

CITY OF MARGATE
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2020

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CITY OF MARGATE

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2020



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Margate, as of December 31, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Margate as of December 31, 2020 and 2019 or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2020 and 2019 the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Margate's basic financial statements. The supplementary information listed in the table of contents analysis and are not a required part of the basic financial statements, they are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such

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

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021, on our consideration of the City of Margate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Margate's internal control over financial reporting and compliance.

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

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

June 11, 2021

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 12,225,596.32	10,886,012.69
Cash - Change	650.00	2,100.00
Total Cash	<u>12,226,246.32</u>	<u>10,888,112.69</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	492,630.24	750,338.81
Tax Title and Other Liens	-	12,966.51
Property Acquired for Taxes - at Assessed Valuation	246,257.50	138,557.50
Revenue Accounts Receivable	915.20	3,859.79
Interfund Receivable:		
Grant Fund	-	7,670.94
Total Receivables and Other Assets	<u>739,802.94</u>	<u>913,393.55</u>
Total Regular Fund	<u>12,966,049.26</u>	<u>11,801,506.24</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	2,223,124.01	2,399,796.69
Due from Current Fund	17,938.28	-
Total Federal and State Grant Fund	<u>2,241,062.29</u>	<u>2,399,796.69</u>
Total Current Fund	<u>\$ 15,207,111.55</u>	<u>14,201,302.93</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2020</u>	<u>2019</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,927,033.81	1,411,925.14
Reserve for Encumbrances	291,246.81	285,792.24
Accounts Payable	-	6,708.00
Prepaid Taxes	1,257,604.72	1,260,096.88
Overpaid Taxes	93,897.66	79,426.05
County Added Tax Payable	134,979.04	112,802.63
Reserve for Payroll	1,866.24	-
Due to State:		
Marriage Licenses	75.00	175.00
Senior Citizens & Veterans	953.00	1,000.00
Interfund Payable:		
Grant Fund	17,938.28	-
Other		
Reserve for Tax Appeals	13,952.11	13,952.11
Reserve for Sale of Municipal Assets	105,709.44	109,820.00
Reserve for Tax Sale Premiums	297,400.00	286,600.00
Reserve for Outside Liens	0.80	-
	<u>4,142,656.91</u>	<u>3,568,298.05</u>
Reserve for Receivables and Other Assets	739,802.94	913,393.55
Fund Balance	8,083,589.41	7,319,814.64
Total Regular Fund	<u>12,966,049.26</u>	<u>11,801,506.24</u>
Federal and State Grant Fund:		
Unappropriated Reserves	-	8,753.34
Appropriated Reserves	2,007,213.88	2,383,372.41
Encumbrances Payable	233,848.41	-
Due from Current Fund	-	7,670.94
	<u>2,241,062.29</u>	<u>2,399,796.69</u>
Total Federal and State Grant Fund	<u>2,241,062.29</u>	<u>2,399,796.69</u>
Total Current Fund	<u>\$ 15,207,111.55</u>	<u>14,201,302.93</u>

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

	2020	2019
Revenue and Other Income Realized		
Fund Balance	\$ 3,240,000.00	3,000,000.00
Miscellaneous Revenue Anticipated	4,043,412.84	4,019,227.33
Receipts from Delinquent Taxes	748,769.57	775,279.13
Receipts from Current Taxes	57,861,522.19	56,724,005.86
Non Budget Revenue	376,241.54	406,901.63
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,472,928.99	1,535,854.12
Interfunds Returned	7,670.94	15,911.46
Grant Fund Cancellations	3,939.39	142.50
Insurance Proceeds Cancelled	-	165.93
Adjustment to Payroll Reserve	-	19.08
Cancelled CY Appropriations		
Total Income	<u>67,754,485.46</u>	<u>66,477,507.04</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	12,704,433.14	12,749,361.58
Other Expenses	7,331,974.00	6,917,315.00
Deferred Charges & Statutory Expenditures	3,398,358.86	3,392,345.42
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,593,692.65	1,465,601.07
Capital Improvements	358,400.00	345,000.00
Debt Service	4,793,399.01	4,303,741.28
Deferred Charges	-	48,196.67
For Local School Purposes	1,511,654.72	1,513,353.47
Local District School Tax	10,498,077.00	10,504,743.00
County Tax	21,420,100.52	20,871,567.03
County Share of Added Tax	134,979.04	112,802.63
Other:		
Refund of PY Senior & Vets	-	16,692.21
Adjustment to Payroll Reserve	5,641.75	-
Total Expenditures	<u>63,750,710.69</u>	<u>62,240,719.36</u>

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

	<u>2020</u>	<u>2019</u>
Excess/(Deficit) in Revenue	\$ <u>4,003,774.77</u>	<u>4,236,787.68</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
None	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>4,003,774.77</u>	<u>4,236,787.68</u>
Fund Balance January 1	<u>7,319,814.64</u>	<u>6,083,026.96</u>
	11,323,589.41	10,319,814.64
Decreased by:		
Utilization as Anticipated Revenue	<u>3,240,000.00</u>	<u>3,000,000.00</u>
Fund Balance December 31	\$ <u><u>8,083,589.41</u></u>	<u><u>7,319,814.64</u></u>

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Anticipated		
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 3,240,000.00		Excess or (Deficit)
Total Fund Balance Anticipated	3,240,000.00	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	8,500.00		1,295.00
Other	8,000.00		(777.50)
Fees and Permits	160,000.00		57,753.65
Fines and Costs:			
Municipal Court	90,000.00		(21,074.93)
Interest and Costs on Taxes	150,000.00		28,975.35
Interest on Investments and Deposits	100,000.00		(8,587.40)
Beach Fees	300,000.00		34,641.00
Cable Franchise	61,000.00		517.82
Total Section A: Local Revenues	877,500.00	-	92,742.99
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	764,475.00		-
Total Section B: State Aid Without Offsetting Appropriations	764,475.00	-	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	370,000.00		85,226.00
Total Section C: Uniform Construction Code Fees	370,000.00	-	85,226.00

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	8,753.34		8,753.34	-
Clean Communities Program		30,610.89	30,610.89	-
Municipal Alliance Against Alcoholism and Drug Abuse	13,785.00		13,785.00	-
Body Armor Replacement Fund	2,850.17		2,850.17	-
4368 HMPG Grant	77,150.00		77,150.00	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	102,538.51	30,610.89	133,149.40	-
Section G: Other Special Items				
Utility Operating Surplus of Prior Year	200,000.00		200,000.00	-
Uniform Fire Safety Act	11,000.00		14,101.10	3,101.10
General Capital Surplus	200,000.00		200,000.00	-
Ambulance Billing	190,000.00		184,868.49	(5,131.51)
Recreation Fees	120,000.00		60,544.56	(59,455.44)
Sale of Municipal Assets	105,000.00		105,000.00	-
Reserve for Debt Service	645,000.00		645,000.00	-
Reserve for Debt Service - Premium on Bond Sale	310,805.30		310,805.30	-
Total Section G: Other Special Items	1,781,805.30	-	1,720,319.45	(61,485.85)
Total Miscellaneous Revenues:	3,896,318.81	30,610.89	4,043,412.84	116,483.14

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated			Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87			
Receipts from Delinquent Taxes	570,000.00			748,769.57	178,769.57
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	23,157,230.94			25,007,067.62	1,849,836.68
Amount for Local District Tax	1,512,000.00			1,512,000.00	-
Library Tax	1,416,380.00			1,416,380.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	26,085,610.94	-		27,935,447.62	1,849,836.68
Budget Totals	33,791,929.75	30,610.89		35,967,630.03	2,145,089.39
Non- Budget Revenues:					
Other Non- Budget Revenues:				376,241.54	376,241.54
	\$ 33,791,929.75	30,610.89		36,343,871.57	2,521,330.93

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 57,861,522.19
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Less: Reserve for Tax Appeals Pending	
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Net Revenue from Collections	57,861,522.19
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Allocated to:

School, County and Other Taxes	32,053,156.56
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Balance for Support of Municipal Budget Appropriations	25,808,365.63
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	2,127,081.99
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Amount for Support of Municipal Budget Appropriations	27,935,447.62
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	748,769.57	
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Tax Title Lien Collections	-	
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Total Receipts from Delinquent Taxes	748,769.57
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Senior & Veterans Administrative Fees	1,276.56	
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Tax Abatements	39,600.00	
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Solar S-RECSs	18,251.00	
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Sale of Land	1,000.00	
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Beach Vending License	50,000.00	
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Cell Tower Rent	157,757.50	
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Lease of Municipal Property	23,304.50	
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Library Building Reimbursement	30,010.00	
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Bench Donation	1,000.00	
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Fines	625.98	
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Refunds, Reimbursements & Rebates	22,496.74	
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DMV Inspection Fees	650.00	
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Escrow Admin Fes	6,350.00	
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Scrap Metal	4,909.60	
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Miscellaneous	19,009.66	
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Total Miscellaneous Revenue Not Anticipated:	\$ 376,241.54
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
PUBLIC AFFAIRS AND PUBLIC SAFETY						
Director's Office						
Salaries and Wages	\$ 27,300.00	27,300.00	27,239.00		61.00	-
Other Expenses	1,000.00	1,000.00			1,000.00	-
Police						
Salaries and Wages	4,058,093.00	4,058,093.00	3,890,361.36		167,731.64	-
Other Expenses	141,500.00	141,500.00	76,501.26	4,986.63	60,012.11	-
Fire						
Salaries and Wages	3,919,000.00	3,824,000.00	3,805,865.75		18,134.25	-
Other Expenses	126,000.00	146,000.00	120,552.62	8,871.68	16,575.70	-
Safety Official						
Other Expenses	5,550.00	5,550.00	2,742.96		2,807.04	-
Lifeguards						
Salaries and Wages	527,000.00	517,840.14	517,840.14			-
Other Expenses	36,500.00	36,500.00	33,875.81	2,368.00	256.19	0.00
Beachfront Maintenance						
Salaries and Wages	87,000.00	87,000.00	85,514.43		1,485.57	0.00
Other Expenses	14,500.00	14,500.00	6,942.47	7,146.65	410.88	-
Planning Board						
Salaries and Wages	126,000.00	126,000.00	123,364.89		2,635.11	-
Other Expenses	39,700.00	39,700.00	32,995.00	145.32	6,559.68	-
Dog Regulation						
Other Expenses	8,800.00	8,800.00	7,700.00	700.00	400.00	-
Emergency Management Services						
Salaries and Wages	7,500.00	7,500.00	7,500.00			-
Other Expenses	2,500.00	2,500.00	220.00	1,901.80	378.20	-
Legal Services and Costs						
Other Expenses	200,000.00	200,000.00	115,184.86	44,266.95	40,548.19	-
Municipal Court						
Salaries and Wages	226,500.00	226,500.00	211,908.30		14,591.70	-
Other Expenses	20,000.00	20,000.00	3,643.52	264.31	16,092.17	-
Public Defender						
Other Expenses	3,600.00	3,600.00	850.00		2,750.00	-
Municipal Prosecutor						
Salaries and Wages	32,000.00	32,000.00	31,518.99		481.01	(0.00)

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or		Expended		(Over expended)
	Budget	Budget After Modifications	Charged	Charged	Encumbered	Reserved	Unexpended Balance Cancelled
REVENUE AND FINANCE							
Director's Office							
Salaries and Wages	386,000.00	386,000.00	348,162.62			37,837.38	-
Other Expenses	46,350.00	46,350.00	35,598.43		1,436.24	9,315.33	-
Financial Administration							
Salaries and Wages	68,400.00	69,400.00	68,701.95			698.05	0.00
Other Expenses	259,880.00	259,880.00	217,259.78		23,644.96	18,975.26	-
Annual Audit							
Other Expenses	37,500.00	36,500.00	34,500.00			2,000.00	-
Collection of Taxes							
Salaries and Wages	189,000.00	189,000.00	175,309.84			13,690.16	-
Other Expenses	9,000.00	9,000.00	8,787.38		35.00	177.62	(0.00)
Assessment of Taxes							
Salaries and Wages	202,000.00	202,000.00	200,017.71			1,982.29	0.00
Other Expenses	89,775.00	89,775.00	67,005.15		8,136.60	14,633.25	-
City Clerk							
Salaries and Wages	123,000.00	131,500.00	131,301.05			198.95	0.00
Other Expenses	26,750.00	19,750.00	19,223.81		284.68	241.51	(0.00)
Elections							
Other Expenses	5,000.00	4,000.00	3,173.33			826.67	-
Insurance (N.J.S.A. 40A:4-45.3(00))							
General Liability	342,419.00	342,419.00	274,969.30			67,449.70	-
Workers Compensation Insurance	549,000.00	549,000.00	437,954.32			111,045.68	-
Employee Group Health	2,076,000.00	2,076,000.00	1,726,426.36		13,410.40	336,163.24	-
Health Benefit Waiver	60,000.00	60,000.00	47,019.15			12,980.85	-
PUBLIC WORKS, PARKS AND PROPERTY							
Director's Office							
Salaries and Wages	27,300.00	27,300.00	27,239.00			61.00	-
Other Expenses	10,500.00	10,500.00	395.00		1,221.79	8,883.21	-
Street Repairs and Maintenance							
Salaries and Wages	1,438,000.00	1,413,000.00	1,333,555.24			79,444.76	-
Other Expenses	237,300.00	212,300.00	89,236.46		45,062.08	78,001.46	-
City Engineer							
Other Expenses	75,000.00	75,000.00	9,643.00		3,845.00	61,512.00	-
Rubbish Removal							
Other Expenses	845,000.00	845,000.00	812,598.65		32,401.35		(0.00)
Recreation							
Salaries and Wages	442,000.00	442,000.00	371,348.27			70,651.73	-
Other Expenses	160,700.00	160,700.00	85,222.52		2,781.43	72,696.05	-
Pavilion							

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Salaries and Wages	154,000.00	154,000.00	143,399.74		-
Other Expenses	32,700.00	32,700.00	7,852.12	187.62	-
Technology					
Salaries and Wages	175,500.00	175,500.00	175,115.88		(0.00)
Other Expenses	114,150.00	114,150.00	95,114.45	19,035.55	0.00
Public Buildings and Grounds					
Salaries and Wages	86,500.00	86,500.00	56,499.12		-
Other Expenses	470,000.00	495,000.00	412,187.84	19,580.29	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official	461,000.00	462,000.00	460,465.98		0.00
Salaries and Wages	79,500.00	78,500.00	12,675.85	758.17	-
Other Expenses					
UNCLASSIFIED					
Celebration of Public Events					
Other Expenses	150,000.00	150,000.00	107,175.00		-
General Office Operations	69,000.00	68,500.00	51,393.88	379.68	-
Payment of Ambulance Bills	20,000.00	20,000.00	8,588.42	2,111.14	-
Sick and Retirement Payments	78,000.00	178,000.00	178,000.00		-
Feasibility Studies	20,000.00	20,000.00			-
Employee Wellness	20,000.00	20,000.00	7,331.70		-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	225,000.00	225,000.00	218,734.14	2,350.77	(0.00)
Street Lighting	220,000.00	220,000.00	176,087.48	337.43	-
Telephone	99,300.00	99,300.00	90,221.68	8,762.51	0.00
Natural Gas	120,000.00	120,000.00	51,290.80	8,102.75	-
Gasoline/Diesel	85,000.00	85,000.00	72,332.47	4,492.98	-
TOTAL OPERATIONS WITHIN "CAPS"	<u>19,995,567.00</u>	<u>19,986,407.14</u>	<u>17,951,436.23</u>	<u>269,009.76</u>	<u>0.00</u>
Contingent	50,000.00	50,000.00	38,441.20	9,165.35	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>20,045,567.00</u>	<u>20,036,407.14</u>	<u>17,989,877.43</u>	<u>278,175.11</u>	<u>0.00</u>
Detail:					
Salaries and Wages	12,823,093.00	12,704,433.14	12,239,248.41	-	0.00
Other Expenses	7,222,474.00	7,331,974.00	5,750,629.02	278,175.11	(0.00)

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Encumbered	Reserved		
DEFERRED CHARGES AND STATUTORY EXPENDITURES:							
Statutory Expenditures:							
Contributions to:							
Public Employees' Retirement System	797,498.00	797,498.00	743,751.27		53,746.73		-
Social Security System (O.A.S.I.)	520,000.00	520,000.00	463,931.40		56,068.60		-
Police and Firemen's Retirement System	1,891,701.00	1,891,701.00	1,891,701.00				-
Unemployment Compensation Insurance	60,000.00	60,000.00	27,568.95		32,431.05		-
Lifeguard Pension	100,000.00	109,159.86	109,159.86				-
Defined Contribution Retirement Program	20,000.00	20,000.00	10,026.14		9,973.86		-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	3,389,199.00	3,398,358.86	3,246,138.62	-	152,220.24		-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	23,434,766.00	23,434,766.00	21,236,016.05	278,175.11	1,920,574.84		0.00
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"	1,416,380.00	1,416,380.00	1,416,380.00				-
Maintenance of Free Public Library							
Recycling Tax	10,000.00	10,000.00	10,000.00				-
Other Expenses							
	1,426,380.00	1,426,380.00	1,426,380.00	-	-		-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Matching Funds for Grants	5,000.00	5,000.00				-
Recycling Tonnage Grant	8,753.34	8,753.34	8,753.34		5,000.00	-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	13,785.00	13,785.00	13,785.00			-
Local Share	3,446.25	3,446.25	3,446.25			-
Body Armor Grant	2,850.17	2,850.17	2,850.17			-
4368 HMPG Grant	77,150.00	77,150.00	77,150.00			-
4368 HMPG Grant - Match	25,717.00	25,717.00	25,717.00			-
Clean Communities		30,610.89	30,610.89			-
Total Public and Private Programs Off-Set by Revenues	136,701.76	167,312.65	162,312.65	-	5,000.00	-
Total Operations - Excluded from "CAPS"	1,563,081.76	1,593,692.65	1,588,692.65	-	5,000.00	-
Detail:						
Other Expenses	1,563,081.76	1,593,692.65	1,588,692.65	-	5,000.00	-
(C) Capital Improvements						
Capital Improvement Fund	250,000.00	250,000.00	250,000.00			-
Purchase of Equipment	108,400.00	108,400.00	93,869.33	13,071.70	1,458.97	(0.00)
Total Capital Improvements	358,400.00	358,400.00	343,869.33	13,071.70	1,458.97	(0.00)
(D) Debt Service						
Payment of Bond Principal	3,645,000.00	3,645,000.00	3,645,000.00			-
Interest on Bonds	1,051,000.00	1,051,000.00	1,050,710.36			289.64
Green Trust Loan Program:						-
Loan Repayments for Principal and Interest	37,400.00	37,400.00	37,278.82			121.18
NJUIT Loans	63,200.00	63,200.00	60,409.83			2,790.17
Total Debt Service	4,796,600.00	4,796,600.00	4,793,399.01	-	-	3,200.99

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,718,081.76	6,748,692.65	6,725,960.99	13,071.70	3,200.99
(I) Type I District School Debt Service					
Payment of Bond Principal	1,340,000.00	1,340,000.00	1,340,000.00		-
Interest on Bonds	172,000.00	172,000.00	171,654.72		345.28
Interest on Notes		-			-
Total Type I District School Debt	1,512,000.00	1,512,000.00	1,511,654.72	-	345.28
SUBTOTAL GENERAL APPROPRIATIONS	31,664,847.76	31,695,458.65	29,473,631.76	1,927,033.81	3,546.27
(M) Reserve for Uncollected Taxes	2,127,081.99	2,127,081.99	2,127,081.99		-
TOTAL GENERAL APPROPRIATIONS	\$ 33,791,929.75	33,822,540.64	31,600,713.75	1,927,033.81	3,546.27
Budget		\$ 33,791,929.75		Cancelled	\$ 3,546.27
Appropriations by 40A:4-87		30,610.89		Overexpended	\$ -
Emergency Appropriations		<u>33,822,540.64</u>			<u>3,546.27</u>
Reserve for Uncollected Taxes		\$	2,127,081.99		
Matching Funds for Grants			29,163.25		
Federal and State Grants			133,149.40		
Disbursements			29,311,319.11		
		<u>\$ 31,600,713.75</u>			

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - B
TRUST FUND

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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Dog License Fund:		
Cash	\$ 386.20	1,482.60
	<u>386.20</u>	<u>1,482.60</u>
Other Funds:		
Cash - Treasurer	994,581.51	1,056,110.38
	<u>994,581.51</u>	<u>1,056,110.38</u>
Total	<u><u>994,967.71</u></u>	<u><u>1,057,592.98</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Reserve for Dog Fund Expenditures	<u>386.20</u>	<u>1,482.60</u>
	<u>386.20</u>	<u>1,482.60</u>
Other Funds:		
Due to Current Fund	-	-
Payroll Deductions Payable	65,958.94	278,277.27
Miscellaneous Reserves	<u>928,622.57</u>	<u>777,833.11</u>
	<u>994,581.51</u>	<u>1,056,110.38</u>
Total	<u><u>\$ 994,967.71</u></u>	<u><u>1,057,592.98</u></u>

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

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

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 8,503,269.46	5,020,054.70
Deferred Charges to Future Taxation -		
Funded	36,273,357.86	41,349,518.63
Unfunded	11,049,592.91	8,868,300.72
	<u>55,826,220.23</u>	<u>55,237,874.05</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	31,530,000.00	35,175,000.00
Type I School Bonds Payable	4,415,000.00	5,755,000.00
Green Trust Loans Payable	261,664.58	293,235.75
NJEIT Loans Payable	66,693.28	126,282.88
Bond Anticipation Notes Payable	6,600,000.00	-
Improvement Authorizations:		
Funded	491,745.25	292,323.24
Unfunded	718,361.52	3,912,003.64
Encumbrances Payable	5,850,046.89	4,262,566.17
Due to Water Sewer Capital Fund	2,042,206.05	773,235.41
Reserve to Pay Bonds - 2019 Bond Sale Premium	-	310,805.30
Reserve to Pay Bonds & Notes	3,317,686.83	3,707,686.83
Capital Improvement Fund	164,000.00	116,500.00
Fund Balance	368,815.83	513,234.83
	<u>\$ 55,826,220.23</u>	<u>\$ 55,237,874.05</u>

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

2019	8,868,300.72
2020	4,449,592.91

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

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ 513,234.83	713,234.83
Increased by:		
Premium on Sale of Bond Anticipation Notes	55,581.00	
Decreased by:		
Surplus budgeted in Current Fund	(200,000.00)	(200,000.00)
Ending Balance December 31	\$ <u>368,815.83</u>	<u>513,234.83</u>

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 2,407,070.90	1,474,716.56
Change Fund	100.00	100.00
	<u>2,407,170.90</u>	<u>1,474,816.56</u>
Receivables and Other Assets with Full Reserves:		
Water & Sewer Accounts Receivable	131,383.39	118,065.42
	<u>131,383.39</u>	<u>118,065.42</u>
 Total Operating Fund	 <u>2,538,554.29</u>	 <u>1,592,881.98</u>
Capital Fund:		
Cash - Treasurer	-	-
Interfunds and Receivables		
Due from Utility Operating Fund	14,946.28	7,456.84
Due from General Capital	2,042,206.05	773,235.41
Fixed Capital - Complete	6,696,629.82	6,696,629.82
Fixed Capital - Authorized and Uncomplete	11,377,282.65	9,934,772.09
 Total Capital Fund	 <u>20,131,064.80</u>	 <u>17,412,094.16</u>
	<u>\$ 22,669,619.09</u>	<u>19,004,976.14</u>

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

	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 422,425.34	133,402.68
Reserve for Encumbrances	40,853.67	41,374.25
Prepaid Water & Sewer Rents	89,943.08	53,737.69
Overpaid Water & Sewer Rents	77,232.39	46,792.97
Accrued Interest on Bonds and Notes	90,589.31	90,659.48
Reserve for Water Meter Installations	291,003.12	251,309.47
Interfunds:		
Due to Utility Capital Fund	14,946.28	7,456.84
	<u>1,026,993.19</u>	<u>624,733.38</u>
Reserve for Receivables	131,383.39	118,065.42
Fund Balance	1,380,177.71	850,083.18
Total Operating Fund	<u>2,538,554.29</u>	<u>1,592,881.98</u>
Capital Fund:		
Encumbrances Payable	2,427,957.48	1,758,980.87
Bond Anticipation Notes Payable	3,100,000.00	-
Serial Bonds Payable	8,090,000.00	8,560,000.00
Improvement Authorizations:		
Funded	135,110.14	177,805.66
Unfunded	729,991.12	1,737,301.57
Reserve for Amortization	5,503,151.83	4,967,951.83
Capital Improvement Fund	-	65,200.00
Fund Balance	144,854.23	144,854.23
Total Capital Fund	<u>20,131,064.80</u>	<u>17,412,094.16</u>
	<u>\$ 22,669,619.09</u>	<u>19,004,976.14</u>

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

2019	3,103,450.08
2020	1,380,760.64

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

	2020	2019
Revenue and Other Income Realized		
Fund Balance	\$ 368,200.00	368,200.00
Water & Sewer Rents	5,145,599.41	4,277,694.85
Miscellaneous Revenue Anticipated	32,925.21	25,027.16
Miscellaneous Revenue Not Anticipated	19,810.26	20,251.46
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	140,624.81	140,591.53
Cancelled Accounts Payable		-
Total Income	<u>5,707,159.69</u>	<u>4,831,765.00</u>
Expenditures		
Operations	3,796,500.00	3,855,200.00
Debt Service	669,875.72	394,248.95
Deferred Charges and Statutory Expenditures	142,489.44	132,000.00
Surplus (General Budget)	-	100,000.00
Total Expenditures	<u>4,608,865.16</u>	<u>4,481,448.95</u>
Excess in Revenue	<u>1,098,294.53</u>	<u>350,316.05</u>
Fund Balance January 1	<u>850,083.18</u>	<u>1,067,967.13</u>
	1,948,377.71	1,418,283.18
Decreased by:		
Utilization as Anticipated Revenue	368,200.00	368,200.00
Utilization as Anticipated Revenue - Current Fund	<u>200,000.00</u>	<u>200,000.00</u>
Fund Balance December 31	<u>\$ 1,380,177.71</u>	<u>850,083.18</u>

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

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ 144,854.23	144,854.23
Increased by:		
None		
Decreased by:		
None		
Ending Balance December 31	\$ <u>144,854.23</u>	<u>144,854.23</u>

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 368,200.00	368,200.00	-
Rents	4,245,000.00	5,145,599.41	900,599.41
Miscellaneous	10,789.44	32,925.21	22,135.77
Miscellaneous Revenue Not Anticipated		19,810.26	19,810.26
	<u>\$ 4,623,989.44</u>	<u>5,566,534.88</u>	<u>942,545.44</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections

5,045,068.75

Prepayments & Overpayments Applied

100,530.66

5,145,599.41

Miscellaneous Revenue Anticipated

Interest on Delinquent Rents

15,070.13

Miscellaneous

17,855.08

32,925.21

Miscellaneous Revenue Not Anticipated

Interest on Investments

19,810.26

19,810.26

WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,395,000.00	1,395,000.00	1,281,978.56		113,021.44	
Other Expenses	1,133,500.00	1,133,500.00	784,005.43	40,853.67	308,640.90	
Atlantic County Utilities Authority - Contractual	1,268,000.00	1,268,000.00	1,267,237.00		763.00	
	<u>3,796,500.00</u>	<u>3,796,500.00</u>	<u>3,333,220.99</u>	<u>40,853.67</u>	<u>422,425.34</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	470,000.00	470,000.00	470,000.00		-	15,124.28
Interest on Bonds	215,000.00	215,000.00	199,875.72			
	<u>685,000.00</u>	<u>685,000.00</u>	<u>669,875.72</u>	<u>-</u>	<u>-</u>	<u>15,124.28</u>
Deferred Charges and Statutory Expenditures:						
Deferred Charges to Future Taxation - Unfunded						
Ord. #2016-06	7,489.44	7,489.44	7,489.44		-	
Social Security System	120,000.00	120,000.00	120,000.00		-	
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00		-	
	<u>142,489.44</u>	<u>142,489.44</u>	<u>142,489.44</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (General Budget)						
	<u>4,623,989.44</u>	<u>4,623,989.44</u>	<u>4,145,586.15</u>	<u>40,853.67</u>	<u>422,425.34</u>	<u>15,124.28</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

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

	Balance Dec. 31, 2020	Balance Dec. 31, 2019
General Fixed Assets:		
Land	\$ 50,903,100.00	\$ 50,903,100.00
Buildings	20,834,458.00	20,834,458.00
Machinery and Equipment	11,071,432.68	10,987,214.97
Total General Fixed Assets	\$ <u>82,808,990.68</u>	\$ <u>82,724,772.97</u>
Investment in General Fixed Assets	\$ <u>82,808,990.68</u>	\$ <u>82,724,772.97</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Margate is a shore community in the County of Atlantic, State of New Jersey. The City has a population according to the 2010 census of 6,354.

The City is incorporated and operates under a Commission form of government. The Mayor is the chief executive officer of the City. The Commission exercises the legislative power. The Mayor and Commission members are elected by the voters and the Clerk is appointed by the Mayor and Commissioners. The City employs a City Administrator who is responsible for oversight of the day-to-day operations of the City.

The financial statements of the City of Margate have been prepared in conformity with the Basis of Accounting established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the City's accounting policies are described below.

A. Reporting Entity

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

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The financial statements of the component unit of the City of Margate are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. If the provisions of GASB 14 and GASB 39 had been complied with, the other entity's financial statements would have to be either blended or discretely presented with the financial statements of the City of Margate, the primary government. The City maintains a Type I School District and a Municipal Library.

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

Margate City Public Library
8100 Atlantic Avenue
Margate, New Jersey 08402

The annual financial report may be inspected directly at the office of the component unit during regular business hours.

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
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B. Description of Funds

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

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

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

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

Water and Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

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

C. Basis of Accounting

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

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

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

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

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

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

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

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

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

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

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

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

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

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

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

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

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

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

D. Required Financial Statements

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement, which is effective for periods beginning after December 15, 2020, will not have any effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for periods ending December 31, 2021, will not have any effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$2,127,081.99 and \$2,117,071.29. To balance the budget, the municipality is required to show a budgeted fund balance.

The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$3,240,000.00 and \$3,000,000.00. In addition, the entity operates a self-liquidating Water & Sewer Utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$368,200.00 and \$368,200.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2020 and 2019 calendar years:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
Fire		
Salaries and Wages	\$ (95,000)	
Other Expenses	20,000	
Lifeguard		
Salaries and Wages	(9,160)	(29,958)
Municipal Court		
Salaries and Wages		6,475
Other Expenses		(6,475)
Director's Office		
Salaries and Wages		(7,900)
Other Expenses		
City Clerk		
Salaries and Wages	8,500	17,500
Other Expenses		
Elections		
Other Expenses	(1,000)	6,700
Street Repairs and Maintenance		
Salaries and Wages	(25,000)	
Other Expenses	(25,000)	
Public Buildings and Grounds		
Other Expenses	25,000	
Sick and Retirement Payments	100,000	
Feasibility Studies		(12,000)
General Office Operations		(15,000)
Electricity		50,000
Natural Gas		15,000
Gasoline/Diesel		(25,000)
Lifeguard Pension	9,160	29,958

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2020 and 2019, the following budget insertions were approved:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
Clean Communities	30,610.89	33,948.11
	<u>\$ 30,610.89</u>	<u>\$ 33,948.11</u>

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

Note 3: INVESTMENTS

As of December 31, 2020 and 2019, the municipality had no investments.

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

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

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

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**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 4: CASH

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

New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2020 and 2019, \$0 and \$0 of the municipality's bank balance of \$24,542,663.27 and \$19,343,378.56 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Land	\$ 50,903,100.00			50,903,100.00
Buildings	20,834,458.00			20,834,458.00
Machinery & Equipment	10,987,214.97	437,038.71	352,821.00	11,071,432.68
	<u>\$ 82,724,772.97</u>	<u>437,038.71</u>	<u>352,821.00</u>	<u>82,808,990.68</u>

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Land	\$ 50,903,100.00			50,903,100.00
Buildings	20,834,458.00			20,834,458.00
Machinery & Equipment	10,944,344.97	335,242.00	292,372.00	10,987,214.97
	<u>\$ 82,681,902.97</u>	<u>335,242.00</u>	<u>292,372.00</u>	<u>82,724,772.97</u>

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CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 6: SHORT-TERM FINANCING

The following is a summary of changes in short-term debt for the years ended December 31, 2020 and 2019:

	General	Sewer		Total
	Capital Fund	Capital Fund		
Balance December 31, 2019	\$	\$	\$	-
Increases	6,600,000.00	3,100,000.00		9,700,000.00
Decreases				-
Balance December 31, 2020	\$ 6,600,000.00	\$ 3,100,000.00	\$	9,700,000.00

	General	Sewer		Total
	Capital Fund	Capital Fund		
Balance December 31, 2018	8,100,000.00	1,650,000.00	\$	9,750,000.00
Increases				-
Decreases	(8,100,000.00)	(1,650,000.00)		(9,750,000.00)
Balance December 31, 2019	\$ -	\$ -	\$	-

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

Note 7: LONG-TERM DEBT

Summary of Municipal Debt

	Year 2020	Year 2019	Year 2018
Issued:			
General:			
Bonds and Notes	\$ 36,273,357.86	\$ 41,349,518.63	\$ 42,842,814.97
Water/Sewer Utility:			
Bonds and Notes	8,090,000.00	8,560,000.00	6,120,000.00
Total Issued	44,363,357.86	49,909,518.63	48,962,814.97
Less:			
Funds Held Temporarily to pay Bonds and Notes	3,317,686.83	4,018,492.13	5,062,949.87
Net Debt	41,045,671.03	45,891,026.50	43,899,865.10
Authorized But Not Issued:			
General:			
Bonds and Notes	4,449,592.91	8,868,300.72	8,415,686.43
Water/Sewer Utility:			
Bonds and Notes	1,380,760.64	3,103,450.08	4,217,960.64
Total Authorized But Not Issued	5,830,353.55	11,971,750.80	12,633,647.07
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 46,876,024.58	\$ 57,862,777.30	\$ 56,533,512.17

*The General debt includes type I school debt.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 0.946%.

		Gross Debt		Deductions		Net Debt
Local School Debt	\$	4,817,226.72	\$	4,817,226.72	\$	-
Utility Debt		12,570,760.64		12,570,760.64		-
General Debt		43,115,809.83		3,062,686.83		40,053,123.00
	\$	60,503,797.19	\$	20,450,674.19	\$	40,053,123.00

Net debt \$40,053,123.00 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$4,233,432,081.67= 0.946%.

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

3-1/2% of Equalized Valuation Basis	\$	148,170,122.86
Net Debt		40,053,123.00
Remaining Borrow Power	\$	108,116,999.86

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

Cash Receipts from Fees, Rents or Other Charges for the Year			\$	5,738,269.31
Deductions:				
Operating & Maintenance Costs	\$	3,938,989.44		
Debt Service per Water and Sewer Utility Fund		667,474.04		
Total Deductions				4,606,463.48
Excess in Revenue			\$	1,131,805.83

Description of Bonds and Loans Payable

At December 31, 2020, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$17,345,000 General Improvement Bond dated January 15, 2011, due in annual installments through January 15, 2028, bearing interest at rates varying from 3.000% to 5.000%. The balance remaining as of December 31, 2020, is \$1,200,000.00.

\$9,570,000 General Refunding Bond dated March 21, 2013, due in annual installments through June 1, 2023, bearing interest at rates varying from 2.000% to 4.000%. The balance remaining as of December 31, 2020, is \$3,490,000.00.

\$11,985,000 General Obligation Bond dated July 15, 2016, due in annual installments through July 15, 2029, bearing interest at rates varying from 2.000% to 4.000%. The balance remaining as of December 31, 2020, is \$9,285,000.00.

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

\$8,125,000 General Obligation Bond dated June 21, 2017, due in annual installments through January 1, 2028, bearing interest at rates varying from 4.000% to 5.000%. The balance remaining as of December 31, 2020, is \$8,125,000.00.

\$9,950,000 General Obligation Bond dated August 1, 2019, due in annual installments through January 1, 2032, bearing interest at rates varying from 2.000% to 3.000%. The balance remaining as of December 31, 2020, is \$9,430,000.00.

\$150,000 Green Trust Loan dated 2005 for the Public Library Park, Phase IV, due in semi-annual installments through 2025, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2020, is \$44,171.66.

\$449,500 Green Trust Loan dated 2009 for the Jerome Avenue Recreation Facility, due in semi-annual installments through 2029, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2020, is \$217,492.92.

\$300,000 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing interest at rates varying from 4.75% to 5.50%. The balance remaining as of December 31, 2019 is \$25,000.00.

\$312,500 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing no interest. The balance remaining as of December 31, 2020 is \$16,752.00.

\$160,000 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing interest at rates varying from 4.75% to 5.50%. The balance remaining as of December 31, 2020 is \$15,000.00.

\$164,949 New Jersey Environmental Infrastructure Trust Loan dated October 15, 2001, due in annual installments through October 15, 2021, bearing no interest. The balance remaining as of December 31, 2020 is \$9,941.28.

At December 31, 2020, bonds payable for type I schools consisted of the following individual issues:

\$12,730,000 Type I School Bonds dated September 30, 2009, due in annual installments through February 1, 2022, bearing interest at rates varying from 4.000% to 5.000%. The balance remaining as of December 31, 2020, is \$2,400,000.00.

\$1,200,000 Type I School Bonds dated July 15, 2016, due in annual installments through July 15, 2030, bearing interest at rates varying from .200% to 4.000%. The balance remaining as of December 31, 2020, is \$965,000.00.

\$1,100,000 Type I School Bonds dated August 1, 2019, due in annual installments through July 15, 2033, bearing interest at rates varying from 2.000% to 4.000%. The balance remaining as of December 31, 2020, is \$1,050,000.00.

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	Outstanding 12/31/2019	Issues or Additions	Payments or Expenditures	Outstanding 12/31/2020	Amounts Due Within One Year
General Capital Fund:					
Serial Bonds Payable	\$ 35,175,000.00		3,645,000.00	31,530,000.00	3,730,000.00
School Bonds Payable	5,755,000.00		1,340,000.00	4,415,000.00	1,350,000.00
Loans Payable	419,518.63		91,160.77	328,357.86	98,899.03
Compensated Absences	2,242,442.99	113,945.01		2,356,388.00	
Total General Capital Fund	43,591,961.62	113,945.01	5,076,160.77	38,629,745.86	5,178,899.03
Utility Capital Fund:					
Serial Bonds Payable	8,560,000.00		470,000.00	8,090,000.00	500,000.00
Total Utility Capital Fund	8,560,000.00	-	470,000.00	8,090,000.00	500,000.00
Total All Funds	\$ 52,151,961.62	113,945.01	5,546,160.77	46,719,745.86	5,678,899.03

	Outstanding 12/31/2018	Issues or Additions	Payments or Expenditures	Outstanding 12/31/2019	Amounts Due Within One Year
General Capital Fund:					
Serial Bonds Payable	\$ 28,305,000.00	9,950,000.00	3,080,000.00	35,175,000.00	3,645,000.00
School Bonds Payable	5,935,000.00	1,100,000.00	1,280,000.00	5,755,000.00	1,340,000.00
Loans Payable	502,814.97		83,296.34	419,518.63	91,160.77
Compensated Absences	2,571,086.47		328,643.48	2,242,442.99	
Total General Capital Fund	37,313,901.44	11,050,000.00	4,771,939.82	43,591,961.62	5,076,160.77
Utility Capital Fund:					
Serial Bonds Payable	4,470,000.00	4,350,000.00	260,000.00	8,560,000.00	470,000.00
Total Utility Capital Fund	4,470,000.00	4,350,000.00	260,000.00	8,560,000.00	470,000.00
Total All Funds	\$ 41,783,901.44	15,400,000.00	5,031,939.82	52,151,961.62	5,546,160.77

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

Year Ending	General Capital Fund		Local School Type I		Utility Capital Fund	
December						
31st	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,730,000.00	\$ 917,962.50	\$ 1,350,000.00	\$ 119,537.50	\$ 500,000.00	\$ 186,075.00
2022	3,850,000.00	780,362.50	1,340,000.00	66,393.75	530,000.00	170,075.00
2023	3,925,000.00	647,662.50	160,000.00	37,950.00	550,000.00	156,275.00
2024	2,800,000.00	545,762.50	170,000.00	34,750.00	590,000.00	145,275.00
2025-2029	14,305,000.00	1,471,787.50	910,000.00	120,450.00	3,370,000.00	533,975.00
2030-2034	2,920,000.00	137,225.00	485,000.00	25,100.00	2,550,000.00	148,100.00
	\$ 31,530,000.00	4,500,762.50	4,415,000.00	404,181.25	8,090,000.00	1,339,775.00

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Schedule of Annual Debt Service for Principal and Interest for Loans

Year Ending December 31		General Capital Fund	
		Principal	Interest
2021	\$	98,899.03	\$ 6,973.07
2022		32,853.09	4,425.72
2023		33,513.44	3,765.38
2024		34,187.06	3,091.77
2025		34,874.19	2,404.60
2026-2029		94,031.05	3,798.67
		<u>328,357.86</u>	<u>24,459.21</u>

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, which were appropriate and included as anticipated revenue for the year ending December 31, 2021 and 2020 were as follows:

	Year		Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2020	\$	8,083,589.41	3,913,000.00	48.41%
	2019	\$	7,319,814.64	3,240,000.00	44.26%
Water and Sewer Utility Fund	2020	\$	1,380,177.71	372,800.00	27.01%
	2019	\$	850,083.18	368,200.00	43.31%

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$10,498,077.00 and \$10,504,743.00 have been raised for the 2020 and 2019 calendar years and remitted to the school district.

Note 10: TAXES COLLECTED IN ADVANCE

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

		Balance December 31, 2020		Balance December 31, 2019
Prepaid Taxes - Cash Liability	\$	<u>1,257,604.72</u>	\$	<u>1,260,096.88</u>

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Note 11: PENSION PLANS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

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

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

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2020, 2019, and 2018 were \$797,498.00, \$820,361.00, and \$789,128.00.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employer's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2020, 2019, and 2018 were \$1,891,701.00, \$1,862,026.00, and \$1,634,188.00.

The total payroll for the year ended December 31, 2020, 2019, and 2018 was \$11,696,058.23, \$11,834,802.67, and 12,007,622.47.

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For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was \$6,808.26 for 2020, \$10,529.05 for 2019 and \$7,342.80 for 2018.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2020, 2019 and 2018 was \$109,159.86, \$150,106.15, and \$159,113.69. The City's trust for the Lifeguard Pension at December 31, 2020 was \$575,126.12. The benefits paid by the trust for the year ended December 31, 2020, 2019 and 2018 were \$61,435.56, \$56,406.68 and \$53,689.24.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to the current rate of 7.20% plus an additional 1% phased-in over 7 years to 7.50% in 2018; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. The 4-year phase in period is now complete.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}^{\text{th}}$ from $\frac{1}{55}^{\text{th}}$, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension

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service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

NOTE 12: PENSION LIABILITIES

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

The following represents the municipality's pension liabilities as June 30, 2019:

Public Employees' Retirement System

The Municipality has a liability of \$14,730,245.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to June 30, 2019. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Municipality's proportion would be 0.08175075110%, which would be a decrease of 0.59% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$731,761.00. At December 31, 2019, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 264,389.00	\$ (65,072.00)
Changes of assumptions	1,470,869.00	(5,112,821.00)
Changes in proportion	377,191.00	(477,313.00)
Net difference between projected and actual earnings on pension plan investments		(232,523.00)
Total	<u>\$ 2,112,449.00</u>	<u>\$ (5,887,729.00)</u>

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

Year ended June 30,	
2020	\$ (436,929.80)
2021	(1,417,392.32)
2022	(1,265,648.76)
2023	(594,287.31)
2024	(61,021.81)
Total	<u>\$ (3,775,280.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate

Price	2.75%
Wage	3.25%

Salary increases:

Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)

Investment rate of return: 7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 200 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and

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117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. 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

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bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 6.28%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.28%) or 1-percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Municipality's proportionate share of the net pension liability	\$ 17,678,736.55	\$ 14,730,245.00	\$ 12,248,610.41

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$22,918,574.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2018 that was rolled forward to June 30, 2019. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Municipality's proportion would be 0.18727662170%, which would be a decrease of 1.67% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$1,970,983.00. At December 31, 2019, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 193,462.00	\$ (145,102.00)
Changes of assumptions	785,315.00	(7,407,073.00)
Changes in proportion	707,185.00	(891,419.00)
Net difference between projected and actual earnings on pension plan investments		(310,539.00)
Total	<u>\$ 1,685,962.00</u>	<u>\$ (8,754,133.00)</u>

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

Year ended June 30,	
2020	\$ (1,233,676.54)
2021	(2,589,683.25)
2022	(1,834,038.35)
2023	(904,056.17)
2024	(506,716.69)
Total	<u>\$ (7,068,171.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate

Price 2.75%

Wage 3.25%

Salary increases:

Through all future years 3.25% - 15.25% (based on years of service)

Investment rate of return: 7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109/3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

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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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 and the non-employer contributing entity will be made based 70% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for local employers. 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.74%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
District's proportionate share of the net pension liability	30,023,521.56	22,918,574.00	17,038,767.08

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2019 State special funding situation net pension liability amount of \$1,932,374,825.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2019 State special funding situation pension expense of \$224,526,138.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.18727662170% for 2019. The net pension liability amount allocated to the Municipality was \$3,918,886.00. For the fiscal year ending June 30, 2019 State special funding situation pension expense of \$420,485.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

NOTE 13 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The Borough offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information

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about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost

of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Borough these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation as applicable, the Collective Total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes.

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 non-employer 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

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Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2019 is as follows:

	<u>June 30, 2019</u>
	<u>Collective</u>
	<u>Total</u>
Total OPEB Liability	\$ 13,819,244,582.00
Plan Fiduciary Net Position	273,173,482.00
Net OPEB Liability	<u>\$ 13,546,071,100.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%

At June 30, 2019, the State's proportionate share for the Special Funding Situation that is associated with the Borough is \$18,164,529.00. The State's proportionate share attributable to the Borough of the Collective Net OPEB Liability for the Special Funding Situation was 0.328727% which was a decrease from the prior year of 0.63%.

For the Year ended June 30, 2019, the State of New Jersey realized Total OPEB Expense in the amount of \$240,775.00 for its proportionate share of Total OPEB Expense that is associated with the Borough.

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

Inflation rate	2.50%
Salary increases*:	
PERS: Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS:	
Rate for all fiscal years	3.25% to 15.25%

* Salary increases are based on years of service within the respective plan.

Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

		1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Collective				
Net OPEB Liability	\$	15,662,704,137.00	\$ 13,546,071,100.00	\$ 11,826,026,995.00

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective				
Net OPEB Liability	\$	11,431,214,644.00	\$ 13,546,071,100.00	\$ 16,243,926,531.00

CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (3,961,399,180.00)
Changes of assumptions		(4,800,426,301.00)
Net difference between projected and actual earnings on OPEB plan investments	11,158,226.00	
Changes in proportion and differences between contributions and proportionate share of contributions		
Total	\$ 11,158,226.00	\$ (8,761,825,481.00)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals
2020	\$ (1,425,201,517.00)
2021	(1,425,201,517.00)
2022	(1,426,076,187.00)
2023	(1,427,489,995.00)
2024	(1,428,781,861.00)
Thereafter	(1,617,916,178.00)
Total	\$ (8,750,667,255.00)

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

Collective OPEB Expenses reported by the State of New Jersey.

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2019 are as follows:

Service cost	\$ 666,574,660.00
Interest on Total OPEB Liability	636,082,461.00
Expected Investment Return	(11,286,267.00)
Administrative Expenses	9,478,435.00
Changes of Benefit Terms	(1,903,958.00)
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(619,405,071.00)
Changes in Assumptions	(809,376,790.00)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	3,580,344.00
Total Collective OPEB Expense	\$ (126,256,186.00)

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 14: COMPENSATED ABSENCES

The City has permitted employees to accrue sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. The City estimates this liability to approximate \$2,356,388.00 and \$2,242,442.99, as of December 31, 2020 and 2019 respectively, based on current pay rates and compensated absence balances.

Note 15: ECONOMIC DEPENDENCY

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

Note 16: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2020 are as follows:

Fund		Interfund Receivable		Interfund Payable	
Current	\$		\$	17,938.28	
Federal and State Grant		17,938.28			
General Capital Fund				2,042,206.05	
Utility Operating				14,946.28	
Utility Capital		2,057,152.33			
Total	\$	2,075,090.61	\$	2,075,090.61	

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

Note 17: FEDERAL AND STATE GRANTS

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

Note 18: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2020, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**CITY OF MARGATE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

Note 19: LITIGATION

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome from such litigation is unknown and potential losses, if any, would not be material to the financial statements.

Note 20: LEASE OF CITY PROPERTY

The City is party to several lease agreements for various entity properties. The City leases property to Margate Terrace Corporation which provides elderly and handicapped persons with housing facilities for \$1,500 per month. A parking lot owned by the City is leased to Quincy Ventures for \$5,304.50 per year, additionally 19 parking spaces are leased by annual auction, the current rate is \$200 per parking space. The total revenue for the lease of municipal properties was \$23,304.50 in 2020 and \$32,209.00 in 2019.

Note 21: PAYMENT IN LIEU OF TAXES (PILOT)

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

Note 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and June 11, 2021, the date the financial statements were available for issuance for possible disclosure and recognition in the financial statement and no items have come to the attention of the City that would require disclosure.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2021 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

June 11, 2021

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2019	\$ 10,886,012.69	-
Increased by Receipts:		
Tax Collector	58,741,104.04	
Revenue Accounts Receivable	4,002,529.63	
Change Funds Returned	1,450.00	
Veterans and Senior Citizen Deductions	63,828.00	
Tax Sale Premiums	175,900.00	
Reserve for Sale of Municipal Assets	100,889.44	
Reserve for Outside Liens	0.80	
Due to State of NJ - Marriage Licenses	750.00	
Due from Grant Fund	25,609.22	
Grant Fund Cancellations	3,939.39	
Due from Current Fund - Matching Funds		29,163.25
Federal and State Unappropriated		2,850.17
Federal and State Receivables		288,495.19
	<u>63,116,000.52</u>	<u>320,508.61</u>
	74,002,013.21	320,508.61
Decreased by Disbursements:		
Current Year Appropriation	29,311,319.11	
Prior Year Appropriations	224,788.39	
Accounts Payable	6,708.00	
Federal and State Grant - Appropriated Reserves		290,960.00
County Taxes	21,532,903.15	
Local District School Taxes	10,498,077.00	
Reserve for Payroll	7,507.99	
Tax Sale Premiums	165,100.00	
Due to State of NJ - Marriage Licenses	850.00	
Grant Fund Cancellations		3,939.39
Due to Grant Fund - Matching Funds	29,163.25	
Due to Current Fund		25,609.22
	<u>61,776,416.89</u>	<u>320,508.61</u>
Balance December 31, 2020	\$ <u><u>12,225,596.32</u></u>	<u><u>-</u></u>

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

Balance December 31, 2019		\$	-
Increased by Receipts:			
Prepaid Taxes	1,257,604.72		
Taxes Receivable	57,206,893.83		
Tax Overpayments	97,630.14		
Interest and Costs on Taxes	178,975.35		
	<hr/>		<hr/>
			58,741,104.04
			58,741,104.04
Payments to Treasurer			<hr/>
		\$	<hr/> <hr/>
			-

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

Year	Balance Dec. 31, 2019	Current Year Levy	Collections by Cash		Adjustments	Balance Dec. 31, 2020
			2019	2020		
2019	\$ 750,338.81			748,769.57	1,569.24	(0.00)
	750,338.81	-	-	748,769.57	1,569.24	(0.00)
2020		58,006,620.40	1,260,096.88	56,601,425.31	17,123.14	492,630.24
		58,006,620.40	1,260,096.88	57,350,194.88	18,692.38	492,630.24
				57,206,893.83	Cash Receipts	
				79,426.05	Overpayments Applied	
				63,875.00	Senior Citizens and Veterans	
				57,350,194.88		
<u>Analysis of Current Year Tax Levy</u>						
Tax Yield:						
	General Property Tax			58,006,620.40		
	Added Taxes (54:4-63.1 et. Seq.)			364,655.17		
					58,371,275.57	
Tax Levy:						
	General County Taxes			20,407,533.21		
	County Open Space Taxes			54,478.90		
	County Health Taxes			958,088.41		
	County Added and Omitted Taxes			134,979.04		
	Total County Taxes				21,555,079.56	
	Local School District Tax				10,498,077.00	
	Additional Local School District Tax					
	Local Library Tax					
	Local Tax for Municipal Purposes			26,085,610.94		
	Add: Additional Tax Levied			232,508.07		
					26,318,119.01	
					58,371,275.57	

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

Balance December 31, 2019		\$	12,966.51
Increased by:			
None			
	<hr/>		<hr/>
			-
			<hr/>
			12,966.51
Decreased by:			
Foreclosed			
	<hr/>		<hr/>
	12,966.51		12,966.51
			<hr/>
			<hr/>
Balance December 31, 2020		\$	-
			<hr/>
			<hr/>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2019	Accrued in 2020	Collected by Treasurer	Balance Dec. 31, 2020
Licenses:				
Alcoholic	\$	9,795.00	9,795.00	-
Other		7,222.50	7,222.50	-
Fees and Permits		217,753.65	217,753.65	-
Fines and Costs:				
Municipal Court	3,859.79	65,980.48	68,925.07	915.20
Interest Earned on Investments		91,412.60	91,412.60	-
Beach Fees		334,641.00	334,641.00	-
Cable Franchise Fee		61,517.82	61,517.82	-
Energy Receipts Tax		764,475.00	764,475.00	-
Uniform Construction Code Fees		455,226.00	455,226.00	-
Anticipated Utility Operating Surplus of Prior Year		200,000.00	200,000.00	-
Uniform Fire Safety Act Fees		14,101.10	14,101.10	-
Capital Surplus		200,000.00	200,000.00	-
Ambulance Billing		184,868.49	184,868.49	-
Recreation Fees		60,544.56	60,544.56	-
Reserve for Debt Service		645,000.00	645,000.00	-
		310,805.30	310,805.30	-
Miscellaneous Revenue Not Anticipated		376,241.54	376,241.54	-
	<u>\$</u>	<u>3,999,585.04</u>	<u>4,002,529.63</u>	<u>915.20</u>

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY				
Director's Office	\$			
Salaries and Wages	425.00	425.00		425.00
Other Expenses	1,000.00	1,000.00		1,000.00
Police				
Salaries and Wages	60,779.04	60,779.04		60,779.04
Other Expenses	32,502.12	32,502.12	6,600.06	25,902.06
Fire				
Salaries and Wages	217,581.43	217,581.43		217,581.43
Other Expenses	1,066.19	1,066.19	1,041.69	24.50
Fire Safety Official				
Salaries and Wages	120.20	120.20		120.20
Other Expenses	107.15	107.15	84.89	22.26
Lifeguards				
Other Expenses	64.84	64.84	40.70	24.14
Beachfront Maintenance				
Salaries and Wages	19,862.14	19,862.14		19,862.14
Other Expenses	2,608.03	2,608.03		2,608.03
Planning Board				
Salaries and Wages	1,659.50	1,659.50		1,659.50
Other Expenses	642.59	642.59		642.59
Emergency Management				
Salaries and Wages	69.90	69.90		69.90
Municipal Court				
Salaries and Wages	3,114.83	3,114.83		3,114.83
Other Expenses	4,470.21	4,470.21	1,131.36	3,338.85
Legal Services and Costs				
Other Expenses	79,906.27	79,906.27	16,561.76	63,344.51

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
Public Defender				
Other Expenses	2,400.00	2,400.00		2,400.00
Prosecutor				
Salaries and Wages	250.00	250.00		250.00
Dog Regulation				
Other Expenses	1,900.00	1,900.00	700.00	1,200.00
DEPARTMENT OF REVENUE AND FINANCE				
Director's Office				
Salaries and Wages	29,200.23	29,200.23		29,200.23
Other Expenses	17,542.66	17,542.66	1,659.36	15,883.30
Financial Administration				
Salaries and Wages	169.17	169.17		169.17
Audit				
Other Expenses	37,225.63	37,225.63	13,595.40	23,630.23
Assessment of Taxes				
Salaries and Wages	3,222.35	3,222.35		3,222.35
Other Expenses	12,165.02	12,165.02	5,360.03	6,804.99
Tax Collector				
Salaries and Wages	25.65	25.65		25.65
Other Expenses	850.75	850.75	35.00	815.75
City Clerk				
Salaries and Wages	11,803.85	11,803.85		11,803.85
Other Expenses	3,216.59	3,216.59	1,059.30	2,157.29
Elections				
Other Expenses	693.44	693.44		693.44
Insurance				
Liability Insurance	7,212.90	7,212.90		7,212.90
Workers Compensation	63,239.58	63,239.58		63,239.58
Group Insurance Plan for Employees	340,124.39	340,124.39	9,689.06	330,435.33
Health Benefits Waiver	10,933.48	10,933.48		10,933.48
Register of Vital Statistics				
Other Expenses	83.05	83.05	75.00	8.05

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
DEPARTMENT OF PUBLIC WORKS, PARKS AND PROPERTY				
Director's Office				
Salaries and Wages	25,833.34	25,833.34		25,833.34
Other Expenses	4,476.04	4,476.04	698.15	3,777.89
Street Repairs and Maintenance				
Salaries and Wages	27,698.10	27,698.10		27,698.10
Other Expenses	109,655.73	109,655.73	25,390.04	84,265.69
City Engineer				
Other Expenses	21,383.67	21,383.67	2,952.50	18,431.17
Rubbish Removal				
Other Expenses	74,043.99	74,043.99	63,664.20	10,379.79
Public Buildings and Grounds				
Salaries and Wages	12,145.17	12,145.17		12,145.17
Other Expenses	19,863.91	19,863.91	2,923.15	16,940.76
Recreation				
Salaries and Wages	27,484.48	27,484.48		27,484.48
Other Expenses	27,952.13	27,952.13	7,397.45	20,554.68
Pavilion				
Salaries and Wages	271.97	271.97		271.97
Other Expenses	14,949.57	14,949.57	440.49	14,509.08
Celebration of Public Events				
Other Expenses	31,537.75	31,537.75		31,537.75
Technology				
Salaries and Wages	22.87	22.87		22.87
Other Expenses	14,909.81	14,909.81	8,441.99	6,467.82
UNIFORM CONSTRUCTION CODE				
Construction Code Official				
Salaries and Wages	12,259.01	12,259.01		12,259.01
Other Expenses	49,838.87	49,838.87	19,099.15	30,739.72

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
UNCLASSIFIED				
Payment of Ambulance Bills	8,225.24	8,225.24	3,426.51	4,798.73
Sick and Retirement Payments	562.25	562.25		562.25
Feasibility Studies	8,000.00	8,000.00		8,000.00
General Office Operations	21,835.15	21,835.15	3,572.05	18,263.10
Employee Wellness	15,122.09	15,122.09	2,586.00	12,536.09
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	8,496.92	8,496.92		8,496.92
Street Lighting	20,385.20	20,385.20	19,189.97	1,195.23
Telephone	18,684.87	18,684.87		18,684.87
Natural Gas	3,548.88	3,548.88		3,548.88
Gasoline	17,129.12	17,129.12	6,718.56	10,410.56
CONTINGENT				
Contingent	61.20	61.20		61.20
STATUTORY EXPENDITURES				
Contributions to:				
Public Employees' Retirement System	69,388.75	69,388.75		69,388.75
Social Security System (O.A.S.I.)	35,824.37	35,824.37		35,824.37
Unemployment	12,497.03	12,497.03		12,497.03
DCRP (Defined Contribution Retirement Program)	9,707.84	9,707.84		9,707.84
OPERATIONS EXCLUDED FROM "CAPS"				
Matching Funds for Grants	5,000.00	5,000.00		5,000.00
CAPITAL IMPROVEMENTS				
Purchase of Equipment	683.88	683.88	654.57	29.31
\$	1,697,717.38	1,697,717.38	224,788.39	1,472,928.99

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

Balance December 31, 2019		
School Tax Payable	\$	-
School Tax Deferred		
	<u> </u>	\$ -
Increased by:		
Levy - Calendar Year 2020		<u>10,498,077.00</u>
		10,498,077.00
Decreased by:		
Payments		<u>10,498,077.00</u>
Balance December 31, 2020		
School Tax Payable		-
School Tax Deferred		
	<u> </u>	<u>-</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		10,498,077.00
Tax Payable Ending		<u>-</u>
		10,498,077.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 10,498,077.00</u></u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred From 2020 Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2020</u>
FEDERAL GRANTS:					
FEMA - 4264 Hazard Mitigation Program	\$ 2,237,454.87		242,765.86		1,994,689.01
FEMA - 4368 Hazard Mitigation Program		77,150.00			77,150.00
Total Federal	<u>2,237,454.87</u>	<u>77,150.00</u>	<u>242,765.86</u>	<u>-</u>	<u>2,071,839.01</u>
STATE GRANTS:					
Clean Communities		30,610.89	30,610.89		-
Congestion Mitigation/Air Quality	137,500.00				137,500.00
Cooperative Marketing	8,000.00		6,300.00	1,700.00	-
Total State	<u>145,500.00</u>	<u>30,610.89</u>	<u>36,910.89</u>	<u>1,700.00</u>	<u>137,500.00</u>
OTHER GRANTS:					
Municipal Alliance	16,841.82	13,785.00	8,818.44	8,023.38	13,785.00
Total Other	<u>16,841.82</u>	<u>13,785.00</u>	<u>8,818.44</u>	<u>8,023.38</u>	<u>13,785.00</u>
	<u>\$ 2,399,796.69</u>	<u>121,545.89</u>	<u>288,495.19</u>	<u>9,723.38</u>	<u>2,223,124.01</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2019 Appropriated	2020 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2020
FEDERAL GRANTS:						
Body Armor Replacement	\$ 4,920.23	2,850.17	7,770.40			-
FEMA - 4264 Hazard Mitigation Program	2,200,236.80		248,497.53	209,694.35		1,742,044.92
FEMA - 4368 Hazard Mitigation Program		102,867.00				102,867.00
Total Federal	<u>2,205,157.03</u>	<u>105,717.17</u>	<u>256,267.93</u>	<u>209,694.35</u>	<u>-</u>	<u>1,844,911.92</u>
STATE GRANTS:						
Recycling Tonnage Grant		8,753.34	1,625.00			7,128.34
Clean Communities Program	15,522.16	30,610.89	21,536.62	24,154.06	3,550.02	442.37
Cooperative Marketing	3,550.02					-
Congestion Mitigation	137,500.00					137,500.00
Total State	<u>156,572.18</u>	<u>39,364.23</u>	<u>23,161.62</u>	<u>24,154.06</u>	<u>3,550.02</u>	<u>145,070.71</u>
OTHER GRANTS:						
Municipal Alliance	21,643.20	17,231.25	11,530.45		10,112.75	17,231.25
Total Other	<u>21,643.20</u>	<u>17,231.25</u>	<u>11,530.45</u>	<u>-</u>	<u>10,112.75</u>	<u>17,231.25</u>
\$	<u>2,383,372.41</u>	<u>162,312.65</u>	<u>290,960.00</u>	<u>233,848.41</u>	<u>13,662.77</u>	<u>2,007,213.88</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred To 2020 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2020</u>
FEDERAL GRANTS:					
Body Armor Replacement	\$	2,850.17	2,850.17		-
Total Federal	-	2,850.17	2,850.17	-	-
STATE GRANTS:					
Recycling Tonnage Grant	8,753.34	8,753.34			-
Total State	8,753.34	8,753.34	-	-	-
\$	8,753.34	11,603.51	2,850.17	-	-

TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2019	\$ 1,482.60	1,056,110.38
Increased by Receipts:		
Dog License Fees 2020	328.45	
Due to State of New Jersey	83.40	
Payroll Deductions Payable		6,536,725.13
Miscellaneous Trust Reserves		464,304.65
	<u>411.85</u>	<u>7,001,029.78</u>
	1,894.45	8,057,140.16
Decreased by Disbursements		
Statutory Expenditures	1,424.85	
Due to State of New Jersey	83.40	
Due to Current Fund		
Payroll Deductions Payable		6,749,043.46
Miscellaneous Trust Reserves		313,515.19
	<u>1,508.25</u>	<u>7,062,558.65</u>
Balance December 31, 2020	\$ <u><u>386.20</u></u>	<u><u>994,581.51</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2019		\$ 1,482.60
Increased by:		
Dog License Fees Collected	328.45	
	<u> </u>	<u>328.45</u>
		1,811.05
Decreased by:		
Statutory Excess		
Expenditures under N.J.S. 4:19-15:11	1,424.85	
	<u> </u>	<u>1,424.85</u>
Balance December 31, 2020		<u><u>\$ 386.20</u></u>

License Fees Collected:

Year	Amount
2019	\$ 463.20
2018	<u>504.00</u>
	<u>\$ 967.20</u>

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

Balance December 31, 2019		\$	-
Increased by:			
None	-		-
			-
Decreased by:			
None			-
Balance December 31, 2020		\$	-

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

Balance December 31, 2019		\$	-
Increased by:			
Dog License Fees 2020	83.40		
			83.40
			83.40
Decreased by:			
Disbursements to the State			83.40
Balance December 31, 2020		\$	-

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Reserve</u>	<u>Balance</u> <u>12/31/19</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>12/31/20</u>
	\$			
Parking Offense Adjudication Act	4,560.75	30.00		4,590.75
Engineer/Inspections	20,981.45	189,479.32	121,588.18	88,872.59
Law Enforcement Trust I	11,238.15	33.77		11,271.92
Law Enforcement Trust II	2,142.23	6.45		2,148.68
Recreation Trust	20,169.09	13,613.00	27,618.12	6,163.97
Life Guard Pension Fund	504,726.26	142,544.19	72,144.33	575,126.12
Public Defender	6,202.64	1,387.50	3,000.00	4,590.14
Adopt a Beach	5,362.54		4,622.10	740.44
Election Signs	-	500.00	500.00	-
Plan Review	5,950.00	400.00	6,350.00	-
Accumulated Absences	196,500.00	116,310.42	77,692.46	235,117.96
	<u>\$ 777,833.11</u>	<u>464,304.65</u>	<u>313,515.19</u>	<u>928,622.57</u>

TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

Balance December 31, 2019		\$	278,277.27
Increased by:			
Receipts	<u>6,536,725.13</u>		<u>6,536,725.13</u>
			6,815,002.40
Decreased by:			
Disbursements	<u>6,749,043.46</u>		<u>6,749,043.46</u>
Balance December 31, 2020		\$	<u><u>65,958.94</u></u>

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

Balance December 31, 2019		\$ 5,020,054.70
Increased by:		
Bond Anticipation Notes Issued	6,600,000.00	
NJ DOT Grants Received	617,115.97	
Safe Routes to School Grant	379,091.84	
Due from Water & Sewer Capital Fund	1,268,970.64	
Premeium Received on BANS	55,581.00	
Budget Appropriation:		
Capital Improvement Fund	250,000.00	
	<hr/>	<hr/>
		9,170,759.45
		14,190,814.15
Decreased by:		
Improvement Authorizations	4,531,739.39	
Anticipated as Current Fund Revenue	1,155,805.30	
	<hr/>	<hr/>
		5,687,544.69
Balance December 31, 2020		\$ <u><u>8,503,269.46</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019	Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 513,234.83	55,581.00			200,000.00			368,815.83
Capital Improvement Fund	116,500.00	250,000.00				202,500.00		164,000.00
Encumbrances Payable	4,262,566.17					4,262,566.17	5,850,046.89	5,850,046.89
Due from Water & Sewer Capital Fund	773,235.41	1,268,970.64						2,042,206.05
Reserve to Pay Bonds	4,018,492.13				955,805.30		255,000.00	3,317,686.83
<u>Improvement Authorizations:</u>								
14-13 Type I School Improvements	(297,226.72)							(297,226.72)
15-04 Various Capital Improvements	(403,574.00)							(403,574.00)
16-03 Improvements & Repairs to City Hall	(90,667.76)			(156,406.59)		40,000.00		25,738.83
16-05 Various Capital Improvements	(890,000.00)	49,000.00		353,142.99		4,575.00	357,717.99	(841,000.00)
17-4 Various Capital Improvements	133,576.43			38,882.33		8,311.22	295,876.73	382,259.61
17-7 Various School Improvements	45,510.12			-		73,030.00	73,030.00	45,510.12
18-7 Various Capital Improvements	113,236.69			101,804.78		216,261.00	243,065.78	38,236.69
18-22 Various Capital Improvements	(2,297,043.89)	519,000.00		2,030,656.32		65,635.70	2,109,214.07	(1,765,121.84)
19-7 Various Capital Improvements	(977,784.71)	428,207.81	2,752,500.00	2,063,329.39		1,929,693.55	1,183,661.60	(606,438.24)
20-2 Various Capital Improvements			3,847,500.00	100,330.17		3,767,540.42	202,500.00	182,129.41
	<u>\$ 5,020,054.70</u>	<u>2,570,759.45</u>	<u>6,600,000.00</u>	<u>4,531,739.39</u>	<u>1,155,805.30</u>	<u>10,570,113.06</u>	<u>10,570,113.06</u>	<u>8,503,269.46</u>

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

Balance December 31, 2019		\$	116,500.00
Increased by:			
Budget Appropriation	<u>250,000.00</u>		<u>250,000.00</u>
Decreased by:			
Improvement Authorizations Funded	<u>202,500.00</u>		<u>202,500.00</u>
Balance December 31, 2020		\$	<u><u>164,000.00</u></u>

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

Balance December 31, 2019		\$	41,349,518.63
Increased by:			
Serial Bonds Issued	-		
	<hr/>		<hr/>
			-
Decreased by:			
Serial Bonds Paid	4,985,000.00		
Loan Principal Paid	91,160.77		
	<hr/>		<hr/>
			5,076,160.77
Balance December 31, 2020		\$	<u><u>36,273,357.86</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Other	Balance Dec. 31, 2020	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
14-13	Type I School Improvements	\$ 197,226.72			197,226.72		197,226.72	
15-04	Various Capital Improvements	403,574.00			403,574.00		403,574.00	
16-03	Improvements & Repairs to City Hall	460,000.00		460,000.00	-			
16-05	Various Capital Improvements	890,000.00		49,000.00	841,000.00		841,000.00	
17-7	Various School Improvements	205,000.00			205,000.00		100,000.00	105,000.00
18-7	Various Capital Improvements	210,000.00		210,000.00	-			-
18-22	Various Capital Improvements	2,320,000.00		519,000.00	1,801,000.00		1,765,121.84	35,878.16
19-7	Various Capital Improvements	4,182,500.00		428,207.81	3,754,292.19	2,752,500.00	606,438.24	395,353.95
20-2	Various Capital Improvements		3,847,500.00		3,847,500.00	3,847,500.00		-
		<u>\$ 8,868,300.72</u>	<u>3,847,500.00</u>	<u>1,666,207.81</u>	<u>11,049,592.91</u>	<u>6,600,000.00</u>	<u>3,913,360.80</u>	<u>536,232.11</u>
	Cancelled Authorizations			\$ 259,000.00				
	Grant Proceeds Received			<u>477,207.81</u>				
				<u>\$ 736,207.81</u>				
	Improvement Authorizations Unfunded							\$ 718,361.52
	Less:							
	Unexpended Proceeds of Bond							
	Anticipation Notes Issued:							
	Ord. Number							
	20-2						\$ 182,129.41	
								<u>182,129.41</u>
								<u>\$ 536,232.11</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Paid or Charged	Cancelled	Balance December 31, 2020	
				Balance December 31, 2019	Other Funding	Deferred Charges to Future Taxation			Funded	Unfunded
16-03	Improvements & Repairs to City Hall	2/18/2016	500,000	\$ 369,332.24			(156,406.59)	(500,000.00)	25,738.83	-
17-4	Various Capital Improvements	3/30/2017	3,500,000	133,576.43			(248,683.18)		382,259.61	
17-7	Various School Improvements	5/4/2017	1,200,000	45,510.12			-		45,510.12	105,000.00
18-7	Various Capital Improvements	6/4/2018	2,150,000	113,236.69			(140,000.00)	(425,000.00)	38,236.69	-
18-22	Various Capital Improvements	10/4/2018	2,450,000	22,956.11			(12,922.05)			35,878.16
19-7	Various Capital Improvements	9/5/2019	4,578,000	3,204,715.29			2,809,361.34			395,353.95
20-2	Various Capital Improvements	3/9/2020	4,050,000		202,500.00	3,847,500.00	3,867,870.59			182,129.41
				\$ 292,323.24	202,500.00	3,847,500.00	6,119,220.11	(925,000.00)	491,745.25	718,361.52
					Cash Disbursed		\$ 4,531,739.39			
					Encumbrances 12/31/19		(4,262,566.17)			
					Encumbrances 12/31/20		5,850,046.89			
							\$ 6,119,220.11			
								\$ 255,000.00	Reserve to Pay Bonds	
								670,000.00	Deferred Charges Unfunded	
								\$ 925,000.00		

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds					Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Outstanding		Amount	Date	December 31, 2020				
General Obligation Bonds of 2011	1/15/2011	17,345,000			1,200,000	1/15/2021	4.000%	\$ 2,400,000.00	1,200,000.00	1,200,000.00	1,200,000.00
General Refunding Bonds of 2013	3/21/13	9,570,000			1,170,000	6/1/2021	4.000%	4,665,000.00	1,175,000.00	3,490,000.00	
					1,165,000	6/1/2022	4.000%				
					1,155,000	6/1/2023	4.000%				
Type I School Refunding Bonds	9/30/2009	12,730,000			1,210,000	2/1/2021	4.000%	3,620,000.00	1,220,000.00	2,400,000.00	
					1,190,000	2/1/2022	4.125%				
General Obligation Bonds of 2016	7/15/2016	11,985,000			800,000	7/15/2021	4.000%	10,035,000.00	750,000.00	9,285,000.00	
					900,000	7/15/2022	3.000%				
					950,000	7/15/2023	2.000%				
					950,000	7/15/2024	0.200%				
					1,000,000	7/15/2025	2.000%				
					1,100,000	7/15/2026	2.000%				
					1,200,000	7/15/2027	2.000%				
					1,200,000	7/15/2028	2.000%				
					1,185,000	7/15/2029	2.000%				
School Bonds of 2016	7/15/2016	1,200,000			80,000	7/15/2021	4.000%	1,035,000.00	70,000.00	965,000.00	
					90,000	7/15/2022	3.000%				
					100,000	7/15/2023	2.000%				
					100,000	7/15/2024	0.200%				
					100,000	7/15/2025	2.000%				
					100,000	7/15/2026	2.000%				
					100,000	7/15/2027	2.000%				
					100,000	7/15/2028	2.000%				
					100,000	7/15/2029	2.000%				
					95,000	7/15/2030	2.125%				
General Obligation Bonds of 2017	6/21/2017	8,125,000			1,185,000	1/15/2022	4.000%	8,125,000.00		8,125,000.00	
					1,180,000	1/15/2023	4.000%				
					1,170,000	1/15/2024	4.000%				
					1,165,000	1/15/2025	4.000%				
					1,150,000	1/15/2026	4.000%				
					1,140,000	1/15/2027	5.000%				
					1,135,000	1/15/2028	5.000%				

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			December 31, 2020					
			Date	Amount				
General Obligation Bonds of 2019	8/1/2019	9,950,000	2021	560,000	2.000%	9,950,000.00	520,000.00	9,430,000.00
			2022	600,000	2.000%			
			2023	640,000	2.000%			
			2024	680,000	2.000%			
			2025	720,000	2.000%			
			2026	760,000	2.000%			
			2027	800,000	2.000%			
			2028	850,000	3.000%			
			2029	900,000	3.000%			
			2030	950,000	3.000%			
			2031	970,000	2.125%			
			2032	1,000,000	2.250%			
	School Bonds of 2019	8/1/2019	1,100,000	2021	60,000	2.000%	1,100,000.00	50,000.00
			2022	60,000	2.000%			
			2023	60,000	2.000%			
			2024	70,000	2.000%			
			2025	70,000	2.000%			
			2026	80,000	2.000%			
			2027	80,000	2.000%			
			2028	90,000	3.000%			
			2029	90,000	3.000%			
			2030	90,000	3.000%			
			2031	100,000	2.125%			
			2032	100,000	2.250%			
			2033	100,000	2.375%			
						40,930,000.00	4,985,000.00	35,945,000.00
						35,175,000.00	3,645,000.00	31,530,000.00
						5,755,000.00	1,340,000.00	4,415,000.00
						40,930,000.00	4,985,000.00	35,945,000.00
						\$		

General Obligation Bonds
Type I School Bonds

**GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020	Amount				
Green Trust - Public Library Park - Phase I	2005	\$ 150,000	2021	8,486.26		2.00%	52,490.71	8,319.05	44,171.66
			2022	8,656.83		2.00%			
			2023	8,830.84		2.00%			
			2024	9,008.34		2.00%			
			2025	9,189.39		2.00%			
Green Trust - Jerome Avenue Recreation	2009	449,500	2021	23,719.49		2.00%	240,745.04	23,252.12	217,492.92
			2022	24,196.26		2.00%			
			2023	24,682.60		2.00%			
			2024	25,178.72		2.00%			
			2025	25,684.81		2.00%			
			2026	26,201.08		2.00%			
			2027	26,727.72		2.00%			
			2028	27,264.95		2.00%			
			2029	13,837.29		2.00%			
New Jersey Environmental Infrastructure Trust Fund Loan: Various Capital Improvements	2001	300,000	2021	25,000.00		4.75%	50,000.00	25,000.00	25,000.00
New Jersey Environmental Infrastructure Trust Fund Loan: Various Capital Improvements	2001	312,500	2021	16,752.00		None	34,263.42	17,511.42	16,752.00

**GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020 Amount				
New Jersey Environmental Infrastructure Trust Fund Loan:								
Various Capital Improvements	2001	160,000	2021	15,000.00	4.75%	25,000.00	10,000.00	15,000.00
New Jersey Environmental Infrastructure Trust Fund Loan:								
Various Capital Improvements	2001	164,949	2021	9,941.28	None	17,019.46	7,078.18	9,941.28
						\$ 419,518.63	91,160.77	328,357.86
						293,235.75	31,571.17	261,664.58
						126,282.88	59,589.60	66,693.28
						419,518.63	91,160.77	328,357.86

Green Trust Loans
New Jersey Environmental Infrastructure Trust

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2019	Increased	Balance Dec. 31, 2020
Various Capital Improvements	19-7	12/17/2020	12/17/2020	12/16/2021	1.000%	\$	2,752,500.00	2,752,500.00
Various Capital Improvements	20-2	12/17/2020	12/17/2020	12/16/2021	1.000%		3,847,500.00	3,847,500.00
						\$	6,600,000.00	6,600,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
14-13	Type I School Improvements	\$ 297,226.72				297,226.72
15-04	Various Capital Improvements	403,574.00				403,574.00
16-03	Improvements & Repairs to City Hall	460,000.00			460,000.00	-
16-05	Various Capital Improvements	890,000.00			49,000.00	841,000.00
17-7	Various School Improvements	105,000.00				105,000.00
18-7	Various Capital Improvements	210,000.00			210,000.00	-
18-22	Various Capital Improvements	2,320,000.00			519,000.00	1,801,000.00
19-7	Various Capital Improvements	4,182,500.00		2,752,500.00	428,207.81	1,001,792.19
20-2	Various Capital Improvements		3,847,500.00	3,847,500.00		-
		<u>\$ 8,868,300.72</u>	<u>3,847,500.00</u>	<u>6,600,000.00</u>	<u>1,666,207.81</u>	<u>4,449,592.91</u>
		Authorizations Cancelled			670,000.00	
		Grants Received			996,207.81	
					<u>\$ 1,666,207.81</u>	

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

	Operating Fund	Capital Fund
Balance December 31, 2019	\$ 1,474,716.56	-
Increased by Receipts:		
Water & Sewer Accounts Receivable	5,045,068.75	
Miscellaneous Revenue Anticipated	32,925.21	
Miscellaneous Revenue Not Anticipated	19,810.26	
Water Meter Receipts	116,000.00	
Overpaid Water & Sewer Rents	77,232.39	
Prepaid Water & Sewer Rents	89,943.08	
Due to Water & Sewer Utility Operating	7,489.44	
Budget Appropriation		7,489.44
BANs Issued		3,100,000.00
	5,388,469.13	3,107,489.44
	6,863,185.69	3,107,489.44
Decreased by Disbursements:		
Current Year Appropriation	3,938,220.99	
Prior Year Appropriations	34,152.12	
Budget Appropriation - Due to Utility Capital	7,489.44	
Improvement Authorizations		1,831,029.36
Water Meters	76,306.35	
Accrued Interest on Bonds	199,945.89	
Due from General Capital		1,268,970.64
Due from Water & Sewer Capital Fund		7,489.44
Prior Year's Operating Surplus -		
Anticipated as Current Fund Revenue	200,000.00	
	4,456,114.79	3,107,489.44
Balance December 31, 2020	\$ 2,407,070.90	-

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

	Balance Dec. 31, 2019	Receipts Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2020
			Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 144,854.23						144,854.23
Capital Improvement Fund	65,200.00				65,200.00		-
Due from Water & Sewer Operating Fund	(7,456.84)				7,489.44		(14,946.28)
Due to General Capital Fund	(773,235.41)			1,268,970.64			(2,042,206.05)
Encumbrances Payable	1,758,980.87			1,758,980.87		2,427,957.48	2,427,957.48
<u>Improvement Authorizations:</u>							
2007-45 Improvements to Water & Sewer Utility System	(1,490.30)						(1,490.30)
2009-01 Improvements to Water & Sewer Utility System	(2,210.54)						(2,210.54)
2013-14 Various Water & Sewer Improvements	7,471.56		88.25				7,383.31
2014-08 Various Water & Sewer Improvements	(60,259.80)						(60,259.80)
2015-05 Various Water & Sewer Improvements	59,488.75		(5,448.00)				64,936.75
2016-06 Various Water & Sewer Improvements	(7,489.44)					7,489.44	-
2017-5 Various Water & Sewer Improvements	60,845.35		(1,944.73)				62,790.08
2018-08 Various Water & Sewer Improvements	(197,172.60)		(17,447.14)		7,387.00		(187,112.46)
2018-23 Various Water & Sewer Improvements	(988,318.81)	400,000.00	(389,737.82)		391,567.43		(590,148.42)
2019-8 Various Water & Sewer Improvements	(59,207.02)	1,500,000.00	133,357.87		1,088,801.30		218,633.81
2020-3 Various Water & Sewer Improvements		1,200,000.00	353,180.06		940,201.75	65,200.00	(28,181.81)
	<u>0.00</u>	<u>3,100,000.00</u>	<u>72,048.49</u>	<u>3,027,951.51</u>	<u>2,500,646.92</u>	<u>2,500,646.92</u>	<u>0.00</u>

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

Balance December 31, 2019		\$	118,065.42
Increased by Receipts:			
Consumer Accounts Charges and Levies	5,158,917.38		
	<hr/>		<hr/>
			5,158,917.38
			5,276,982.80
Decreased by Disbursements:			
Collections	5,045,068.75		
Prepayments & Overpayments Applied	100,530.66		
Transfers to Liens			
Other			
	<hr/>		<hr/>
			5,145,599.41
Balance December 31, 2020		\$	<u><u>131,383.39</u></u>

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed
Operating:				
Salaries and Wages	\$ 30,077.25	30,077.25		30,077.25
Other Expenses	144,699.68	144,699.68	34,152.12	110,547.56
Atlantic County Utilities Authority - Contractual		-		-
	<u>\$ 174,776.93</u>	<u>174,776.93</u>	<u>34,152.12</u>	<u>140,624.81</u>

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

Balance December 31, 2019		90,659.48
Increased by:		
Budget Appropriations	199,875.72	
	<hr/>	<hr/>
		199,875.72
		290,535.20
Decreased By:		
Payments of Debt Service Interest		<hr/>
		199,945.89
Balance December 31, 2020		<hr/> <hr/>
		90,589.31

Analysis of Accrued Interest December 31, 2020

Principal Outstanding December 31, 2020	Interest Rate	From	To	Days	Amount
3,930,000.00	Var.	7/15/2020	12/31/2020	169	\$ 48,633.76
4,160,000.00	Var.	8/1/2020	12/31/2020	152	40,750.00
3,100,000.00	1.00%	12/17/2020	12/31/2020	14	1,205.56
					<hr/>
					\$ 90,589.31
					<hr/> <hr/>

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019		Other Funding	Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance December 31, 2020	
				Funded	Unfunded				Funded	Unfunded
2013-14	Various Water & Sewer Improvements	7/3/2013	812,000.00	\$ 7,471.56				88.25	7,383.31	
2015-05	Various Water & Sewer Improvements	4/8/2015	1,500,000.00	59,488.75	4,000.00			(5,448.00)	64,936.75	4,000.00
2017-5	Various Water & Sewer Improvements	2017	500,000.00	110,845.35				(1,944.73)	62,790.08	50,000.00
2018-08	Various Water & Sewer Improvements	6/7/2018	1,400,000.00		2,827.40			(10,060.14)		12,887.54
2018-23	Various Water & Sewer Improvements	10/4/2018	1,400,000.00		111,681.19			1,829.61		109,851.58
2019-8	Various Water & Sewer Improvements	9/5/2019	1,678,000.00		1,618,792.98			1,222,159.17		396,633.81
2020-3	Various Water & Sewer Improvements	3/9/2020	1,450,000.00			65,200.00	1,384,800.00	1,293,381.81		156,618.19
				<u>\$ 177,805.66</u>	<u>1,737,301.57</u>	<u>65,200.00</u>	<u>1,384,800.00</u>	<u>2,500,005.97</u>	<u>135,110.14</u>	<u>729,991.12</u>
				Cash Disbursed						
				Prior Year Encumbrances						
				Current Year Encumbrances						
				<u>1,831,029.36</u>						
				<u>(1,758,980.87)</u>						
				<u>2,427,957.48</u>						
				<u>2,500,005.97</u>						

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			December 31, 2020						
			Date	Amount					
Utility Bonds	7/15/2016	\$ 4,900,000.00	7/15/2021	300,000.00	4.00%	\$ 4,210,000.00		280,000.00	3,930,000.00
			7/15/2022	320,000.00	3.00%				
			7/15/2023	330,000.00	2.00%				
			7/15/2024	350,000.00	2.00%				
			7/15/2025	370,000.00	2.00%				
			7/15/2026	370,000.00	2.00%				
			7/15/2027	370,000.00	2.00%				
			7/15/2028	380,000.00	2.00%				
			7/15/2029	380,000.00	2.00%				
			7/15/2030	380,000.00	2.00%				
			7/15/2031	380,000.00	2.15%				
Utility Bonds	8/5/2019	\$ 4,350,000.00	8/1/2021	200,000.00	2.000%	4,350,000.00		190,000.00	4,160,000.00
			8/1/2022	210,000.00	2.000%				
			8/1/2023	220,000.00	2.000%				
			8/1/2024	240,000.00	2.000%				
			8/1/2025	260,000.00	2.000%				
			8/1/2026	280,000.00	2.000%				
			8/1/2027	300,000.00	2.000%				
			8/1/2028	320,000.00	3.000%				
			8/1/2029	340,000.00	3.000%				
			8/1/2030	340,000.00	3.000%				
			8/1/2031	350,000.00	2.125%				
			8/1/2032	350,000.00	2.250%				
			8/1/2033	370,000.00	2.375%				
			8/1/2034	380,000.00	2.500%				
						\$ 8,560,000.00	\$ -	470,000.00	8,090,000.00

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
Various Water & Sewer Improvements	2018-23	12/17/2020	12/17/2020	12/16/2021	1.000% \$	-	400,000.00		400,000.00
Various Water & Sewer Improvements	2019-8	12/17/2020	12/17/2020	12/16/2021	1.000%	-	1,500,000.00		1,500,000.00
Various Water & Sewer Improvements	2020-3	12/17/2020	12/17/2020	12/16/2021	1.000%		1,200,000.00		1,200,000.00
					\$	-	3,100,000.00	-	3,100,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
2007-45	Improvements to Water & Sewer Utility System	\$ 1,490.30				1,490.30
2009-01	Improvements to Water & Sewer Utility System	2,210.54				2,210.54
2014-08	Various Water & Sewer Improvements	60,259.80				60,259.80
2015-05	Various Water & Sewer Improvements	4,000.00				4,000.00
2016-06	Various Water & Sewer Improvements	7,489.44			7,489.44	-
2017-5	Various Water & Sewer Improvements	50,000.00				50,000.00
2018-08	Various Water & Sewer Improvements	200,000.00				200,000.00
2018-23	Various Water & Sewer Improvements	1,100,000.00		400,000.00		700,000.00
2019-8	Various Water & Sewer Improvements	1,678,000.00		1,500,000.00		178,000.00
2020-3	Various Water & Sewer Improvements		1,384,800.00	1,200,000.00		184,800.00
		<u>\$ 3,103,450.08</u>	<u>1,384,800.00</u>	<u>3,100,000.00</u>	<u>7,489.44</u>	<u>1,380,760.64</u>

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CITY OF MARGATE

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2020

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$40,000, except by contract or agreement."

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

The minutes indicate that bids were sought by public advertising for the following items:

- FY2018 and FY2019 State Aid Reconstruction of Atlantic Ave Project
- Redevelopment of Well #9 Project
- Beach Vending
- 2019-2020 Curb and Gutter Program Phase I Huntington Ave and Fulton Ave Improvement
- FY2019 Safe Routes to Transit Program Downtown Traffic Calming Improvement
- Police Station Façade and Roof Restoration Program
- Demolition of Public Works Building
- 2020 Redevelopment of Well #10
- Reconstruction of Amherst Ave-Phase I
- FY2019 CDBG Program, Beach Bulkhead Access to Argyle Ave
- Fire House #1 Flood Protection Project
- 2020 Benson Ave Water Tank Interior Painting Project
- Amherst Ave Promenade
- 2021 Landscaping Management of Various Properties and Ventnor Ave Parkway
- 2021 Janitorial Services for Municipal Facilities
- 2021 Cleaning & Televising Sewer Systems

Our examination of expenditures did reveal payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

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

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Board of Commissioners of the City of Margate, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the City of Margate, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any

amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 11, 2020 and was complete.

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

<u>Year</u>	<u>Number</u>
2020	0
2019	7
2018	6

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2020 and 2021 Taxes	5
Delinquent Taxes	5
Payment of Water and Sewer Rents	5
Delinquent Water and Sewer Rents	5
Total	<u>20</u>

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

Comparison of Tax Levies and Collections Currently

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

Year	Tax Levy	Cash Collections	Percentage of Collections
2020	\$ 58,371,275.57	57,861,522.19	99.13%
2019	57,508,896.53	56,723,755.86	98.63%
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%

Comparative Schedule of Tax Rate Information

	2020	2019	2018	2017	2016
Tax Rate	\$ 1.548	1.542	1.563	1.565	1.512
Apportionment of Tax Rate:					
Municipal	0.654	0.654	0.655	0.654	0.649
County	0.573	0.564	0.579	0.578	0.528
Local School	0.321	0.324	0.329	0.333	0.335

Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2020	\$ -	492,630.24	492,630.24	0.85%
2019	12,966.51	750,338.81	763,305.32	1.33%
2018	19,098.83	778,097.59	797,196.42	1.39%
2017	9,951.62	787,688.02	797,639.64	1.40%
2016	5,692.79	857,973.56	863,666.35	1.62%

Uniform Construction Code

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

Deposit of Municipal Funds

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

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

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

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

FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR YEAR FINDINGS

None

RECOMMENDATIONS

None

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

Very truly yours,

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

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

June 11, 2021