.00</u>	<u>\$15,205,680.63</u>	<u>\$1,777,455.73</u>	<u>\$1,564,552.68</u>	<u>\$15,418,583.68</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The City does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$500,000.00 was covered by Federal Depository Insurance and \$14,705,680.63 was covered by NJ GUDPA.

B. Investments

The purchase of investments by the City are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The City of Margate City's investment activities during the year were in accordance with the above New Jersey Statute.



**NOTE 3: LONG-TERM DEBT**

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

**SUMMARY OF MUNICIPAL DEBT**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
Bonds Notes and Loans:			
General*	\$42,842,814.97	\$45,441,541.81	\$43,721,816.95
Water and Sewer Utility	<u>6,120,000.00</u>	<u>5,150,000.00</u>	<u>4,900,000.00</u>
Total Issued	<u>\$48,962,814.97</u>	<u>\$50,591,541.81</u>	<u>\$48,621,816.95</u>
Less:			
Reserve to Pay Bonds & Notes	\$4,352,686.83	\$4,958,616.60	\$5,190,221.20
Cash on Hand to Pay Notes	<u>710,263.04</u>		
Total Net Debt Issued	<u>\$43,899,865.10</u>	<u>\$45,632,925.21</u>	<u>\$43,431,595.75</u>
Authorized But Not Issued:			
Bond and Notes:			
General*	\$8,415,686.43	\$6,028,560.71	\$10,035,843.99
Water and Sewer Utility	<u>4,217,960.64</u>	<u>2,917,960.64</u>	<u>2,881,999.84</u>
	<u>12,633,647.07</u>	<u>8,946,521.35</u>	<u>12,917,843.83</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$56,533,512.17</u>	<u>\$54,579,446.56</u>	<u>\$56,349,439.58</u>

\* 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 .965%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 7,332,226.72	\$ 7,332,226.72	\$
Water and Sewer Utility Debt	10,337,960.64	10,337,960.64	
General Debt	<u>43,926,274.68</u>	<u>5,062,949.87</u>	<u>38,863,324.81</u>
	<u>\$ 61,596,462.04</u>	<u>\$ 22,733,137.23</u>	<u>\$ 38,863,324.81</u>

NET DEBT \$38,863,324.81 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$4,029,337,756.00 EQUALS .965%

NOTE 3: LONG-TERM DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2018	<u>\$4,029,337,756.00</u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$141,026,821.46
Net Debt	<u>38,863,324.81</u>
Remaining Borrowing Power	<u>\$102,163,496.65</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the City of Margate City for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"  
WATER & SEWER UTILITY PER N.J.S.40A:2-45

Revenue from Fees, Rents, and Other Charges for Year and Fund Balance		\$4,473,319.67
Deductions:		
Operating and Maintenance Cost	\$3,793,830.00	
Debt Service per Water and Sewer Account	<u>356,875.00</u>	
Total Deductions		<u>4,150,705.00</u>
Excess in Revenue - Self Liquidating		<u>\$322,614.67</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT

General Serial Bonds:

\$17,345,000.00 General Obligation Bonds of 2011 due in annual installments through January 15, 2028 at variable interest rates	\$3,600,000.00
\$9,570,000.00 General Refunding Bonds of 2013 due in annual installments through June 1, 2023 at variable interest rates	\$5,845,000.00
\$11,985,000.00 General Obligation Bonds of 2016 due in annual installments through July 15, 2029 at variable interest rates	\$10,735,000.00
\$8,125,000.00 General Obligation Bonds of 2017 due in annual installments through January 1, 2028 at variable interest rates	<u>\$8,125,000.00</u>
	<u>\$28,305,000.00</u>

Type I School Bonds:

\$12,730,000.00 Type I School Bonds of 2009 due in annual installments through February 1, 2022 at variable interest rates	\$4,840,000.00
\$1,200,000.00 Type I School Bonds of 2016 due in annual installments through July 15, 2030 at variable interest rates	<u>\$1,095,000.00</u>
	<u>\$5,935,000.00</u>

Water and Sewer Utility Bonds:

\$4,900,000.00 Water & Sewer Utility Bonds of 2016 due in annual installments through January 15, 2031 at variable interest rates	<u>\$4,470,000.00</u>
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Bond Anticipation Note:

\$5,020,000.00 Bond Anticipation Note of 2018 issued August 8, 2018 at an interest rate of 2.75% maturing on August 9, 2019	\$5,020,000.00
\$3,080,000.00 Bond Anticipation Note of 2018 issued August 5, 2018 at an interest rate of 2.75% maturing on August 6, 2019	<u>\$3,080,000.00</u>
	<u>\$8,100,000.00</u>
\$1,650,000.00 Bond Anticipation Note of 2018 issued August 5, 2018 at an interest rate of 2.75% maturing on August 6, 2019	<u>\$1,650,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Green Trust Loans:

\$150,000.00 Library Park Phase IV Loan of 2005 due in semi-annual installments through 2025 at an interest rate of 2.00%	\$60,645.87
\$449,500.00 Upgrade to Jerome Ave Recreation Facility Loan of 2009 due in semi-annual installments through 2029 at an interest rate of 2.00%	\$263,539.01
	<u>\$324,184.88</u>

New Jersey Infrastructure Loans:

\$312,000.00 New Jersey Environmental Infrastructure Loan of 2001 due in semi-annual installments through October 15, 2021 bearing no interest rate	\$49,216.10
\$164,949.00 New Jersey Environmental Infrastructure Loan of 2001 due in semi-annual installments through October 15, 2021 bearing no interest rate	\$24,413.99
\$75,000.00 New Jersey Environmental Infrastructure Loan revised in 2015 due in semi-annual installments through August 1, 2021 at a variable interest rate	\$35,000.00
\$150,000.00 New Jersey Environmental Infrastructure Loan revised in 2015 due in semi-annual installments through August 1, 2021 at a variable interest rate	<u>\$70,000.00</u>
	<u>\$178,630.09</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2018 the City has authorized but not issued bonds and notes as follows:

General Capital Fund	\$8,118,459.71
Water and Sewer Utility Capital	<u>4,217,960.64</u>
	<u>\$12,336,420.35</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2018**

Calendar Year	General Capital		Type I School Bonds		Sewer Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	3,080,000.00	939,650.00	1,280,000.00	203,187.50	260,000.00	107,275.00
2020	3,125,000.00	823,550.00	1,290,000.00	146,487.50	280,000.00	99,475.00
2021	3,170,000.00	698,650.00	1,290,000.00	95,087.50	300,000.00	88,275.00
2022	3,250,000.00	572,250.00	1,280,000.00	43,143.75	320,000.00	76,275.00
2023	3,285,000.00	451,550.00	100,000.00	15,900.00	330,000.00	66,675.00
2024	2,120,000.00	362,450.00	100,000.00	13,900.00	350,000.00	60,075.00
2025	2,165,000.00	296,750.00	100,000.00	11,900.00	370,000.00	53,075.00
2026	2,250,000.00	230,450.00	100,000.00	9,900.00	370,000.00	45,675.00
2027	2,340,000.00	156,950.00	100,000.00	7,900.00	370,000.00	38,275.00
2028	2,335,000.00	76,075.00	100,000.00	5,900.00	380,000.00	30,875.00
2029	1,185,000.00	23,700.00	100,000.00	3,900.00	380,000.00	23,275.00
2030			95,000.00	1,900.00	380,000.00	8,675.00
2031					380,000.00	8,075.00
	<u>\$28,305,000.00</u>	<u>\$4,632,025.00</u>	<u>\$5,935,000.00</u>	<u>\$559,106.25</u>	<u>\$4,470,000.00</u>	<u>\$705,975.00</u>

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2018**

Green Trust Loans

Calendar Year	Public Library Park Phase IV		Jerome Avenue Facility	
	Principal	Interest	Principal	Interest
2019	\$8,155.17	\$1,172.35	\$22,793.96	\$5,157.38
2020	8,319.05	1,008.43	23,252.12	4,699.22
2021	8,486.26	841.22	23,719.49	4,231.85
2022	8,656.83	670.64	24,196.26	3,755.08
2023	8,830.84	496.64	24,682.60	3,268.74
2024	9,008.34	319.14	25,178.72	2,772.63
2025	9,189.38	138.07	25,684.81	2,266.53
2026			26,201.08	1,750.27
2027			26,727.72	1,223.63
2028			27,264.95	686.40
2029			13,837.30	138.37
	<u>\$60,645.87</u>	<u>\$4,646.49</u>	<u>\$263,539.01</u>	<u>\$29,950.10</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Loans

Calendar Year	Loan "S340666-02"			Loan "0016001-001"		
	'Trust' Loan		'Fund' Loan	'Trust' Loan		'Fund' Loan
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2019	\$ 20,000.00	\$ 3,375.00	\$ 14,952.68	\$ 10,000.00	\$ 1,687.50	\$ 7,394.53
2020	25,000.00	2,375.00	17,511.42	10,000.00	1,187.50	7,078.18
2021	25,000.00	1,187.50	16,752.00	15,000.00	712.50	9,941.28
	<u>\$70,000.00</u>	<u>\$6,937.50</u>	<u>\$49,216.10</u>	<u>\$35,000.00</u>	<u>\$3,587.50</u>	<u>\$24,413.99</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019, were as follows:

Current Fund	\$ 3,000,000.00
Sewer Utility Fund	\$ 368,200.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The City bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. City property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the City's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2017
Prepaid Taxes	<u>\$1,058,952.65</u>	<u>\$8,941,979.90</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/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 Firemen's Retirement System (PFRS)* - The Police and Firemen'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 was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

*Vesting and Benefit Provisions*

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. As of July 1, 2017 PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The City's share of PERS and Police and Firemen's pension, which is based upon the annual billings received from the state, amounted to \$2,364,235.52 for 2018, \$2,273,248.00 for 2017 and \$2,267,339.00 for 2016.

The City's share for DCRP amounted to \$7,342.80 for 2018, \$8,784.25 for 2017 and \$7,938.32 for 2016.

All contributions were equal to the required contributions for each of the three years, respectively.

City employees are also covered by Federal Insurance Contribution Act.



NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2018.

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$16,191,274.00 for the City of Margate City's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.0822330300 percent, which was a decrease of 0.0022089757 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$967,374.00 for the City of Margate City's proportionate share of the total pension expense. The pension expense recognized in the City's financial statement based on the April 1, 2018 billing was \$782,265.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$83,487.00	\$308,770.00
Changes of assumptions	5,177,108.00	2,668,054.00
Net difference between projected and actual earnings on pension plan investments	\$151,875.00	
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>562,789.00</u>	<u>620,750.00</u>
	<u>\$5,975,259.00</u>	<u>\$3,597,574.00</u>

Other local amounts reported by the State as the City's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2019	\$123,968.20
2020	(143,993.80)
2021	(1,104,084.80)
2022	(955,493.80)
2023	<u>(298,081.80)</u>
	<u>(\$2,377,686.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively 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 contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective 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, 2018, 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:

	June 30, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
City's proportionate share of the pension liability	\$20,358,661.00	\$16,191,274.00	\$12,695,102.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2018, the State reported a net pension liability of \$25,772,363.00 for the City of Margate City's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.1904598864 percent, which was an increase of 0.0058097263 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$2,007,490.00. The pension expense recognized in the City's financial statement based on the April 1, 2018 billing was \$1,634,188.00.

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$106,652.00	\$262,200.00
Changes of assumptions	6,605,012.00	2,212,211.00
Net difference between projected and actual earnings on pension plan investments	140,998.00	
Changes in proportion and differences between the City's contributions and proportionate share of contributions	<u>833,645.00</u>	<u>1,076,796.00</u>
	<u>\$7,686,307.00</u>	<u>\$3,551,207.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2019	\$270,275.20)
2020	(698,524.80)
2021	(2,041,634.80)
2022	(1,293,176.80)
2023	<u>(372,039.80)</u>
	<u>(\$4,135,101.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.10-8.98 Percent
Thereafter	3.10-9.98 Percent	3.10-9.98 Percent
Investment Rate of Return	7.00 Percent	7.00 percent

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2018 are summarized in the following table:



NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and June 30, 2017 respectively 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

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 and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective 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, 2018, 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:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
City's proportionate share of the pension liability	\$34,493,109.00	\$25,772,363.00	\$18,579,335.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the City under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the City related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$3,500,749.00 and \$0.00 respectively.

At June 30, 2018, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

City's Proportionate Share of Net Pension Liability	\$25,772,363.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the City	<u>3,500,749.00</u>
	<u>\$29,273,112.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

**NOTE 7: 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. Funds appropriated in the 2019 Budget amounted to \$319,000.00. The City estimates this liability to approximate \$2,571,086.47, \$2,549,955.37 and \$2,397,123.87, as of December 31, 2018, 2017 and 2016 respectively, based on current pay rates and compensated absence balances.

**NOTE 8: LITIGATION**

The City is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the City's legal counsel would not be material.

**NOTE 9: CONTINGENT LIABILITIES**

The City participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2018, the City does not believe that any material liabilities will result from such audits.

**NOTE 10: TAX APPEALS**

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2018 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The City has established a reserve for this purpose in the Current Fund, the balance of which is \$13,952.11 at December 31, 2018.

**NOTE 11: 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. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 23,582.40	\$
Grant Fund		23,562.40
Trust Other Fund		20.00
General Capital Fund	1,374,270.74	
Water & Sewer Utility Operating Fund		46,736.86
Water & Sewer Utility Capital Fund	<u>46,736.86</u>	<u>1,374,270.74</u>
	<u>\$ 1,444,590.00</u>	<u>\$ 1,444,590.00</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: 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 \$1,500.00 per month. A parking lot owned by the City is leased to Quincy Ventures for \$5,000.00 per year, additionally 19 parking spaces are leased by annual auction, the current rate is \$200.00 per parking space. The entity leases property to Lamberti's Sunset Marina and Restaurant for \$500.00 per year to be operated as a restaurant. An office space owned by the City is leased to Atlantic Coast Alarm for \$1,050.00 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 \$32,350.00 in 2018, \$47,459.00 in 2017 and \$23,183.70 in 2016.

NOTE 14: 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 \$9,900.00 per quarter. Total annual amount due per the agreement is 15% of unsubsidized rent collected.

NOTE 15: DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. The City raised \$50,923.64 in deferred charges in the 2018 Budget. As of December 31, 2018 there were no deferred charges.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the City for the special funding situation is \$20,555,398.00 and \$29,677,184.00 respectively.

At June 30, 2018, the City's and State of New Jersey's proportionate share of the OPEB liability were as follows:

City's proportionate share of the OPEB Liability	\$-0-
State of New Jersey's proportionate share of OPEB Liability associated with the City	<u>20,555,398.00</u>
	<u><u>\$20,555,398.00</u></u>

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation rate	2.50%	2.50%
Salary increases*.		
Through 2026	1.65% to 8.98%	1.65% to 8.98%
Thereafter	2.65% to 9.98%	2.65% to 9.98%

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan — the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.



NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 17: SUBSEQUENT EVENTS

The City of Margate City has evaluated subsequent events occurring after the financial statement date through July 25, 2019 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

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CITY OF MARGATE CITY  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2018

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2017	A	\$ 16,539,240.62	\$
Increased by Receipts:			
Taxes Receivable	A-9	\$ 48,568,781.49	\$
State of New Jersey-Senior Citizens and Veterans Deductions	A-8	75,276.99	
Due Current Fund	A-11		83,002.82
2018 Appropriation Refunds	A-3	1,422,552.19	
Revenue Accounts Receivable	A-13	3,613,407.15	
Miscellaneous Revenue Not Anticipated	A-2	425,369.78	
Petty Cash	A-5	1,050.00	
Tax Overpayments	A-17	220,140.42	
Prepaid Taxes	A-18	1,058,952.65	
Reserve for Redemption of Outside Liens	A-16	124,843.02	
Reserve for Tax Sale Premiums	A-15	376,700.00	
Marriage Licenses Due State of NJ	A-19	400.00	
Grants Receivable	A-31		96,433.38
Reserve for FEMA Storm	A-28	39,070.23	
Reserve for Due To City of Brigatine	A-29	7,680.00	
Reserve for Due To Borough of Longport	A-30	2,945.00	
Reserve for Accounts Payable	A-22	144.97	
Reserve for Sale of Municipal Assets	A-27	16,626.01	
Reserve for State Library Aid	A-20	2,781.00	
		<u>55,956,720.90</u>	<u>179,436.20</u>
		\$ 72,495,961.52	\$ 179,436.20
Decreased by Disbursements:			
2018 Appropriations	A-3	\$ 30,086,897.76	\$
Appropriation Reserves	A-14	221,730.96	
Interfunds	A-12	83,022.82	
Tax Overpayments	A-17	20,916.29	
Local District School Taxes Payable	A-25	10,511,408.00	
County Taxes Payable	A-26	21,382,715.03	
Refund of:			
Miscellaneous Revenue not Anticipated	A-2	6,000.00	
Petty Cash	A-5	1,050.00	
Reserve for Tax Premiums	A-15	204,300.00	
Reserve for Redemption of Outside Liens	A-16	149,661.16	
Marriage Licenses Due State of NJ	A-19	550.00	
Reserve for Due To City of Brigatine	A-29	7,680.00	
Reserve for Due To Borough of Longport	A-30	2,945.00	
Reserve for FEMA Storm	A-28	39,070.23	
Reserve for Library Aid	A-20	2,781.00	
Reserve for Grants-Appropriated	A-32		179,436.20
		<u>62,720,728.25</u>	<u>179,436.20</u>
Balance, December 31, 2018	A	\$ <u>9,775,233.27</u>	\$ <u>-0-</u>

"A-5"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF PETTY CASH

<u>OFFICE</u>	<u>ADVANCED</u>	<u>REIMBURSED</u>
Finance	\$ 250.00	\$ 250.00
Fire	500.00	500.00
Pavillion	100.00	100.00
Police	200.00	200.00
	<u>\$ 1,050.00</u>	<u>\$ 1,050.00</u>
<u>REF.</u>	A-4	A-4

"A-6"

SCHEDULE OF CHANGE FUND

<u>OFFICE</u>	<u>BALANCE DECEMBER 31, 2017 AND 2018</u>
Beach Badges Collector	\$ 1,250.00
Beach Badges City Hall	200.00
Tax Collector	150.00
Building	100.00
City Clerk	100.00
Municipal Court	300.00
	<u>\$ 2,100.00</u>
<u>REF.</u>	A

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	9,951.62
Increased by:			
Transfer From Taxes Receivable	A-9	\$	5,972.22
Added Lien			<u>3,174.99</u>
			<u>9,147.21</u>
Balance, December 31, 2018	A	\$	<u><u>19,098.83</u></u>

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2017 (Due From)	A	\$	16,344.20
Increased by:			
Senior Citizens Deductions Per Tax Billing	A-8	\$	6,625.00
Veterans Deductions Per Tax Billing	A-8		67,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector	A-8		<u>1,750.00</u>
			76,125.00
		\$	<u>92,469.20</u>
Decreased by:			
Received From State	A-4	\$	75,276.99
Senior Citizens and Veterans Deductions Disallowed by Collector	A-8		<u>750.00</u>
			76,026.99
Balance, December 31, 2010 (Due From)	A	\$	<u><u>16,442.21</u></u>

ANALYSIS OF STATE SHARE OF 2018 SENIOR  
CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing	A-8	\$	6,625.00	
Veterans Deductions Per Tax Billing	A-8		67,750.00	
Senior Citizens and Veterans Deductions Allowed by Collector	A-8		<u>1,750.00</u>	
				\$ 76,125.00
Less: Senior Citizens Disallowed	A-8			<u>750.00</u>
	A-9			\$ <u><u>75,375.00</u></u>

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2017	2018 LEVY	COLLECTIONS 2017	2018	CANCELED	TRANSFERRED TO TAX TITLE LIENS	OVERPAYMENTS APPLIED	BALANCE DECEMBER 31, 2018
Prior	\$ 787,688.02		\$ 787,633.40	\$ 54.62			\$	
2018		\$ 57,703,752.64	\$ 8,941,979.90	47,856,523.09	77,078.99	5,972.22	44,100.85	778,097.59
	\$ 787,688.02	\$ 57,703,752.64	\$ 8,941,979.90	48,644,156.49	77,133.61	5,972.22	44,100.85	778,097.59
REF. A			A-2A-18	A-2		A-7	A-2A-17	A
ANALYSIS OF 2018 PROPERTY TAX LEVY								
TAX YIELD								
General Property Tax						\$ 57,441,154.98		
Added Taxes (54.4-63.1 et seq.)						262,597.66		
						\$ 57,703,752.64		
TAX LEVY								
Local District School Tax (Abstract)			A-2A-25			\$ 10,511,408.00		
County Tax (Abstract)				\$ 20,329,852.13				
County Health Tax (Abstract)				887,543.88				
County Open Space (Abstract)				54,086.79				
Due County for Added Taxes (54.4-63.1 et seq.)			A-26		\$ 21,271,482.80			
Total County Taxes			A-26		97,277.06			
			A-2			21,368,759.86		
Local Tax for Municipal Purposes (Abstract)			A-2		\$ 22,723,583.06			
Local Tax for Municipal Library Purposes (Abstract)			A-2		1,341,000.00			
Local Tax for School Purposes (Abstract)			A-2		1,561,000.00			
Add: Additional Tax Levied					198,001.72			
Local Tax for Municipal Purposes Levied						25,823,584.78		
						\$ 57,703,752.64		



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CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUE

Balance, December 31, 2017 and December 31, 2018	A		\$ <u>138,557.50</u>
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"A-11"

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2017 (Due From)	A		\$ 61,072.27
Decreased by:			
Receipts	A-4	\$ 83,002.82	
Transfers	A-12	<u>1,931.85</u>	
			<u>84,934.67</u>
Balance, December 31, 2018 (Due To)	A		\$ <u>23,862.40</u>

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>OTHER TRUST FUND</u>
Balance, December 31, 2017	A	\$ 61,072.27	\$ 61,072.27	\$
Due To				
Transfer	A-11	1,631.85	1,631.85	
Disbursements	A-4	83,022.82	83,002.82	20.00
Balance, December 31, 2018	A	\$ 23,582.40	\$ 23,562.40	\$ 20.00
Due From				

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>ACCOUNTS</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>ACCRUED IN 2018</u>	<u>TREASURER</u>	<u>BALANCE DECEMBER 31, 2018</u>
Licenses:	A-2	Alcoholic Beverages	\$	\$ 8,835.00	\$ 8,835.00	\$
	A-2	Other		10,046.50	10,046.50	
	A-2	Fees and Permits		173,901.70	173,901.70	
Municipal Court:						
Fines and Costs	A-2		4,627.46	114,156.48	113,705.11	5,078.83
Interest and Costs on Taxes	A-2			178,713.03	178,713.03	
Construction Code Official	A-2			371,570.00	371,570.00	
Interest on Investments and Deposits	A-2			52,169.26	52,169.26	
Beach Fees	A-2			307,585.00	307,585.00	
Anticipated Utility Operating Surplus	A-2			100,000.00	100,000.00	
Cable TV Franchise Fees	A-2			72,298.38	72,298.38	
Energy Receipts Tax	A-2			764,475.00	764,475.00	
Utility Operating Surplus of Prior Year	A-2			200,000.00	200,000.00	
Uniform Fire Safety Act	A-2			15,445.95	15,445.95	
Capital Surplus	A-2			200,000.00	200,000.00	
Beach Vending License	A-2			54,000.00	54,000.00	
Ambulance Billing	A-2			189,785.22	189,785.22	
Recreation	A-2			155,877.00	155,877.00	
Reserve for Debt Service	A-2			645,000.00	645,000.00	
			<u>\$ 4,627.46</u>	<u>\$ 3,613,858.52</u>	<u>\$ 3,613,407.15</u>	<u>\$ 5,078.83</u>

REF.

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A-4

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CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY</b>				
Police	\$ 151,150.94	\$ 151,150.94	\$	\$ 151,150.94
Fire	114,069.89	114,069.89		114,069.89
Fire Safety Official	120.20	120.20		120.20
Lifeguards	54,176.58	54,176.58		54,176.58
Beachfront Maintenance	10,853.00	10,853.00		10,853.00
Planning Board	39,249.94	39,249.94		39,249.94
Emergency Management	0.04	0.04		0.04
Municipal Court	237.98	237.98		237.98
<b>DEPARTMENT OF REVENUE AND FINANCE</b>				
Director's Office	29,226.63	29,226.63		29,226.63
Financial Administration	73.09	73.09		73.09
Assessment of Taxes	1,816.10	1,816.10		1,816.10
Tax Collector	426.71	426.71		426.71
City Clerk	753.37	753.37		753.37
Registrar of Vital Statistics	0.02	0.02		0.02
<b>DEPARTMENT OF PUBLIC WORKS, PARKS AND PROPERTY</b>				
Street Repairs and Maintenance	265,736.29	265,736.29		265,736.29
Playgrounds	86.32	86.32		86.32
Construction Code Official	32,726.67	32,726.67		32,726.67
Technology	158.49	158.49		158.49
<u>OTHER EXPENSES</u>				
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY</b>				
Director's Office	\$ 139.27	\$ 139.27	\$	\$ 139.27
Police	3,087.88	17,617.62	9,699.23	7,918.39
Fire	164.51	2,994.64	1,718.16	1,276.48
Fire Safety Official	42.87	765.11	722.24	42.87
Lifeguards	1,484.98	7,278.41	5,122.43	2,155.98
Beachfront Maintenance	2,859.42	9,021.62	5,750.80	3,270.82
Planning Board	10,181.22	11,549.02	1,407.28	10,141.74
Legal Services and Costs	11,641.90	31,512.64	4,338.53	27,174.11
Dog Regulation	400.00	1,050.00	650.00	400.00
Municipal Court	26,975.74	27,613.60	637.86	26,975.74
Public Defender	1,400.00	2,900.00	1,500.00	1,400.00
<b>DEPARTMENT OF REVENUE AND FINANCE</b>				
Director's Office	12,083.45	12,814.69	731.24	12,083.45
Financial Administration	7,864.54	21,704.54	19,718.00	1,986.54
Assessment of Taxes	15,641.23	23,382.23	6,645.00	16,737.23
Tax Collector	9,543.61	9,543.61		9,543.61
City Clerk	106.98	451.74	105.76	345.98
Elections	1,000.00	1,000.00		1,000.00
Liability Insurance	67,017.22	67,017.22		67,017.22
Workers Compensation	1,460.78	1,460.78		1,460.78
Group Insurance Plan for Employees	756,032.25	775,300.79	8,956.09	766,344.70
Registrar of Vital Statistics	113.00	113.00		113.00
<b>DEPARTMENT OF PUBLIC WORKS, PARKS AND PROPERTY</b>				
Director's Office	2,598.00	4,818.00	2,220.00	2,598.00
Rubbish Removal	118,189.18	118,189.18	61,173.82	57,015.36
City Engineer	3,179.00	26,122.55	22,756.25	3,366.30
Street Repairs and Maintenance	45,503.00	84,277.42	38,057.88	46,219.54
Playgrounds	1,117.45	1,377.20	259.75	1,117.45
Recreation	4,351.73	11,683.46	7,314.93	4,368.53
Pavilion	6,349.78	7,612.59	1,200.89	6,411.70
Celebration of Public Events	42,706.00	42,706.00		42,706.00
Construction Code Official	50,687.43	51,664.81	977.38	50,687.43
Technology	11,944.42	19,976.85	8,553.08	11,423.77

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED)</u>				
<u>UNCLASSIFIED</u>				
Feasibility Studies	\$ 20,000.00	\$ 20,000.00	\$	\$ 20,000.00
Payment of Ambulance Bills		7,004.08	1,271.24	5,732.84
General Office Operations	85,986.53	85,986.53	40.38	85,946.15
Street Lighting	29,711.48	29,711.48		29,711.48
Electricity	32,705.95	32,705.95		32,705.95
Telephone	3,225.64	11,835.73	7,014.64	4,821.09
Gasoline	35,138.64	41,737.97	3,599.33	38,138.64
Natural Gas	13,680.34	13,680.34		13,680.34
Contingent	17,171.40	20,064.00		20,064.00
<u>STATUTORY EXPENDITURES</u>				
<u>CONTRIBUTIONS TO:</u>				
Social Security System (O.A.S.I.)	19,862.38	19,862.38		19,862.38
Unemployment	8,639.03	8,639.03		8,639.03
DCRP	11,036.98	11,215.75	178.77	11,036.98
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>				
Matching Funds for Grants	5,000.00	5,000.00		5,000.00
	<u>\$ 2,198,887.47</u>	<u>\$ 2,401,964.09</u>	<u>\$ 222,320.96</u>	<u>\$ 2,179,643.13</u>
	A			A-1
Disbursements	A-4		\$ 221,730.96	
Reserve for Accounts Payable	A-11		590.00	
			<u>\$ 222,320.96</u>	

"A-15"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX SALE PREMIUM

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	339,800.00
Increased by:			
Receipts	A-4		376,700.00
		\$	<u>716,500.00</u>
Decreased by:			
Disbursements	A-4	\$	204,300.00
Canceled	A-1		<u>32,800.00</u>
			<u>237,100.00</u>
Balance, December 31, 2018	A	\$	<u><u>479,400.00</u></u>

"A-16"

SCHEDULE OF RESERVE FOR REDEMPTION OF OUTSIDE LIENS

Balance, December 31, 2017	A	\$	57,411.69
Increased by:			
Receipts	A-4		124,843.02
		\$	<u>182,254.71</u>
Decreased by:			
Disbursements	A-4	\$	149,661.16
Canceled	A-1		<u>32,593.55</u>
		\$	<u><u>182,254.71</u></u>

"A-17"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	65,017.14
Increased by:			
Overpayments in 2018	A-4		<u>220,140.42</u>
		\$	285,157.56
Decreased by:			
Refunded	A-4	\$	20,916.29
Applied to Taxes Receivable - Current Year	A-9		<u>44,100.85</u>
			<u>65,017.14</u>
Balance, December 31, 2018	A	\$	<u><u>220,140.42</u></u>

"A-18"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2017	A	\$	8,941,979.90
Increased by:			
Collection of 2019 Taxes	A-4		<u>1,058,952.65</u>
		\$	10,000,932.55
Decreased by:			
Applied to 2018 Taxes	A-9		<u>8,941,979.90</u>
Balance, December 31, 2018	A	\$	<u><u>1,058,952.65</u></u>

"A-19"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR MARRIAGE LICENSES - DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 200.00
Increased by:		
Receipts	A-4	400.00
		\$ <u>600.00</u>
Decreased by:		
Disbursements	A-4	550.00
Balance, December 31, 2018	A	\$ <u>50.00</u>

"A-20"

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ 2,781.00
Decreased by:		
Disbursements	A-4	\$ <u>2,781.00</u>



"A-21"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	203,076.62
Increased by:			
2018 Budget Appropriations	A-3		340,529.89
		\$	<u>543,606.51</u>
Decreased by:			
Transferred to Appropriation Reserves	A-14		<u>203,076.62</u>
Balance, December 31, 2018	A	\$	<u><u>340,529.89</u></u>

"A-22"

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

Balance, December 31, 2017	A		\$	5,877.00
Increased by:				
Appropriation Reserves	A-14	\$	590.00	
Payroll- Receipt	A-4		<u>144.97</u>	
				<u>734.97</u>
			\$	<u>6,611.97</u>
Decreased by:				
Canceled	A-1			<u>5,877.00</u>
Balance, December 31, 2018	A		\$	<u><u>734.97</u></u>

"A-23"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

REF.

Balance, December 31, 2017  
and December 31, 2018

A

\$ 13,952.11

"A-24"

SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS

Balance, December 31, 2017  
and December 31, 2018

A

\$ 165.93

"A-25"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

REF.

Increased by:			
School Levy	A-1:A-9	\$	10,511,408.00
Decreased by:			
Disbursements	A-4	\$	<u>10,511,408.00</u>

"A-26"

SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2017	A	\$	111,232.23
Increased by:			
2018 Calandar Year Levy	A-1:A-9	\$	21,271,482.80
Added and Omitted	A-1:A-9		<u>97,277.06</u>
			21,368,759.86
		\$	<u>21,479,992.09</u>
Decreased by:			
Disbursements	A-4		<u>21,382,715.03</u>
Balance, December 31, 2018	A	\$	<u><u>97,277.06</u></u>

"A-27"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 47,966.99
Increased by:		
Receipts	A-4	<u>16,626.01</u>
Balance, December 31, 2018	A	\$ <u>64,593.00</u>

"A-28"

SCHEDULE OF RESERVE FEMA STORM

Increased by:		
Receipts	A-4	\$ 39,070.23
Decreased by:		
Disbursements	A-4	\$ <u>39,070.23</u>

"A-29"

CITY OF MARGATE CITY

CURRENT FUND

SCHEDULE OF RESERVE FOR DUE TO CITY OF BRIGANTINE

REF.

Increased by:		
Receipts	A-4	\$ 7,680.00
Decreased by:		
Disbursements	A-4	\$ <u>7,680.00</u>

"A-30"

SCHEDULE OF RESERVE FOR DUE TO BOROUGH OF LONGPORT

Increased by:		
Receipts	A-4	\$ 2,945.00
Decreased by:		
Disbursements	A-4	\$ <u>2,945.00</u>

CITY OF MARGATE CITY

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2017	BUDGET APPROPRIATION	RECEIPTS	CANCELED	BALANCE DECEMBER 31, 2018
Recycling Tonnage Program	\$ 12,328.77	\$	\$	\$	12,328.77
Municipal Alliance Program	20,174.94	40,968.00	9,275.43	31,383.51	20,484.00
Clean Communities Program		30,419.48	30,419.48		
Coastal Resiliency Grant	65,897.33		45,688.47	20,208.86	137,500.00
Congestion Mitigation	137,500.00		3,000.00		10,000.00
Green Communities	3,000.00		8,050.00		2,991,950.00
Sustainable NJ	10,000.00				
FEMA- 4264 Hazard Mitigation	3,000,000.00				
	<u>\$ 3,248,901.04</u>	<u>\$ 71,387.48</u>	<u>\$ 96,433.38</u>	<u>\$ 51,592.37</u>	<u>\$ 3,172,262.77</u>
REF.	A	A-2	A-4	A-1	A

CITY OF MARGATE CITY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2017	BUDGET APPROPRIATION	TRANSFER FROM ACCOUNTS PAYABLE	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2018
Body Armor Replacement Fund	\$ 5,293.87	\$	\$	\$	\$	5,293.87
Municipal Alliance Program	25,295.94	51,210.00		11,511.03	39,404.91	25,590.00
Clean Communities Program	26,097.75	30,419.48	2,835.00	34,195.73		25,156.50
Coastal Resiliency Grant	50,135.24		43,725.51	69,799.44	24,061.31	
Congestion Mitigation	137,500.00		19,090.00			137,500.00
Sustainable NJ			184,800.00	44,840.00		
FEMA- 4264 Hazard Mitigation	2,815,000.00					2,954,960.00
	\$ 3,059,322.80	\$ 81,629.48	\$ 250,450.51	\$ 179,436.20	\$ 63,466.22	\$ 3,148,500.37
REF.	A	A-3	A-33	A-4	A-1	A

"A-33"

CITY OF MARGATE CITY

GRANT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

REF.

Balance, December 31, 2017	A	\$ 250,450.51
Decreased by:		
Transfer to Grants Appropriated	A-32	\$ <u>250,450.51</u>

"A-34"

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2017	A	\$ 50,923.64
Decreased by:		
2018 Appropriations	A-3	\$ <u>50,923.64</u>



CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2017	B		\$ 1,392.00	\$ 694,421.84
Increased by Receipts:				
Reserve for Animal Control	B-4	\$ 528.00	\$	
Due To State of New Jersey	B-5	138.00		
Due Current Fund	B-2			20.00
Reserve for:				
Builders Escrow	B-7			12,200.98
Various Trust Deposits	B-3			105,186.50
Pension Plan for Lifeguards	B-9			159,113.69
Law Enforcement Trust Fund - State	B-10			25.55
Law Enforcement Trust Fund - Federal	B-11			4.79
Payroll Deductions Payable	B-8			7,070,962.42
Recreation Deposits	B-6			68,277.70
			666.00	7,415,791.63
			<u>\$ 2,058.00</u>	<u>\$ 8,110,213.47</u>
Decreased by Disbursements:				
Due To State of New Jersey	B-5	\$ 138.00	\$	
Reserves For:				
Various Trust Deposits	B-3			3,457.75
Animal Control	B-4	538.60		7,432.50
Developers' Deposits	B-7			53,689.24
Pension Plan for Lifeguards	B-9			7,072,365.44
Payroll Deductions Payable	B-8			73,786.90
Recreation Deposits	B-6			
			676.60	7,210,731.83
Balance, December 31, 2018	B		<u>\$ 1,381.40</u>	<u>\$ 899,481.64</u>

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Increased by:		
Receipts	B-1	\$ <u>20.00</u>
Balance, December 31, 2018 (Due To)	B	\$ <u><u>20.00</u></u>

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DECEMBER 31, 2018</u>
Parking Offense Adjudication Act (POAA)	\$ 3,708.75	\$ 532.00	\$	4,240.75
Public Defender	5,451.64	2,054.50		7,506.14
Accumulated Absences	117,500.00	101,000.00		218,500.00
Adopt A Beach	5,362.54			5,362.54
Engineer Escrow Deposits	36,320.16		3,457.75	32,862.41
Plan Review Escrow		1,600.00		1,600.00
	<u>\$ 168,343.09</u>	<u>\$ 105,186.50</u>	<u>\$ 3,457.75</u>	<u>\$ 270,071.84</u>
<u>REF.</u>	B	B-1	B-1	B

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	1,392.00
Increased by:			
Dog Licenses		\$	504.00
Cat Licenses			<u>24.00</u>
	B-1		<u>528.00</u>
		\$	<u>1,920.00</u>
Decreased by:			
Excess in Animal Control Expenditures			182.60
Expenditures Under R.S.4:19-15.11			<u>356.00</u>
	B-6		<u>538.60</u>
Balance, December 31, 2018	B	\$	<u><u>1,381.40</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$ 767.40
2016	<u>624.00</u>
	<u>\$ 1,391.40</u>

"B-5"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF DUE TO STATE DEPARTMENT OF HEALTH - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Increased by:			
State Registration Fees Collected	B-1	\$	138.00
Decreased by:			
Paid to State Department of Health	B-1	\$	<u>138.00</u>

"B-6"

SCHEDULE OF RESERVE FOR RECREATION DEPOSITS

Balance, December 31, 2017	B	\$	34,892.40
Increased by:			
Receipts	B-1		68,277.70
		\$	<u>103,170.10</u>
Decreased by:			
Disbursements	B-1		<u>73,786.90</u>
Balance, December 31, 2018	B	\$	<u><u>29,383.20</u></u>

"B-7"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF BUILDERS ESCROW

	<u>REF.</u>	
Balance, December 31, 2017	B	\$ 16,029.43
Increased by:		
Receipts	B-1	12,200.98
		<u>\$ 28,230.41</u>
Decreased by:		
Disbursements	B-1	7,432.50
		<u>7,432.50</u>
Balance, December 31, 2018	B	<u><u>\$ 20,797.91</u></u>

Detailed Analysis of Balance is on file in the Finance Office

"B-8"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2017	B	\$ 163,828.50
Increased by:		
Receipts	B-1	<u>7,070,962.42</u>
		\$ <u>7,234,790.92</u>
Decreased by:		
Disbursements	B-1	<u>7,072,365.44</u>
Balance, December 31, 2018	B	\$ <u><u>162,425.48</u></u>

"B-9"

SCHEDULE OF RESERVE FOR PENSION PLAN FOR LIFEGUARDS

Balance, December 31, 2017	B	\$ 297,858.73
Increased by:		
Receipts	B-1	<u>159,113.69</u>
		\$ <u>456,972.42</u>
Decreased by:		
Disbursements	B-1	<u>53,689.24</u>
Balance, December 31, 2018	B	\$ <u><u>403,283.18</u></u>

"B-10"

CITY OF MARGATE CITY

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND - STATE

	<u>REF.</u>	
Balance, December 31, 2017	B	\$ 11,338.68
Increased by:		
Receipts	B-1	<u>25.55</u>
Balance, December 31, 2018	B	\$ <u>11,364.23</u>

"B-11"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND - FEDERAL

Balance, December 31, 2017	B	\$ 2,131.01
Increased by:		
Receipts	B-1	<u>4.79</u>
Balance, December 31, 2018	B	\$ <u>2,135.80</u>



CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2017	C	\$	3,113,033.22
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-6	\$	210,000.00
Deferred Charges to Future Taxation Unfunded	C-5		23.28
Bond Anticipation Notes Payable	C-16		8,100,000.00
Deferred Charges to Future Taxation Unfunded	C-5		893,114.04
Due Water and Sewer Capital Fund	C-7		1,650,000.00
Reserve to Pay Bonds- Hurricane Sandy	C-14		39,070.23
Fund Balance	C-1		<u>79,950.00</u>
			<u>10,972,157.55</u>
		\$	<u>14,085,190.77</u>
Decreased by Disbursements:			
Contracts Payable	C-9	\$	2,886,438.77
Due Water and Sewer Capital Fund	C-7		971,168.05
Bond Anticipation Notes Payable	C-20		6,300,000.00
Reserve to Pay Bonds- Hurricane Sandy	C-14		645,000.00
Fund Balance	C-1		<u>200,000.00</u>
			<u>11,002,606.82</u>
Balance, December 31, 2018	C	\$	<u><u>3,082,583.95</u></u>

"C-3"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2018
Capital Improvement Fund	\$ 20,500.00
Due Water and Sewer Capital Fund	(1,374,270.74)
Reserve to Pay Bonds	513,200.00
Reserve to Pay Bonds- Hurricane Sandy	3,839,486.83
Reserve for Contracts Payable	1,878,818.65
Fund Balance	713,234.83
Cash on Hand to Pay Notes - Listed on "C-5"	710,263.04
Unexpended Proceeds of Bond Anticipation Notes Listed on "C-5"	1,581,722.52
Improvement Authorizations Funded- Listed on "C-8"	31,248.73
Unfunded Improvements Expended- Listed on "C-5"	(4,831,619.91)
	<u>\$ 3,082,583.95</u>

REF.

C

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 39,141,541.81
Decreased by:			
Paid By Budget:			
Serial Bonds Payable	C-10	\$ 3,030,000.00	
Type I School Bonds Payable	C-11	1,270,000.00	
Green Trust Loan Payable	C-13	43,596.79	
Infrastructure Loan Payable	C-12	<u>55,130.05</u>	
			<u>4,398,726.84</u>
Balance, December 31, 2018	C		\$ <u>34,742,814.97</u>



"C-6"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 40,500.00
Increased by:		
2018 Budget Appropriation	C-2	<u>210,000.00</u>
		\$ <u>250,500.00</u>
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	C-8	<u>230,000.00</u>
Balance, December 31, 2018	C	\$ <u><u>20,500.00</u></u>

"C-7"

SCHEDULE OF DUE WATER AND SEWER CAPITAL FUND

Balance, December 31, 2017 (Due From)	C	\$ 2,053,102.69
Increased by:		
Disbursements	C-2	<u>971,168.05</u>
		\$ <u>3,024,270.74</u>
Decreased by:		
Receipts	C-2	<u>1,650,000.00</u>
Balance, December 31, 2018 (Due From)	C	\$ <u><u>1,374,270.74</u></u>



CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 1,365,165.58
Increased by:		
Charges to Improvement Authorizations	C-8	3,400,091.84
		\$ <u>4,765,257.42</u>
Decreased by:		
Disbursements	C-2	<u>2,886,438.77</u>
Balance, December 31, 2018	C	\$ <u><u>1,878,818.65</u></u>





CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF TYPE I SCHOOL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2018		INTEREST RATE	BALANCE DECEMBER 31, 2017	DECREASED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT				
School Refunding	9/30/09	\$ 12,730,000.00	2/1/19	1,220,000.00	5.00%			
			2/1/20	1,220,000.00	4.00%			
			2/1/21	1,210,000.00	4.00%			
			2/1/22	1,190,000.00	4.125%	\$ 6,055,000.00	\$ 1,215,000.00	\$ 4,840,000.00
School Bonds 2016	7/15/16	1,200,000.00	7/15/19	60,000.00	3.00%			
			7/15/20	70,000.00	4.00%			
			7/15/21	80,000.00	4.00%			
			7/15/22	90,000.00	3.00%			
			7/15/2023-29	100,000.00	2.00%			
			7/15/30	95,000.00	2.125%	1,150,000.00	55,000.00	1,095,000.00
						<u>\$ 7,205,000.00</u>	<u>\$ 1,270,000.00</u>	<u>\$ 5,935,000.00</u>
					REF.	C	C-4	C

"C-12"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 233,760.14
Decreased by:		
Loan Paid by Current Budget	C-4	<u>55,130.05</u>
Balance, December 31, 2018	C	\$ <u>178,630.09</u>

"C-13"

SCHEDULE OF GREEN TRUST LOAN PAYABLE

Balance, December 31, 2017	C	\$ 367,781.67
Decreased by:		
Loans Paid by Current Budget	C-4	<u>43,596.79</u>
Balance, December 31, 2018	C	\$ <u>324,184.88</u>

"C-14"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO PAY BONDS- HURRICANE SANDY

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 4,445,416.60
Increased by:		
Receipts	C-2	<u>39,070.23</u>
		\$ <u>4,484,486.83</u>
Decreased by:		
Disbursements	C-2	<u>645,000.00</u>
Balance, December 31, 2018	C	\$ <u><u>3,839,486.83</u></u>

"C-15"

SCHEDULE OF RESERVE TO PAY BONDS

Balance, December 31, 2017 and December 31, 2018	C	\$ <u><u>513,200.00</u></u>
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CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>DATE OF ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
15-04	Various Capital Improvements	08/09/17	330,000.00	08/06/19	2.75%	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00
16-05	Various Capital Improvements	08/09/17	1,650,000.00	08/06/19	2.75%	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00
17-04	Various Capital Improvements	08/08/17	3,220,000.00	08/06/19	2.75%	3,220,000.00	3,220,000.00	3,220,000.00	3,220,000.00
17-07	School Improvements	08/09/17	1,100,000.00	08/06/19	2.75%	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00
18-07	Various Capital Improvements	08/07/18	1,800,000.00	08/06/19	2.75%	1,800,000.00	1,800,000.00		1,800,000.00
						<u>\$ 6,300,000.00</u>	<u>\$ 8,100,000.00</u>	<u>\$ 6,300,000.00</u>	<u>\$ 8,100,000.00</u>
					<u>REF.</u>	<u>C</u>	<u>C-2</u>	<u>C-2</u>	<u>C:C-5</u>

"C-17"

CITY OF MARGATE CITY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
15-04	Various Capital Improvements	\$ 3,327,596.82
16-03	Improvements and Repairs to City Hall	462,213.89
16-05	Various Capital Improvements	1,758,649.00
17-07	Type I School Improvements	100,000.00
18-07	Various Capital Improvements	242,500.00
18-22	Various Capital Improvements	2,327,500.00
14-13	Type I School Improvements	<u>197,226.72</u>
		<u>\$ 8,415,686.43</u>

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF CASH

	<u>REF.</u>	<u>WATER AND SEWER UTILITY</u>	<u>WATER AND SEWER UTILITY CAPITAL</u>
Balance December 31, 2017	D	\$ <u>1,676,008.59</u>	\$ <u>-0-</u>
Increased by Receipts:			
Consumer Accounts Receivable	D-6	\$ 4,178,896.73	\$
Miscellaneous Revenue Anticipated	D-1:D-3		
Due Water and Sewer Utility Fund	D-17		9,166.93
Due General Capital Fund	D-19		971,168.05
Bond Anticipation Notes Payable	D-22		1,650,000.00
Water and Sewer Overpayments	D-14	40,196.23	
Water Meter Installations	D-8	126,160.00	
Accrued Interest on Bonds and Notes	D-9	9,166.93	
Prepaid Water and Sewer Charges	D-13	47,404.99	
		\$ <u>4,401,824.88</u>	\$ <u>2,630,334.98</u>
		\$ <u>6,077,833.47</u>	\$ <u>2,630,334.98</u>
Decreased by Disbursements:			
2018 Budget Appropriations	D-4	\$ 3,958,676.14	\$
Appropriation Reserves	D-12	44,443.81	
Water and Sewer Overpayments	D-14	4,335.00	
Due Water and Sewer Utility Capital Fund	D-11	9,166.93	
Bond Anticipation Notes Payable	D-22		450,000.00
Water Meter Installations	D-8	114,597.45	
Contracts Payable	D-21		530,334.98
Due General Capital Fund	D-19		1,650,000.00
Accrued Interest on Bonds and Notes	D-9	121,971.88	
Fund Balance	D-1	200,000.00	
		\$ <u>4,453,191.21</u>	\$ <u>2,630,334.98</u>
Balance, December 31, 2018	D	\$ <u><u>1,624,642.26</u></u>	\$ <u><u>-0-</u></u>

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
SCHEDULE OF WATER AND SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	101,034.06
Increased by:			
Water and Sewer Charges Levied (Net)			<u>4,292,719.17</u>
		\$	<u>4,393,753.23</u>
Decreased By:			
Prepaid Applied	D-13	\$	72,466.11
Overpayments Applied	D-14		34,032.27
Receipts	D-5		<u>4,178,896.73</u>
			<u>4,285,395.11</u>
Balance, December 31, 2018	D	\$	<u><u>108,358.12</u></u>

"D-7"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES/ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	56,373.32
Increased by:			
2018 Appropriations	D-4		68,364.59
		\$	<u>124,737.91</u>
Decreased by:			
Transfer to Appropriation Reserves	D-12		56,155.62
Canceled	D-1		<u>217.70</u>
			<u>56,373.32</u>
Balance, December 31, 2018 (Encumbrances Payable)	D	\$	<u><u>68,364.59</u></u>

"D-8"

RESERVE FOR WATER METER INSTALLATIONS

Balance, December 31, 2017	D	\$	211,347.34
Increased by:			
Receipts	D-5		126,160.00
		\$	<u>337,507.34</u>
Decreased by:			
Disbursements	D-5		<u>114,597.45</u>
Balance, December 31, 2018	D	\$	<u><u>222,909.89</u></u>



"D-9"

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>REF.</u>		
Balance, December 31, 2017	D		\$ 55,584.41
Increased by:			
Budget Appropriations	D-4	\$ 126,875.00	
Receipts- Improvement Authorization	D-5	<u>9,166.93</u>	
			136,041.93
			<u>\$ 191,626.34</u>
Decreased by:			
Disbursements	D-5		<u>121,971.88</u>
Balance, December 31, 2018	D		<u>\$ 69,654.46</u>

"D-10"

SCHEDULE OF CHANGE FUND

Balance, December 31, 2017 and December 31, 2018	D	\$ <u>100.00</u>
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"D-11"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF DUE WATER AND SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance, December 31, 2017 (Due To)	D	\$ 55,903.79
Decreased by:		
Disbursements	D-5	<u>9,166.93</u>
Balance, December 31, 2018 (Due To)	D	<u>\$ 46,736.86</u>

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2017</u>	<u>PRIOR YEAR ACCOUNTS PAYABLE</u>	<u>MODIFIED</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	\$ 3,953.87 \$	56,155.62 \$	60,109.49 \$	44,443.81 \$	15,665.68
	<u>1,930.09</u>		<u>1,930.09</u>		<u>1,930.09</u>
	<u>\$ 5,883.96 \$</u>	<u>56,155.62 \$</u>	<u>62,039.58 \$</u>	<u>44,443.81 \$</u>	<u>17,595.77</u>

Operating:  
Other Expenses  
Atlantic County Utilites Authority

REF.

D

D-7

D-5

D-1

"D-13"

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
SCHEDULE OF PREPAID WATER AND SEWER CHARGES

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	72,466.11
Increased by:			
Receipts	D-5		<u>47,404.99</u>
		\$	<u>119,871.10</u>
Decreased by:			
Applied to Receivable	D-6		<u>72,466.11</u>
Balance, December 31, 2018	D	\$	<u><u>47,404.99</u></u>

"D-14"

SCHEDULE OF RESERVE FOR SEWER OVERPAYMENTS

Balance, December 31, 2017	D	\$	38,367.27
Increased by:			
Receipts	D-5		<u>40,196.23</u>
		\$	<u>78,563.50</u>
Decreased by:			
Disbursements	D-5	\$	4,335.00
Applied to Receivable	D-6		<u>34,032.27</u>
			<u>38,367.27</u>
Balance, December 31, 2018	D	\$	<u><u>40,196.23</u></u>

"D-15"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

REF.

Balance, December 31, 2017  
and December 31, 2018

D

\$ 65,200.00

"D-16"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2017

D

\$ 4,477,951.83

Increased by:  
Bonds Payable

D-21

230,000.00

Balance, December 31, 2018

D

\$ 4,707,951.83

"D-17"

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE WATER AND SEWER UTILITY FUND

	<u>REF.</u>	
Balance, December 31, 2017 (Due From)	D	\$ 55,903.79
Decreased by:		
Receipts	D-5	<u>9,166.93</u>
Balance, December 31, 2018 (Due From)	D	<u>\$ 46,736.86</u>

"D-18"

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2017 (Due To)	D	\$ 2,053,102.69
Increased by:		
Receipts	D-5	<u>971,168.05</u>
		\$ 3,024,270.74
Decreased by:		
Disbursements	D-5	<u>1,650,000.00</u>
and December 31, 2018 (Due To)	D	<u>\$ 1,374,270.74</u>

"D-19"

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY FUND  
SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	D	\$	237,548.82
Increased by:			
Improvement Authorizations	D-20		1,457,316.79
		\$	<u>1,694,865.61</u>
Decreased by:			
Disbursements	D-5	\$	530,334.98
Transfer to Improvement Authorizations	D-20		<u>84,230.87</u>
			<u>614,565.85</u>
Balance, December 31, 2018	D	\$	<u><u>1,080,299.76</u></u>

CITY OF MARGATE CITY

WATER AND SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2017		2018 AUTHORIZATIONS	CONTRACTS PAYABLE	BALANCE DECEMBER 31, 2018	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
13-14	Various Water and Sewer Improvements	07/03/13	\$ 812,000.00	\$	\$	\$	\$ (7,351.06)	\$ 7,471.56	\$
15-05	Various Water and Sewer Improvements	04/08/15	1,500,000.00	120.50	13,245.24		(54,076.64)		67,321.88
16-06	Various Water and Sewer Improvements	03/17/16	2,100,000.00		79,673.52		(22,803.17)		102,476.69
17-05	Various Water and Sewer Improvements	2017	500,000.00		380,119.43		187,356.73		192,762.70
18-08	Various Water and Sewer Improvements	06/07/18	1,400,000.00			1,400,000.00	1,252,259.38		147,740.62
18-23	Various Water and Sewer Improvements	10/04/18	1,100,000.00			1,100,000.00	17,700.68		1,082,299.32
				\$ 120.50	473,038.19	\$ 2,500,000.00	1,373,085.92	\$ 7,471.56	1,592,601.21
				D	D	D-23		D	D
	REF.								
	Transfer to Contracts Payable		D-19				\$ 1,457,316.79		
	Less: Transfer from Contracts Payable		D-19				84,230.87		
							\$ 1,373,085.92		



CITY OF MARGATE CITY

WATER & SEWER UTILITY CAPITAL FUND

SCHEDULE OF UTILITY SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Water & Sewer Utility Bonds	7/15/16	\$ 4,900,000.00	7/15/19	\$ 260,000.00	3.00%	\$	\$	
			7/15/20	280,000.00	4.00%			
			7/15/21	300,000.00	3.00%			
			7/15/22	320,000.00	2.00%			
			7/15/23	330,000.00	2.00%			
			7/15/24	350,000.00	2.00%			
			7/15/25-27	370,000.00	2.00%			
			7/15/28-30	380,000.00	2.00%			
			7/15/31	380,000.00	2.15%			
						4,700,000.00	230,000.00	4,470,000.00
						<u>\$ 4,700,000.00</u>	<u>\$ 230,000.00</u>	<u>\$ 4,470,000.00</u>
			<u>REF.</u>			D	D-16	D

TOWNSHIP OF BRIDGEWATER

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
17-05	Various Sewer Utility Improvements	08/09/17	08/07/18	08/06/19	2.75%	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00
16-12	Various Sewer Utility Improvements	08/07/18	08/07/18	08/06/19	2.75%		1,200,000.00		1,200,000.00
						<u>\$ 450,000.00</u>	<u>\$ 1,650,000.00</u>	<u>\$ 450,000.00</u>	<u>\$ 1,650,000.00</u>
			REF.			D	D-6	D-6	D

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL - AUTHORIZED AND UNCOMPLETE

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2017</u>	<u>INCREASED BY:</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2018</u>
Improvements to Water and Sewer Utility Systems	\$ 5,849,282.65	\$	\$ 5,849,282.65
18-08 Various Water and Sewer Improvements		1,400,000.00	1,400,000.00
18-23 Various Water and Sewer Improvements		1,100,000.00	1,100,000.00
	<u>\$ 5,849,282.65</u>	<u>\$ 2,500,000.00</u>	<u>\$ 8,349,282.65</u>
<u>REF.</u>	D	D-20	D

CITY OF MARGATE CITY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2018</u>
07-45	Various Water and Sewer Improvements	\$ 1,490.30
09-01	Various Water and Sewer Improvements	2,210.54
14-08	Various Water and Sewer Improvements	60,259.80
15-05	Various Water and Sewer Improvements	704,000.00
16-06	Various Water and Sewer Improvements	2,100,000.00
18-08	Various Water and Sewer Improvements	200,000.00
18-23	Various Water and Sewer Improvements	<u>1,100,000.00</u>
		\$ <u><u>4,167,960.64</u></u>

CITY OF MARGATE CITY  
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2017 AND 2018</u>
Pumping System Land	\$ 20,000.00
Springs and Wells	362,752.20
Chemical Treatment Plant	20,000.00
Hydraulic Power Structures	28,872.17
Electric Power Pumping Equipment	54,654.85
Transmission Mains and Accessories	2,000.00
Storage Reservoirs Tanks and Standard Pipes	431,189.52
Distribution Mains and Accessories	327,347.46
General Equipment	12,573.13
Water Main and Fire Hydrants	19,024.67
Improvement to Wells	15,155.00
Improvement to Water System	3,003,596.86
Ordinance 2007-45	608,490.30
Ordinance 2009-01	137,210.54
Ordinance 2013-05	1,509,799.97
Ordinance 2014-04	<u>143,963.15</u>
	\$ <u><u>6,696,629.82</u></u>

REF.

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CITY OF MARGATE CITY

PART II

SINGLE AUDIT SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR STATE FINANCIAL ASSISTANCE  
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 15-08

SCHEDULES OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



# SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Board  
of Commissioners  
City of Margate City  
County of Atlantic  
Margate City, New Jersey 08402

We have audited, in accordance with the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the City of Margate City, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's regulatory financial statements, and have issued our report thereon dated July 25, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the City of Margate City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the regulatory 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 City's internal control.



## SUPLEE, CLOONEY & COMPANY

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.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 25, 2019



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR  
STATE FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH NEW JERSEY OMB CIRCULAR 15-08**

The Honorable Mayor and Board  
of Commissioners  
City of Margate City  
County of Atlantic  
Margate City, New Jersey 08402

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

We have audited the City of Margate City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Margate City's major state programs for the year ended December 31, 2018. The City's major state 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 state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Margate City's major state 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 New Jersey OMB 15-08. Those standards and NJ OMB 15-08 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 state program occurred. An audit includes examining, on a test basis, evidence about the City of Margate City'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 state program. However, our audit does not provide a legal determination of the City of Margate City's compliance.

***Opinion on Each Major State Program***

In our opinion, the City of Margate City 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 state programs for the year ended December 31, 2018.

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

Management of the City of Margate City 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 City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJ OMB 15-08, 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 City'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 state 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 state 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 state 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 State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 25, 2019

## CITY OF MARGATE CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018

FEDERAL C.F.D.A. NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		2018 RECEIPTS	2018 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2018
		FROM	TO			
<u>Pass Through From State of New Jersey</u>						
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>						
15.153	\$ 125,000.00	continuous		\$ 45,688.47	\$ 26,073.93	\$ 100,938.69
10.664	3,000.00			3,000.00		3,000.00
				<u>\$ 48,688.47</u>	<u>\$ 26,073.93</u>	<u>\$ 103,938.69</u>
<u>Pass Through State of New Jersey</u>						
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>						
97.039	3,000,000.00	continuous		\$ 8,050.00	\$ 44,840.00	\$ 44,840.00
		TOTAL		<u>\$ 56,738.47</u>	<u>\$ 70,913.93</u>	<u>\$ 148,778.69</u>

## CITY OF MARGATE CITY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2018

STATE GRANTOR DEPARTMENT/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT AWARD AMOUNT	2018 RECEIPTS	2018 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2018
<u>NJ DIVISION OF CRIMINAL JUSTICE</u>					
Body Armor Replacement Fund - 2016	1020-718-066-1020-001-YCJS-6120	\$ 2,585.16	\$	\$	40.95
Body Armor Replacement Fund - 2017	1020-718-066-1020-001-YCJS-6120	2,749.66	\$	\$	40.95
<u>DEPARTMENT OF TRANSPORTATION</u>					
Municipal Aid 2015 - Reconstruction of Winchester Avenue	480-078-6320-ALL-TCAP-6010	190,000.00	\$ 47,500.00	\$ 132,757.13	\$ 190,000.00
Municipal Aid 2016 - Reconstruction of Winchester Avenue	480-078-6320-AMB-TCAP-6010	196,000.00	147,000.00	115,893.50	115,893.50
		\$	194,500.00	248,650.63	305,893.50
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>					
Clean Communities Grant - 2017	4900-765-042-4900-004-V42Y-6020	31,781.70	\$	\$ 26,037.75	\$ 31,781.70
Clean Communities Grant - 2018	4900-765-042-4900-004-V42Y-6020	30,419.48	30,419.48	5,262.98	5,262.98
Recycling Tonnage Grant - 2016	4900-752-042-4900-001-V42Y-6020	18,407.69			18,407.69
Recycling Tonnage Grant - 2017	4900-752-042-4900-001-V42Y-6020	8,553.18			8,553.18
Absecon Island Beachfill- Street End Drainage	4895-100-042-4895-043-V67B-4895	500,000.00	500,000.00	500,000.00	500,000.00
Absecon Island Beachfill- Lifeguard Headquarters Raising	4895-100-042-4895-043-V67B-4895	175,000.00	168,263.04	168,263.04	168,263.04
		\$	698,682.52	699,623.77	732,268.59
<u>Pass Through From County of Atlantic</u>					
Municipal Alliance on Alcoholism and Drug Abuse - 2017		20,484.00	\$ 9,275.43	\$ 11,201.97	\$ 20,484.00
Municipal Alliance on Alcoholism and Drug Abuse - 2018		20,484.00	\$	\$	\$
			9,275.43	11,201.97	20,484.00
		\$	902,457.95	959,476.37	1,058,687.04
	<u>TOTAL</u>				

CITY OF MARGATE CITY

NOTES TO THE SCHEDULE OF EXPENDITURES  
OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2018

NOTE 1. GENERAL

The accompanying schedule of expenditures of financial assistance present the activity of all state financial assistance programs of the City of Margate City, County of Atlantic, New Jersey. All state financial assistance received directly from state agencies, is included on the Schedule of Expenditures of State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the City's financial statements - regulatory basis. The City has elected not to use the 10 percent de minimus indirect cost rate as allowed under the uniform Guidance.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related state financial report.

#### NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the City's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund or General Capital Fund.

Receipts:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 56,738.47	\$ 39,694.91	\$ 96,433.38
General Capital Fund	<u>                    </u>	<u>862,763.04</u>	<u>862,763.04</u>
	<u>\$ 56,738.47</u>	<u>\$ 902,457.95</u>	<u>\$ 959,196.42</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 70,913.93	\$ 42,562.70	\$ 113,476.63
General Capital Fund	<u>                    </u>	<u>916,913.67</u>	<u>916,913.67</u>
	<u>\$ 70,913.93</u>	<u>\$ 959,476.37</u>	<u>\$ 1,030,390.30</u>

#### NOTE 5. OTHER

Matching contributions expended by the City in accordance with terms of the various grants are not reported in the accompanying schedules.

CITY OF MARGATE CITY  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

**Financial Statements**

- |  |            |
|--|------------|
| (1) Type of Auditor Report Issued:   | Unmodified |
| (2) Internal Control over Financial Reporting:                                       |            |
| (a) Material weaknesses identified?  | No         |
| (b) Significant deficiencies that are not considered to be material weaknesses?      | No         |
| (3) Noncompliance material to the financial statements to be noted during the audit? | No         |

**Federal Programs(s) – Not Applicable**

**State Program(s)**

- |   |            |
|---|------------|
| (1) Internal Control Over Major State Programs:   |            |
| (a) Material weaknesses identified?   | No         |
| (b) Significant deficiencies that are not considered to be material weaknesses?   | No         |
| (2) Type of Auditor's Report issued on compliance for major state program(s)?   | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB 15-08 and listed in Section III of this schedule? | No         |

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Department of Environmental Protection-	
Absecon Island Beach Fill-	
Street End Drainage	4895-100-042-4895-043-V67B-4895
Lifeguard Headquarters Raising	4895-100-042-4895-043-V67B-4895



CITY OF MARGATE CITY  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Section I - Summary of Auditor's Results (Continued)**

**State Program(s) (Continued)**

(5) Program Threshold Determination:

    Type A State Program Threshold > \$750,000.00

    Type B State Program Threshold <= \$750,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular 15-08?                      Yes

**Section II - Financial Statement Audit - Reported Findings Under  
Government Auditing Standards**

**Internal Control Findings**

None Reported.

**Compliance Findings**

None Reported

**Section III - Findings and Questioned Costs Relative to Major State Programs**

State Programs - None Reported

**Status of Prior Year Audit Findings** - Not Applicable

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PART III

CITY OF MARGATE CITY

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2018		YEAR 2017	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 2,930,000.00	4.37%	\$ 3,200,000.00	4.62%
Miscellaneous - From Other Than				
Local Property Tax Levies	6,418,544.31	9.58%	9,014,303.81	13.00%
Collection of Delinquent Taxes				
and Tax Title Liens	787,633.40	1.18%	780,748.77	1.13%
Collections of Current Tax Levy	<u>56,842,603.84</u>	<u>84.87%</u>	<u>56,313,746.38</u>	<u>81.25%</u>
<u>Total Revenue</u>	<u>\$ 66,978,781.55</u>	<u>100.00%</u>	<u>\$ 69,308,798.96</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 30,572,381.07	48.89%	\$ 33,754,554.91	51.65%
County Taxes	21,368,759.86	34.17%	21,053,359.76	32.22%
Local School District Taxes	10,511,408.00	16.81%	10,511,408.00	16.08%
Other Expenditures	<u>75,174.77</u>	<u>0.13%</u>	<u>30,030.95</u>	<u>0.05%</u>
<u>Total Expenditures</u>	<u>\$ 62,527,723.70</u>	<u>100.00%</u>	<u>\$ 65,349,353.62</u>	<u>100.00%</u>
Excess in Revenue	\$ 4,451,057.85		\$ 3,959,445.34	
Fund Balance - January 1	<u>4,561,969.11</u>		<u>3,802,523.77</u>	
	\$ 9,013,026.96		\$ 7,761,969.11	
Less: Utilization as Anticipated Revenue	<u>2,930,000.00</u>		<u>3,200,000.00</u>	
Fund Balance, December 31	<u>\$ 6,083,026.96</u>		<u>\$ 4,561,969.11</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - SEWER UTILITY OPERATING FUND

	YEAR 2018		YEAR 2017	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 134,830.00	3.01%	\$ 94,750.00	2.07%
Collection of Sewer Use Charges	4,285,395.11	95.80%	4,369,039.29	95.49%
Miscellaneous	<u>53,094.63</u>	<u>1.19%</u>	<u>111,566.42</u>	<u>2.44%</u>
<u>Total Revenue</u>	<u>\$ 4,473,319.74</u>	<u>100.00%</u>	<u>\$ 4,575,355.71</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 3,661,830.00	82.28%	\$ 3,503,165.59	82.36%
Capital Improvements				
Deferred Charges and Statutory Expenditures	132,000.00	2.97%	132,000.00	3.10%
Debt Service	356,875.00	8.02%	318,350.03	7.48%
Surplus (General Budget)	100,000.00	2.25%	100,000.00	2.35%
Surplus - Anticipated Revenue Current Fund	<u>200,000.00</u>	<u>4.48%</u>	<u>200,000.00</u>	<u>4.71%</u>
<u>Total Expenditures</u>	<u>\$ 4,450,705.00</u>	<u>100.00%</u>	<u>\$ 4,253,515.62</u>	<u>100.00%</u>
Excess in Revenue	\$ 22,614.74		\$ 321,840.09	
Fund Balance - January 1	<u>1,180,182.39</u>		<u>953,092.30</u>	
	\$ 1,202,797.13		\$ 1,274,932.39	
Decreased by:				
Utilization as Anticipated Revenue	<u>134,830.00</u>		<u>94,750.00</u>	
Fund Balance, December 31	<u>\$ 1,067,967.13</u>		<u>\$ 1,180,182.39</u>	

# COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$1.563</u>	<u>\$1.565</u>	<u>\$1.512</u>
Appointment of Tax Rate:			
Municipal	\$0.655	\$0.654	\$0.649
County	0.579	0.578	0.528
Local School	<u>0.329</u>	<u>0.333</u>	<u>0.335</u>

## Assessed Valuation:

Year 2018	<u>\$ 3,675,057,900.00</u>		
Year 2017		<u>\$ 3,633,924,000.00</u>	
Year 2016			<u>\$ 3,598,767,800.00</u>

## COMPARISON OF TAX LEVIES AND COLLECTION 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>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2018	\$57,703,752.64	\$56,842,603.84	98.50%
2017	\$57,172,084.19	\$56,313,746.38	98.50%
2016	\$54,674,766.63	\$53,776,100.34	98.36%

## DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, 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>
2018	\$19,098.83	\$778,097.59	\$797,196.42	1.38%
2017	\$9,951.62	\$787,688.02	\$797,639.64	1.40%
2016	\$5,692.79	\$857,973.56	\$863,666.35	1.62%

## PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31st on the basis of the last assessed valuations of such properties was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$138,557.50
2017	\$138,557.50
2016	\$138,557.50

## COMPARISON OF UTILITY LEVIES

<u>YEAR</u>	<u>SEWER LEVY</u>
2018	\$4,292,719.17
2017	\$4,278,998.87
2016	\$4,253,483.23

# COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2018	\$6,083,026.96	\$3,000,000.00
	2017	4,561,969.11	2,930,000.00
	2016	3,802,523.77	3,200,000.00
	2015	4,047,415.56	3,400,000.00
	2014	4,689,636.13	3,415,200.00
Water and Sewer Utility Operating Fund	2018	\$1,067,967.13	\$368,200.00
	2017	1,180,182.39	134,830.00
	2016	953,092.30	94,750.00
	2015	887,785.93	225,000.00
	2014	857,102.20	225,000.00



## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Michael Becker	Mayor - Commissioner of Public Works	*
John Amodeo	Commissioner of Public Safety	*
Maury Blumberg	Commissioner of Revenues and Finance	*
Richard Deaney	Business Administrator	*
Lisa McLaughlin	Certified Municipal Finance Officer	*
Linda Morgan	Tax Collector, Tax Search Officer	*
Tara Mazza	Water and Sewer Collector, Registrar	*
Johanna Casey	City Clerk	*
John Scott Abbott	City Solicitor	*
John H. Rosenberger	Magistrate	*
Maureen Larkin	Court Administrator	*
Deanna Krupp	Deputy Court Administrator	*
Roger McLarnon	Zoning Officer, Qualified Purchasing Agent	*
James Galantino	Construction Code Official	*

All of the bonds were examined and were properly executed.

\*Covered by Honesty Blanket Position Bond of the Atlantic County Joint  
Insurance Fund - \$1,000,000.00.

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COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS

### CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A.40A:11-4 was increased to \$17,500.00. Effective August 2, 2018, the bid threshold in accordance with N.J.S.A. 40A:11-3 was increased to \$40,000.00 by resolution of the governing body.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Solicitor's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

- Janitorial Services
- Landscaping Maintenance
- Cleaning and Televising of Sewer System
- Lifeguard Headquarters Raising
- Reconstruction of Winchester Avenue
- Historic City Hall Emergency Generator Repair
- Redevelopment of Well Number 8
- Reconstruction of Burk Avenue
- Benson Avenue Water Tank Exterior Painting
- Curb and Gutter Program

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

- Human Resources Services
- Municipal Auditing Services
- Municipal Accounting Services
- Labor Attorney
- Special Tax Counsel
- Architectural Services
- Engineering Services
- Planning and Grant Assistance

## GENERAL COMMENTS (CONTINUED)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

## COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on August 2, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED, by the Board of Commissioners of the City of Margate City, County of Atlantic, New Jersey, that all delinquent taxes for the year shall have added to them, by the Tax Collector of the City of Margate City, from the date of delinquency to the date of payment, interest at a rate of 8% on the first \$1,500.00 and 18% on any excess over \$1,500.00; and

WHEREAS, it appears that Chapter 105, P.L. 1965 of the Laws of the State of New Jersey has amended R.S. 54:4-67 thereby giving the people a ten (10) day grace period from the taxes due date.

THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Margate City that the Tax Collector is hereby authorized to add eight percent (8%) on the first \$1,500.00 and 18% on any excess over \$1,500.00 giving the people a ten (10) day grace period from the taxes due date, on any and all liens for any improvements by the Municipality from the date of delinquency.

BE IT FURTHER RESOLVED, that so long as said taxes are paid within the ten (10) day grace period by any person, firm, corporation or association that payment shall be considered to have been made within the ten (10) day grace period and therefore no interest shall be charged.

BE IT FURTHER RESOLVED that this resolution shall become effective August 2, 2018.

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

## DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 13, 2018 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2018	6
2017	6
2016	7

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

## VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2019 Taxes	25
Payments of 2018 Taxes	25
Delinquent Taxes	25
Payment of Sewer Utility Charges	25
Delinquent Sewer Utility Charges	25

## OTHER COMMENTS

### Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the City's policy to review and liquidate all interfund balances on a periodic basis.

## RECOMMENDATIONS

NONE





