

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

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CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
DECEMBER 31, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Ocean City
County of Cape May, 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 Ocean City, as of December 31, 2015 and 2014, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Ocean City as of December 31, 2015 and 2014, 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, 2015 and 2014, 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, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ocean City basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The accompanying Schedules of Expenditures of Federal Awards and State Assistance are presented for the purpose of additional analysis as required by OMB Uniform Guidance and NJ OMB 15-08 and are not a required part of the financial statements. The schedules of Expenditures of Federal Awards and State Assistance as required by OMB Circular Uniform Guidance and NJ OMB 15-08 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of Expenditures of Federal Awards and State Assistance as required by OMB Uniform Guidance and NJ OMB 15-08 are 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 30, 2016 on our consideration of the City of Ocean City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ocean City'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 30, 2016

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 13,028,817.54	11,012,596.11
Cash - Collector	537,268.54	427,693.30
Cash - Change	2,825.00	2,325.00
Total Cash	13,568,911.08	11,442,614.41
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	466.51	-
Other		
Total Other Receivables	466.51	-
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	691,033.10	855,902.30
Tax Title and Other Liens	1,785.51	1,766.69
Property Acquired for Taxes - at Assessed Valuation	262,576.00	262,576.00
Total Receivables and Other Assets	955,394.61	1,120,244.99
Deferred Charges:		
Emergency Appropriation	50,000.00	-
Special Emergency Appropriation	450,000.00	1,395,000.00
Total Deferred Charges	500,000.00	1,395,000.00
Total Regular Fund	15,024,772.20	13,957,859.40
Federal and State Grant Fund:		
Cash	242,276.96	226,309.09
Federal and State Grants Receivable	2,230,793.90	891,107.45
Total Federal and State Grant Fund	2,473,070.86	1,117,416.54
Total Current Fund	\$ 17,497,843.06	15,075,275.94

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,611,927.97	1,360,043.96
Reserve for Encumbrances	1,315,567.60	1,017,382.11
Accounts Payable	14,075.01	26,386.87
Prepaid Taxes	2,435,364.50	2,215,663.77
Overpaid Taxes	35,795.34	5,306.31
County Added Tax Payable	220,631.07	198,299.40
Due to State:		
Chapter 20 P.L. 1971	-	533.49
Escrow - Blue Water Marina	33,059.76	33,059.76
Prepaid Beach Fees	66,280.00	58,025.00
Reserve for Excess Funds - Due to FEMA	667,429.31	-
Reserve for Tax Appeals	100,000.00	100,000.00
Payroll Taxes Payable	6,479.40	51,661.03
Reserve for Health Insurance Claims	158,643.36	45,195.54
Reserve for Special Emergency - Sandy	51,241.16	51,241.16
Special Emergency Note Payable	450,000.00	1,395,000.00
	<u>7,166,494.48</u>	<u>6,557,798.40</u>
Reserve for Receivables and Other Assets	955,394.61	1,120,244.99
Fund Balance	<u>6,902,883.11</u>	<u>6,279,816.01</u>
Total Regular Fund	<u>15,024,772.20</u>	<u>13,957,859.40</u>
Federal and State Grant Fund:		
Unappropriated Reserves	9,909.10	40,577.96
Appropriated Reserves	2,122,807.73	1,001,216.08
Encumbrances Payable	<u>340,354.03</u>	<u>75,622.50</u>
Total Federal and State Grant Fund	<u>2,473,070.86</u>	<u>1,117,416.54</u>
Total Current Fund	<u>\$ 17,497,843.06</u>	<u>15,075,275.94</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2015	2014
Revenue and Other Income Realized		
Fund Balance	\$ 3,350,000.00	2,886,000.00
Miscellaneous Revenue Anticipated	19,823,621.92	18,465,982.90
Receipts from Delinquent Taxes	861,204.29	794,225.87
Receipts from Current Taxes	101,270,335.38	98,572,979.09
Non Budget Revenue	551,409.79	417,183.17
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,454,510.34	848,419.77
Prior Year Revenue	9,844.04	-
Cancellation of:		
Reserve for Tax Appeals	100,000.00	100,000.00
Total Income	127,420,925.76	122,084,790.80
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	29,310,811.00	28,324,311.00
Other Expenses	18,832,383.39	18,681,283.39
Deferred Charges & Statutory Expenditures	5,817,084.00	5,483,482.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	222,789.00	222,789.00
Other Expenses	5,535,457.38	4,695,870.08
Capital Improvements	1,100,000.00	966,000.00
Debt Service	10,548,859.70	9,869,806.95
Deferred Charges	945,000.00	646,500.00
Local District School Tax	24,619,359.00	24,481,724.50
County Tax	26,155,927.22	24,977,166.21
County Share of Added Tax	220,631.07	198,299.40
Refund of Prior Year's Revenue		
Other:		
Special Improvement District Taxes	183,448.00	183,408.54
Prior Year Seniors & Veterans Deductions	6,108.90	-
Total Expenditures	123,497,858.66	118,730,641.07
Excess/(Deficit) in Revenue	3,923,067.10	3,354,149.73

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2015</u>	<u>2014</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	50,000.00	-
Total Adjustments	<u>50,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>3,973,067.10</u>	<u>3,354,149.73</u>
Fund Balance January 1	<u>6,279,816.01</u>	<u>5,811,666.28</u>
	10,252,883.11	9,165,816.01
Decreased by:		
Utilization as Anticipated Revenue	<u>3,350,000.00</u>	<u>2,886,000.00</u>
Fund Balance December 31	<u>\$ 6,902,883.11</u>	<u>6,279,816.01</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 3,350,000.00		3,350,000.00	-
Total Fund Balance Anticipated	<u>3,350,000.00</u>	<u>-</u>	<u>3,350,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	420,000.00		433,232.84	13,232.84
Fees and Permits	1,000,000.00		1,000,772.86	772.86
Fines and Costs:				
Municipal Court	595,000.00		417,302.74	(177,697.26)
Interest and Costs on Taxes	215,000.00		210,827.31	(4,172.69)
Interest Earned on Investments	4,600.00		12,791.91	8,191.91
Parking Meters	2,785,000.00		3,030,607.95	245,607.95
Beach Fees	4,000,000.00		4,178,254.26	178,254.26
Rental or Sale of City Material & Property	170,000.00		213,168.65	43,168.65
Airport Fees	145,000.00		155,161.74	10,161.74
Boat Ramp Fees	32,000.00		34,452.73	2,452.73
Aquatic & Fitness Center User Fees	1,035,000.00		1,057,960.89	22,960.89
Smoke Detector Inspection	185,000.00		193,850.76	8,850.76
Emergency Medical Services	630,000.00		687,789.67	57,789.67
Total Section A: Local Revenues	<u>11,216,600.00</u>	<u>-</u>	<u>11,626,174.31</u>	<u>409,574.31</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	2,146,048.00		2,146,048.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>2,146,048.00</u>	<u>-</u>	<u>2,146,048.00</u>	<u>-</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	1,100,000.00		1,159,959.00	59,959.00
Total Section C: Uniform Construction Code Fees	<u>1,100,000.00</u>	<u>-</u>	<u>1,159,959.00</u>	<u>59,959.00</u>
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Upper Township - Dispatching Service	222,789.00		222,789.00	-
Total Section D: Interlocal Municipal Service Agreements	<u>222,789.00</u>	<u>-</u>	<u>222,789.00</u>	<u>-</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	35,101.23		35,101.23	-
Community Development Block Grant	298,159.00	283,074.00	581,233.00	-
Body Armor Grant	5,476.73	5,383.26	10,859.99	-
DCA - Disabled Recreation - Grant		16,997.00	16,997.00	-
Emergency Management		10,000.00	10,000.00	-
ANJEC Open Space Stewardship Program		1,500.00	1,500.00	-
Clean Communities Program		95,414.36	95,414.36	-
NJDCA Post Sandy Planning Assistance	27,000.00		27,000.00	-
Sustainable Jersey 2014 Grant	2,000.00		2,000.00	-
NJ Historic Trust Sandy Relief - City Hall Renovations	230,000.00		230,000.00	-
NJ Historic Trust Sandy Relief - Life Saving Station	143,031.00		143,031.00	-
NJ Historic Trust Sandy Relief - Transportation Center Renovations	501,000.00		501,000.00	-
Total Section F: Special Items - Public and Private Programs	<u>1,241,767.96</u>	<u>412,368.62</u>	<u>1,654,136.58</u>	<u>-</u>
Off-Set with Appropriations				

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Reserves for Debt Service & Capital Fund Balance	416,443.00	-	416,443.00	-
OC Library - Contracted Services	231,683.00	-	231,683.00	-
OC Library - Return to Taxpayers	1,417,702.00	-	1,417,702.00	-
Hurricane Sandy Reimbursements	945,000.00		948,687.03	3,687.03
Total Section G: Other Special Items	<u>3,010,828.00</u>	<u>-</u>	<u>3,014,515.03</u>	<u>3,687.03</u>
Total Miscellaneous Revenues:	18,938,032.96	412,368.62	19,823,621.92	473,220.34
Receipts from Delinquent Taxes	750,000.00		861,204.29	111,204.29
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	46,275,386.84		47,565,826.09	1,290,439.25
Library Tax	3,837,662.00		3,837,662.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>50,113,048.84</u>	<u>-</u>	<u>51,403,488.09</u>	<u>1,290,439.25</u>
Budget Totals	73,151,081.80	412,368.62	75,438,314.30	1,874,863.88
Non- Budget Revenues:				
Other Non- Budget Revenues:			551,409.79	551,409.79
	<u>\$ 73,151,081.80</u>	<u>412,368.62</u>	<u>75,989,724.09</u>	<u>2,426,273.67</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 101,370,335.38
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Less: Reserve for Tax Appeals Pending	<u>100,000.00</u>
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Net Revenue from Collections	101,270,335.38
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Allocated to:

School, County and Other Taxes	<u>51,116,847.29</u>
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Balance for Support of Municipal Budget Appropriations	50,153,488.09
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	<u>1,250,000.00</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>51,403,488.09</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	861,204.29	
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Tax Title Lien Collections	<u>-</u>	
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Total Receipts from Delinquent Taxes	<u><u>\$ 861,204.29</u></u>
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See accompanying Notes to Financial Statements - Regulatory Basis

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

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Storage & Towing Fees	\$	42,675.00
Tax Collector		6,628.99
200 Foot Information		3,070.00
City Clerk		290.50
Public Defender Fees		4,450.00
Bench Donations		53,300.00
Trademark Fees		1,075.00
Binocular Fees		922.16
Plans & Specs		5,886.00
Wilhelm Trust		9,674.67
Crown Castle		11,386.07
Restitution		886.00
American Recycling		3,429.20
Various Refunds & Reimbursements		13,411.48
P CARD Rebates		30,767.11
PILOT - United Methodist Homes		76,500.00
Reimbursements from OC Free Library		54,029.87
Lacrosse Camp		500.00
Police Miscellaneous		10,783.64
Ice Cream License		1,810.40
Sidewalk Café Permits		1,200.00
Fire Reports		20.00
Interlocal Engineer - Margate		18,000.00
Tax Maps		2,000.00
DMV Inspection Fines		2,800.00
Returned Check Fees		60.00
CMCMUA - Recycling Rebate		59,260.88
Auction of Municipal Property		2,000.00
Sea isle Service Contract		32,337.62
PILOT - OC Housing Authority		24,153.38
Atlantic City Electric Refund		14,051.16
EMS Donation		50.00
Vending Machine Lease		1,322.00
Strathmere EMS Interlocal		35,020.00
Senior & Veterans Admin Fee		2,487.82
OCBOE - Ambulance Service Billing		2,937.01
City Clerk Miscellaneous		143.91
FEMA - 2009 Storm		21,678.10
FEMA - 2010 Storm		411.82

Total Miscellaneous Revenue Not Anticipated:

\$ 551,409.79

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
	\$	2,500.00	2,367.96		132.04	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
EXECUTIVE BRANCH						
Mayor's Office						
Other Expenses		2,500.00	2,367.96		132.04	
ADMINISTRATION						
City Administrator						
Salaries and Wages	332,000.00	332,000.00	329,357.36		2,642.64	
Other Expenses	2,000.00	2,000.00	1,018.71		981.29	
Information Technology						
Salaries and Wages	332,000.00	332,000.00	330,244.78		1,755.22	
Other Expenses	214,200.00	210,450.00	200,284.44	-	10,165.56	
Purchasing Division						
Salaries and Wages	275,000.00	275,000.00	252,808.05		22,191.95	
Other Expenses	6,950.00	6,950.00	6,648.38	278.34	23.28	
Emergency Management						
Salaries and Wages	10,000.00	10,000.00	10,000.00		-	
Other Expenses	16,000.00	16,000.00	15,949.12		50.88	
Human Resources						
Salaries and Wages	810,000.00	738,000.00	521,737.66		216,262.34	
Other Expenses	141,900.00	141,900.00	106,337.32	18,390.62	17,172.06	
Neighborhood & Social Services						
Salaries and Wages	94,000.00	94,000.00	92,455.99		1,544.01	
Other Expenses	2,000.00	2,000.00	828.69	527.32	643.99	
Public Relations & Information						
Salaries and Wages	898,000.00	898,000.00	798,963.09		99,036.91	
Other Expenses	185,000.00	188,000.00	182,243.18	4,339.78	1,417.04	

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

	Appropriations			Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Expended		Reserved	
				Encumbered	Reserved		
COMMUNITY SERVICE DEPARTMENT							
Administration							
Salaries and Wages	780,000.00	780,000.00	757,119.49			22,880.51	
Other Expenses	23,000.00	23,000.00	22,414.62	565.00		20.38	
Engineering & Project Management							
Salaries and Wages	235,000.00	235,000.00	233,974.11			1,025.89	
Other Expenses	28,500.00	28,500.00	5,793.39	215.55		22,491.06	
Planning Board							
Other Expenses	18,350.00	24,350.00	19,142.90			5,207.10	
Zoning Board of Adjustment							
Other Expenses	10,300.00	10,300.00	2,658.53			7,641.47	
Historical Commission							
Other Expenses	3,000.00	6,000.00	3,368.69			2,631.31	
Recreation & Leisure Programs							
Salaries and Wages	355,000.00	355,000.00	339,769.14			15,230.86	
Other Expenses	22,500.00	22,500.00	20,265.44	296.26		1,938.30	
Music Pier Operations							
Salaries and Wages	458,000.00	458,000.00	448,622.95			9,377.05	
Other Expenses	34,400.00	34,400.00	18,206.20	8,136.47		8,057.33	
Aquatic and Fitness Center							
Salaries and Wages	1,075,000.00	1,075,000.00	1,042,644.07			32,355.93	
Other Expenses	90,000.00	90,000.00	84,928.56	2,215.00		2,856.44	
Facility Maintenance							
Salaries and Wages	1,094,000.00	1,091,000.00	1,070,755.12			20,244.88	
Other Expenses	238,800.00	238,800.00	194,277.96	44,475.00		47.04	
Environmental Operations							
Salaries and Wages	1,089,000.00	1,092,000.00	1,090,198.69			1,801.31	
Other Expenses							
Miscellaneous Other Expenses	101,300.00	101,300.00	73,824.94	27,475.06		-	
Trash & Recycling	2,643,900.00	2,643,900.00	2,365,381.69	278,083.05		435.26	
Field Operations							
Salaries and Wages	1,350,000.00	1,350,000.00	1,336,391.57			13,608.43	
Other Expenses:	79,900.00	79,900.00	76,273.12	3,613.78		13.10	
Fleet Maintenance							
Salaries and Wages	324,000.00	324,000.00	321,411.49			2,588.51	
Other Expenses	214,250.00	304,250.00	258,990.56	33,100.64		12,158.80	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Municipal Code, Licensing, Planning & Zoning						
Salaries and Wages	570,000.00	570,000.00	563,105.37		6,894.63	
Other Expenses	91,800.00	91,800.00	68,242.42	639.01	22,918.57	
DEPARTMENT OF LAW						
Legal Division						
Salaries and Wages	150,000.00	150,000.00	149,224.40		775.60	
Other Expenses	212,300.00	212,300.00	154,721.75	49,029.99	8,548.26	
Public Defender						
Other Expenses	42,400.00	42,400.00	39,588.01	950.00	1,861.99	
DEPARTMENT OF FINANCIAL MANAGEMENT						
Treasurer's Office						
Other Expenses						
Audit Services	38,000.00	38,000.00	35,565.50		2,434.50	
Other Agencies Expenses	176,300.00	151,300.00	136,220.00		15,080.00	
Accounting Division						
Salaries and Wages	378,000.00	378,000.00	338,287.05		39,712.95	
Other Expenses	8,000.00	8,000.00	4,828.12	1,009.00	2,162.88	
Office of Parking Regulation						
Salaries and Wages	215,000.00	215,000.00	214,526.64		473.36	
Other Expenses	204,500.00	204,500.00	177,076.22	9,608.74	17,815.04	
Property Assessment Division						
Salaries and Wages	295,000.00	295,000.00	275,003.24		19,996.76	
Other Expenses	41,550.00	41,550.00	25,305.79	3,805.00	12,439.21	
Beach Fee Regulation Division						
Salaries and Wages	355,000.00	340,000.00	329,308.93		10,691.07	
Other Expenses	60,000.00	60,000.00	58,766.20	664.68	569.12	
Tax Collector Division						
Salaries and Wages	268,000.00	253,000.00	229,221.03		23,778.97	
Other Expenses	12,700.00	12,700.00	11,189.18		1,510.82	
Revenue Collection						
Salaries and Wages	409,000.00	394,000.00	369,604.91		24,395.09	
Other Expenses	166,000.00	166,000.00	122,046.31	3,733.91	40,219.78	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
STATUTORY OFFICES						
City Clerk's Office						
Salaries and Wages	232,000.00	232,000.00	225,932.22		6,067.78	
Other Expenses	65,500.00	65,500.00	21,129.30	40,467.50	3,903.20	
City Council						
Salaries and Wages	73,600.00	73,600.00	72,938.00		662.00	
Other Expenses	12,500.00	12,500.00	8,163.42	1,326.00	3,010.58	
Municipal Court						
Salaries and Wages	555,000.00	555,000.00	516,181.89		38,818.11	
Other Expenses	37,000.00	37,000.00	24,146.13	1,444.03	11,409.84	
DEPARTMENT OF FIRE						
Rescue Services Division						
Salaries and Wages	296,000.00	296,000.00	291,939.17		4,060.83	
Other Expenses	89,200.00	89,200.00	75,666.83	13,265.67	267.50	
Lifeguards Division						
Salaries and Wages	1,400,000.00	1,400,000.00	1,388,124.96		11,875.04	
Other Expenses	62,600.00	62,600.00	61,798.34		801.66	
Fire Protection & Prevention						
Salaries and Wages	6,644,000.00	6,644,000.00	6,572,240.49		71,759.51	
Other Expenses	179,400.00	179,400.00	172,380.73	113.09	6,906.18	
DEPARTMENT OF POLICE						
Police Protection Division						
Salaries and Wages	7,291,211.00	7,266,211.00	7,207,096.71		59,114.29	
Other Expenses						
Miscellaneous Other Expenses	187,000.00	195,844.87	189,638.80	5,550.40	655.67	
Purchase of Vehicles	80,000.00	71,155.13	60,473.53	10,681.60	-	
OTHER:						
Health Benefits Waiver						
Salaries and Wages	225,000.00	225,000.00	201,666.64		23,333.36	
City Wide Operations						
Finance - Other Expenses	468,000.00	538,000.00	497,570.79	21,127.01	19,302.20	
City Wide Operations						
Community Operations - Other Expenses	368,250.00	438,250.00	365,055.92	73,194.08	-	
Special Improvement District						
Other Expenses	22,000.00	22,000.00	21,383.39		-	616.61

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
General Liability	768,920.00	768,920.00	764,127.68		4,792.32	
Workers Compensation Insurance	1,536,080.00	1,536,080.00	1,514,395.90	21,684.10	0.00	
Employee Group Health	6,855,000.00	6,805,000.00	6,024,420.51	503,028.31	277,551.18	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code Construction Official	585,000.00	585,000.00	575,156.47		9,843.53	
Salaries and Wages	18,000.00	18,000.00	14,683.75	2,381.00	935.25	
Other Expenses						
UNCLASSIFIED						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	684,000.00	684,000.00	641,376.68	41,694.79	928.53	
Street Lighting	366,000.00	366,000.00	341,594.91	24,405.09	-	
Telephone	262,000.00	262,000.00	260,865.08	1,134.92	0.00	
Water	876,000.00	876,000.00	864,707.10	11,292.90	0.00	
Fuel Oil	204,000.00	204,000.00	163,230.23	40,769.77	-	
Gasoline	396,000.00	396,000.00	210,263.24	10,855.14	174,881.62	
TOTAL OPERATIONS WITHIN "CAPS"	48,122,561.00	48,143,811.00	45,287,837.84	1,315,567.60	1,539,788.95	616.61
Contingent						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	48,122,561.00	48,143,811.00	45,287,837.84	1,315,567.60	1,539,788.95	616.61
Detail:						
Salaries and Wages	29,452,811.00	29,310,811.00	28,496,011.68	-	814,799.32	-
Other Expenses	18,669,750.00	18,833,000.00	16,791,826.16	1,315,567.60	724,989.63	616.61
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	1,355,417.00	1,355,417.00	1,355,417.00	-	
Social Security System (O.A.S.I.)	1,360,000.00	1,388,750.00	1,388,701.28	48.72	
Police and Firemen's Retirement System	2,797,917.00	2,797,917.00	2,797,917.00	-	
Unemployment Compensation Insurance	125,000.00	125,000.00	90,669.83	34,330.17	
Lifeguard Pension	135,000.00	135,000.00	135,000.00	-	
Defined Contribution Retirement Program	15,000.00	15,000.00	10,236.87	4,763.13	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	5,788,334.00	5,817,084.00	5,777,941.98	39,142.02	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	53,910,895.00	53,960,895.00	51,065,779.82	1,315,567.60	616.61
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Maintenance of Free Public Library					
Other Expenses	3,837,662.00	3,837,662.00	3,837,662.00	-	
Interlocal Municipal Service Agreements					
Police Protection Division	222,789.00	222,789.00	222,789.00	-	
Salaries and Wages					
	4,060,451.00	4,060,451.00	4,060,451.00	-	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance on Alcoholism and Drug Abuse						
Local Share	3,658.80	3,658.80	3,658.80	-	-	
Recycling Tonnage Grant	35,101.23	35,101.23	35,101.23	-	-	
Body Armor Grant	5,476.73	10,859.99	10,859.99	-	-	
Community Development Block Grant	298,159.00	581,233.00	581,233.00	-	-	
NJDCA Post Sandy Planning Assistance	27,000.00	27,000.00	27,000.00	-	-	
Sustainable Jersey 2014 Grant	2,000.00	2,000.00	2,000.00	-	-	
NJ Historic Trust Sandy Relief - City Hall Renovations	230,000.00	230,000.00	230,000.00	-	-	
NJ Historic Trust Sandy Relief - Life Saving Station	143,031.00	143,031.00	143,031.00	-	-	
NJ Historic Trust Sandy Relief - Transportation Center	501,000.00	501,000.00	501,000.00	-	-	
DCA - Disabled Recreation - Grant		16,997.00	16,997.00	-	-	
DCA - Disabled Recreation - Match		7,003.00	7,003.00	-	-	
Emergency Management		10,000.00	10,000.00	-	-	
ANJEC Open Space Stewardship Program		1,500.00	1,500.00	-	-	
Clean Communities Program		95,414.36	95,414.36	-	-	
Matching Funds for Grants	40,000.00	32,997.00		32,997.00		
Total Public and Private Programs Off-Set by Revenues	1,285,426.76	1,697,795.38	1,664,798.38	-	32,997.00	-
Total Operations - Excluded from "CAPS"	5,345,877.76	5,758,246.38	5,725,249.38	-	32,997.00	-
Detail:						
Salaries and Wages	222,789.00	222,789.00	222,789.00	-	-	-
Other Expenses	5,123,088.76	5,535,457.38	5,502,460.38	-	32,997.00	-
(C) Capital Improvements	1,100,000.00	1,100,000.00	1,100,000.00	-	-	-
Capital Improvement Fund						
Total Capital Improvements	1,100,000.00	1,100,000.00	1,100,000.00	-	-	-

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

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	8,410,000.00	8,410,000.00	8,410,000.00			-
Interest on Bonds	1,856,400.00	1,856,400.00	1,856,325.70			74.30
Interest on Notes	244,200.00	244,200.00	243,824.96			375.04
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	38,709.04	38,709.04	38,709.04			-
Total Debt Service	<u>10,549,309.04</u>	<u>10,549,309.04</u>	<u>10,548,859.70</u>	<u>-</u>	<u>-</u>	<u>449.34</u>
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	995,000.00	995,000.00	945,000.00			50,000.00
Total Deferred Charges	<u>995,000.00</u>	<u>995,000.00</u>	<u>945,000.00</u>	<u>-</u>	<u>-</u>	<u>50,000.00</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>17,990,186.80</u>	<u>18,402,555.42</u>	<u>18,319,109.08</u>	<u>-</u>	<u>32,997.00</u>	<u>50,449.34</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>71,901,081.80</u>	<u>72,363,450.42</u>	<u>69,384,888.90</u>	<u>1,315,567.60</u>	<u>1,611,927.97</u>	<u>51,065.95</u>
(M) Reserve for Uncollected Taxes	<u>1,250,000.00</u>	<u>1,250,000.00</u>	<u>1,250,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 73,151,081.80</u>	<u>73,613,450.42</u>	<u>70,634,888.90</u>	<u>1,315,567.60</u>	<u>1,611,927.97</u>	<u>51,065.95</u>
Budget	73,151,081.80				Cancelled	51,065.95
Appropriations by 40A:4-87	412,368.62				Overexpended	-
Emergency Appropriations	50,000.00					
	<u>73,613,450.42</u>					<u>51,065.95</u>
Reserve for Uncollected Taxes	1,250,000.00					
Federal and State Grants	1,664,798.38					
Deferred Charges	945,000.00					
Disbursements	66,775,090.52					
	<u>70,634,888.90</u>					

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**EXHIBIT - B
TRUST FUND**

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

	2015	2014
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 682.87	1,552.02
	682.87	1,552.02
<u>OTHER TRUST FUND</u>		
Cash and Investments	5,152,626.49	4,155,501.53
	5,152,626.49	4,155,501.53
	5,153,309.36	4,157,053.55
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	682.87	1,552.02
	682.87	1,552.02
<u>OTHER TRUST FUND</u>		
Reserve for:		
Tax Premiums	417,217.37	184,946.33
Dedicated Recreation Trust	191,834.15	125,806.05
Tourism Development	170,055.72	87,482.94
Law Enforcement Trust	26,510.88	19,703.93
Parking Offenses Adjudication Act	29,862.14	27,074.97
Cash Performance Deposits	542,156.57	639,808.41
Dedicated Fire Fees	954.32	954.32
Lifeguard Pension	7,629.02	20,410.60
Shade Trees	4,653.65	1,538.40
COAH	3,511,270.93	2,826,348.08
Merchant Fees	8,018.80	12,572.42
Planning & Zoning Escrow	242,462.94	208,855.08
	5,152,626.49	4,155,501.53
	\$ 5,153,309.36	4,157,053.55

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>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	\$	16,813,618.16	16,268,736.39
Deferred Charges to Future Taxation -			
Funded		51,011,062.52	59,449,522.69
Unfunded		50,086,135.00	32,904,150.00
Interfunds and Receivables			
Contributions Receivable		-	1,250,000.00
		<u>117,910,815.68</u>	<u>109,872,409.08</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		8,600,208.31	5,782,596.97
Bond Anticipation Notes Payable		40,150,000.00	27,525,000.00
Serial Bonds Payable		50,520,000.00	58,930,000.00
Green Trust Loan Payable		491,062.52	519,522.69
Improvement Authorizations:			
Funded		440,514.31	1,941,050.39
Unfunded		11,699,423.76	12,123,925.04
Reserve for Debt Service		4,318,858.71	1,784,006.35
Reserve for Preliminary Expenses		17,566.00	17,566.00
Capital Improvement Fund		361,012.53	165,327.53
Fund Balance		1,312,169.54	1,083,414.11
	\$	<u>117,910,815.68</u>	<u>109,872,409.08</u>

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

2014	5,379,150.00
2015	9,936,135.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Beginning Balance January 1	\$	1,083,414.11	832,455.11
Increased by:			
Premium on Sale of BANS		560,191.00 68,564.43	590,959.00
Decreased by:			
Cancelled Due from County			-
Anticipated as Current Fund Revenue		400,000.00	340,000.00
Ending Balance December 31	\$	<u>1,312,169.54</u>	<u>1,083,414.11</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash	\$ -	-
TOTAL ASSETS	<u>-</u>	<u>-</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Public Assistance	-	-
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ -</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Fixed Assets:		
Land	\$ 159,426,171.25	\$ 159,405,317.25
Vehicles	10,105,191.46	8,762,513.66
Machinery and Equipment	8,809,408.52	8,647,671.39
Total General Fixed Assets	\$ <u>178,340,771.23</u>	\$ <u>176,815,502.30</u>
Investment in General Fixed Assets	\$ <u>178,340,771.23</u>	\$ <u>176,815,502.30</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

The City of Ocean City is an island community located at the northern tip of Cape May County in the State of New Jersey. The population according to the 2010 census is 11,701.

The City is incorporated and operates under a Mayor and Council form of government. The Mayor is the Chief Executive Officer of the City and is elected by the voters. The City Council selects one of its members on an annual basis to hold the Office of Council President. The City Council is the law making body and passes all Resolutions and Ordinances. The City employs a City Administrator who is responsible for the day-to-day operations of the City.

Component Units

The financial statements of the component units of the City 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 Ocean City, the primary government. The City maintains a Special Improvement District and a Free Public Library.

Ocean City Business and Neighborhood Development Association
Special Improvement District
854 Asbury Avenue
Ocean City, NJ 08226

Ocean City Free Public Library
1735 Simpson Avenue
Ocean City NJ, 08226

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

Basis of Presentation, Fund Accounting

The financial statement of the City of Ocean City contain all funds and account group in accordance with the "Requirements of Audit" as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City of Ocean City accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Current Fund

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

Trust Funds

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

General Capital Funds

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

Budgets and Budgetary Accounting

The City of Ocean City must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory due dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1(a) provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the City of Ocean City requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and federal banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units. Generally, the City considers all investments that mature in one year or less to be cash equivalents.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Generally, the City considers all investments that mature in one year or less to be cash equivalents.

Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to fund balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

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

General Fixed Assets

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions. Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available.

No depreciation on general fixed assets is recorded in the financial statements.

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

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

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Charges

The recognition of certain expenditures is deferred to future periods. These expenditures, or Deferred Charges, are generally overexpenditures of legally adopted budget appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Appropriation Reserves

Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation reserves are not established under GAAP.

Fund Balance

Fund balance included in the Current Fund represents the amount available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash, except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants is realized as revenue when anticipated as such in the City's budget. Other amounts that are due the City, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when the actual expenditures financed by the grant are made.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid on April 1st of the year following their final due date are subject to tax sale in accordance with the statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

School Taxes

The City is responsible for levying, collecting and remitting school taxes for the City of Ocean City School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the school districts from January 1st through December 31st.

	12/31/2015	12/31/2014
Balance of Tax	\$ 12,278,420.50	12,340,938.50
Deferred	12,278,420.50	12,340,938.50
Tax Payable	\$ -	-

County Taxes

The City is responsible for levying, collecting and remitting county taxes for the County of Cape May. Fund balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, fund balance is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A reserve for uncollected taxes is not established under GAAP.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31st are recorded as a cash liability. 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. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Compensated Absences and Post-Employment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a "pay as you go" basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a "pay as you go" basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations is recorded as long – term obligations.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements Not Yet Effective

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the City's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "Certain External Investment Pools and Pool Participants". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

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

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$1,250,000.00 and \$1,250,000.00. To balance the budget, the municipality is required to show a budgeted fund balance.

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

Note 2: BUDGETARY INFORMATION – Continued

The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$3,350,000.00 and \$2,886,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2015 and 2014 calendar years:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Current Fund:</u>		
Human Resources		
Salaries and Wages	\$ (72,000.00)	45,000.00
Treasurer's Office		
Other Expenses	(25,000.00)	50,000.00
Accounting		
Salaries and Wages	-	(40,000.00)
Beach Fee Regulation		
Salaries and Wages	(15,000.00)	-
Clean Communities Program	95,414.36	-
Facility Maintenance		
Salaries and Wages		60,000.00
Social Security System (O.A.S.I.)	28,750.00	
Fleet Maintenance		
Salaries and Wages		(45,000.00)
Other Expenses	90,000.00	-
Community Development Block Grant	283,074.00	-
Police Protection Division		
Salaries and Wages	(25,000.00)	(43,000.00)
City Wide Operations		
Finance - Other Expenses	70,000.00	63,000.00
Community Operations - Other Expenses	70,000.00	-
Employee Group Health	(50,000.00)	(50,000.00)

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

Note 2: BUDGETARY INFORMATION - Continued

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015 and 2014, the following budget insertions were approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
New Jersey Transportation Trust	\$ -	172,000.00
Clean Communities Program	95,414.36	78,490.26
Body Armor Grant	5,383.26	-
Drive Sober or Get Pulled Over	-	12,500.00
City Wide Pedestrian Grant	-	7,500.00
Emergency Management Grant	10,000.00	10,000.00
Community Development Block Grant	283,074.00	-
DCA - Disabled Recreation	16,997.00	-
ANJEC Open Space Stewardship Program	1,500.00	-
	<u>\$ 412,368.62</u>	<u>280,490.26</u>

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for \$3,625,000.00. The emergency was due to Hurricane Sandy. The unfunded balance as of December 31, 2015 and 2014 was \$450,000.00 and \$1,395,000.00 respectively. The required amount is included in the 2016 budget.

Note 3: CASH AND CASH EQUIVALENTS

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, 2015 and 2014, \$0 of the municipality's bank balance of \$36,653,798.49 and \$31,954,747.20 was exposed to custodial credit risk.

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

Note 4: FIXED ASSETS

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

	Balance 12/31/2013	Additions	Adjustments/ Deletions	Balance 12/31/2014
Land & Improvements	\$ 159,551,369.85		146,052.60	159,405,317.25
Vehicles	7,946,087.52	1,523,098.24	706,672.10	8,762,513.66
Machinery & Equipment	8,220,167.65	432,081.74	4,578.00	8,647,671.39
	<u>\$ 175,717,625.02</u>	<u>1,955,179.98</u>	<u>857,302.70</u>	<u>176,815,502.30</u>

	Balance 12/31/2014	Additions	Adjustments/ Deletions	Balance 12/31/2015
Land & Improvements	\$ 159,405,317.25	20,854.00		159,426,171.25
Vehicles	8,762,513.66	1,488,329.80	145,652.00	10,105,191.46
Machinery & Equipment	8,647,671.39	170,953.13	9,216.00	8,809,408.52
	<u>\$ 176,815,502.30</u>	<u>1,680,136.93</u>	<u>154,868.00</u>	<u>178,340,771.23</u>

Note 5: SHORT-TERM FINANCING

Short-term debt provides for financing of governmental activities and capital projects. The following is a summary of changes in short-term debt for the years ended December 31, 2015 and 2014:

	Current Fund	General Capital Fund	Total
Balance December 31, 2013	\$ 1,860,000.00	\$ 22,400,000.00	\$ 24,260,000.00
Increases	-	27,525,000.00	27,525,000.00
Decreases	(465,000.00)	(22,400,000.00)	(22,865,000.00)
Balance December 31, 2014	<u>\$ 1,395,000.00</u>	<u>\$ 27,525,000.00</u>	<u>\$ 28,920,000.00</u>

On June 23, 2013, the City issued a Bond Anticipation Note in the Amount of \$17,400,000.00, bearing interest at a rate of 1.0% per annum to fund various General Capital Ordinances. The Note was due June 20, 2014.

On June 21, 2013, the City issued a Bond Anticipation Note in the Amount of \$5,000,000.00 bearing interest at a rate of 1.00% per annum to fund various General Capital Ordinances. The Note was due March 7, 2014.

	Current Fund	General Capital Fund	Total
Balance December 31, 2014	\$ 1,395,000.00	\$ 27,525,000.00	\$ 28,920,000.00
Increases		40,150,000.00	40,150,000.00
Decreases	(945,000.00)	(27,525,000.00)	(28,470,000.00)
Balance December 31, 2015	<u>\$ 450,000.00</u>	<u>\$ 40,150,000.00</u>	<u>\$ 40,600,000.00</u>

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

Note 5: SHORT-TERM FINANCING - Continued

On December 3, 2014 the City issued a Special Emergency Note in the amount of \$1,395,000, bearing interest at a rate of 1.0% per annum to fund the 2012 Special Emergency appropriation. This note will mature December 3, 2015.

On June 19, 2014, the City issued a Bond Anticipation Note in the Amount of \$18,000,000.00, bearing interest at a rate of 0.75% per annum to fund various General Capital Ordinances. The Note will mature June 18, 2015.

On December 3, 2014, the City issued a Bond Anticipation Note in the Amount of \$9,525,000.00 bearing interest at a rate of 1.00% per annum to fund various General Capital Ordinances. The Note will mature December 3, 2015.

Note 6: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Issued:			
General:			
Bonds and Notes	\$ 91,161,062.52	\$ 86,974,522.69	\$ 76,133,376.31
Total Issued	<u>91,161,062.52</u>	<u>86,974,522.69</u>	<u>76,133,376.31</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>4,318,858.71</u>	<u>1,784,006.35</u>	<u>1,307,026.41</u>
Net Debt	<u>86,842,203.81</u>	<u>85,190,516.34</u>	<u>74,826,349.90</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	9,936,135.00	5,379,150.00	8,227,100.00
Total Authorized But Not Issued	<u>9,936,135.00</u>	<u>5,379,150.00</u>	<u>8,227,100.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 96,778,338.81</u>	<u>\$ 90,569,666.34</u>	<u>\$ 83,053,449.90</u>

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 .839%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 17,346,000.00	\$ 17,346,000.00	\$ -
General Debt	<u>101,097,197.52</u>	<u>4,318,858.71</u>	<u>96,778,338.81</u>
	<u>\$ 118,443,197.52</u>	<u>\$ 21,664,858.71</u>	<u>\$ 96,778,338.81</u>

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

Note 6: LONG-TERM DEBT - Continued

Net debt \$96,778,338.81 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$11,530,325,980.00= .839%.

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

3-1/2% of Equalized Valuation Basis	\$ 403,561,409.30
Net Debt	<u>96,778,338.91</u>
Remaining Borrowing Power	<u><u>\$ 306,783,070.39</u></u>

Description of Bonds and Loans Payable

At December 31, 2015, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$21,000,000.00 General Improvement Bonds, dated January 15, 2006, due in annual installments beginning January 15, 2007 through, 2019, bearing interest at various rates from 3.75 to 4.00% per annum. This issue was refunded in 2014 for the amounts callable after January 15, 2016. The balance remaining as of December 31, 2015 is \$1,900,000.00.

\$14,500,000.00 General Improvements Bonds dated July 15, 2008, due in annual installments beginning July 15, 2010 through July 15, 2020, bearing interest at various rates from 4.00 to 5.25% per annum. The balance remaining as of December 31, 2015 is \$8,600,000.00.

\$13,800,000.00 General Improvement Bonds dated August 15, 2010, due in annual installments through August 15, 2019, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2015 is \$7,550,000.00.

\$7,800,000.00 Refunding Bonds, dated November 9, 2010, due in annual installments through September 1, 2016, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2015 is \$1,645,000.00.

\$9,900,000.00 General Improvements Bonds dated December 20, 2012, due in annual installments through December 15, 2024, bearing interest at various rates from 2.00 to 4.00% per annum. The balance remaining as of December 31, 2015 is \$8,050,000.00.

\$17,900,000.00 General Improvements Bonds dated August 12, 2014, due in annual installments through September 1, 2026, bearing interest at various rates from 2.00 to 3.00% per annum. The balance remaining as of December 31, 2015 is \$17,000,000.00.

\$5,885,000.00 Refunding Bonds, dated December 16, 2014, due in annual installments January 15, 2019, bearing interest at various rates from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2015 is \$5,775,000.00.

\$200,000 Green Trust Loan dated 2011, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2015 is \$151,207.39.

\$200,000 Green Trust Loan (A) dated 2011, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2015 is \$151,207.39.

\$222,500 Green Trust Loan dated 2012, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2015 is \$188,647.74.

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

Note 6: LONG-TERM DEBT - Continued

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

	Outstanding 12/31/13	Issues or Additions	Payments or Expenditures	Outstanding 12/31/14	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 48,670,000.00	23,785,000.00	13,525,000.00	58,930,000.00	8,410,000.00
Loans Payable	563,376.31		43,853.62	519,522.69	28,460.17
Compensated Absences Pay.	5,005,023.43	243,146.91	138,107.65	5,110,062.69	
Total General Capital Fund	<u>54,238,399.74</u>	<u>24,028,146.91</u>	<u>13,706,961.27</u>	<u>64,559,585.38</u>	<u>8,438,460.17</u>
Total All Funds	<u>\$ 54,238,399.74</u>	<u>24,028,146.91</u>	<u>13,706,961.27</u>	<u>64,559,585.38</u>	<u>8,438,460.17</u>

	Outstanding 12/31/14	Issues or Additions	Payments or Expenditures	Outstanding 12/31/15	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 58,930,000.00		8,410,000.00	50,520,000.00	8,745,000.00
Loans Payable	519,522.69		28,460.17	491,062.52	29,032.24
Compensated Absences Pay.	5,110,062.69		297,997.05	4,812,065.64	
Total General Capital Fund	<u>64,559,585.38</u>	<u>-</u>	<u>8,736,457.22</u>	<u>55,823,128.16</u>	<u>8,774,032.24</u>
Total All Funds	<u>\$ 64,559,585.38</u>	<u>-</u>	<u>8,736,457.22</u>	<u>55,823,128.16</u>	<u>8,774,032.24</u>

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

Year Ending December 31	General Capital Fund		Green Trust Loans	
	Principal	Interest	Principal	Interest
2016	8,745,000.00	1,666,050.00	29,032.24	9,676.80
2017	7,540,000.00	1,368,400.00	29,615.77	9,093.27
2018	7,720,000.00	1,103,900.00	30,211.05	8,497.99
2019	8,015,000.00	809,375.00	30,818.28	7,890.76
2020	4,500,000.00	547,500.00	31,437.74	7,271.30
2021-2025	12,200,000.00	1,302,000.00	166,925.06	26,620.10
2026-2030	1,800,000.00	54,000.00	159,391.48	9,280.44
2031	-	-	13,630.90	204.80
	<u>\$ 50,520,000.00</u>	<u>6,851,225.00</u>	<u>491,062.52</u>	<u>\$ 78,535.46</u>

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

Note 7: COMPENSATED ABSENCES

The City has permitted employees to accrue unused vacation, personal, and 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 \$4,812,065.64 and \$5,110,062.69, as of December 31, 2015 and 2014 respectively, based on current pay rates and compensated absence balances.

NOTE 8: DEFERRED COMPENSATION ACCOUNT

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan complies with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in Trust under the beneficial ownership of the Trustee, (City of Ocean City) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrators are as follows:

Mass Mutual Financial Group
 Nationwide Retirement System (PEBSCO)

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$24,556,841.00 and \$24,681,877.00 have been raised for the 2015 and 2014 calendar years and remitted to the school district.

Note 10: TAXES COLLECTED IN ADVANCE

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

		Balance December 31, 2015		Balance December 31, 2014
Prepaid Taxes - Cash Liability	\$	2,435,364.50	\$	2,215,663.77

Note 11: PENSION PLANS

Plan Descriptions

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

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

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

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.

Vesting and Benefit Provisions

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

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

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

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

Note 11: PENSION PLANS - Continued

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Currently the member contribution rate is 7.06% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Currently, Members contribute at a rate of 10.0% of base salary.

For the Public Employees' Retirement System, the City's contribution was \$1,355,417 for 2015 and \$1,181,316.00 for the year 2014 and \$1,270,288.00 for 2013.

Three-Year Trend Information for PERS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/15	\$ 1,355,417.00	100%	-
12/31/14	1,181,316.00	100%	-
12/31/13	1,270,288.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was \$2,797,917 for 2015 and \$2,642,366.00 for 2014 and \$2,921,058.00 for 2013.

Three-Year Trend Information for PFRS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/15	\$ 2,797,917.00	100%	-
12/31/14	2,642,366.00	100%	-
12/31/13	2,921,058.00	100%	-

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was \$12,877.65 for 2015 and \$11,951.70 for 2014.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2015, 2014 and 2013 was \$135,000.00, \$115,000.00 and \$100,000.00. The City's trust for the Lifeguard Pension at December 31, 2015 was \$7,629.02. The benefits paid by the trust for the year ended December 31, 2015, 2014 and 2013 were \$203,024.73, \$233,321.21 and \$161,384.02.

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

Note 11: PENSION PLANS - Continued

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.78% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

Note 11: PENSION PLANS - Continued

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 City's pension liabilities. However, due to the fact that the City reports on the regulatory basis of accounting, no financial statement impact will be recognized.

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

Public Employees' Retirement System

The City has a liability of \$38,243,605 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion is 0.17036533870%, which was an increase of 3.62% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City would have recognized pension expense of \$2,935,563. At December 31, 2015, the City would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 4,107,058	
Net difference between projected and actual earnings on pension plan investments	912,358	(614,884)
Changes in proportion and differences between City contributions and proportionate share of contributions	1,951,011	-
Total	\$ 6,970,427	(614,884)

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:

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

Note 12: PENSION LIABILITIES - Continued

Year ended June 30,			
2016	\$	2,214,675	
2017	\$	2,214,675	
2018	\$	2,214,675	
2019	\$	2,214,675	
2020	\$	(1,738,303)	
Thereafter	\$	(764,853)	
Total	\$	6,355,543	

Actuarial Assumptions

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

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

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

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

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

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

Note 12: PENSION LIABILITIES - Continued

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

Note 12: PENSION LIABILITIES - Continued

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
City's proportionate share of the net pension liability	\$ 47,532,121	38,243,605	30,456,179

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 City has a liability of \$60,931,878 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion is .36581410010%, which is an increase of .42% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City would have recognized pension expense of \$5,340,132. At December 31, 2015, the City 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
Changes of assumptions	\$ 11,249,538	
Net difference between projected and actual earnings on pension plan investments	-	(1,586,023)
Changes in proportion and differences between City contributions and proportionate share of contributions	357,198	
Total	\$ 11,606,736	(1,586,023)

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:

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

Note 12: PENSION LIABILITIES - Continued

Year ended June 30,		
2016	\$	2,878,473
2017	\$	2,878,473
2018	\$	2,878,473
2019	\$	2,878,473
2020	\$	(1,276,220)
Thereafter	\$	(216,957)
Total	\$	10,020,713

Actuarial Assumptions

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

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

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

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

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

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

Note 12: PENSION LIABILITIES - Continued

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

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

Note 12: PENSION LIABILITIES - Continued

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
City's proportionate share of the net pension liability	\$ 87,005,452	60,931,878	48,867,109

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 and June 30, 2014 State special funding situation net pension liability amounts of \$1,460,720,421 and \$1,354,554,686, respectively, are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense of \$182,203,735 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the City of Ocean City was 0.36581410010% and 0.36427934940% for 2015 and 2014 respectively. The net pension liability amounts allocated to the City were \$5,343,521 and \$4,934,363 respectively. For the fiscal year ending June 30, 2015 State special funding situation pension expense of \$666,527 is allocated to the City.

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: PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local school district, fire districts, regional school district and the county, the rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due February 1st, May 1st, August 1st, and November 1st, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1st and May 1st of the fiscal year, are based upon one-half of the prior year's total tax.

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

Note 13: PROPERTY TAXES - Continued

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey statutes.

Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged to a reserve set aside for this purpose or directly to operations.

Note 14: ECONOMIC DEPENDENCY

The City of Ocean City is economically dependent on tourism as a major source of revenue for the entity.

Note 15: FUND BALANCES APPROPRIATED

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

	<u>Year</u>		<u>Balance December 31st</u>		<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2015	\$	6,902,883.11	\$	3,650,000.00	52.88%
	2014		6,279,816.01		3,350,000.00	53.35%
	2013		5,811,666.28		2,886,000.00	49.66%
	2012		4,638,160.96		3,043,750.00	65.62%
	2011		5,032,608.35		2,500,000.00	49.68%

Note 16: FEDERAL AND STATE GRANTS

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

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

Note 17: RISK MANAGEMENT

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

Property and Liability Insurance

The City maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2015 and 2014, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Note 18: LITIGATION

The City is a defendant in several legal proceedings that are in various stages of litigation. Some of these cases could be material to the financial statements; as of the date of this report the outcome of this case cannot be determined. In all other cases it is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any would not be material to the financial statements.

Note 19: POST- RETIREMENT BENEFITS

The City offers medical, prescription drug, dental and vision coverage to eligible retirees and their dependents. This Benefit is administered directly by the City.

The actuarial valuation report was based on 260 active employees and 141 retirees. The actuarial determined valuation of these benefits has been reviewed for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2015 actuarial valuation, the projected unit credit cost method was used for all participants. The discount rate utilized is 4.5%.

Other Post-Employment Benefit Costs and Obligations

In the January 1, 2015 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2015 was projected as follows:

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

Note 19: POST- RETIREMENT BENEFITS - Continued

		<u>12/31/2015</u>
Normal Cost	\$	2,920,000
Amortization of Unfunded Liability		6,990,000
Interest & Amortization on Normal Cost		440,000
Total ARC	\$	<u><u>10,350,000</u></u>

The following reflects the components of the 2015 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2015 actuarial valuation and actual OPEB payments made or accrued during 2015:

		<u>12/31/2015</u>
Net OPEB Obligation - Beginning of Year	\$	5,630,000
Interest on net OPEB		250,000
Adjustment to ARC		(330,000)
Annual OPEB Cost		10,350,000
OPEB Payments		<u>2,890,000</u>
Increase in Net OPEB Obligation		7,380,000
Net OPEB Obligation - End of Year	\$	<u><u>13,010,000</u></u>

Required Supplementary Information:

		<u>12/31/2015</u>
Actuarial Value of Plan Assets	\$	-
Actuarial Accrued Liability (AAL)		118,970,000
Total Unfunded AAL (UAAL)		<u><u>118,970,000</u></u>
Funded ratio		0.00%
Covered payroll	\$	<u><u>22,310,000</u></u>
UAAL as a % of Covered Payroll		<u><u>533%</u></u>

Note 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2015 and June 30, 2016 the date the financial statements were available for issuance for possible disclosure and recognition in the financial statement and no items have come to the attention of the City that would require disclosure.

SUPPLEMENTARY INFORMATION

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2014	11,012,596.11	226,309.09
Increased by Receipts:		
Tax Collector	102,036,606.00	
Homestead Rebates	450,594.35	
Senior & Vets Deductions	124,391.10	
Revenue Accounts Receivable	18,445,413.83	
Change Funds Returned	32,350.00	
Reserve for Payroll Taxes Payable	56,683,618.89	
Reserve for Health Insurance Claims	8,448,273.01	
Prepaid Beach Tags	66,280.00	
Excess Funds due to FEMA	667,429.31	
Prior Year Revenue	9,844.04	
Matching Funds for Grants		10,661.80
Federal and State Unappropriated		9,909.10
Federal and State Receivables		273,872.17
	<u>186,964,800.53</u>	<u>294,443.07</u>
	197,977,396.64	520,752.16
Decreased by Disbursements:		
Current Year Appropriation	66,775,090.52	
Prior Year Appropriations	922,915.73	
Accounts Payable	12,311.86	
County Taxes	26,155,927.22	
County Added Taxes	198,299.40	
Local District School Taxes	24,619,359.00	
Special Improvement District Taxes	183,448.00	
Payroll Taxes Payable	56,728,800.52	
Reserve for Health Insurance Claims	8,334,825.19	
Special Emergency Note	945,000.00	
Refund of Tax Overpayments	39,751.66	
Change Funds Created	32,850.00	
Federal and State Disbursements		278,475.20
	<u>184,948,579.10</u>	<u>278,475.20</u>
Balance December 31, 2015	<u>13,028,817.54</u>	<u>242,276.96</u>

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

Balance December 31, 2014		\$ 427,693.30
Increased by Receipts:		
Prepaid Taxes	2,435,364.50	
Taxes Receivable	99,434,584.14	
Revenue Accounts Receivable	217,456.30	
Tax Overpayments	58,776.30	
		102,146,181.24
		102,573,874.54
Payments to Treasurer		102,036,606.00
Balance December 31, 2015		\$ 537,268.54

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

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2015
				2014	2015				
2014	\$ 855,902.30	-	6,108.90	-	861,204.29	794.00	-	-	12.91
	855,902.30		6,108.90		861,204.29	794.00			12.91
2015		101,287,241.96	875,963.54	2,215,663.77	99,154,671.61	101,831.11	18.82		691,020.19
	\$ 855,902.30	101,287,241.96	882,072.44	2,215,663.77	100,015,875.90	102,625.11	18.82		691,033.10

Cash Receipts
Homestead Rebates
Overpayments Applied
Senior Citizens and Veterans
100,015,875.90

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax 101,287,241.96
Added Taxes (54:4-63.1 et. Seq.) 875,963.54
102,163,205.50

Tax Levy:

General County Taxes 24,988,026.00
County Open Space Taxes 1,167,901.22
County Added and Omitted Taxes 220,631.07
Total County Taxes 26,376,558.29

Local School District Tax

24,556,841.00

Special Improvement District Tax

183,448.00

Local Tax for Municipal Purposes

50,113,048.84

Add: Additional Tax Levied

933,309.37

51,046,358.21

102,163,205.50

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

Balance December 31, 2014		\$	1,766.69
Increased by:			
Transfers from Taxes Receivable	18.82		
	<hr/>		<hr/>
			18.82
			1,785.51
Decreased by:			
None			
	<hr/>		<hr/>
			-
Balance December 31, 2015		\$	<u><u>1,785.51</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2014	in 2015	Collector	Treasurer	Dec. 31, 2015
Licenses:					
Other	\$	433,232.84		433,232.84	-
Fees and Permits		1,000,772.86		1,000,772.86	-
Fines and Costs:					
Municipal Court		417,302.74		417,302.74	-
Interest and Costs on Taxes		210,827.31	210,827.31		-
Interest Earned on Investments		12,791.91		12,791.91	-
Parking Meters		3,030,607.95		3,030,607.95	-
Beach Fees		4,178,254.26		4,178,254.26	-
Rental or Sale of City Material and Property		213,168.65		213,168.65	-
Airport Fees		155,161.74		155,161.74	-
Boat Ramp Fees		34,452.73		34,452.73	-
Aquatic and Fitness Center User Fees		1,057,960.89		1,057,960.89	-
Smoke Detector Inspection Fees		193,850.76		193,850.76	-
Emergency Medical Services		687,789.67		687,789.67	-
Energy Receipts Tax		2,146,048.00		2,146,048.00	-
Uniform Construction Code Fees		1,159,959.00		1,159,959.00	-
Upper Township - Dispatching Services		222,789.00		222,789.00	-
Reserves for Debt Service, Capital Fund Balance & Arbitrage Reserve		416,443.00		416,443.00	-
OC Library - Contracted Services		231,683.00		231,683.00	-
OC Library - Return to Taxpayers		1,417,702.00		1,417,702.00	-
Hurricane Sandy Reimbursements		948,687.03		948,687.03	-
Miscellaneous Revenue Not Anticipated		551,409.79	6,628.99	544,780.80	-
	\$	18,720,895.13	217,456.30	18,503,438.83	-
			Cash Received	18,445,413.83	
			Prepaid Applied	58,025.00	
				<u>18,503,438.83</u>	

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
EXECUTIVE BRANCH				
Mayor's Office	\$ 964.41	964.41	610.00	354.41
Other Expenses				
ADMINISTRATION DEPARTMENT				
City Administrator				
Salaries and Wages	1,061.62	1,061.62		1,061.62
Other Expenses	839.39	839.39		839.39
Information Technology				
Salaries and Wages	66.28	66.28		66.28
Other Expenses	10,034.34	10,034.34	7,400.00	2,634.34
Purchasing Division				
Salaries and Wages	611.90	611.90	550.00	61.90
Other Expenses	674.41	674.41	54.06	620.35
Emergency Management				
Salaries and Wages	7,076.95	7,076.95		7,076.95
Other Expenses	454.54	454.54		454.54
Human Resources				
Salaries and Wages	2,811.75	2,811.75	2,080.22	731.53
Other Expenses	92,686.28	92,686.28	73,508.64	19,177.64
Neighborhood & Social Services				
Salaries and Wages	2,803.61	2,803.61	2,526.01	277.60
Other Expenses	562.84	562.84	60.00	502.84
Economic Development & Environmental				
Salaries and Wages	10,928.45	10,928.45		10,928.45
Other Expenses	1,043.82	1,043.82		1,043.82
COMMUNITY SERVICE DEPARTMENT				
Administration				
Salaries and Wages	5,452.66	5,452.66	1,650.00	3,802.66
Other Expenses	1,396.53	1,396.53	183.37	1,213.16
Public Relations				
Salaries and Wages	9,615.04	9,615.04	4,219.76	5,395.28
Other Expenses	5,598.13	5,598.13	2,041.89	3,556.24

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
Engineering and Project Management				
Salaries and Wages	3,771.37	3,771.37	3,497.27	274.10
Other Expenses	2,961.38	2,961.38	37.35	2,924.03
Recreation & Leisure Programs				
Salaries and Wages	2,750.16	2,750.16	1,892.13	858.03
Other Expenses	2,791.70	2,791.70	23.41	2,768.29
Planning Board				
Other Expenses	57.35	57.35	57.35	-
Zoning Board of Adjustment				
Other Expenses	6,291.52	6,291.52	460.39	5,831.13
Historical Commission				
Other Expenses	360.60	360.60	120.70	239.90
Music Pier Operations				
Salaries and Wages	13,352.53	13,352.53		13,352.53
Other Expenses	426.90	426.90		426.90
Aquatic and Fitness Center				
Salaries and Wages	7,839.18	7,839.18	7,839.18	-
Other Expenses	3,405.58	3,405.58	2,466.00	939.58
Facility Maintenance				
Salaries and Wages	3,499.86	3,499.86		3,499.86
Other Expenses	61,954.04	61,954.04	57,885.00	4,069.04
Environmental Operations				
Salaries and Wages	11,757.43	11,757.43	1,887.37	9,870.06
Other Expenses				
Miscellaneous Other Expenses	25,692.09	25,692.09		25,692.09
Trash & Recycling	328,879.04	328,879.04	195,466.03	133,413.01
Field Operations				
Salaries and Wages	10,704.51	10,704.51		10,704.51
Other Expenses	4,115.57	4,115.57	375.56	3,740.01

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
Fleet Maintenance				
Salaries and Wages	1,373.84	1,373.84		1,373.84
Other Expenses	23,825.51	23,825.51	1,867.36	21,958.15
Municipal Code and licensing				
Salaries and Wages	1,853.62	1,853.62	1,853.62	-
Other Expenses	4,550.28	4,550.28	2,647.21	1,903.07
LAW DEPARTMENT				
Legal Division				
Salaries and Wages	503.00	503.00		503.00
Other Expenses	136,692.17	136,692.17	61,379.54	75,312.63
Public Defender				
Other Expenses	8,039.96	8,039.96	3,025.49	5,014.47
FINANCIAL MANAGEMENT				
Treasurer's Office				
Other Expenses	50,000.00	50,000.00		50,000.00
Accounting Division				
Salaries and Wages	3,820.15	3,820.15		3,820.15
Other Expenses	1,977.09	1,977.09	769.15	1,207.94
Parking Regulation				
Salaries and Wages	167.67	167.67		167.67
Other Expenses	25,310.78	25,310.78	545.49	24,765.29
Property Assessment Division				
Salaries and Wages	9,794.71	9,794.71	1,966.70	7,828.01
Other Expenses	53,308.67	53,308.67	3,439.48	49,869.19
Beach Fee Regulation Division				
Salaries and Wages	5,688.69	5,688.69		5,688.69
Other Expenses	1,946.21	1,946.21	0.99	1,945.22
Tax Collection Division				
Salaries and Wages	5,341.56	5,341.56	5,341.56	-
Other Expenses	4,283.09	4,283.09		4,283.09
Revenue Collection				
Salaries and Wages	7,863.95	7,863.95	7,863.95	-
Other Expenses	25,283.36	25,283.36	22,373.18	2,910.18

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
STATUTORY OFFICES				
City Clerk	2,712.39	2,712.39	594.26	2,118.13
Salaries and Wages				158.66
Other Expenses	40,502.93	40,502.93	40,344.27	
City Council				
Salaries and Wages	0.50	0.50		0.50
Other Expenses	5,023.49	5,023.49	1,326.59	3,696.90
Municipal Court				
Salaries and Wages	8,822.64	8,822.64	580.03	8,242.61
Other Expenses	12,279.95	12,279.95	2,393.56	9,886.39
DEPARTMENT OF FIRE				
Rescue Services Division				
Salaries and Wages	1,597.65	1,597.65		1,597.65
Other Expenses	9,925.32	9,925.32	7,232.38	2,692.94
Lifeguards Division				
Salaries and Wages	2,200.61	2,200.61		2,200.61
Other Expenses	1,587.70	1,587.70	1,100.00	487.70
Fire Protection and Prevention				
Salaries and Wages	105,695.12	105,695.12		105,695.12
Other Expenses	4,316.99	4,316.99	3,827.78	489.21
DEPARTMENT OF POLICE				
Police Protection Division				
Salaries and Wages	161,149.49	161,149.49		155,493.40
Miscellaneous Other Expenses	2,297.36	2,297.36	775.36	1,522.00
Purchase of Vehicles	72,023.98	72,023.98	72,023.98	-
OTHER				
City Wide Operations				
Finance - Other Expenses	47,291.79	47,291.79	47,087.72	204.07
City Wide Operations				
Community Operations - Other Expenses	91,619.15	91,619.15	81,795.04	9,824.11

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

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed
UNIFORM CONSTRUCTION CODE				
State Uniform Construction Code				
Construction Official	9,693.09	9,693.09	1,836.90	7,856.19
Salaries and Wages	5,587.18	5,587.18	1,677.00	3,910.18
Other Expenses				
INSURANCE				
General Liability	10,644.00	10,644.00		10,644.00
Employee Group Health	185,700.76	185,700.76		185,700.76
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	54,612.67	54,612.67	34,238.38	20,374.29
Street Lighting	23,292.18	48,292.18	33,443.72	14,848.46
Telephone	32,742.52	32,742.52	9,233.81	23,508.71
Water	115,071.75	90,071.75	58,072.75	31,999.00
Fuel Oil	35,441.28	35,441.28	25,761.74	9,679.54
Gasoline	74,772.11	74,772.11	13,948.96	60,823.15
STATUTORY EXPENDITURES				
Contributions to				
Social Security System (O.A.S.I.)	8,980.09	8,980.09		8,980.09
Unemployment Compensation Insurance	35,400.01	35,400.01		35,400.01
Defined Contribution Retirement Program	3,048.30	3,048.30		3,048.30
OPERATIONS EXCLUDED FROM "CAPS"				
INSURANCE				
Employee Group Health	159,250.00	159,250.00		159,250.00
Matching Funds for Grants	37,225.00	37,225.00		37,225.00
All Other Accounts - No Change		-		-
	<u>\$ 2,377,426.07</u>	<u>2,377,426.07</u>	<u>922,915.73</u>	<u>1,454,510.34</u>

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

Balance December 31, 2014			
School Tax Payable	\$	-	
School Tax Deferred		12,340,938.50	
		12,340,938.50	\$ 12,340,938.50
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			24,556,841.00
			36,897,779.50
Decreased by:			
Payments			24,619,359.00
Balance December 31, 2015			
School Tax Payable		-	
School Tax Deferred		12,278,420.50	
		12,278,420.50	12,278,420.50
Current Year Liability for Local School District School Tax:			
Tax Paid			24,619,359.00
Tax Payable Ending			-
			24,619,359.00
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 24,619,359.00

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

Purpose	Balance	Transferred	Balance
	Dec. 31, 2014	From 2015 Revenues	Dec. 31, 2015
FEDERAL GRANTS:			
Airport Layout	\$ 4,512.00		4,512.00
CDBG	7,980.00		7,980.00
Community Development Block Grant 14/15		298,159.00	238,528.00
Community Development Block Grant 15/16		283,074.00	283,074.00
Body Armor Replacement Fund		5,383.26	-
FEMA - NJ State Police - EMS		10,000.00	-
US Homeland Security - Port Security Grant	8,107.76		8,107.76
Total Federal	20,599.76	596,616.26	542,201.76
STATE GRANTS:			
NJ Department of State - Cooperative Marketing Grant	2,775.50		0.50
Green Streets - Biowales	1,000.00		1,000.00
Clean Communities Program			-
DOT Safe Streets Grant	25,000.00	95,414.36	25,000.00
Drive Sober or get Pulled Over	1,336.23		1,336.23
City Wide Pedestrian Grant	4,717.75		4,717.75
Drive Sober or get Pulled Over - 2013 Holiday Crackdown	1,532.30		1,532.30
Distracted Driver Crackdown - 2014	2,613.15		2,613.15
Drive Sober Crackdown - 2014	1,309.85		1,309.85
Drive Sober Holiday Crackdown - 2014	7,500.00		2,017.50
Pedestrian Education & Enforcement	7,500.00		919.00
Post Sandy Grant	26,500.00		26,500.00
NJ Historic Trust Sandy Relief - City Hall Renovations		230,000.00	230,000.00
NJ Historic Trust Sandy Relief - Life Saving Station		143,031.00	107,943.45
NJ Historic Trust Sandy Relief - Transportation Center		501,000.00	501,000.00

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

<u>Purpose</u>	Balance Dec. 31, 2014	Transferred From 2015 Revenues	Received	Balance Dec. 31, 2015
ANJEC Open Space Stewardship Program		1,500.00	1,000.00	500.00
Post Sandy Planning Grant		27,000.00	18,017.50	8,982.50
DCA - Disabled Recreation - Grant		16,997.00		16,997.00
Sustainable Jersey 2014		2,000.00	2,000.00	-
Transportation Trust Fund				
Year 2012 - Simpson Avenue	180,000.00			180,000.00
Year 2014 - Bay to West 31st - 33rd	172,000.00			172,000.00
NJ Council of the Arts - POPS	15,000.00			15,000.00
DCA Historic Preservation Grant	414,222.91			414,222.91
Sustainable Land Use Planning Grant	7,500.00		7,500.00	-
Total State	<u>870,507.69</u>	<u>1,016,942.36</u>	<u>198,857.91</u>	<u>1,688,592.14</u>
\$	<u>891,107.45</u>	<u>1,613,558.62</u>	<u>273,872.17</u>	<u>2,230,793.90</u>

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

	Balance December 31, 2014		2015		Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances	
FEDERAL GRANTS:					
FAA - Airport Layout	\$ 4,750.00				4,750.00
US DOJ - JAG Edward Byrne Memorial	507.54				507.54
Body Armor Replacement Fund			10,859.99		3,454.79
Community Development Block Grant 14/15			298,159.00	3,231.98	239,265.09
Community Development Block Grant 15/16			283,074.00		283,074.00
Community Development Block Grant		28,178.80			7,600.00
FEMA - NJ State Police - EMS	16,872.26	600.00	10,000.00		20,020.64
US Homeland Security - Port Security Grant	8,107.76				8,107.76
Total Federal	30,237.56	28,778.80	602,092.99	3,231.98	566,779.82
STATE GRANTS:					
Municipal Alliance			3,658.80		-
Clean Communities	49,116.56	25,763.20	95,414.36	28,349.02	60,201.58
NJ Council on the Arts - Ocean City POPS	15,000.00				15,000.00
Drunk Driving Enforcement	7,154.16		4,658.23	240.00	2,255.93
City Wide Pedestrian Grant	616.01				616.01
Recycling Tonnage Grant	9,178.18	21,080.50	35,101.23	20,739.30	6,719.97
Alcohol Education and Rehabilitation	90.91				90.91
Pedestrian Education & Enforcement	2,022.85		250.00		1,772.85
NJ DOT - Bay to West:31st-33rd	172,000.00				172,000.00
NJ DOT - Simpson Avenue 2012	180,000.00				180,000.00
Cooperative Marketing Grant	26,213.16		9,192.00		17,021.16
Drive Sober Holiday Crackdown - 2013	4,400.00				4,400.00
Distracted Driver Crackdown - 2013	1,064.65				1,064.65
Drive Sober Holiday Crackdown - 2014	2,611.20				2,611.20
Drive Sober Holiday Crackdown - 2014	6,625.20				2,141.90
Historic Preservation	443,500.00		24,234.37	32,058.73	387,206.90
Sustainable Jersey 2012	0.10				0.10
Sustainable Jersey 2014			2,000.00	2,000.00	-
Sustainable Land Use Planning Project	1,356.79				25.00
ANJEC Open Space Stewardship Program			1,500.00	975.00	525.00
Ocean City Free Public Library - Police Grant	0.57				0.57

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

	Balance December 31, 2014		2015 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances				
NJ Historic Trust Sandy Relief - City Hall Renovations			230,000.00		230,000.00	-
NJ Historic Trust Sandy Relief - Life Saving Station			143,031.00			143,031.00
NJ Historic Trust Sandy Relief - Transportation Center			501,000.00	17,925.00	14,075.00	469,000.00
Post Sandy Planning Grant	18,957.50			525.00		18,432.50
Post Sandy Planning Grant			27,000.00			27,000.00
DCA - Disabled Recreation - Grant			16,997.00			16,997.00
DCA - Disabled Recreation - Match			7,003.00			7,003.00
NJLIM Educational Foundation, Inc.						-
Ocean City Pedestrian Safety Grant 2012	1,410.68			500.00		910.68
USTA - Hurricane Sandy Relief Program	20,000.00					20,000.00
American Water Company - Green Streets - Biowales	9,660.00				9,660.00	-
Total State	<u>970,978.52</u>	<u>46,843.70</u>	<u>1,062,705.39</u>	<u>187,377.65</u>	<u>337,122.05</u>	<u>1,556,027.91</u>
	<u>\$ 1,001,216.08</u>	<u>75,622.50</u>	<u>1,664,798.38</u>	<u>278,475.20</u>	<u>340,354.03</u>	<u>2,122,807.73</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred To 2015 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2015</u>
FEDERAL GRANTS:				
None	\$ -			-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:				
Drunk Driving Enforcement Fund	-		9,909.10	9,909.10
Body Armor Fund	5,476.73	5,476.73		-
Recycling Tonnage Grant	35,101.23	35,101.23		-
Total State	<u>40,577.96</u>	<u>40,577.96</u>	<u>9,909.10</u>	<u>9,909.10</u>
	<u>\$ 40,577.96</u>	<u>40,577.96</u>	<u>9,909.10</u>	<u>9,909.10</u>

**TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER**

Balance December 31, 2014	\$	1,552.02
Increased by:		
Cash Receipts for:		
Dog Licenses Collected	2,156.00	
Miscellaneous Fees Collected	14,639.00	
Due to State of NJ	784.80	
Interest on Investments	4.45	
		17,584.25
		19,136.27
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	17,668.60	
Due to State of New Jersey	784.80	
		18,453.40
Balance December 31, 2015	\$	682.87

**TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2014		\$ 4,155,501.53
Increased by:		
Cash Receipts for Other Reserves:		
Interest on Investments	3,176.66	
Employee Withholdings	55,243.15	
Budget Appropriations	160,000.00	
Other Receipts	3,327,662.43	
	<hr/>	<hr/> 3,546,082.24
		7,701,583.77
Decreased by:		
Cash Disbursed for Other Reserves	2,548,957.28	
	<hr/>	<hr/> 2,548,957.28
Balance December 31, 2015		\$ <u><u>5,152,626.49</u></u>

**TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2014		\$	1,552.02
Increased by:			
Dog License Fees Collected	2,156.00		
Miscellaneous Fees Collected	14,639.00		
Interest on Investments	4.45		
			16,799.45
			18,351.47
Decreased by:			
Cash Disbursed	17,668.60		
			17,668.60
Balance December 31, 2015		\$	682.87

Fess Collected				
	2014	17,883.50		
	2013	16,186.50		
		34,070.00		

**TRUST FUND
ANIMAL CONTROL FUND - DUE TO STATE OF NEW JERSEY**

Balance December 31, 2014		\$	-
Increased by:			
Cash Receipts	784.80		
	<hr/>		<hr/>
			784.80
			784.80
Decreased by:			
Cash Disbursed	784.80		
	<hr/>		<hr/>
			784.80
Balance December 31, 2015		\$	<u><u>-</u></u>

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2014	Interest on Investments	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2015
Tax Premiums	\$ 184,946.33				520,987.04	288,716.00	417,217.37
Dedicated Recreation Trust	125,806.05				749,059.78	683,031.68	191,834.15
Tourism Development	87,482.94				725,965.49	643,392.71	170,055.72
Law Enforcement Trust	19,703.93				6,806.95		26,510.88
Parking Offenses Adjudication Act	27,074.97	11.17			2,776.00		29,862.14
Cash Performance Deposits	639,808.41	1,045.42			220,398.71	319,095.97	542,156.57
Dedicated Fire Fees	954.32						954.32
Lifeguard Pension	20,410.60		55,243.15	135,000.00		203,024.73	7,629.02
Shade Trees	1,538.40	2.37			7,900.00	4,787.12	4,653.65
COAH	2,826,348.08	2,117.70			723,019.16	40,214.01	3,511,270.93
Merchant Fees	12,572.42			25,000.00	118,547.04	148,100.66	8,018.80
Planning & Zoning Escrow	208,855.08				252,202.26	218,594.40	242,462.94
	<u>\$ 4,155,501.53</u>	<u>3,176.66</u>	<u>55,243.15</u>	<u>160,000.00</u>	<u>3,327,662.43</u>	<u>2,548,957.28</u>	<u>5,152,626.49</u>

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

Balance December 31, 2014		\$ 16,268,736.39
Increased by:		
Bond Anticipation Notes	40,150,000.00	
Contributions Receivable	1,250,000.00	
Current Fund Appropriations:		
Capital Improvement Fund	1,100,000.00	
Premium on Sale of Notes	560,191.00	
Utility Contributions	19,088.78	
Insurance Reimbursements	56,587.57	
FEMA	2,475,619.01	
Airport Hanger Association Contributions	68,564.43	
		45,680,050.79
		61,948,787.18
Decreased by:		
Improvement Authorizations	11,411,129.05	
Encumbrances	5,782,596.97	
Bond Anticipation Notes	27,525,000.00	
Anticipated as Current Revenue:		
Fund Balance	400,000.00	
Reserve for Debt Service	16,443.00	
		45,135,169.02
Balance December 31, 2015		\$ <u><u>16,813,618.16</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
	Dec. 31, 2014		Miscellaneous		Improvement		Miscellaneous		
			Miscellaneous	Debt Issued	Authorizations		From	To	
Fund Balance	\$ 1,083,414.11		628,755.43						1,312,169.54
Capital Improvement Fund	165,327.53		1,100,000.00			400,000.00	904,315.00		361,012.53
Reserve for Debt Service	1,784,006.35		2,551,295.36			16,443.00			4,318,658.71
Encumbrances Payable	5,782,596.97					5,782,596.97		8,600,208.31	8,600,208.31
Due from other	(1,250,000.00)		1,250,000.00						-
Reserve for Preliminary Expenses	17,566.00								17,566.00
Improvement Authorizations:									
08-03 Community Center Improvements	221.70				221.70				-
09-32 Various Capital Improvements	1,493.59				1,493.59				-
10-13 Acquisition of Property	10,327.94				4,720.00				5,607.94
10-16-11-26 Various Capital Improvements	-				(130,000.00)		130,000.00		-
10-29 Various Capital Improvements	19,756.30				16,261.30		3,495.00		(0.00)
11-06 Various Capital Improvements	41,479.86				13,478.00				28,001.86
11-07 Various Capital Improvements	16,759.90				16,710.63				49.27
11-15 Land Acquisition	28,115.34				6,592.60				21,522.74
11-25 Various Capital Improvements	130,834.73				(10,312.69)		21,622.38		119,525.04
12-02 Various Capital Improvements	188,773.57				66,698.09		59,475.47		62,600.01
12-08 Various Capital Improvements	120,939.45				39,906.76		680.74		80,351.95
12-09 COAH Funds	5,216.08				-		1,056.00		5,216.08
12-13 Beach Fill	-				(1,056.00)				-
12-15 Bellevue Demolition	8,355.85				-				8,355.85
12-21 Hurricane Sandy Repairs	469,490.26				191,680.13		3,371.85		274,438.28
13-02 Various Improvements	1,139,241.62				(27,580.00)		112,484.13		1,054,337.49
13-04 Various Improvements	1,473,106.87				771,928.42		403,681.46		297,496.99
13-20 Various Improvements	917,798.51				571,046.23		219,252.28		127,500.00
13-21 Various Improvements	19.10				(186.00)		186.00		19.10
14-05 Various Improvements	1,997,911.63			1,500,000.00	3,367,592.99		682,589.54		(552,270.90)
14-13 Various Improvements	84,169.20				80,293.50		10,812.25		(6,936.55)
14-14 Various Improvements	59,038.93				40,904.44		5,607.50		12,526.99
14-15 10th Street Marina	-				(54,827.27)		54,827.27		-
14-21 Schilling Property - 19th & Boardwalk	1,750,000.00				1,750,000.00				-
14-33 Various Improvements	196,750.00			175,000.00	165,008.05		182,726.21		24,015.74
14-35 Refunding Bond Ordinance	(11,475.00)				(11,475.00)				-
14-42 Skateboard Park	37,500.00				749,568.69		431.31		(12,500.00)
15-04 Lagoon & Back Bay Dredging					1,739,429.72		3,260,570.28		250,000.00
15-09 Various Improvements					1,541,401.35		2,220,289.65		414,665.00
15-17 Various Improvements					511,629.82		1,227,048.99		(104,028.81)
15-29 Roads & Drainage					-		105,000.00		105,000.00
Total	\$ 16,268,736.39		5,530,050.79	12,625,000.00	11,411,129.05	6,199,039.97	9,504,523.31	9,504,523.31	16,813,618.16

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

Balance December 31, 2014		\$	165,327.53
Increased by:			
Budget Appropriation	1,100,000.00		
	<hr/>		<hr/>
			1,100,000.00
			1,265,327.53
Decreased by:			
Improvement Authorizations	904,315.00		
	<hr/>		<hr/>
			904,315.00
Balance December 31, 2015		\$	<u><u>361,012.53</u></u>

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

Balance December 31, 2014		\$ 59,449,522.69
Increased by:		
Bonds Issued	-	
	<hr/>	<hr/>
		-
		59,449,522.69
Decreased by:		
Serial Bonds Paid & Refunded	8,410,000.00	
Greet Trust Loans Paid	28,460.17	
	<hr/>	<hr/>
		8,438,460.17
Balance December 31, 2015		\$ <u><u>51,011,062.52</u></u>

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

Ord #	Improvement Description	Balance		2015		Analysis of Balance		Unexpended Improvement Authorizations
		Dec. 31, 2014	Dec. 31, 2015	Authorizations	Balance Dec. 31, 2015	Bond Anticipation Notes	Expenditures	
05-33	Acquisition of Land	\$ 4,500,000.00	4,500,000.00		4,500,000.00	4,500,000.00		-
12-02	Various Capital Improvements	700,000.00	700,000.00		700,000.00	700,000.00		99,000.00
12-21	Hurricane Sandy Repairs	999,000.00	999,000.00		999,000.00	900,000.00		25,500.00
13-02	Various Improvements	1,025,500.00	1,025,500.00		1,025,500.00	1,000,000.00		98,600.00
13-04	Various Improvements	5,498,600.00	5,498,600.00		5,498,600.00	5,400,000.00		322,500.00
13-20	Various Improvements	4,322,500.00	4,322,500.00		4,322,500.00	4,000,000.00		800,779.10
14-05	Various Improvements	8,853,050.00	8,853,050.00		8,853,050.00	7,500,000.00	552,270.90	2,813.45
14-13	Various Improvements	1,809,750.00	1,809,750.00		1,809,750.00	1,800,000.00	6,936.55	-
14-15	10th Street Marina	2,600,000.00	2,600,000.00		2,600,000.00	2,600,000.00		-
14-21	Schilling Property - 19th & Boardwalk	500,000.00	500,000.00		500,000.00	500,000.00		1,063,250.00
14-33	Various Improvements	1,363,250.00	1,363,250.00		1,363,250.00	300,000.00		20,000.00
14-35	Refunding Bond Ordinance	20,000.00	20,000.00		20,000.00			-
14-42	Skateboard Park	712,500.00	712,500.00		712,500.00	700,000.00	12,500.00	-
15-04	Lagoon & Back Bay Dredging			4,750,000.00	4,750,000.00	4,750,000.00		3,878,635.00
15-09	Various Improvements			7,878,635.00	7,878,635.00	4,000,000.00		954,321.19
15-17	Various Improvements			2,558,350.00	2,558,350.00	1,500,000.00	104,028.81	1,995,000.00
15-29	Roads & Drainage			1,995,000.00	1,995,000.00			
		\$ 32,904,150.00	50,086,135.00	17,181,985.00	40,150,000.00	675,736.26		9,260,398.74
	Improvement Authorizations Unfunded							11,699,423.76
	Less:							
	Unexpended Proceeds of Bond							
	Anticipation Notes Issued:							
	Ord. Number							
	12-02					(62,600.01)		
	12-21					(274,438.28)		
	13-02					(1,000,000.00)		
	13-04					(297,496.99)		
	13-20					(127,500.00)		
	14-33					(24,015.74)		
	15-09					(652,974.00)		
								(2,439,025.02)
								9,260,398.74

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds					
			Date	Outstanding December 31, 2015 Amount	Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
Multi Park - ADA 0508-07-056	3/19/2010	200,000	2016	9,459.56	2.000% \$	160,480.55	9,273.16	151,207.39
			2017	9,649.69				
			2018	9,843.65				
			2019	10,041.50				
			2020	10,243.34				
			2021	10,449.23				
			2022	10,659.26				
			2023	10,873.51				
			2024	11,092.07				
			2025	11,315.02				
			2026	11,542.45				
		2027	11,774.46					
		2028	12,011.11					
		2029	12,252.54					
Multi Park - ADA 0508-07-056 (A)	3/19/2010	200,000	2016	9,459.56	2.000%	160,480.55	9,273.16	151,207.39
			2017	9,649.69				
			2018	9,843.65				
			2019	10,041.50				
			2020	10,243.34				
			2021	10,449.23				
			2022	10,659.26				
			2023	10,873.51				
			2024	11,092.07				
			2025	11,315.02				
			2026	11,542.45				
		2027	11,774.46					
		2028	12,011.11					
		2029	12,252.54					

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds				
			Date	Outstanding December 31, 2015	Interest Rate	Balance Dec. 31, 2014	Balance Dec. 31, 2015
4th Street Life Saving Station	3/23/2012	222,500	2016	10,113.12	2.000%	198,561.59	188,647.74
			2017	10,316.39			
			2018	10,523.75			
			2019	10,735.28			
			2020	10,951.06			
			2021	11,171.18			
			2022	11,395.72			
			2023	11,624.77			
			2024	11,858.43			
			2025	12,096.78			
			2026	12,339.93			
			2027	12,587.96			
			2028	12,840.98			
		2029	13,099.09				
		2030	13,362.38				
		2031	13,630.92				
						9,913.85	
							28,460.17
							519,522.69
							491,062.52

**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		Increased	Decreased	Balance Dec. 31, 2015
						Dec. 31, 2014	Dec. 31, 2015			
Land Acquisition	05-33	12/3/2014	12/3/2014	12/3/2015	1.000%	\$	4,500,000.00	4,500,000.00	4,500,000.00	-
Land Acquisition	05-33	12/3/2014	12/3/2015	12/2/2016	2.000%					4,500,000.00
Various Capital Improvements	12-02	6/23/2011	6/18/2015	6/17/2016	2.000%		-	700,000.00	700,000.00	700,000.00
Various Capital Improvements	12-02	6/23/2011	6/19/2014	6/18/2015	0.750%		700,000.00			-
Hurricane Sandy Repairs	12-21	6/21/2013	6/18/2015	6/17/2016	2.000%		-	900,000.00	900,000.00	900,000.00
Hurricane Sandy Repairs	12-21	6/21/2013	6/19/2014	6/18/2015	0.750%		900,000.00			-
Various Improvements	13-02	6/21/2013	6/18/2015	6/17/2016	2.000%		-	1,000,000.00	1,000,000.00	1,000,000.00
Various Improvements	13-02	6/21/2013	6/19/2014	6/18/2015	0.750%		1,000,000.00			-
Various Improvements	13-04	6/21/2013	6/18/2015	6/17/2016	2.000%		-	5,400,000.00	5,400,000.00	5,400,000.00
Various Improvements	13-04	6/21/2013	6/19/2014	6/18/2015	0.750%		5,400,000.00			-
Various Improvements	13-20	6/19/2014	6/19/2014	6/18/2015	0.750%		4,000,000.00			-
Various Improvements	13-20	6/19/2014	6/18/2015	6/17/2016	2.000%		4,000,000.00			4,000,000.00
Various Improvements	14-05	6/19/2014	6/19/2014	6/18/2015	0.7500%		6,000,000.00			-
Various Improvements	14-05	6/19/2014	6/18/2015	6/17/2016	2.0000%		7,500,000.00			7,500,000.00
Various Improvements	14-13	12/3/2014	12/3/2014	12/3/2015	1.0000%		1,800,000.00			-
Various Improvements	14-13	12/3/2014	12/3/2015	12/2/2016	2.0000%		1,800,000.00			1,800,000.00
Marina Revlopment Area	14-15	12/3/2014	12/3/2014	12/3/2015	1.0000%		2,600,000.00			-
Marina Revlopment Area	14-15	12/3/2014	12/3/2015	12/2/2016	1.1499%		2,600,000.00			2,600,000.00
Acquisition of Land	14-21	12/3/2014	12/3/2014	12/3/2015	1.0000%		500,000.00			-
Acquisition of Land	14-21	12/3/2014	12/3/2015	12/2/2016	2.0000%		500,000.00			500,000.00
Various Improvements	14-33	12/3/2014	12/3/2014	12/3/2015	1.0000%		125,000.00			-
Various Improvements	14-33	12/3/2014	12/3/2015	12/2/2016	2.0000%		300,000.00			300,000.00
Skateboard Park	14-42	6/18/2015	6/18/2015	6/17/2016	2.0000%		700,000.00			700,000.00
Lagoon & Back Bay Dredging	15-04	6/18/2015	6/18/2015	6/17/2016	2.0000%		4,750,000.00			4,750,000.00
Various Improvements	15-09	6/18/2015	6/18/2015	6/17/2016	2.0000%		4,000,000.00			4,000,000.00
Various Improvements	15-17	12/3/2015	12/3/2015	12/2/2016	2.0000%		1,500,000.00			1,500,000.00
						\$	<u>27,525,000.00</u>	<u>40,150,000.00</u>	<u>27,525,000.00</u>	<u>40,150,000.00</u>

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

Ordinance Number	Improvement Description	Balance	2015	Debt	Balance
		Dec. 31, 2014	Authorizations	Issued	Dec. 31, 2015
12-21	Hurricane Sandy Repairs	\$ 99,000.00			99,000.00
13-02	Various Improvements	25,500.00			25,500.00
13-04	Various Improvements	98,600.00			98,600.00
13-20	Various Improvements	322,500.00			322,500.00
14-05	Various Improvements	2,853,050.00		1,500,000.00	1,353,050.00
14-13	Various Improvements	9,750.00			9,750.00
14-33	Various Improvements	1,238,250.00		175,000.00	1,063,250.00
14-35	Refunding Bond Ordinance	20,000.00			20,000.00
14-42	Skateboard Park	712,500.00		700,000.00	12,500.00
15-04	Lagoon & Back Bay Dredging		4,750,000.00	4,750,000.00	-
15-09	Various Improvements		7,878,635.00	4,000,000.00	3,878,635.00
15-17	Various Improvements		2,558,350.00	1,500,000.00	1,058,350.00
15-29	Roads & Drainage		1,995,000.00		1,995,000.00
		<u>\$ 5,379,150.00</u>	<u>17,181,985.00</u>	<u>12,625,000.00</u>	<u>9,936,135.00</u>
				<u>-</u>	

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH**

	Trust Fund I	Trust Fund II
Balance December 31, 2014	\$ -	-
Increased by:		
State Aid for Public Assistance	-	227,928.14
SSI Receipts	-	56,928.45
	<u> </u>	<u> </u>
	-	284,856.59
	<u> </u>	<u>284,856.59</u>
Decreased by:		
Public Assistance	-	284,856.59
	<u> </u>	<u> </u>
	-	284,856.59
	<u> </u>	<u>284,856.59</u>
Balance December 31, 2015	\$ -	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S. 40A:5-5**

	Trust Fund I	Trust Fund II
Balance December 31, 2015	\$ -	-
Increased by:		
Cash Receipts		21,147.40
Decreased by:		
Cash Disbursements	-	21,147.40
	-	21,147.40
Balance January 31, 2016	\$ -	-

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$	227,928.14
Supplemental Security Income: Client Refund		56,928.45
Total Revenues (PATF)	\$ <u> -</u>	<u>284,856.59</u>

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF EXPENDITURES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Current Year Assistance (State Matching):		
Maintenance Payments	\$	78,245.09
Burial		2,770.00
Temporary Rent		155,426.00
Shelter		18,884.06
Transportation		917.40
Utilities		2,147.84
Rent		12,416.78
Security Deposits		10,741.50
Storage		681.57
Other		2,626.35
Total Expenditures (PATF)	\$ <u> -</u>	<u>284,856.59</u>

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**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2015**



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Ocean City
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Ocean City, State of New Jersey, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2016, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Ocean City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

June 30, 2016

CITY OF OCEAN CITY

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." Effective July 1, 2015 the bid threshold is \$40,000.

The governing body of the City of Ocean City 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 Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

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

- Supply and Delivery of 100 Low Lead Aviation Fuel
- Supply and Delivery of Sand Fence & Posts and Rail Fence Materials
- Lease of Airport Diner
- Lease of Cultural Café
- Lease of Coin Operated Binocular Viewing Machines
- Bulkhead Improvements
- Material Removal from Confined Disposal Facility
- Firework Shows
- Dredge Spoil Material Testing Services
- Boardwalk Reconstruction
- OC Skateboard Park Install
- Fluorescent Bulbs, LED Bulbs & Electronic Ballasts
- Concrete and related materials
- Digital Recording Production Service
- Kentucky Blue Grass Sod
- Consultant Services for CDBG
- Vending Machine Services
- Back Bay Dredging
- Police and Fire Department Uniforms
- Sand Hauling Services

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 City Council of the City of Ocean City, 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 Ocean City, 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

CITY OF OCEAN CITY

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 City Council of the City of Ocean City, 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 2015.

This Resolution shall take effect January 1, 2015.

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 tax sale was held and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2015	6
2014	6
2013	6

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2015 and 2016 Taxes	5
Delinquent Taxes	5
Total	<u>10</u>

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.

CITY OF OCEAN CITY

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2015 \$	102,163,205.50	101,370,335.38	99.22%
2014	99,578,715.26	98,672,979.09	99.09%
2013	95,863,852.78	94,937,906.55	99.03%
2012	95,770,896.84	93,780,434.70	97.92%
2011	97,104,511.00	95,257,230.00	98.10%

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ 0.895	0.882	0.842	0.783	0.752
Apportionment of Tax Rate:					
Municipal	0.444	0.436	0.421	0.390	0.372
County	0.233	0.225	0.206	0.193	0.191
Local School	0.218	0.221	0.215	0.200	0.189
Assessed Valuation	11,296,513,298	11,181,508,929	11,316,442,065	12,171,789,847	12,852,929,492

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 five years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2015 \$	1,766.69	691,033.10	692,799.79	0.70%
2014	1,766.69	855,902.30	857,668.99	0.90%
2013	1,748.18	800,887.11	802,635.29	0.83%
2012	1,730.51	1,161,734.44	1,163,464.95	1.23%
2011	1,464.09	1,003,281.36	1,004,745.45	1.10%

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.

CITY OF OCEAN CITY

FINDINGS AND RECOMMENDATIONS

None

Ford, Scott & Associates, L.L.C.
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Leon P. Costello
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Registered Municipal Accountant
No. 393

June 30, 2016

CITY OF OCEAN CITY
PART III
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2015

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant I.D. Number	Grant Period From	Grant Period To	Program Receipts	Program Expenditures	Memo Only Cumulative Expenditures
U.S. Department of Housing and Urban Development							
Community Development Block Grant	14.218	N/A	2014	Open	\$ 59,631.00	55,661.93	55,661.93
Community Development Block Grant	14.218	N/A	2013	Open		20,578.80	474,632.00
U.S. Department of Justice							
Bulletproof Vest Partnership	16.607	N/A	2015	Open	5,383.26	7,405.20	7,405.20
U.S. Department of Homeland Security							
FEMA - EMS Grant	97.044	N/A		Open	10,000.00	7,451.62	7,451.62
FEMA - Disaster Grants - Hurricane Sandy	97.036	N/A		Open	2,475,619.01	2,475,619.01	4,483,877.56
Total Federal Awards					\$ 2,550,633.27	2,566,716.56	5,029,028.31

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

Note 1: General

The accompanying schedule of financial assistance present the activity of all federal and state financial assistance programs of the City of Ocean City. The City is defined in Note 1 to the City's financial statements – regulatory basis.

Note 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to General-Purpose Financial Statements

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

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 25,546.82			25,546.82
Grant Fund	65,550.73	463,837.20	13,818.80	543,206.73
General Capital Fund	2,475,619.01			2,475,619.01
Public Assistance Fund		<u>284,856.59</u>		<u>284,856.59</u>
Total Financial Assistance	<u>\$ 2,566,716.56</u>	<u>748,693.79</u>	<u>13,818.80</u>	<u>3,329,229.15</u>

Note 4: Relationship to Federal & State Financial Reports

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



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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR UNIFORM GUIDANCE & NJ OMB 15-08

The Honorable Mayor and
Members of City Council
City of Ocean City
County of Cape May, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Ocean City's compliance with the types of compliance requirements described in the *OMB Circular Uniform Guidance Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of Ocean City's major federal and state programs for the year ended December 31, 2015. Ocean City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Ocean City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations* and NJ OMB 15-08. Those standards, OMB Circular Uniform Guidance and NJ OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Ocean City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the City of Ocean City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the City of Ocean City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Ocean City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ocean City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Assistance as Required by OMB Uniform Guidance and NJ OMB 15-08

We have audited the financial statements of the various funds and account group of the City of Ocean City as of and for the year ended December 31, 2015, and have issued our report thereon dated June 30, 2016, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Ocean City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of Federal Awards and State Assistance are presented for purposes of additional analysis as required by OMB Circular Uniform Guidance and NJ OMB 15-08, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

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June 30, 2016

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CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Adverse GAAP Opinion Unqualified Regulatory Basis Opinion
----------------------------------	--

Internal control over financial reporting:

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

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

State Awards – N/A

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs:	Unqualified Opinion
---	----------------------------

Any audit findings disclosed that are required to be reported in accordance with NJ OMB 04-04?	NO
--	-----------

Identification of major programs:

NONE

Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
--	------------------

Auditee qualified as low-risk Auditee?	NO
--	-----------

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2015
(CONTINUED)

Federal Awards

Internal control over major programs:

- | | |
|---|----------------------|
| 3) Material Weakness identified? | NO |
| 4) Significant Deficiencies identified? | NONE REPORTED |

Type of auditor's report issued on compliance for major programs:	Unqualified Opinion
---	----------------------------

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

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

Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
--	------------------

Auditee qualified as low-risk Auditee?	NO
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II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no finding relating to the financial statements – regulatory basis that is required to be reported under this section.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

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

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.