

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

CITY OF OCEAN CITY
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**CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
DECEMBER 31, 2016**



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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of 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, 2016 and 2015, 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, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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 9, 2017 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 9, 2017

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**EXHIBIT - A
CURRENT FUND**

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

| <u>ASSETS</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------------|----------------------|
| Regular Fund: | | |
| Cash: | | |
| Cash Treasurer | \$ 10,525,851.81 | 13,028,817.54 |
| Cash - Collector | 270,048.70 | 537,268.54 |
| Cash - Change | 2,825.00 | 2,825.00 |
| Total Cash | <u>10,798,725.51</u> | <u>13,568,911.08</u> |
| Other Receivables: | | |
| Due from State - Chapter 20 P.L. 1971 | 216.51 | 466.51 |
| Total Other Receivables | <u>216.51</u> | <u>466.51</u> |
| Receivables and Other Assets with Full Reserves: | | |
| Delinquent Property Taxes Receivable | 680,873.91 | 691,033.10 |
| Tax Title and Other Liens | 1,429.93 | 1,785.51 |
| Property Acquired for Taxes - at Assessed Valuation | 262,576.00 | 262,576.00 |
| Total Receivables and Other Assets | <u>944,879.84</u> | <u>955,394.61</u> |
| Deferred Charges: | | |
| Emergency Appropriation | 250,000.00 | 50,000.00 |
| Special Emergency Appropriation | - | 450,000.00 |
| Total Deferred Charges | <u>250,000.00</u> | <u>500,000.00</u> |
| Total Regular Fund | <u>11,993,821.86</u> | <u>15,024,772.20</u> |
| Federal and State Grant Fund: | | |
| Cash | 25,296.81 | 242,276.96 |
| Federal and State Grants Receivable | 2,616,048.37 | 2,230,793.90 |
| Total Federal and State Grant Fund | <u>2,641,345.18</u> | <u>2,473,070.86</u> |
| Total Current Fund | <u>\$ 14,635,167.04</u> | <u>17,497,843.06</u> |

See accompanying Notes to Financial Statements - Regulatory Basis

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

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------------|----------------------|
| Regular Fund: | | |
| Liabilities: | | |
| Appropriation Reserves | \$ 812,114.96 | 1,611,927.97 |
| Reserve for Encumbrances | 980,688.13 | 1,315,567.60 |
| Accounts Payable | 3,675.00 | 14,075.01 |
| Prepaid Taxes | 2,548,837.95 | 2,435,364.50 |
| Overpaid Taxes | 29,621.63 | 35,795.34 |
| County Added Tax Payable | 184,608.13 | 220,631.07 |
| Escrow - Blue Water Marina | 33,059.76 | 33,059.76 |
| Prepaid Beach Fees | 70,935.00 | 66,280.00 |
| Reserve for Excess Funds - Due to FEMA | - | 667,429.31 |
| Reserve for Tax Appeals | - | 100,000.00 |
| Payroll Taxes Payable | 2,495.00 | 6,479.40 |
| Reserve for Health Insurance Claims | 585.64 | 158,643.36 |
| Reserve for Special Emergency - Sandy | 23,243.62 | 51,241.16 |
| Special Emergency Note Payable | - | 450,000.00 |
| | <u>4,689,864.82</u> | <u>7,166,494.48</u> |
| Reserve for Receivables and Other Assets | 944,879.84 | 955,394.61 |
| Fund Balance | <u>6,359,077.20</u> | <u>6,902,883.11</u> |
| Total Regular Fund | <u>11,993,821.86</u> | <u>15,024,772.20</u> |
| Federal and State Grant Fund: | | |
| Unappropriated Reserves | 7,000.00 | 9,909.10 |
| Appropriated Reserves | 1,030,166.36 | 2,122,807.73 |
| Due to General Capital Fund | 700,000.00 | - |
| Encumbrances Payable | <u>904,178.82</u> | <u>340,354.03</u> |
| Total Federal and State Grant Fund | <u>2,641,345.18</u> | <u>2,473,070.86</u> |
| Total Current Fund | <u>\$ 14,635,167.04</u> | <u>17,497,843.06</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,**

| | 2016 | 2015 |
|---|-----------------|----------------|
| Revenue and Other Income Realized | | |
| Fund Balance | \$ 3,650,000.00 | 3,350,000.00 |
| Miscellaneous Revenue Anticipated | 19,576,254.81 | 19,823,621.92 |
| Receipts from Delinquent Taxes | 695,058.98 | 861,204.29 |
| Receipts from Current Taxes | 103,883,886.67 | 101,270,335.38 |
| Non Budget Revenue | 426,811.94 | 551,409.79 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Res. | 1,096,956.25 | 1,454,510.34 |
| Prior Year Revenue | - | 9,844.04 |
| Cancellation of: | | |
| Prior Year Accounts Payable | 14,075.01 | - |
| Reserve for Tax Appeals | 100,000.00 | 100,000.00 |
| Total Income | 129,443,043.66 | 127,420,925.76 |
| Expenditures | | |
| Budget and Emergency Appropriations: | | |
| Appropriations Within "CAPS" | | |
| Operations: | | |
| Salaries and Wages | 29,161,383.00 | 29,310,811.00 |
| Other Expenses | 19,207,115.39 | 18,832,383.39 |
| Deferred Charges & Statutory Expenditures | 6,173,208.00 | 5,817,084.00 |
| Appropriations Excluded from "CAPS" | | |
| Operations: | | |
| Salaries and Wages | 256,126.10 | 222,789.00 |
| Other Expenses | 4,856,890.65 | 5,535,457.38 |
| Capital Improvements | 1,150,000.00 | 1,100,000.00 |
| Debt Service | 11,237,462.25 | 10,548,859.70 |
| Deferred Charges | 2,524,500.00 | 945,000.00 |
| Local District School Tax | 24,672,784.00 | 24,619,359.00 |
| County Tax | 26,909,536.29 | 26,155,927.22 |
| County Share of Added Tax | 184,608.13 | 220,631.07 |
| Other: | | |
| Special Improvement District Taxes | 183,447.94 | 183,448.00 |
| Payroll Deductions Payable | 69,787.82 | - |
| Prior Year Seniors & Veterans Deductions | - | 6,108.90 |
| Total Expenditures | 126,586,849.57 | 123,497,858.66 |
| Excess/(Deficit) in Revenue | 2,856,194.09 | 3,923,067.10 |

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,**

| | 2016 | 2015 |
|---|-----------------|---------------|
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year | | |
| Emergency Appropriation | 250,000.00 | 50,000.00 |
| Total Adjustments | 250,000.00 | 50,000.00 |
| Statutory Excess to Fund Balance | 3,106,194.09 | 3,973,067.10 |
| Fund Balance January 1 | 6,902,883.11 | 6,279,816.01 |
| | 10,009,077.20 | 10,252,883.11 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | 3,650,000.00 | 3,350,000.00 |
| Fund Balance December 31 | \$ 6,359,077.20 | 6,902,883.11 |

See accompanying Notes to Financial Statements - Regulatory Basis

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

| | Anticipated | | Realized | Excess or (Deficit) |
|--|----------------------|-----------------|----------------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | | |
| Fund Balance Anticipated | \$ 3,650,000.00 | | 3,650,000.00 | - |
| Total Fund Balance Anticipated | <u>3,650,000.00</u> | <u>-</u> | <u>3,650,000.00</u> | <u>-</u> |
| Miscellaneous Revenues: | | | | |
| Section A: Local Revenues | | | | |
| Licenses: | | | | |
| Other | 425,000.00 | | 410,109.83 | (14,890.17) |
| Fees and Permits | 1,000,000.00 | | 1,016,688.13 | 16,688.13 |
| Fines and Costs: | | | | |
| Municipal Court | 400,000.00 | | 402,173.07 | 2,173.07 |
| Interest and Costs on Taxes | 200,000.00 | | 181,389.82 | (18,610.18) |
| Interest Earned on Investments | 12,000.00 | | 86,603.32 | 74,603.32 |
| Parking Meters | 2,900,000.00 | | 3,162,848.74 | 262,848.74 |
| Beach Fees | 4,100,000.00 | | 4,115,639.79 | 15,639.79 |
| Rental or Sale of City Material & Property | 190,000.00 | | 148,632.93 | (41,367.07) |
| Airport Fees | 150,000.00 | | 141,615.33 | (8,384.67) |
| Boat Ramp Fees | 32,000.00 | | 33,232.68 | 1,232.68 |
| Aquatic & Fitness Center User Fees | 1,045,000.00 | | 1,096,263.45 | 51,263.45 |
| Smoke Detector Inspection | 190,000.00 | | 195,535.00 | 5,535.00 |
| Emergency Medical Services | 650,000.00 | | 678,179.27 | 28,179.27 |
| Total Section A: Local Revenues | <u>11,294,000.00</u> | <u>-</u> | <u>11,668,911.36</u> | <u>374,911.36</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> |

See accompanying Notes to Financial Statements - Regulatory Basis

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

| | Anticipated | | Realized | Excess or (Deficit) |
|---|---------------------|-------------------|---------------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | | |
| Section C: Uniform Construction Code Fees | | | | |
| Uniform Construction Code Fees | 1,100,000.00 | | 1,085,340.00 | (14,660.00) |
| Total Section C: Uniform Construction Code Fees | 1,100,000.00 | - | 1,085,340.00 | (14,660.00) |
| Section D: Interlocal Municipal Service Agreements | | | | |
| Offset with Appropriations | | | | |
| Upper Township - Dispatching Service | 227,245.00 | | 227,245.00 | - |
| Total Section D: Interlocal Municipal Service Agreements | 227,245.00 | - | 227,245.00 | - |
| Section F: Special Items - Public and Private Programs | | | | |
| Off-Set with Appropriations | | | | |
| Recycling Tonnage Grant | 27,463.59 | | 27,463.59 | - |
| Drunk Driving Enforcement Fund | 9,909.10 | | 9,909.10 | - |
| NJDHTS - Holiday Crackdown | 5,000.00 | | 5,000.00 | - |
| NJ Solid Waste Administration - Bonus Grant | 10,470.50 | | 10,470.50 | - |
| CDBG - DR: Prepare Area Plan | | 50,000.00 | 50,000.00 | - |
| CDBG - DR: Prepare Codes & Ordinances | | 20,000.00 | 20,000.00 | - |
| CDBG - DR: Design Development | | 50,000.00 | 50,000.00 | - |
| CDBG - DR: Develop Floodplain | | 50,000.00 | 50,000.00 | - |
| CDBG - DR: Permit & Application Fee | | 25,000.00 | 25,000.00 | - |
| Body Armor Grant | | 5,151.52 | 5,151.52 | - |
| Body Worn Camera Assistance Program | | 9,500.00 | 9,500.00 | - |
| Clean Communities Program | | 109,075.74 | 109,075.74 | - |
| Airport Obstruction Removal Grant | | 69,480.00 | 69,480.00 | - |
| NJ DOT Transportation Trust Fund | 175,000.00 | | 175,000.00 | - |
| Cape May County Open Space Grant | 200,000.00 | | 200,000.00 | - |
| Total Section F: Special Items - Public and Private Programs | 427,843.19 | 388,207.26 | 816,050.45 | - |

See accompanying Notes to Financial Statements - Regulatory Basis

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

| | Anticipated | | Excess or (Deficit) |
|--|-------------------------|-------------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | |
| Section G: Other Special Items | | | |
| Reserves for Debt Service & Capital Fund Balance | | | |
| OC Library - Contracted Services | 2,604,500.00 | | - |
| OC Library - Return to Taxpayers | 241,217.00 | | - |
| Hurricane Sandy Reimbursements | 347,666.00 | | - |
| | 405,000.00 | | 34,277.00 |
| Total Section G: Other Special Items | <u>3,598,383.00</u> | <u>-</u> | <u>34,277.00</u> |
| Total Miscellaneous Revenues: | <u>18,793,519.19</u> | <u>388,207.26</u> | <u>394,528.36</u> |
| Receipts from Delinquent Taxes | <u>750,000.00</u> | | <u>(54,941.02)</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | |
| Local Tax for Municipal Purposes | 48,008,642.34 | | 1,079,794.97 |
| Library Tax | 3,879,130.00 | | - |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | <u>51,887,772.34</u> | <u>-</u> | <u>1,079,794.97</u> |
| Budget Totals | <u>75,081,291.53</u> | <u>388,207.26</u> | <u>1,419,382.31</u> |
| Non- Budget Revenues: | | | |
| Other Non- Budget Revenues: | | | |
| | | <u>426,811.94</u> | <u>426,811.94</u> |
| | <u>\$ 75,081,291.53</u> | <u>388,207.26</u> | <u>1,846,194.25</u> |

See accompanying Notes to Financial Statements - Regulatory Basis

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

| | |
|--------------------------|-------------------|
| Revenue from Collections | \$ 103,883,886.67 |
|--------------------------|-------------------|

| | |
|---------------------------------------|--|
| Less: Reserve for Tax Appeals Pending | |
|---------------------------------------|--|

| | |
|------------------------------|----------------|
| Net Revenue from Collections | 103,883,886.67 |
|------------------------------|----------------|

Allocated to:

| | |
|--------------------------------|---------------|
| School, County and Other Taxes | 52,066,319.36 |
|--------------------------------|---------------|

| | |
|--|---------------|
| Balance for Support of Municipal Budget Appropriations | 51,817,567.31 |
|--|---------------|

Increased by:

| | |
|--|--------------|
| Appropriation "Reserved for Uncollected Taxes" | 1,150,000.00 |
|--|--------------|

| | |
|---|---------------|
| Amount for Support of Municipal Budget Appropriations | 52,967,567.31 |
|---|---------------|

Receipts from Delinquent Taxes:

| | |
|---------------------------|------------|
| Delinquent Tax Collection | 695,058.98 |
|---------------------------|------------|

| | |
|----------------------------|---|
| Tax Title Lien Collections | - |
|----------------------------|---|

| | |
|--------------------------------------|---------------|
| Total Receipts from Delinquent Taxes | \$ 695,058.98 |
|--------------------------------------|---------------|

See accompanying Notes to Financial Statements - Regulatory Basis

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

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

| | |
|--------------------------------------|--------------|
| Storage & Towing Fees | \$ 17,690.41 |
| Tax Collector | 6,063.90 |
| 200 Foot Information | 2,340.00 |
| City Clerk | 286.99 |
| Public Defender Fees | 4,650.00 |
| Bench Donations | 42,250.00 |
| Trademark Fees | 725.00 |
| Binocular Fees | 755.17 |
| Plans & Specs | 3,885.00 |
| Wilhelm Trust | 10,800.00 |
| DMV Inspection Fines | 7,987.31 |
| Restitution | 4,846.00 |
| American Recycling | 4,078.10 |
| Other Rebates | 32,196.11 |
| PILOT - United Methodist Homes | 78,030.00 |
| Reimbursements from OC Free Library | 59,701.65 |
| Various Rental, Licenses & Leases | 12,212.90 |
| Unclaimed Funds | 14,290.94 |
| Sidewalk Café Permits | 1,200.00 |
| Fire Reports | 5.00 |
| Reimbursement for Services - Margate | 12,000.00 |
| Tax Maps | 999.44 |
| Returned Check Fees | 20.00 |
| Coastal Zone Management Program | 15,000.00 |
| Strathmere EMS Interlocal | 4,960.00 |
| Senior & Veterans Admin Fee | 2,495.00 |
| FEMA Reimbursements | 78,585.16 |
| Various Refunds & Reimbursements | 6,562.16 |
| Miscellaneous | 2,195.70 |

| | |
|--|---------------|
| Total Miscellaneous Revenue Not Anticipated: | \$ 426,811.94 |
|--|---------------|

See accompanying Notes to Financial Statements - Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|----------------|----------------------------|-----------------|------------|-----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| OPERATIONS WITHIN "CAPS" | | | | | | |
| DEPARTMENT OF ADMINISTRATION | | | | | | |
| EXECUTIVE BRANCH | | | | | | |
| Mayor's Office | | | | | | |
| Other Expenses | \$ 2,475.00 | 2,475.00 | 1,552.78 | | 922.22 | |
| ADMINISTRATION | | | | | | |
| City Administrator | | | | | | |
| Salaries and Wages | 319,000.00 | 333,000.00 | 329,139.51 | | 3,860.49 | |
| Other Expenses | 2,000.00 | 2,000.00 | 1,174.07 | 205.00 | 620.93 | |
| Engineering & Project Management | | | | | | |
| Salaries and Wages | 574,000.00 | 499,000.00 | 490,085.76 | | 8,914.24 | |
| Other Expenses | 30,450.00 | 30,450.00 | 12,452.98 | 1,057.00 | 16,940.02 | |
| Human Resources | | | | | | |
| Salaries and Wages | 591,000.00 | 577,450.00 | 505,952.54 | | 71,497.46 | |
| Other Expenses | 144,900.00 | 154,900.00 | 136,618.72 | 16,567.18 | 1,714.10 | |
| Purchasing Division | | | | | | |
| Salaries and Wages | 265,000.00 | 265,000.00 | 264,386.09 | | 613.91 | |
| Other Expenses | 6,540.00 | 8,340.00 | 4,786.69 | 120.00 | 3,433.31 | |
| Information Technology | | | | | | |
| Salaries and Wages | 271,000.00 | 269,000.00 | 266,823.98 | | 2,176.02 | |
| Other Expenses | 247,850.00 | 247,850.00 | 193,721.75 | 26,683.18 | 27,545.07 | |
| Emergency Management | | | | | | |
| Salaries and Wages | 15,000.00 | 15,000.00 | 15,000.00 | | - | |
| Other Expenses | 17,000.00 | 17,000.00 | 16,534.03 | | 465.97 | |
| Planning & Zoning | | | | | | |
| Salaries and Wages | 360,000.00 | 392,000.00 | 389,634.89 | | 2,365.11 | |
| Other Expenses | 60,650.00 | 50,650.00 | 47,875.84 | 672.00 | 2,102.16 | |
| Planning Board | | | | | | |
| Other Expenses | 17,450.00 | 25,450.00 | 22,549.62 | | 2,900.38 | |
| Zoning Board of Adjustment | | | | | | |
| Other Expenses | 6,700.00 | 14,700.00 | 7,530.40 | | 7,169.60 | |

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|-------------------------------------|----------------|----------------------------|-----------------|------------|-----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| COMMUNITY SERVICE DEPARTMENT | | | | | | |
| Public Relations & Information | | | | | | |
| Salaries and Wages | 939,000.00 | 949,000.00 | 924,448.95 | 20,000.00 | 4,551.05 | |
| Other Expenses | 192,340.00 | 194,840.00 | 191,673.89 | 1,578.95 | 1,587.16 | |
| Aquatic and Fitness Center | | | | | | |
| Salaries and Wages | 1,084,000.00 | 1,084,000.00 | 1,043,987.40 | 4,994.19 | 20,012.60 | |
| Other Expenses | 81,250.00 | 84,250.00 | 78,425.29 | | 830.52 | |
| Recreation & Leisure Programs | | | | | | |
| Salaries and Wages | 344,000.00 | 344,000.00 | 336,991.77 | | 7,008.23 | |
| Other Expenses | 20,900.00 | 20,900.00 | 20,863.25 | 7.52 | 29.23 | |
| Music Pier Operations | | | | | | |
| Salaries and Wages | 460,000.00 | 476,000.00 | 471,659.12 | 1,714.04 | 4,340.88 | |
| Other Expenses | 31,800.00 | 32,800.00 | 30,836.90 | | 249.06 | |
| Municipal Code & Licensing | | | | | | |
| Salaries and Wages | 296,000.00 | 296,000.00 | 289,286.96 | 2,514.80 | 6,713.04 | |
| Other Expenses | 17,900.00 | 17,900.00 | 13,185.14 | | 2,200.06 | |
| Administration | | | | | | |
| Salaries and Wages | 403,000.00 | 403,000.00 | 402,805.41 | 182.24 | 194.59 | |
| Other Expenses | 20,000.00 | 20,000.00 | 15,860.03 | | 3,957.73 | |
| Neighborhood & Social Services | | | | | | |
| Salaries and Wages | 95,000.00 | 97,000.00 | 96,130.62 | | 869.38 | |
| Other Expenses | 1,450.00 | 1,450.00 | 1,417.01 | | 32.99 | |
| Historical Commission | | | | | | |
| Other Expenses | 3,000.00 | 3,000.00 | 800.74 | | 2,199.26 | |
| PUBLIC WORKS | | | | | | |
| Facility Maintenance | | | | | | |
| Salaries and Wages | 1,073,000.00 | 1,048,000.00 | 1,031,552.58 | | 16,447.42 | |
| Other Expenses | 238,700.00 | 258,700.00 | 196,449.47 | 8,261.25 | 53,989.28 | |
| Environmental Operations | | | | | | |
| Salaries and Wages | 1,130,000.00 | 1,141,000.00 | 1,138,747.43 | | 2,252.57 | |
| Other Expenses | | | | | | |
| Miscellaneous Other Expenses | 79,600.00 | 79,600.00 | 46,134.27 | 7,303.27 | 26,162.46 | |
| Trash & Recycling | 2,651,827.00 | 2,651,827.00 | 2,289,194.63 | 309,358.32 | 53,274.05 | |
| Field Operations | | | | | | |
| Salaries and Wages | 1,277,000.00 | 1,217,000.00 | 1,191,736.19 | 5,711.91 | 25,263.81 | |
| Other Expenses: | 79,900.00 | 73,600.00 | 65,448.72 | | 2,439.37 | |
| Fleet Maintenance | | | | | | |
| Salaries and Wages | 339,000.00 | 339,000.00 | 334,028.61 | | 4,971.39 | |
| Other Expenses | 238,000.00 | 255,000.00 | 240,753.46 | 9,745.22 | 4,501.32 | |

See accompanying Notes to Financial Statements - Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|----------------|----------------------------|-----------------|------------|-----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| DEPARTMENT OF LAW | | | | | | |
| Legal Division | | | | | | |
| Salaries and Wages | 150,000.00 | 150,000.00 | 149,840.28 | | 159.72 | |
| Other Expenses | 225,100.00 | 245,100.00 | 202,970.34 | 21,202.32 | 20,927.34 | |
| Public Defender | | | | | | |
| Other Expenses | 43,000.00 | 43,000.00 | 37,873.06 | 4,012.50 | 1,114.44 | |
| STATUTORY OFFICES | | | | | | |
| City Clerk's Office | | | | | | |
| Salaries and Wages | 204,000.00 | 202,500.00 | 201,133.15 | | 1,366.85 | |
| Other Expenses | 65,850.00 | 70,850.00 | 63,127.39 | 4,406.85 | 3,315.76 | |
| City Council | | | | | | |
| Salaries and Wages | 73,600.00 | 73,850.00 | 73,828.44 | | 21.56 | |
| Other Expenses | 12,450.00 | 11,450.00 | 10,450.62 | 405.00 | 594.38 | |
| Municipal Court | | | | | | |
| Salaries and Wages | 560,000.00 | 550,000.00 | 534,351.39 | | 15,648.61 | |
| Other Expenses | 33,150.00 | 33,150.00 | 25,165.50 | 2,436.69 | 5,547.81 | |
| DEPARTMENT OF FINANCIAL MANAGEMENT | | | | | | |
| Treasurer's Office | | | | | | |
| Other Expenses | | | | | | |
| Audit Services | 38,000.00 | 38,000.00 | 35,648.00 | 2,352.00 | - | |
| Other Agencies Expenses | 167,400.00 | 167,400.00 | 142,149.86 | 3,500.00 | 21,750.14 | |
| Accounting Division | | | | | | |
| Salaries and Wages | 375,000.00 | 391,200.00 | 390,352.07 | | 847.93 | |
| Other Expenses | 6,200.00 | 6,200.00 | 4,667.37 | 1,532.63 | - | |
| Office of Parking Regulation | | | | | | |
| Salaries and Wages | 225,000.00 | 220,000.00 | 219,584.82 | | 415.18 | |
| Other Expenses | 215,200.00 | 215,200.00 | 186,904.17 | 14,548.36 | 13,747.47 | |
| Property Assessment Division | | | | | | |
| Salaries and Wages | 298,000.00 | 298,000.00 | 294,968.00 | | 3,042.00 | |
| Other Expenses | 37,550.00 | 17,550.00 | 4,114.71 | | 13,435.29 | |
| Beach Fee Regulation Division | | | | | | |
| Salaries and Wages | 355,000.00 | 329,000.00 | 328,748.48 | | 251.52 | |
| Other Expenses | 60,100.00 | 56,100.00 | 51,322.41 | 3,752.88 | 1,024.71 | |
| Tax Collector Division | | | | | | |
| Salaries and Wages | 204,000.00 | 176,000.00 | 173,877.15 | | 2,122.85 | |
| Other Expenses | 11,900.00 | 11,900.00 | 9,610.86 | | 2,289.14 | |
| Revenue Collection | | | | | | |
| Salaries and Wages | 390,000.00 | 385,000.00 | 373,859.12 | | 11,140.88 | |
| Other Expenses | 158,950.00 | 158,950.00 | 115,652.99 | 26,666.44 | 16,630.57 | |

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|----------------------------------|----------------|----------------------------|-----------------|------------|-----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| DEPARTMENT OF POLICE | | | | | | |
| Police Protection Division | | | | | | |
| Salaries and Wages | 7,410,783.00 | 7,476,783.00 | 7,470,003.89 | | 6,779.11 | |
| Other Expenses | | | | | | |
| Miscellaneous Other Expenses | 192,000.00 | 210,871.44 | 197,476.02 | 12,954.50 | 440.92 | |
| Purchase of Vehicles | 90,000.00 | 71,128.56 | 70,928.56 | 200.00 | - | |
| DEPARTMENT OF FIRE | | | | | | |
| Rescue Services Division | | | | | | |
| Salaries and Wages | 300,000.00 | 300,000.00 | 298,001.05 | | 1,998.95 | |
| Other Expenses | 89,200.00 | 89,200.00 | 62,751.00 | 16,063.12 | 10,385.88 | |
| Lifeguards Division | | | | | | |
| Salaries and Wages | 1,420,000.00 | 1,418,600.00 | 1,418,564.87 | | 35.13 | |
| Other Expenses | 62,900.00 | 60,900.00 | 59,613.82 | | 1,286.18 | |
| Fire Protection & Prevention | | | | | | |
| Salaries and Wages | 6,625,000.00 | 6,615,000.00 | 6,589,837.30 | | 25,162.70 | |
| Other Expenses | 200,900.00 | 200,900.00 | 177,167.51 | 23,495.49 | 237.00 | |
| INSURANCE | | | | | | |
| General Liability | 677,469.00 | 677,469.00 | 662,079.00 | | 15,390.00 | |
| Workers Compensation Insurance | 1,526,871.00 | 1,526,871.00 | 1,526,871.00 | | - | |
| Employee Group Health | 7,172,510.00 | 7,172,510.00 | 7,170,529.22 | 1,980.78 | 0.00 | |
| Health Benefits Waiver | | | | | | |
| Salaries and Wages | 215,000.00 | 215,000.00 | 215,000.00 | | - | |
| OTHER: | | | | | | |
| City/Wide Operations | | | | | | |
| Finance - Other Expenses | 485,800.00 | 522,800.00 | 431,415.42 | 33,674.08 | 57,710.50 | |
| City/Wide Operations | | | | | | |
| Public Works - Other Expenses | 473,500.00 | 493,500.00 | 421,783.37 | 70,366.22 | 1,350.41 | |
| Special Improvement District | | | | | | |
| Other Expenses | 22,000.00 | 22,000.00 | 21,383.39 | | - | 616.61 |
| UNIFORM CONSTRUCTION CODE | | | | | | |
| State Uniform Construction Code | | | | | | |
| Construction Official | 638,000.00 | 636,000.00 | 635,468.46 | | 531.54 | |
| Salaries and Wages | 29,050.00 | 36,050.00 | 15,960.59 | 10,611.85 | 9,477.56 | |
| Other Expenses | | | | | | |

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|----------------------|----------------------------|----------------------|-------------------|-------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| UNCLASSIFIED | | | | | | |
| UTILITY EXPENSES AND BULK PURCHASES | | | | | | |
| Electricity | 700,000.00 | 700,000.00 | 641,792.55 | 58,207.45 | - | |
| Street Lighting | 384,000.00 | 384,000.00 | 365,948.36 | 18,051.64 | - | |
| Telephone | 271,000.00 | 271,000.00 | 262,645.72 | 7,455.27 | 899.01 | |
| Water | 948,000.00 | 948,000.00 | 845,684.27 | 102,315.73 | - | |
| Fuel Oil | 200,000.00 | 200,000.00 | 132,663.65 | 63,934.92 | 3,401.43 | |
| Gasoline | 298,000.00 | 298,000.00 | 166,118.13 | 59,985.34 | 71,896.53 | |
| TOTAL OPERATIONS WITHIN "CAPS" | 48,369,115.00 | 48,369,115.00 | 46,648,114.82 | 980,688.13 | 739,695.44 | 616.61 |
| Contingent | | | | | | |
| TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS" | 48,369,115.00 | 48,369,115.00 | 46,648,114.82 | 980,688.13 | 739,695.44 | 616.61 |
| Detail: | | | | | | |
| Salaries and Wages | 29,278,383.00 | 29,161,383.00 | 28,889,806.28 | 20,000.00 | 251,576.72 | - |
| Other Expenses | 19,090,732.00 | 19,207,732.00 | 17,758,308.54 | 960,688.13 | 488,118.72 | 616.61 |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES: | | | | | | |
| Statutory Expenditures: | | | | | | |
| Contributions to: | | | | | | |
| Public Employees' Retirement System | 1,464,685.00 | 1,464,685.00 | 1,464,685.00 | - | - | |
| Social Security System (O.A.S.I.) | 1,445,000.00 | 1,445,000.00 | 1,430,674.95 | 14,325.05 | - | |
| Police and Firemen's Retirement System | 2,973,523.00 | 2,973,523.00 | 2,973,523.00 | - | - | |
| Unemployment Compensation Insurance | 125,000.00 | 125,000.00 | 89,241.17 | 35,758.83 | - | |
| Lifeguard Pension | 150,000.00 | 150,000.00 | 150,000.00 | - | - | |
| Defined Contribution Retirement Program | 15,000.00 | 15,000.00 | 12,981.48 | 2,018.52 | - | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES: | 6,173,208.00 | 6,173,208.00 | 6,121,105.60 | - | 52,102.40 | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | 54,542,323.00 | 54,542,323.00 | 52,769,220.42 | 980,688.13 | 791,797.84 | 616.61 |

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|---------------------|----------------------------|---------------------|------------|------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | | |
| (A) Operations - Excluded from "CAPS" | | | | | | |
| Insurance: | | | | | | |
| Employee Group Health | 122,490.00 | 122,490.00 | 118,927.88 | | 3,562.12 | |
| Maintenance of Free Public Library | | | | | | |
| Other Expenses | 3,879,130.00 | 3,879,130.00 | 3,879,130.00 | | - | |
| Interlocal Municipal Service Agreements | | | | | | |
| Police Dispatching - Upper Township | 241,217.00 | 241,217.00 | 241,217.00 | | - | |
| Salaries and Wages | | | | | | |
| | <u>4,242,837.00</u> | <u>4,242,837.00</u> | <u>4,239,274.88</u> | <u>-</u> | <u>3,562.12</u> | <u>-</u> |
| (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 | 27,463.59 | 27,463.59 | 27,463.59 | | - | |
| Drunk Driving Enforcement Fund | 9,909.10 | 9,909.10 | 9,909.10 | | - | |
| NJDHHS - Holiday Crackdown | 5,000.00 | 5,000.00 | 5,000.00 | | - | |
| NJ Solid Waste Administration - Bonus Grant | 10,470.50 | 10,470.50 | 10,470.50 | | - | |
| NJ Solid Waste Administration - Bonus Grant - Match | 10,470.50 | 10,470.50 | 10,470.50 | | - | |
| CDBG - DR: Prepare Area Plan | 50,000.00 | 50,000.00 | 50,000.00 | | - | |
| CDBG - DR: Prepare Codes & Ordinances | 20,000.00 | 20,000.00 | 20,000.00 | | - | |
| CDBG - DR: Design Development | 50,000.00 | 50,000.00 | 50,000.00 | | - | |
| CDBG - DR: Develop Floodplain | 50,000.00 | 50,000.00 | 50,000.00 | | - | |
| CDBG - DR: Permit & Application Fee | 25,000.00 | 25,000.00 | 25,000.00 | | - | |
| Body Armor Grant | 5,151.52 | 5,151.52 | 5,151.52 | | - | |
| Body Worn Camera Assistance Program | 9,500.00 | 9,500.00 | 9,500.00 | | - | |
| Clean Communities Program | 109,075.74 | 109,075.74 | 109,075.74 | | - | |
| Airport Obstruction Removal Grant | 69,480.00 | 69,480.00 | 69,480.00 | | - | |
| Airport Obstruction Removal Grant - Match | 23,245.00 | 23,245.00 | 23,245.00 | | - | |
| NJ DOT Transportation Trust Fund | 175,000.00 | 175,000.00 | 175,000.00 | | - | |
| Cape May County Open Space Grant | 200,000.00 | 200,000.00 | 200,000.00 | | - | |
| Matching Funds for Grants | 40,000.00 | 16,755.00 | | | 16,755.00 | |
| | <u>481,972.49</u> | <u>870,179.75</u> | <u>853,424.75</u> | <u>-</u> | <u>16,755.00</u> | <u>-</u> |
| Total Public and Private Programs Off-Set by Revenues | | | | | | |
| | 4,724,809.49 | 5,113,016.75 | 5,092,699.63 | - | 20,317.12 | - |
| Total Operations - Excluded from "CAPS" | | | | | | |
| Detail: | | | | | | |
| Salaries and Wages | 256,126.10 | 256,126.10 | 256,126.10 | - | - | - |
| Other Expenses | 4,468,683.39 | 4,856,890.65 | 4,836,573.53 | - | 20,317.12 | - |

See accompanying Notes to Financial Statements - Regulatory Basis

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

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|-------------------------|----------------------------|----------------------|-------------------|-------------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| (C) Capital Improvements | | | | | | |
| Capital Improvement Fund | 900,000.00 | 900,000.00 | 900,000.00 | - | - | - |
| Down Payment on Improvements | | 250,000.00 | 250,000.00 | - | - | - |
| Total Capital Improvements | <u>900,000.00</u> | <u>1,150,000.00</u> | <u>1,150,000.00</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (D) Debt Service | | | | | | |
| Payment of Bond Principal | 8,745,000.00 | 8,745,000.00 | 8,745,000.00 | - | - | - |
| Interest on Bonds | 1,666,050.00 | 1,666,050.00 | 1,666,050.00 | - | - | - |
| Interest on Notes | 789,900.00 | 789,900.00 | 787,703.21 | - | - | 2,196.79 |
| Green Trust Loan Program: | | | | | | |
| Loan Repayments for Principal and Interest | 38,709.04 | 38,709.04 | 38,709.04 | - | - | - |
| Total Debt Service | <u>11,239,659.04</u> | <u>11,239,659.04</u> | <u>11,237,462.25</u> | <u>-</u> | <u>-</u> | <u>2,196.79</u> |
| (E) Deferred Charges | | | | | | |
| Emergency Authorizations | 50,000.00 | 50,000.00 | 50,000.00 | - | - | - |
| Special Emergency Authorizations - 5 years | 450,000.00 | 450,000.00 | 450,000.00 | - | - | - |
| Unfunded Ordinance 12-21 & 13-02 | 2,024,500.00 | 2,024,500.00 | 2,024,500.00 | - | - | - |
| Total Deferred Charges | <u>2,524,500.00</u> | <u>2,524,500.00</u> | <u>2,524,500.00</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS" | 19,388,968.53 | 20,027,175.79 | 20,004,661.88 | - | 20,317.12 | 2,196.79 |
| SUBTOTAL GENERAL APPROPRIATIONS | <u>73,931,291.53</u> | <u>74,569,498.79</u> | <u>72,773,882.30</u> | <u>980,688.13</u> | <u>812,114.96</u> | <u>2,813.40</u> |
| (M) Reserve for Uncollected Taxes | 1,150,000.00 | 1,150,000.00 | 1,150,000.00 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS | <u>\$ 75,081,291.53</u> | <u>75,719,498.79</u> | <u>73,923,882.30</u> | <u>980,688.13</u> | <u>812,114.96</u> | <u>2,813.40</u> |
| Budget | | | | | | |
| Appropriations by 40A-4-87 | | 75,081,291.53 | | | | |
| Emergency Appropriations | | 388,207.26 | | | | |
| | | <u>250,000.00</u> | | | | |
| | | <u>75,719,498.79</u> | | | | |
| Reserve for Uncollected Taxes | | | 1,150,000.00 | | | |
| Federal and State Grants | | | 853,424.75 | | | |
| Deferred Charges | | | 500,000.00 | | | |
| Disbursements | | | 71,420,457.55 | | | |
| | | | <u>73,923,882.30</u> | | | |
| | | | | Cancelled | 2,813.40 | |
| | | | | Overexpended | - | |
| | | | | | <u>2,813.40</u> | |

**EXHIBIT - B
TRUST FUND**

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

| | 2016 | 2015 |
|---|-----------------|--------------|
| <u>ASSETS</u> | | |
| <u>DOG TRUST FUND</u> | | |
| Cash | \$ 9,594.38 | 682.87 |
| | 9,594.38 | 682.87 |
| <u>OTHER TRUST FUND</u> | | |
| Cash and Investments | 5,946,767.69 | 5,152,626.49 |
| | 5,946,767.69 | 5,152,626.49 |
| | 5,956,362.07 | 5,153,309.36 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| <u>DOG TRUST FUND</u> | | |
| Reserve for Dog Fund Expenditures | 9,590.78 | 682.87 |
| Due to State of New Jersey | 3.60 | - |
| | 9,594.38 | 682.87 |
| <u>OTHER TRUST FUND</u> | | |
| Reserve for: | | |
| Tax Premiums | 416,781.73 | 417,217.37 |
| Dedicated Recreation Trust | 241,737.44 | 191,834.15 |
| Tourism Development | 172,334.15 | 170,055.72 |
| Law Enforcement Trust | 20,851.87 | 26,510.88 |
| Parking Offenses Adjudication Act | 26,228.62 | 29,862.14 |
| Cash Performance Deposits | 790,109.76 | 542,156.57 |
| Dedicated Fire Fees | 846.12 | 954.32 |
| Lifeguard Pension | 7,274.64 | 7,629.02 |
| Shade Trees | 1,642.99 | 4,653.65 |
| COAH | 4,065,544.01 | 3,511,270.93 |
| Merchant Fees | 11,662.68 | 8,018.80 |
| Planning & Zoning Escrow | 191,753.68 | 242,462.94 |
| | 5,946,767.69 | 5,152,626.49 |
| | \$ 5,956,362.07 | 5,153,309.36 |

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>2016</u> | <u>2015</u> |
|---|-------------|-----------------------|-----------------------|
| Cash | \$ | 58,287,883.66 | 16,813,618.16 |
| Deferred Charges to Future Taxation - | | | |
| Funded | | 81,037,030.28 | 51,011,062.52 |
| Unfunded | | 43,977,660.00 | 50,086,135.00 |
| Interfunds and Receivables | | | |
| Due from Grant Fund | | 700,000.00 | - |
| | | <u>184,002,573.94</u> | <u>117,910,815.68</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Encumbrances Payable | | 15,943,835.03 | 8,600,208.31 |
| Bond Anticipation Notes Payable | | 61,650,000.00 | 40,150,000.00 |
| Serial Bonds Payable | | 80,575,000.00 | 50,520,000.00 |
| Green Trust Loan Payable | | 462,030.28 | 491,062.52 |
| Improvement Authorizations: | | | |
| Funded | | 143,549.52 | 440,514.31 |
| Unfunded | | 21,079,143.03 | 11,699,423.76 |
| Reserve for Debt Service | | 2,737,759.01 | 4,318,858.71 |
| Reserve for Preliminary Expenses | | 17,566.00 | 17,566.00 |
| Capital Improvement Fund | | 107,537.53 | 361,012.53 |
| Fund Balance | | 1,286,153.54 | 1,312,169.54 |
| | \$ | <u>184,002,573.94</u> | <u>117,910,815.68</u> |

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

| | |
|------|---------------|
| 2015 | 9,936,135.00 |
| 2016 | 13,377,660.00 |

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>2016</u> | <u>2015</u> |
|--|-------------|---------------------|---------------------|
| Beginning Balance January 1 | \$ | 1,312,169.54 | 1,083,414.11 |
| Increased by: | | | |
| Premium on Sale of Bonds & BANS | | 553,984.00 | 560,191.00 |
| Airport Hanger Association Contributions | | | 68,564.43 |
| Decreased by: | | | |
| Cancelled Due from County | | | - |
| Anticipated as Current Fund Revenue | | 580,000.00 | 400,000.00 |
| Ending Balance December 31 | \$ | <u>1,286,153.54</u> | <u>1,312,169.54</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,**

| | 2016 | 2015 |
|---|------|------|
| <u>ASSETS</u> | | |
| Cash | \$ - | - |
| TOTAL ASSETS | - | - |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Reserve for Public Assistance | - | - |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | \$ - | - |

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, 2016 | Balance Dec. 31, 2015 |
|------------------------------------|--------------------------|--------------------------|
| General Fixed Assets: | | |
| Land | \$ 159,449,238.65 | \$ 159,426,171.25 |
| Vehicles | 11,022,729.21 | 10,105,191.46 |
| Machinery and Equipment | 9,099,010.87 | 8,809,408.52 |
| Total General Fixed Assets | \$ <u>179,570,978.73</u> | \$ <u>178,340,771.23</u> |
| | | |
| Investment in General Fixed Assets | \$ <u>179,570,978.73</u> | \$ <u>178,340,771.23</u> |

See accompanying Notes to Financial Statements - Regulatory Basis

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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, a Free Public Library and a Housing Authority.

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

Ocean City Housing Authority
200 4th Street
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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

of Ocean City accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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, 2016 AND 2015

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, 2016 AND 2015

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.

| | 12/31/2016 | 12/31/2015 |
|----------------|------------------|------------------|
| Balance of Tax | \$ 12,394,363.50 | \$ 12,278,420.50 |
| Deferred | 12,394,363.50 | 12,278,420.50 |
| 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, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements Not Yet Effective

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 is effective for fiscal periods beginning after June 30, 2016, and establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

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

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 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.

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

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "Pension issues – an amendment of GASB Statements No. 67, No.68, and No. 73". This statement, which is effective for fiscal periods beginning after June 15, 2016, may have an effect on the City's financial reporting.

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

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$1,150,000.00 and \$1,150,000.00. To balance the budget, the municipality is required to show a budgeted fund balance.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 2: BUDGETARY INFORMATION – Continued

The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$3,380,000.00 and \$3,650,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2016 and 2015 calendar years:

| <u>Budget Category</u> | <u>2016</u> | <u>2015</u> |
|---------------------------------------|--------------|-------------|
| <u>Current Fund:</u> | | |
| Engineering & Project Management | | |
| Salaries and Wages | \$ 75,000.00 | |
| Human Resources | | |
| Salaries and Wages | | (72,000.00) |
| Treasurer's Office | | |
| Other Expenses | | (25,000.00) |
| Planning & Zoning | | |
| Salaries and Wages | 32,000.00 | |
| Beach Fee Regulation | | |
| Salaries and Wages | (26,000.00) | (15,000.00) |
| Clean Communities Program | | 95,414.36 |
| Facility Maintenance | | |
| Salaries and Wages | (25,000.00) | |
| Field Operations | | |
| Salaries and Wages | (60,000.00) | |
| Social Security System (O.A.S.I.) | | 28,750.00 |
| Fleet Maintenance | | |
| Other Expenses | | 90,000.00 |
| Tax Collector | | |
| Salaries and Wages | (28,000.00) | |
| Community Development Block Grant | | 283,074.00 |
| Police Protection Division | | |
| Salaries and Wages | 66,000.00 | (25,000.00) |
| City Wide Operations | | |
| Finance - Other Expenses | 37,000.00 | 70,000.00 |
| Community Operations - Other Expenses | | 70,000.00 |
| Employee Group Health | | (50,000.00) |
| Down Payment on Improvement | 250,000.00 | |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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 2016 and 2015, the following budget insertions were approved:

| <u>Budget Category</u> | <u>2016</u> | <u>2015</u> |
|--------------------------------------|----------------------|----------------------|
| Body Worn Camera Assistance Program | \$ 9,500.00 | \$ - |
| Clean Communities Program | 109,075.74 | 95,414.36 |
| Body Armor Grant | 5,151.52 | 5,383.26 |
| Airport Obstruction Removal Grant | 69,480.00 | - |
| CDBG- DR: Prepare Area Plan | 50,000.00 | |
| CDBG-DR: Prepare Codes & Ordinances | 20,000.00 | |
| CDBG- DR: Design Development | 50,000.00 | |
| CDBG- DR: Develop Floodplain | 50,000.00 | |
| CDBG- DR: Permit & Application Fee | 25,000.00 | - |
| Emergency Management Grant | | 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>\$ 388,207.26</u> | <u>\$ 412,368.62</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, 2016 and 2015 was \$0.00 and \$450,000.00 respectively.

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, 2016 and 2015, \$0 of the municipality's bank balance of \$76,148,188.15 and \$36,490,221.54 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 4: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015:

| | Balance 12/31/2014 | 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> |

| | Balance 12/31/2015 | Additions | Adjustments/ Deletions | Balance 12/31/2016 |
|-----------------------|--------------------------|---------------------|---------------------------|-----------------------|
| Land & Improvements | \$ 159,426,171.25 | 23,067.40 | | 159,449,238.65 |
| Vehicles | 10,105,191.46 | 1,290,422.03 | 372,884.28 | 11,022,729.21 |
| Machinery & Equipment | 8,809,408.52 | 293,393.35 | 3,791.00 | 9,099,010.87 |
| | <u>\$ 178,340,771.23</u> | <u>1,606,882.78</u> | <u>376,675.28</u> | <u>179,570,978.73</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, 2016 and 2015:

| | 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> |

On June 18, 2015, the City issued a Bond Anticipation Note in the Amount of \$28,950,000.00, bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note will mature June 17, 2016.

On December 3, 2015, the City issued a Bond Anticipation Note in the Amount of \$11,200,000.00 bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note will mature December 2, 2016.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 5: SHORT-TERM FINANCING - Continued

| | Current Fund | General Capital Fund | Total |
|---------------------------|---------------|-------------------------|------------------|
| Balance December 31, 2015 | \$ 450,000.00 | \$ 40,150,000.00 | \$ 40,600,000.00 |
| Increases | | 61,650,000.00 | 61,650,000.00 |
| Decreases | (450,000.00) | (40,150,000.00) | (40,600,000.00) |
| Balance December 31, 2016 | \$ - | \$ 61,650,000.00 | \$ 61,650,000.00 |

On June 16, 2016, the City issued a Bond Anticipation Note in the Amount of \$31,050,000.00, bearing interest at a rate of 1.50% per annum to fund various General Capital Ordinances. The Note will mature January 16, 2017.

On June 16, 2016, the City issued a Bond Anticipation Note in the Amount of \$15,000,000.00 bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note will mature June 15, 2017.

On December 1, 2016, the City issued a Bond Anticipation Note in the Amount of \$15,600,000.00 bearing interest at a rate of 2.50% per annum to fund various General Capital Ordinances. The Note will mature November 30, 2017.

Note 6: LONG-TERM DEBT

Summary of Municipal Debt

| | Year 2016 | Year 2015 | Year 2014 |
|---|-------------------|------------------|------------------|
| Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ 142,687,030.28 | \$ 91,161,062.52 | \$ 86,974,522.69 |
| Total Issued | 142,687,030.28 | 91,161,062.52 | 86,974,522.69 |
| Less: | | | |
| Funds Held Temporarily to pay Bonds and Notes | 2,737,759.01 | 4,318,858.71 | 1,784,006.35 |
| Net Debt | 139,949,271.27 | 86,842,203.81 | 85,190,516.34 |
| Authorized But Not Issued: | | | |
| General: | | | |
| Bonds and Notes | 13,377,660.00 | 9,936,135.00 | 5,379,150.00 |
| Total Authorized But Not Issued | 13,377,660.00 | 9,936,135.00 | 5,379,150.00 |
| Net Bonds and Notes Issued and Authorized But Not Issued | \$ 153,326,931.27 | \$ 96,778,338.81 | \$ 90,569,666.34 |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 6: LONG-TERM DEBT - Continued

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.045%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------|--------------------------|-------------------------|--------------------------|
| Local School Debt | \$ 13,961,000.00 | \$ 13,961,000.00 | \$ - |
| General Debt | <u>156,064,690.28</u> | <u>33,787,759.01</u> | <u>122,276,931.27</u> |
| | <u>\$ 170,025,690.28</u> | <u>\$ 47,748,759.01</u> | <u>\$ 122,276,931.27</u> |

Net debt \$122,276,931.27 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$11,702,959,624.67= 1.045%.

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

| | | |
|-------------------------------------|----|-----------------------|
| 3-1/2% of Equalized Valuation Basis | \$ | 409,603,586.86 |
| Net Debt | | <u>122,276,931.27</u> |
| Remaining Borrowing Power | \$ | <u>287,326,655.59</u> |

Description of Bonds and Loans Payable

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

\$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, 2016 is \$0.00.

\$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, 2016 is \$7,100,000.00.

\$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, 2016 is \$5,700,000.00.

\$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, 2016 is \$0.00.

\$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, 2016 is \$7,200,000.00.

\$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, 2016 is \$16,000,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 6: LONG-TERM DEBT – Continued

\$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, 2016 is \$5,775,000.00.

\$38,800,000.00 General Improvement Bonds dated December 1, 2016, due in annual installments through November 15, 2018, bearing interest at various rates from 1.00% to 4.00% per annum. The balance remaining as of December 31, 2016 is \$38,800,000.00.

\$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, 2016 is \$141,747.83

\$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, 2016 is \$141,747.83.

\$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, 2016 is \$178,534.62.

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

| | 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> |

| | Outstanding 12/31/15 | Issues or Additions | Payments or Expenditures | Outstanding 12/31/16 | Amounts Due Within One Year |
|----------------------------|-------------------------|------------------------|-----------------------------|-------------------------|--------------------------------|
| General Capital Fund: | | | | | |
| Bonds Payable | \$ 50,520,000.00 | 38,800,000.00 | 8,745,000.00 | 80,575,000.00 | 9,640,000.00 |
| Loans Payable | 491,062.52 | | 29,032.24 | 462,030.28 | 29,615.77 |
| Compensated Absences Pay. | 4,812,065.64 | | 117,819.56 | 4,694,246.08 | |
| Total General Capital Fund | <u>55,823,128.16</u> | <u>38,800,000.00</u> | <u>8,891,851.80</u> | <u>85,731,276.36</u> | <u>9,669,615.77</u> |
| Total All Funds | <u>\$ 55,823,128.16</u> | <u>38,800,000.00</u> | <u>8,891,851.80</u> | <u>85,731,276.36</u> | <u>9,669,615.77</u> |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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 |
| 2017 | 9,640,000.00 | 2,336,318.06 | 29,615.77 | 9,093.27 |
| 2018 | 10,120,000.00 | 2,032,837.50 | 30,211.05 | 8,497.99 |
| 2019 | 10,515,000.00 | 1,642,312.50 | 30,818.28 | 7,890.76 |
| 2020 | 7,100,000.00 | 1,280,437.50 | 31,437.74 | 7,271.30 |
| 2021 | 5,200,000.00 | 1,025,937.50 | 32,069.64 | 6,639.40 |
| 2022-2026 | 29,600,000.00 | 2,873,750.00 | 170,280.25 | 23,264.91 |
| 2027-2031 | 8,400,000.00 | 178,500.00 | 137,597.55 | 6,201.03 |
| | - | - | - | - |
| | \$ 80,575,000.00 | 11,370,093.06 | 462,030.28 | \$ 68,858.66 |

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 \$4,694,246.08 and \$4,812,065.64, as of December 31, 2016 and 2015 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 \$24,672,784.00 and \$24,619,359.00 have been raised for the 2016 and 2015 calendar years and remitted to the school district.

Note 10: TAXES COLLECTED IN ADVANCE

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

| | Balance December 31, 2016 | Balance December 31, 2015 |
|--------------------------------|---------------------------------|---------------------------------|
| Prepaid Taxes - Cash Liability | \$ <u>2,548,837.95</u> | \$ <u>2,435,364.50</u> |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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.

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 7.20% 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 \$1,464,685.00 for 2016 and \$1,355,417.00 for 2015 and \$1,181,316.00 for 2014.

| Three-Year Trend Information for PERS | | | |
|---------------------------------------|---------------------------------|-------------------------------------|------------------------------|
| Funding Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 12/31/16 | \$ 1,464,685.00 | 100% | - |
| 12/31/15 | 1,355,417.00 | 100% | - |
| 12/31/14 | 1,181,316.00 | 100% | - |

For the Police and Firemen's Retirement System, the City's contribution was \$2,973,523.00 for 2016, \$2,797,917 for 2015 and \$2,642,366.00 for 2014.

| Three-Year Trend Information for PFRS | | | |
|---------------------------------------|---------------------------------|-------------------------------------|------------------------------|
| Funding Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 12/31/16 | \$ 2,973,523.00 | 100% | - |
| 12/31/15 | 2,797,917.00 | 100% | - |
| 12/31/14 | 2,642,366.00 | 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 \$12,981.48 for 2016 and \$10,236.87 for 2015.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2016, 2015 and 2014 was \$150,000.00, \$135,000.00 and \$115,000.00. 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, 2016, 2015 and 2014 were \$206,454.45, \$203,024.73 and \$233,321.21.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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 $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.78% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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

The following represents the municipality's pension liabilities as June 30, 2016:

Public Employees' Retirement System

The Municipality has a liability of \$51,056,402.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.017238807090%, which would be an increase of 1.19% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$5,373,383.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | \$ 949,494.00 | |
| Changes of assumptions | 10,576,159.00 | |
| Changes in proportion | 1,853,858.00 | |
| Net difference between projected and actual earnings on pension plan investments | 1,946,827.00 | |
| Total | \$ 15,326,338.00 | - |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 12: PENSION LIABILITIES- Continued

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:

| <u>Year ended</u> <u>June 30,</u> | | |
|--------------------------------------|-----------|----------------------|
| 2017 | \$ | 3,468,445.83 |
| 2018 | | 3,468,445.83 |
| 2019 | | 3,965,146.11 |
| 2020 | | 3,318,166.74 |
| 2021 | | 1,106,133.48 |
| Total | <u>\$</u> | <u>15,326,338.00</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

| | |
|----------------------------|------------------------------|
| Inflation rate | 3.08% |
| Salary increases: | |
| Through 2026 | 1.65% - 4.15% (based on age) |
| Thereafter | 2.65% - 5.15% (based on age) |
| Investment rate of return: | 7.65% |

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 12: PENSION LIABILITIES- Continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad US Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt (Except US) | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 12: PENSION LIABILITIES- Continued

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, 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 (2.98%) or 1-percentage point higher (4.98%) than the current rate:

| | 1% Decrease (2.98%) | Current Discount Rate (3.98%) | 1% Increase (4.98%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Municipality's proportionate share of the net pension liability | \$ 61,186,183.21 | 51,056,402.00 | 42,702,368.58 |

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$70,367,199.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.36836532190%, which would be an increase of 0.70% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of \$7,675,591.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | | \$ (461,267.00) |
| Changes of assumptions | 9,745,435.00 | |
| Changes in proportion | 568,220.00 | |
| Net difference between projected and actual earnings on pension plan investments | 4,930,488.00 | |
| Total | \$ 15,244,143.00 | \$ (461,267.00) |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 12: PENSION LIABILITIES- Continued

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

| Year ended June 30, | | | |
|------------------------|----|---------------|--|
| 2017 | \$ | 3,574,929.38 | |
| 2018 | | 3,574,929.38 | |
| 2019 | | 4,744,987.08 | |
| 2020 | | 2,779,719.43 | |
| 2021 | | 109,310.74 | |
| Total | \$ | 14,783,876.00 | |

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

| | |
|----------------------------|------------------------------|
| Inflation rate | 3.08% |
| Salary increases: | |
| Through 2026 | 2.10% - 8.98% (based on age) |
| Thereafter | 3.10% - 9.98% (based on age) |
| Investment rate of return: | 7.65% |

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 12: PENSION LIABILITIES- Continued

of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad US Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt (Except US) | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 12: PENSION LIABILITIES- Continued

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease (4.55%) | Current Discount Rate (5.55%) | 1% Increase (6.55%) |
|--|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 89,454,773.93 | 70,367,199.00 | 54,808,681.23 |

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, 2016 State special funding situation net pension liability amount of \$1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of \$204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.36836532190% for 2016. The net pension liability amount allocated to the Municipality was \$5,909,099.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of \$754,731.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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.

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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 | 2016 | \$ 6,359,077.20 | \$ 3,380,000.00 | 53.15% |
| | 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% |

Note 16: FEDERAL AND STATE GRANTS

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

Note 17: RISK MANAGEMENT

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

Property and Liability Insurance

The City maintains commercial insurance coverage for property, liability and surety bonds. During the 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 19: POST- RETIREMENT BENEFITS - Continued

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, 2016 was projected as follows:

| | | <u>12/31/2016</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 2016:

| | | <u>12/31/2016</u> |
|--|----|--------------------------|
| Net OPEB Obligation - Beginning of Year | \$ | 13,010,000 |
| 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>20,390,000</u></u> |

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 19: POST- RETIREMENT BENEFITS - Continued

Required Supplementary Information:

| | <u>12/31/2016</u> |
|-----------------------------------|----------------------|
| Actuarial Value of Plan Assets | \$ - |
| Actuarial Accrued Liability (AAL) | 118,970,000 |
| Total Unfunded AAL (UAAL) | <u>118,970,000</u> |
| Funded ratio | 0.00% |
| Covered payroll | <u>\$ 22,310,000</u> |
| UAAL as a % of Covered Payroll | <u>533%</u> |

Note 20: SUBSEQUENT EVENTS

On June 6, 2017, the City went to bid for a \$25,000,000 Bond Anticipation with a net interest cost of 1.0620% for a previously issued note to fund various General Capital Ordinances.

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and June 9, 2017 the date the financial statements were available for issuance for possible disclosure and recognition in the financial statement and no additional items, except as noted above, were noted for disclosure.

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SUPPLEMENTARY INFORMATION

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

| | Current Fund | Grant Fund |
|---------------------------------------|------------------|--------------|
| Balance December 31, 2015 | \$ 13,028,817.54 | 242,276.96 |
| Increased by Receipts: | | |
| Tax Collector | 104,655,125.67 | |
| Homestead Rebates | 356,229.38 | |
| Senior & Vets Deductions | 123,750.00 | |
| Revenue Accounts Receivable | 18,939,346.48 | |
| Reserve for Payroll Taxes Payable | 49,989,562.49 | |
| Reserve for Health Insurance Claims | 8,883,719.82 | |
| Prepaid Beach Tags | 70,935.00 | |
| Due to General Capital Fund | | 700,000.00 |
| Matching Funds for Grants | | 37,374.30 |
| Federal and State Unappropriated | | 7,000.00 |
| Federal and State Receivables | | 420,886.88 |
| | 183,018,668.84 | 1,165,261.18 |
| | 196,047,486.38 | 1,407,538.14 |
| Decreased by Disbursements: | | |
| Current Year Appropriation | 71,420,457.55 | |
| Prior Year Appropriations | 1,826,864.32 | |
| County Taxes | 26,909,536.29 | |
| County Added Taxes | 220,631.07 | |
| Local District School Taxes | 24,672,784.00 | |
| Special Improvement District Taxes | 183,447.94 | |
| Payroll Taxes Payable | 50,063,334.71 | |
| Reserve for Health Insurance Claims | 9,041,777.54 | |
| Reserve for Special Emergency - Sandy | 27,997.54 | |
| Refund of FEMA Proceeds | 667,429.31 | |
| Special Emergency Note | 450,000.00 | |
| Matching Funds Due to Grant Fund | 37,374.30 | |
| Federal and State Disbursements | | 1,382,241.33 |
| | 185,521,634.57 | 1,382,241.33 |
| Balance December 31, 2016 | \$ 10,525,851.81 | 25,296.81 |

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

| | | |
|-----------------------------|----------------|----------------|
| Balance December 31, 2015 | | \$ 537,268.54 |
| Increased by Receipts: | | |
| Prepaid Taxes | 2,548,837.95 | |
| Taxes Receivable | 101,628,056.43 | |
| Revenue Accounts Receivable | 181,389.82 | |
| Tax Overpayments | 29,621.63 | |
| | <hr/> | <hr/> |
| | | 104,387,905.83 |
| | | 104,925,174.37 |
| Payments to Treasurer | | <hr/> |
| | | 104,655,125.67 |
| Balance December 31, 2016 | | <hr/> <hr/> |
| | | \$ 270,048.70 |

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

| Year | Balance Dec. 31, 2015 | Current Year Levy | Added Taxes | Collections by Cash | | Adjustments | Transferred To Tax Title Lien | Balance Dec. 31, 2016 |
|------|--------------------------|----------------------|-------------|---------------------|------------|-------------|-------------------------------------|--------------------------|
| | | | | 2015 | 2016 | | | |
| 2015 | \$ 691,033.10 | - | - | 695,058.98 | (4,031.10) | 5.22 | 680,868.69 | |
| | 691,033.10 | - | - | 695,058.98 | (4,031.10) | 5.22 | 680,868.69 | |
| 2016 | | 103,919,965.05 | 707,932.06 | 2,435,364.50 | 63,122.69 | 19.06 | 680,868.69 | |
| | \$ 691,033.10 | 103,919,965.05 | 707,932.06 | 2,435,364.50 | 59,091.59 | 19.06 | 680,873.91 | |

Cash Receipts
 101,628,056.43
 Homestead Rebates
 356,229.38
 Overpayments Applied
 35,795.34
 Senior Citizens and Veterans
 123,500.00
102,143,581.15

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax 103,919,965.05
 Added Taxes (54:4-63.1 et. Seq.) 707,932.06
104,627,897.11

Tax Levy:

General County Taxes 25,726,741.66
 County Open Space Taxes 1,182,794.63
 County Added and Omitted Taxes 184,608.13
Total County Taxes 27,094,144.42

Local School District Tax 24,788,727.00
 Special Improvement District Tax 183,447.94

Local Tax for Municipal Purposes 51,887,772.34
 Add: Additional Tax Levied 673,805.41
52,561,577.75
104,627,897.11

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

| | | | |
|---------------------------------|--------|----|----------|
| Balance December 31, 2015 | | \$ | 1,785.51 |
| Increased by: | | | |
| Transfers from Taxes Receivable | 19.06 | | |
| | 19.06 | | 19.06 |
| | | | 1,804.57 |
| Decreased by: | | | |
| Cancelled | 374.64 | | |
| | 374.64 | | 374.64 |
| Balance December 31, 2016 | | \$ | 1,429.93 |

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

| | Balance Dec. 31, 2015 | Accrued in 2016 | Collected by | | Balance Dec. 31, 2016 |
|--|--------------------------|--------------------|-----------------|----------------------|--------------------------|
| | | | Collector | Treasurer | |
| Licenses: | | | | | |
| Other | \$ - | 410,109.83 | | 410,109.83 | - |
| Fees and Permits | | 1,016,688.13 | | 1,016,688.13 | - |
| Fines and Costs: | | | | | |
| Municipal Court | | 402,173.07 | | 402,173.07 | - |
| Interest and Costs on Taxes | | 181,389.82 | 181,389.82 | | - |
| Interest Earned on Investments | | 86,603.32 | | 86,603.32 | - |
| Parking Meters | | 3,162,848.74 | | 3,162,848.74 | - |
| Beach Fees | | 4,115,639.79 | | 4,115,639.79 | - |
| Rental or Sale of City Material and Property | | 148,632.93 | | 148,632.93 | - |
| Airport Fees | | 141,615.33 | | 141,615.33 | - |
| Boat Ramp Fees | | 33,232.68 | | 33,232.68 | - |
| Aquatic and Fitness Center User Fees | | 1,096,263.45 | | 1,096,263.45 | - |
| Smoke Detector Inspection Fees | | 195,535.00 | | 195,535.00 | - |
| Emergency Medical Services | | 678,179.27 | | 678,179.27 | - |
| Energy Receipts Tax | | 2,146,048.00 | | 2,146,048.00 | - |
| Uniform Construction Code Fees | | 1,085,340.00 | | 1,085,340.00 | - |
| Upper Township - Dispatching Services | | 227,245.00 | | 227,245.00 | - |
| Reserves for Debt Service, Capital Fund Balance & Arbitrage Reserve | | 2,604,500.00 | | 2,604,500.00 | - |
| OC Library - Contracted Services | | 241,217.00 | | 241,217.00 | - |
| OC Library - Return to Taxpayers | | 347,666.00 | | 347,666.00 | - |
| Hurricane Sandy Reimbursements | | 439,277.00 | | 439,277.00 | - |
| Miscellaneous Revenue Not Anticipated | | 426,811.94 | | 426,811.94 | - |
| | | | | | |
| | \$ - | 19,187,016.30 | 181,389.82 | 19,005,626.48 | - |
| | | | Cash Received | 18,939,346.48 | |
| | | | Prepaid Applied | 66,280.00 | |
| | | | | <u>19,005,626.48</u> | |

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

| | Balance Dec. 31, 2015 | Balance After Transfers | Paid or Charges | Balance Lapsed |
|----------------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| OPERATIONS WITHIN "CAPS" | | | | |
| EXECUTIVE BRANCH | | | | |
| Mayor's Office | | | | |
| Other Expenses | \$ 132.04 | 132.04 | 100.00 | 32.04 |
| ADMINISTRATION DEPARTMENT | | | | |
| City Administrator | | | | |
| Salaries and Wages | 2,642.64 | 2,642.64 | | 2,642.64 |
| Other Expenses | 981.29 | 981.29 | 475.00 | 506.29 |
| Information Technology | | | | |
| Salaries and Wages | 1,755.22 | 1,644.39 | | 1,644.39 |
| Other Expenses | 10,165.56 | 10,276.39 | 10,276.39 | - |
| Purchasing Division | | | | |
| Salaries and Wages | 22,191.95 | 22,191.95 | 1,227.12 | 20,964.83 |
| Other Expenses | 301.62 | 301.62 | 250.00 | 51.62 |
| Emergency Management | | | | |
| Salaries and Wages | - | - | | - |
| Other Expenses | 50.88 | 50.88 | | 50.88 |
| Human Resources | | | | |
| Salaries and Wages | 216,262.34 | 239,595.70 | 227,077.64 | 12,518.06 |
| Other Expenses | 35,562.68 | 35,562.68 | 15,666.94 | 19,895.74 |
| Neighborhood & Social Services | | | | |
| Salaries and Wages | 1,544.01 | 1,544.01 | 1,544.01 | - |
| Other Expenses | 1,171.31 | 1,171.31 | 522.03 | 649.28 |
| Public Relations | | | | |
| Salaries and Wages | 99,036.91 | 99,036.91 | 26,455.37 | 72,581.54 |
| Other Expenses | 5,756.82 | 5,756.82 | 3,697.24 | 2,059.58 |

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

| | Balance Dec. 31, 2015 | Balance After Transfers | Paid or Charges | Balance Lapsed |
|-------------------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| COMMUNITY SERVICE DEPARTMENT | | | | |
| Administration | | | | |
| Salaries and Wages | 22,880.51 | 22,880.51 | 571.11 | 22,309.40 |
| Other Expenses | 585.38 | 585.38 | | 585.38 |
| Engineering and Project Management | | | | |
| Salaries and Wages | 1,025.89 | 1,025.89 | 1,025.89 | - |
| Other Expenses | 22,706.61 | 22,706.61 | 235.55 | 22,471.06 |
| Recreation & Leisure Programs | | | | |
| Salaries and Wages | 15,230.86 | 15,230.86 | 1,878.57 | 13,352.29 |
| Other Expenses | 2,234.56 | 2,234.56 | 172.97 | 2,061.59 |
| Planning Board | | | | |
| Other Expenses | 5,207.10 | 5,207.10 | 474.24 | 4,732.86 |
| Zoning Board of Adjustment | | | | |
| Other Expenses | 7,641.47 | 7,641.47 | 27.88 | 7,613.59 |
| Historical Commission | | | | |
| Other Expenses | 2,631.31 | 2,631.31 | 591.64 | 2,039.67 |
| Music Pier Operations | | | | |
| Salaries and Wages | 9,377.05 | 9,377.05 | | 9,377.05 |
| Other Expenses | 16,193.80 | 16,193.80 | 8,223.98 | 7,969.82 |
| Aquatic and Fitness Center | | | | |
| Salaries and Wages | 32,355.93 | 32,355.93 | 32,355.93 | - |
| Other Expenses | 5,071.44 | 5,071.44 | 2,490.25 | 2,581.19 |
| Facility Maintenance | | | | |
| Salaries and Wages | 20,244.88 | 20,244.88 | | 20,244.88 |
| Other Expenses | 44,522.04 | 44,522.04 | 44,475.00 | 47.04 |
| Environmental Operations | | | | |
| Salaries and Wages | 1,801.31 | 1,801.31 | 1,801.31 | - |
| Other Expenses | | | | |
| Miscellaneous Other Expenses | 27,475.06 | 27,475.06 | 1,770.00 | 25,705.06 |
| Trash & Recycling | 278,518.31 | 278,518.31 | 166,253.23 | 112,265.08 |

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

| | Balance Dec. 31, 2015 | Balance After Transfers | Paid or Charges | Balance Lapsed |
|-------------------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| Field Operations | | | | |
| Salaries and Wages | 13,608.43 | 13,608.43 | 5,583.18 | 8,025.25 |
| Other Expenses | 3,626.88 | 3,626.88 | 405.00 | 3,221.88 |
| Fleet Maintenance | | | | |
| Salaries and Wages | 2,588.51 | 2,588.51 | | 2,588.51 |
| Other Expenses | 45,259.44 | 45,259.44 | 40,939.26 | 4,320.18 |
| Municipal Code and licensing | | | | |
| Salaries and Wages | 6,894.63 | 6,894.63 | 6,894.63 | - |
| Other Expenses | 23,557.58 | 23,557.58 | 5,506.64 | 18,050.94 |
| LAW DEPARTMENT | | | | |
| Legal Division | | | | |
| Salaries and Wages | 775.60 | 775.60 | | 775.60 |
| Other Expenses | 57,578.25 | 57,178.25 | 32,202.43 | 24,975.82 |
| Public Defender | | | | |
| Other Expenses | 2,811.99 | 3,211.99 | 3,176.76 | 35.23 |
| FINANCIAL MANAGEMENT | | | | |
| Treasurer's Office | | | | |
| Audit Services | 2,434.50 | 2,434.50 | | 2,434.50 |
| Other Expenses | 15,080.00 | 15,080.00 | | 15,080.00 |
| Accounting Division | | | | |
| Salaries and Wages | 39,712.95 | 39,712.95 | | 39,712.95 |
| Other Expenses | 3,171.88 | 3,171.88 | 864.00 | 2,307.88 |
| Parking Regulation | | | | |
| Salaries and Wages | 473.36 | 473.36 | | 473.36 |
| Other Expenses | 27,423.78 | 27,423.78 | 9,153.65 | 18,270.13 |
| Property Assessment Division | | | | |
| Salaries and Wages | 19,996.76 | 19,996.76 | 1,443.56 | 18,553.20 |
| Other Expenses | 16,244.21 | 16,244.21 | 5,094.95 | 11,149.26 |
| Beach Fee Regulation Division | | | | |
| Salaries and Wages | 10,691.07 | 10,691.07 | | 10,691.07 |
| Other Expenses | 1,233.80 | 1,233.80 | | 1,233.80 |

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

| | Balance Dec. 31, 2015 | Balance After Transfers | Paid or Charges | Balance Lapsed |
|--------------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| Tax Collection Division | | | | |
| Salaries and Wages | 23,778.97 | 23,778.97 | 9,135.67 | 14,643.30 |
| Other Expenses | 1,510.82 | 1,510.82 | | 1,510.82 |
| Revenue Collection | | | | |
| Salaries and Wages | 24,395.09 | 24,395.09 | 11,900.85 | 12,494.24 |
| Other Expenses | 43,953.69 | 43,953.69 | 1,416.11 | 42,537.58 |
| STATUTORY OFFICES | | | | |
| City Clerk | | | | |
| Salaries and Wages | 6,067.78 | 6,067.78 | 838.68 | 5,229.10 |
| Other Expenses | 44,370.70 | 44,370.70 | 41,086.03 | 3,284.67 |
| City Council | | | | |
| Salaries and Wages | 662.00 | 662.00 | | 662.00 |
| Other Expenses | 4,336.58 | 4,336.58 | 1,394.00 | 2,942.58 |
| Municipal Court | | | | |
| Salaries and Wages | 38,818.11 | 38,818.11 | 1,700.00 | 37,118.11 |
| Other Expenses | 12,853.87 | 12,853.87 | 1,348.78 | 11,505.09 |
| DEPARTMENT OF FIRE | | | | |
| Rescue Services Division | | | | |
| Salaries and Wages | 4,060.83 | 4,060.83 | | 4,060.83 |
| Other Expenses | 13,533.17 | 13,533.17 | 6,803.23 | 6,729.94 |
| Lifeguards Division | | | | |
| Salaries and Wages | 11,875.04 | 11,875.04 | | 11,875.04 |
| Other Expenses | 801.66 | 801.66 | | 801.66 |
| Fire Protection and Prevention | | | | |
| Salaries and Wages | 71,759.51 | 71,759.51 | | 71,759.51 |
| Other Expenses | 7,019.27 | 7,019.27 | 6,333.09 | 686.18 |

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

| | Balance Dec. 31, 2015 | Balance After Transfers | Paid or Charges | Balance Lapsed |
|--|--------------------------|-------------------------------|--------------------|-------------------|
| DEPARTMENT OF POLICE | | | | |
| Police Protection Division | | | | |
| Salaries and Wages | 59,114.29 | 59,114.29 | 5,146.57 | 53,967.72 |
| Miscellaneous Other Expenses | 6,206.07 | 6,206.07 | 4,039.01 | 2,167.06 |
| Purchase of Vehicles | 10,681.60 | 10,681.60 | 10,556.86 | 124.74 |
| OTHER | | | | |
| City Wide Operations | | | | |
| Finance - Other Expenses | 40,429.21 | 40,429.21 | 40,244.48 | 184.73 |
| City Wide Operations | | | | |
| Community Operations - Other Expenses | 73,194.08 | 73,194.08 | 67,487.50 | 5,706.58 |
| UNIFORM CONSTRUCTION CODE | | | | |
| State Uniform Construction Code | | | | |
| Construction Official | | | | |
| Salaries and Wages | 9,843.53 | 9,843.53 | 1,073.16 | 8,770.37 |
| Other Expenses | 3,316.25 | 3,316.25 | 3,006.00 | 310.25 |
| INSURANCE | | | | |
| General Liability | 4,792.32 | 4,792.32 | | 4,792.32 |
| Workers Compensation | 21,684.10 | 21,684.10 | 21,684.10 | - |
| Employee Group Health | 780,579.49 | 780,579.49 | 724,623.61 | 55,955.88 |
| Health Benefit Waiver - Salaries & Wages | 23,333.36 | - | | - |
| UTILITY EXPENSES AND BULK PURCHASES | | | | |
| Electricity | 42,623.32 | 57,623.32 | 57,571.32 | 52.00 |
| Street Lighting | 24,405.09 | 31,405.09 | 31,405.09 | - |
| Telephone | 1,134.92 | 11,634.92 | 4,340.53 | 7,294.39 |
| Water | 11,292.90 | 81,292.90 | 61,745.21 | 19,547.69 |
| Fuel Oil | 40,769.77 | 40,769.77 | 18,789.87 | 21,979.90 |
| Gasoline | 185,736.76 | 83,236.76 | 13,330.19 | 69,906.57 |

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

| | Balance Dec. 31, 2015 | Balance After Transfers | Paid or Charges | Balance Lapsed |
|---|--------------------------|-------------------------------|---------------------|---------------------|
| STATUTORY EXPENDITURES | | | | |
| Contributions to | | | | |
| Social Security System (O.A.S.I.) | 48.72 | 48.72 | | 48.72 |
| Unemployment Compensation Insurance | 34,330.17 | 34,330.17 | 17,872.90 | 16,457.27 |
| Defined Contribution Retirement Program | 4,763.13 | 4,763.13 | 4,763.13 | - |
| OPERATIONS EXCLUDED FROM "CAPS" | | | | |
| INSURANCE | | | | |
| Employee Group Health | | - | | - |
| Matching Funds for Grants | 32,997.00 | 32,997.00 | | 32,997.00 |
| All Other Accounts - No Change | | - | | - |
| | <u>\$ 2,927,495.57</u> | <u>2,927,495.57</u> | <u>1,830,539.32</u> | <u>1,096,956.25</u> |
| | | Cash Disbursed | 1,826,864.32 | |
| | | Accounts Payable | 3,675.00 | |
| | | | <u>1,830,539.32</u> | |

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

| | | | |
|--|----|----------------------|--------------------------------|
| Balance December 31, 2015 | | | |
| School Tax Payable | \$ | - | |
| School Tax Deferred | | <u>12,278,420.50</u> | |
| | | | \$ 12,278,420.50 |
| | | | |
| Increased by: | | | |
| Levy - School Year July 1, 2016 to June 30, 2017 | | | <u>24,788,727.00</u> |
| | | | 37,067,147.50 |
| | | | |
| Decreased by: | | | |
| Payments | | | <u>24,672,784.00</u> |
| | | | |
| Balance December 31, 2016 | | | |
| School Tax Payable | | - | |
| School Tax Deferred | | <u>12,394,363.50</u> | |
| | | | <u><u>12,394,363.50</u></u> |
| | | | |
| Current Year Liability for Local School District School Tax: | | | |
| Tax Paid | | | 24,672,784.00 |
| Tax Payable Ending | | | <u>-</u> |
| | | | 24,672,784.00 |
| | | | |
| Less: Tax Payable Beginning | | | <u>-</u> |
| Amount charged to Current Year Operations | | | <u><u>\$ 24,672,784.00</u></u> |

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

| Purpose | Balance | Transferred | Received | Balance |
|---|-------------------|--------------------|------------------|-------------------|
| | Dec. 31, 2015 | From 2016 Revenues | | Dec. 31, 2016 |
| FEDERAL GRANTS: | | | | |
| Airport Layout | \$ 4,512.00 | | | 4,512.00 |
| CDBG | 7,980.00 | | 6,625.00 | 1,355.00 |
| Community Development Block Grant 14/15 | 238,528.00 | | 84,716.41 | 153,811.59 |
| Community Development Block Grant 15/16 | 283,074.00 | | | 283,074.00 |
| CDBG - DR: Prepare Area Plan | | 50,000.00 | | 50,000.00 |
| CDBG - DR: Prepare Codes & Ordinances | | 20,000.00 | | 20,000.00 |
| CDBG - DR: Design Development | | 50,000.00 | | 50,000.00 |
| CDBG - DR: Develop Floodplain | | 50,000.00 | | 50,000.00 |
| CDBG - DR: Permit & Application Fee | | 25,000.00 | | 25,000.00 |
| Body Armor Replacement Fund | | 5,151.52 | 5,151.52 | - |
| US Homeland Security - Port Security Grant | 8,107.76 | | | 8,107.76 |
| Total Federal | 542,201.76 | 200,151.52 | 96,492.93 | 645,860.35 |
| STATE GRANTS: | | | | |
| NJ Department of State - Cooperative Marketing Grant | 0.50 | | | 0.50 |
| Recycling Tonnage Grant | | 27,463.59 | 27,463.59 | - |
| NJDHTS - Holiday Crackdown | | 5,000.00 | | 5,000.00 |
| NJ Solid Waste Administration - Bonus Grant | | 10,470.50 | 10,470.00 | 0.50 |
| 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 | 2,017.50 | | | 2,017.50 |

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

| Purpose | Balance Dec. 31, 2015 | Transferred From 2016 Revenues | Received | Balance Dec. 31, 2016 |
|--|--------------------------|--------------------------------------|-------------------|--------------------------|
| STATE GRANTS: (CONTINUED) | | | | |
| Pedestrian Education & Enforcement | 919.00 | | | 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 | | | 143,031.00 |
| NJ Historic Trust Sandy Relief - Transportation Center | 501,000.00 | | | 501,000.00 |
| Post Sandy Planning Grant | 8,982.50 | | 8,982.50 | - |
| DCA - Disabled Recreation - Grant | 16,997.00 | | 3,337.81 | 13,659.19 |
| Body Worn Camera Assistance Program | | 9,500.00 | 9,500.00 | - |
| Clean Communities Program | | 109,075.74 | 109,075.74 | - |
| Airport Obstruction Removal Grant | | 69,480.00 | | 69,480.00 |
| 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 |
| Year - 2016 - Pleasure - West - 16th | | 175,000.00 | 131,250.00 | 43,750.00 |
| NJ Council of the Arts - POPS | 15,000.00 | | | 15,000.00 |
| DCA Historic Preservation Grant - Life Saving Station | 379,135.36 | | 22,814.31 | 356,321.05 |
| Total State | 1,687,092.14 | 405,989.83 | 322,893.95 | 1,770,188.02 |
| OTHER GRANTS: | | | | |
| Cape May County Open Space Grant | | 200,000.00 | | 200,000.00 |
| ANJEC Open Space Stewardship Program | 500.00 | | 500.00 | - |
| American Water Company - Green Streets - Biowales | 1,000.00 | | 1,000.00 | - |
| Total Other | 1,500.00 | 200,000.00 | 1,500.00 | 200,000.00 |
| \$ | 2,230,793.90 | 806,141.35 | 420,886.88 | 2,616,048.37 |

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

| | Balance December 31, 2015 | | 2016 | | Disbursed | Encumbrances | Balance Dec. 31, 2016 |
|--|---------------------------|-----------------------------|-------------------|-------------------|------------|-------------------|--------------------------|
| | 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 | 3,454.79 | | | 3,454.79 | | | - |
| Community Development Block Grant 14/15 | 239,265.09 | 3,231.98 | | 237,247.07 | | 5,250.00 | - |
| Community Development Block Grant 15/16 | 283,074.00 | | | 112,503.15 | | 170,570.85 | - |
| Community Development Block Grant | 7,600.00 | | | | | | 7,600.00 |
| CDBG - DR: Prepare Area Plan | | | 50,000.00 | | | 50,000.00 | - |
| CDBG - DR: Prepare Codes & Ordinances | | | 20,000.00 | | | 20,000.00 | - |
| CDBG - DR: Design Development | | | 50,000.00 | | | 50,000.00 | - |
| CDBG - DR: Develop Floodplain | | | 50,000.00 | | | 50,000.00 | - |
| CDBG - DR: Permit & Application Fee | | | 25,000.00 | | | 25,000.00 | - |
| Body Armor Grant | | | 5,151.52 | 4,473.68 | | 677.84 | 0.00 |
| FEMA - NJ State Police - EMS | 20,020.64 | | | 6,946.93 | | | 13,073.71 |
| US Homeland Security - Port Security Grant | 8,107.76 | | | | | | 8,107.76 |
| Total Federal | 566,779.82 | 3,231.98 | 200,151.52 | 364,625.62 | | 371,498.69 | 34,039.01 |
| STATE GRANTS: | | | | | | | |
| Clean Communities | 60,201.58 | | | | 104,879.61 | 40,593.30 | 52,153.43 |
| NJ Council on the Arts - Ocean City POPS | 15,000.00 | | | | | | 15,000.00 |
| Drunk Driving Enforcement | 2,255.93 | 240.00 | | 3,543.77 | | | 8,861.26 |
| City Wide Pedestrian Grant | 616.01 | | | | | | 616.01 |
| Recycling Tonnage Grant | 6,719.97 | 20,739.30 | | 29,996.49 | | 23,804.55 | 1,121.82 |
| Alcohol Education and Rehabilitation | 90.91 | | | | | | 90.91 |
| Pedestrian Education & Enforcement | 1,772.85 | | | | | | 1,772.85 |

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

| | Balance December 31, 2015 | | 2016 Appropriations | Disbursed | Encumbrances | Balance Dec. 31, 2016 |
|--|---------------------------|-----------------------------|------------------------|---------------------|-------------------|--------------------------|
| | Appropriated | Reserve for Encumbrances | | | | |
| STATE GRANTS: (CONTINUED) | | | | | | |
| NJ DOT - Bay to West:31st-33rd | 172,000.00 | | | | | 172,000.00 |
| NJ DOT - Simpson Avenue 2012 | 180,000.00 | | | | | 180,000.00 |
| NJ DOT - Pleasure - West - 16th - 2016 | | | 175,000.00 | 175,000.00 | | - |
| Body Worn Camera Assistance Program | | | 9,500.00 | | | 9,500.00 |
| Airport Obstruction Removal Grant | | | 69,480.00 | | | 69,480.00 |
| Airport Obstruction Removal Grant - Match | | | 23,245.00 | | | 23,245.00 |
| Cooperative Marketing Grant | 17,021.16 | | | | | 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 | 2,141.90 | | | | | 2,141.90 |
| NJDHTS - Holiday Crackdown | | | 5,000.00 | | | 5,000.00 |
| NJ Solid Waste Administration - Bonus Grant | | | 10,470.50 | 10,470.50 | | - |
| NJ Solid Waste Administration - Bonus Grant - Match | | | 10,470.50 | 10,470.50 | | - |
| DCA Historic Preservation Grant - Life Saving Station | 387,206.90 | 32,058.73 | | 16,682.70 | 402,582.93 | - |
| Sustainable Jersey 2012 | 0.10 | | | | | 0.10 |
| Sustainable Jersey 2014 | | 2,000.00 | | 2,000.00 | | - |
| Sustainable Land Use Planning Project | 25.00 | | | | | 25.00 |
| Ocean City Free Public Library - Police Grant | 0.57 | | | | | 0.57 |
| 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 | 469,000.00 | 14,075.00 | | 417,975.65 | 65,099.35 | (0.00) |
| Post Sandy Planning Grant | 18,432.50 | | | | | 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 | | | 2,752.69 | 600.00 | 3,650.31 |
| Ocean City Pedestrian Safety Grant 2012 | 910.68 | | | | | 910.68 |
| Total State | 1,535,502.91 | 327,462.05 | 449,614.43 | 1,003,771.91 | 532,680.13 | 776,127.35 |
| OTHER GRANTS: | | | | | | |
| Municipal Alliance | | | 3,658.80 | 3,658.80 | | - |
| ANJEC Open Space Stewardship Program | 525.00 | | | 525.00 | | - |
| Cape May County Open Space Grant | | | 200,000.00 | | | 200,000.00 |
| USTA - Hurricane Sandy Relief Program | 20,000.00 | | | | | 20,000.00 |
| American Water Company - Green Streets - Blowholes | | 9,660.00 | | 9,660.00 | | - |
| Total Other | 20,525.00 | 9,660.00 | 203,658.80 | 13,843.80 | - | 220,000.00 |
| \$ | 2,122,807.73 | 340,354.03 | 853,424.75 | 1,382,241.33 | 904,178.82 | 1,030,166.36 |

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

| <u>Purpose</u> | <u>Balance Dec. 31, 2015</u> | <u>Transferred To 2016 Appropriations</u> | <u>Received</u> | <u>Balance Dec. 31, 2016</u> |
|--------------------------------|----------------------------------|---|-----------------|----------------------------------|
| FEDERAL GRANTS: | | | | |
| FEMA - OEM Grant | \$ | | 7,000.00 | 7,000.00 |
| Total Federal | <u>-</u> | <u>-</u> | <u>7,000.00</u> | <u>7,000.00</u> |
| STATE GRANTS: | | | | |
| Drunk Driving Enforcement Fund | 9,909.10 | 9,909.10 | | - |
| Total State | <u>9,909.10</u> | <u>9,909.10</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 9,909.10</u> | <u>9,909.10</u> | <u>7,000.00</u> | <u>7,000.00</u> |

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

| | | | |
|----------------------------|-----------|----|-----------|
| Balance December 31, 2015 | | \$ | 682.87 |
| Increased by: | | | |
| Cash Receipts for: | | | |
| Dog Licenses Collected | 2,268.00 | | |
| Dog Park | 13,555.00 | | |
| Due to State of NJ | 786.00 | | |
| Interest on Investments | 3.92 | | |
| | | | 16,612.92 |
| | | | 17,295.79 |
| Decreased by: | | | |
| Cash Disbursed for: | | | |
| Dog Fund Expenditures | 2,144.41 | | |
| Dog Park | 4,774.60 | | |
| Due to State of New Jersey | 782.40 | | |
| | | | 7,701.41 |
| Balance December 31, 2016 | | \$ | 9,594.38 |

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

| | | | |
|-----------------------------------|--------------|----|----------------------------|
| Balance December 31, 2015 | | \$ | 5,152,626.49 |
| Increased by: | | | |
| Cash Receipts for Other Reserves: | | | |
| Interest on Investments | 8,151.62 | | |
| Employee Withholdings | 56,100.07 | | |
| Budget Appropriations | 200,000.00 | | |
| Other Receipts | 3,251,629.85 | | |
| | | | <u>3,515,881.54</u> |
| | | | 8,668,508.03 |
| Decreased by: | | | |
| Cash Disbursed for Other Reserves | 2,721,740.34 | | |
| | | | <u>2,721,740.34</u> |
| Balance December 31, 2016 | | \$ | <u><u>5,946,767.69</u></u> |

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

| | | | |
|----------------------------|-----------|----|-----------|
| Balance December 31, 2015 | | \$ | 682.87 |
| Increased by: | | | |
| Dog Park Fees | 13,555.00 | | |
| Dog License Fees Collected | 2,268.00 | | |
| Interest on Investments | 3.92 | | |
| | | | 15,826.92 |
| | | | 16,509.79 |
| Decreased by: | | | |
| Dog Park | 4,774.60 | | |
| Dog Licensing Supplies | 2,144.41 | | |
| | | | 6,919.01 |
| Balance December 31, 2016 | | \$ | 9,590.78 |

| | | | | |
|----------------|------|-----------|--|-----------|
| Fess Collected | | | | |
| | 2015 | 16,795.00 | | |
| | 2014 | 17,883.50 | | |
| | | | | 34,678.50 |
| | | | | 34,678.50 |

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

| | | | |
|---------------------------|--------|----|--------|
| Balance December 31, 2015 | | \$ | - |
| Increased by: | | | |
| Cash Receipts | 786.00 | | |
| | | | 786.00 |
| | | | 786.00 |
| Decreased by: | | | |
| Cash Disbursed | 782.40 | | |
| | | | 782.40 |
| Balance December 31, 2016 | | \$ | 3.60 |

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

| Title | Balance Dec. 31, 2015 | Interest on Investments | Employee Withholdings | Budget Appropriation | Other Cash Receipts | Cash Disbursed | Balance Dec. 31, 2016 |
|-----------------------------------|--------------------------|----------------------------|--------------------------|-------------------------|------------------------|---------------------|--------------------------|
| Tax Premiums | \$ 417,217.37 | | | | 462,164.04 | 462,599.68 | 416,781.73 |
| Dedicated Recreation Trust | 191,834.15 | | | | 768,265.24 | 718,361.95 | 241,737.44 |
| Tourism Development | 170,055.72 | | | | 725,083.38 | 722,804.95 | 172,334.15 |
| Law Enforcement Trust | 26,510.88 | | | | 808.98 | 6,467.99 | 20,851.87 |
| Parking Offenses Adjudication Act | 29,862.14 | 12.06 | | | 2,443.00 | 6,088.58 | 26,228.62 |
| Cash Performance Deposits | 542,156.57 | 1,052.14 | | | 388,125.26 | 141,224.21 | 790,109.76 |
| Dedicated Fire Fees | 954.32 | | | | 3,170.00 | 3,278.20 | 846.12 |
| Lifeguard Pension | 7,629.02 | | 56,100.07 | 150,000.00 | | 206,454.45 | 7,274.64 |
| Shade Trees | 4,653.65 | 2.24 | | | 2,800.00 | 5,812.90 | 1,642.99 |
| COAH | 3,511,270.93 | 7,085.18 | | | 591,620.50 | 44,432.60 | 4,065,544.01 |
| Merchant Fees | 8,018.80 | | | 50,000.00 | 100,284.00 | 146,640.12 | 11,662.68 |
| Planning & Zoning Escrow | 242,462.94 | | | | 206,865.45 | 257,574.71 | 191,753.68 |
| | <u>\$ 5,152,626.49</u> | <u>8,151.62</u> | <u>56,100.07</u> | <u>200,000.00</u> | <u>3,251,629.85</u> | <u>2,721,740.34</u> | <u>5,946,767.69</u> |

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

| | | |
|-----------------------------------|---------------|--------------------------------|
| Balance December 31, 2015 | | \$ 16,813,618.16 |
| Increased by: | | |
| Bond Anticipation Notes | 61,650,000.00 | |
| Bonds Issued | 38,800,000.00 | |
| Current Fund Appropriations: | | |
| Deferred Charges Unfunded | 2,024,500.00 | |
| Capital Improvement Fund | 1,150,000.00 | |
| Premium on Sales of Bonds & Notes | 553,984.00 | |
| Reserve for Debt Service: | | |
| Flood Insurance Reimbursements | 18,762.11 | |
| Placemaking Project Parklet Area | 2,500.00 | |
| FEMA - Sandy | 279,173.84 | |
| Gill Marina Note Interest | 33,114.35 | |
| Bulkhead Tax Lien | 109,850.00 | |
| | <hr/> | <u>104,621,884.30</u> |
| | | 121,435,502.46 |
| Decreased by: | | |
| Improvement Authorizations | 11,942,910.49 | |
| Encumbrances | 8,600,208.31 | |
| Bond Anticipation Notes | 39,300,000.00 | |
| Due from Grant Fund | 700,000.00 | |
| Anticipated as Current Revenue: | | |
| Fund Balance | 580,000.00 | |
| Reserve for Debt Service | 2,024,500.00 | |
| | <hr/> | <u>63,147,618.80</u> |
| Balance December 31, 2016 | | \$ <u><u>58,287,883.66</u></u> |

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

| | Balance | | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2016 |
|------------------------------------|-------------------------|--|---------------------|----------------------|-------------------------------|----------------------|----------------------|----------------------|--------------------------|
| | Dec. 31, 2015 | | Miscellaneous | Debt Issued | Improvement Authorizations | Miscellaneous | From | To | |
| Fund Balance | \$ 1,312,169.54 | | 553,984.00 | | | 580,000.00 | | | 1,286,153.54 |
| Capital Improvement Fund | 361,012.53 | | 1,150,000.00 | | | | 1,403,475.00 | | 107,537.53 |
| Reserve for Debt Service | 4,318,858.71 | | 443,400.30 | | | 2,024,500.00 | | | 2,737,759.01 |
| Cash Reserved to Pay BAN's | | | | 31,050,000.00 | | | | 15,943,835.03 | 31,050,000.00 |
| Encumbrances Payable | | | | | | 8,600,208.31 | | | 15,943,835.03 |
| Due from Grant Fund | 8,600,208.31 | | | | | 700,000.00 | | | (700,000.00) |
| Reserve for Preliminary Expenses | 17,566.00 | | | | | | | | 17,566.00 |
| Improvement Authorizations: | | | | | | | | | |
| 10-13 Acquisition of Property | 5,607.94 | | | | 28,001.86 | | 3,545.00 | | 2,062.94 |
| 11-06 Various Capital Improvements | 28,001.86 | | | | 49.27 | | | | 0.00 |
| 11-07 Various Capital Improvements | 49.27 | | | | 8,466.74 | | | | 13,054.00 |
| 11-15 Land Acquisition | 21,522.74 | | | | 63,778.86 | | 46,622.38 | | 9,123.80 |
| 11-25 Various Capital Improvements | 119,525.04 | | | | 36,868.83 | | 25,731.18 | | (0.00) |
| 12-02 Various Capital Improvements | 62,600.01 | | | | (680.74) | | 680.74 | | 80,351.95 |
| 12-08 Various Capital Improvements | 80,351.95 | | | | 5,216.08 | | | | - |
| 12-09 COAH Funds | 5,216.08 | | | | (1,056.00) | | 1,056.00 | | - |
| 12-13 Beach Fill | - | | | | | | | | - |
| 12-15 Bellevue Demolition | 8,355.85 | | | | | | | | 8,355.85 |
| 12-21 Hurricane Sandy Repairs | 274,438.28 | | 99,000.00 | | 187,346.79 | | 180,069.74 | | 6,021.75 |
| 13-02 Various Improvements | 1,054,337.49 | | 25,500.00 | | 317,984.82 | | 746,633.44 | | 15,219.23 |
| 13-04 Various Improvements | 297,496.99 | | | | 159,225.17 | | 227,983.03 | | (89,711.21) |
| 13-20 Various Improvements | 127,500.00 | | | 300,000.00 | - | | 450,000.00 | | (22,500.00) |
| 13-21 Various Improvements | 19.10 | | | | (166.90) | | 186.00 | | - |
| 14-05 Various Improvements | (552,270.90) | | | 1,300,000.00 | 202,664.89 | | 362,414.74 | | 182,649.47 |
| 14-13 Various Improvements | (6,936.55) | | | | (8,923.55) | | 7,927.25 | | (5,940.25) |
| 14-14 Various Improvements | 12,526.99 | | | | 10,380.17 | | 2,146.82 | | (0.00) |
| 14-33 Various Improvements | 24,015.74 | | | 1,000,000.00 | 1,035,724.14 | | 9,894.46 | | (21,602.86) |
| 14-42 Skateboard Park | (12,500.00) | | | | (431.31) | | 431.31 | | (12,500.00) |
| 15-04 Lagoon & Back Bay Dredging | - | | | | (821,394.15) | | 812,034.15 | | 9,360.00 |
| 15-09 Various Improvements | 652,974.00 | | | 3,000,000.00 | 2,477,589.22 | | 1,192,195.82 | | (16,811.04) |
| 15-17 Various Improvements | (104,028.81) | | | 1,050,000.00 | 271,372.36 | | 342,063.57 | | 332,535.26 |
| 15-29 Roads & Drainage | 105,000.00 | | | 1,900,000.00 | 2,056,999.39 | | 20,735.61 | | (72,735.00) |
| 16-01 Various Improvements | | | | 14,000,000.00 | 5,429,443.25 | | 10,124,576.86 | 875,225.00 | (678,795.11) |
| 16-10 Acquisition of Property | | | | 450,000.00 | 481,821.12 | | 1,560.00 | 25,000.00 | (8,381.12) |
| 16-19 Various Improvements | | | | 9,000,000.00 | 2,628.18 | | 1,385,346.93 | 503,250.00 | 8,115,274.89 |
| | \$ 16,813,618.16 | | 2,271,884.30 | 63,050,000.00 | 11,942,910.49 | 11,904,708.31 | 17,347,310.03 | 17,347,310.03 | 58,287,883.66 |

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

| | | | |
|----------------------------|--------------|----|--------------|
| Balance December 31, 2015 | | \$ | 361,012.53 |
| Increased by: | | | |
| Budget Appropriation | 1,150,000.00 | | |
| | | | 1,150,000.00 |
| | | | 1,511,012.53 |
| Decreased by: | | | |
| Improvement Authorizations | 1,403,475.00 | | |
| | | | 1,403,475.00 |
| Balance December 31, 2016 | | \$ | 107,537.53 |

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

| | | |
|------------------------------|---------------|--------------------------------|
| Balance December 31, 2015 | | \$ 51,011,062.52 |
| Increased by: | | |
| Bonds Issued | 38,800,000.00 | |
| | | 38,800,000.00 |
| | | 89,811,062.52 |
| Decreased by: | | |
| Serial Bonds Paid & Refunded | 8,745,000.00 | |
| Greet Trust Loans Paid | 29,032.24 | |
| | | 8,774,032.24 |
| Balance December 31, 2016 | | \$ <u><u>81,037,030.28</u></u> |

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

| Ord # | Improvement Description | Balance Dec. 31, 2015 | 2016 Authorizations | Raised in 2016 Budget | Permanent Debt Issued | Reserve to Pay BAN's | Balance Dec. 31, 2016 | Bond Anticipation Notes | Analysis of Balance | |
|-------|---------------------------------------|--------------------------|------------------------|-----------------------------|--------------------------|----------------------------|--------------------------|-------------------------------|---------------------|---|
| | | | | | | | | | Expenditures | Unexpended Improvement Authorizations |
| 05-33 | Acquisition of Land | \$ 4,500,000.00 | | | 4,500,000.00 | | | | | |
| 12-02 | Various Capital Improvements | 700,000.00 | | | 700,000.00 | | | | | |
| 12-21 | Hurricane Sandy Repairs | 999,000.00 | | 999,000.00 | | | | | | |
| 13-02 | Various Improvements | 1,025,500.00 | | 1,025,500.00 | | | | | | |
| 13-04 | Various Improvements | 5,498,600.00 | | | 5,400,000.00 | | 98,600.00 | | 89,711.21 | 8,888.79 |
| 13-20 | Various Improvements | 4,322,500.00 | | | 4,000,000.00 | | 322,500.00 | 300,000.00 | 22,500.00 | 53,050.00 |
| 14-05 | Various Improvements | 8,853,050.00 | | | 8,500,000.00 | | 353,050.00 | 300,000.00 | | 3,809.75 |
| 14-13 | Various Improvements | 1,809,750.00 | | | 1,800,000.00 | | 9,750.00 | | 5,940.25 | |
| 14-15 | 10th Street Marina | 2,600,000.00 | | | | 350,000.00 | 2,600,000.00 | 2,600,000.00 | | |
| 14-21 | Schilling Property - 19th & Boardwalk | 500,000.00 | | | 150,000.00 | | | | | |
| 14-33 | Various Improvements | 1,363,250.00 | | | 1,300,000.00 | | 63,250.00 | | 21,602.86 | 41,647.14 |
| 14-35 | Refunding Bond Ordinance | 20,000.00 | | | | | 20,000.00 | | | 20,000.00 |
| 14-42 | Skateboard Park | 712,500.00 | | | | 500,000.00 | 212,500.00 | | 12,500.00 | |
| 15-04 | Lagoon & Back Bay Dredging | 4,750,000.00 | | | 200,000.00 | | | | | |
| 15-09 | Various Improvements | 7,878,635.00 | | | 4,750,000.00 | | 1,878,635.00 | 1,000,000.00 | 16,811.04 | 861,823.96 |
| 15-17 | Various Improvements | 2,568,350.00 | | | 6,000,000.00 | | 1,058,350.00 | 1,050,000.00 | | 8,350.00 |
| 15-29 | Roads & Drainage | 1,995,000.00 | | | 1,500,000.00 | | 1,995,000.00 | 1,900,000.00 | 72,735.00 | 22,265.00 |
| 16-01 | Various Improvements | | 16,629,275.00 | | | | 16,629,275.00 | 14,000,000.00 | 678,795.11 | 1,950,479.89 |
| 16-10 | Acquisition of Property | | 475,000.00 | | | | 475,000.00 | 450,000.00 | 8,381.12 | 16,618.88 |
| 16-19 | Various Improvements | | 18,461,750.00 | | | | 18,461,750.00 | 9,000,000.00 | 928,976.59 | 9,461,750.00 |
| | | <u>\$ 50,086,135.00</u> | <u>35,566,025.00</u> | <u>2,024,500.00</u> | <u>38,800,000.00</u> | <u>850,000.00</u> | <u>43,977,660.00</u> | <u>30,600,000.00</u> | <u>928,976.59</u> | <u>12,448,683.41</u> |

Improvement Authorizations Unfunded
Less:
Unexpended Proceeds of Bond
Anticipation Notes Issued:

| Ord. Number | Amount |
|-------------|-----------------------|
| 14-05 | (182,649.47) |
| 15-17 | (332,535.26) |
| 16-19 | (8,115,274.89) |
| | <u>(8,630,459.62)</u> |
| | <u>12,448,683.41</u> |

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

| Ord # | Improvement Description | Ord. Date | Amount | Balance December 31, 2015 | | Capital Improvement Fund | Deferred Charges to Future Taxation | Paid or Charged | Balance December 31, 2016 | |
|-------|------------------------------|------------|------------|---------------------------|------------|--------------------------|-------------------------------------|----------------------|---------------------------|---------------|
| | | | | Funded | Unfunded | | | | Funded | Unfunded |
| 10-13 | Acquisition of Property | 3/25/2010 | 958,500 | \$ | 5,607.94 | | | 3,545.00 | 2,062.94 | |
| 11-06 | Various Capital Improvements | 3/24/2011 | 4,353,000 | | 28,001.86 | | | 28,001.86 | - | |
| 11-07 | Various Capital Improvements | 3/24/2011 | 320,000 | | 49.27 | | | 49.27 | 0.00 | |
| 11-15 | Land Acquisition | 4/28/2011 | 2,275,000 | | 21,522.74 | | | 8,468.74 | 13,054.00 | |
| 11-25 | Various Capital Improvements | 10/25/2011 | 2,867,000 | | 119,525.04 | | | 110,401.24 | 9,123.80 | (0.00) |
| 12-02 | Various Capital Improvements | 3/8/2012 | 6,050,000 | | 80,351.95 | 62,600.01 | | 62,600.01 | 80,351.95 | |
| 12-08 | Various Capital Improvements | 5/24/2012 | 1,440,000 | | 5,216.08 | | | | | |
| 12-09 | COAH Funds | 5/24/2012 | 2,650,000 | | 8,355.85 | | | | | |
| 12-15 | Bellevue Demolition | 10/11/2012 | 165,000 | | | | | 5,216.08 | | |
| 12-21 | Hurricane Sandy Repairs | 12/27/2012 | 2,420,000 | | | | | 367,416.53 | 8,355.85 | |
| 13-02 | Various Improvements | 2/14/2013 | 5,290,000 | | 54,337.49 | 373,438.28 | | 1,064,618.26 | 6,021.75 | |
| 13-04 | Various Improvements | 2/28/2013 | 5,788,000 | | | 396,086.98 | | 387,208.20 | 15,219.23 | 8,888.79 |
| 13-20 | Various Improvements | 7/11/2013 | 125,000 | | 19.10 | 450,000.00 | | 450,000.00 | | |
| 14-05 | Various Improvements | 2/27/2014 | 9,319,000 | | | 800,779.10 | | 19.10 | | 235,699.47 |
| 14-13 | Various Improvements | 6/12/2014 | 1,905,000 | | 12,526.99 | 2,813.45 | | (996.30) | | 3,803.75 |
| 14-14 | Various Improvements | 6/12/2014 | 160,000 | | | | | 12,526.99 | | |
| 14-33 | Various Improvements | 9/25/2014 | 1,435,000 | | | 1,087,265.74 | | 1,045,618.60 | | 41,647.14 |
| 14-35 | Refunding Bond Ordinance | 10/9/2014 | 20,000 | | | 20,000.00 | | | 9,360.00 | 20,000.00 |
| 15-04 | Lagoon & Back Bay Dredging | 2/12/2015 | 5,000,000 | | | | | (9,360.00) | | |
| 15-09 | Various Improvements | 3/26/2015 | 8,293,300 | | | 4,531,609.00 | | 3,669,785.04 | | 861,823.96 |
| 15-17 | Various Improvements | 7/23/2015 | 2,693,000 | | | 954,321.19 | | 613,435.93 | | 340,885.26 |
| 15-29 | Roads & Drainage | 12/17/2015 | 2,700,000 | | 105,000.00 | 1,985,000.00 | | 2,077,735.00 | | 22,265.00 |
| 16-01 | Various Improvements | 2/25/2016 | 17,504,500 | | | | | 15,654,020.11 | | 1,950,479.89 |
| 16-10 | Acquisition of Property | 5/12/2016 | 500,000 | | | | | 483,381.12 | | 16,618.88 |
| 16-19 | Various Improvements | 8/11/2016 | 18,965,000 | | | | | 1,387,975.11 | | 17,577,024.89 |
| | | | | \$ | 440,514.31 | 11,699,423.76 | 1,403,475.00 | 27,886,745.52 | 143,549.52 | 21,079,143.03 |
| | | | | | | | Cash Disbursed | 11,942,910.49 | | |
| | | | | | | | Current Year Encumbrances | 15,943,835.03 | | |
| | | | | | | | | <u>27,886,745.52</u> | | |

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

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding December 31, 2016 | | Interest Rate | Balance Dec. 31, 2015 | Issued | Decreased | Balance Dec. 31, 2016 |
|----------------------|---------------|--------------------------|---|--------------|---------------|-----------------------|--------|--------------|-----------------------|
| | | | Date | Amount | | | | | |
| General Improvements | 1/15/2006 | 21,000,000 | | | \$ | 1,900,000.00 | | 1,900,000.00 | - |
| General Improvements | 7/15/2008 | 14,500,000 | 7/15/2017 | 1,600,000.00 | 5.000% | 8,600,000.00 | | 1,500,000.00 | 7,100,000.00 |
| | | | 7/15/2018 | 1,700,000.00 | 5.250% | | | | |
| | | | 7/15/2019 | 1,800,000.00 | 4.000% | | | | |
| | | | 7/15/2020 | 2,000,000.00 | 4.125% | | | | |
| General Improvements | 8/15/2010 | 13,800,000 | 8/15/2017 | 1,900,000.00 | 3.000% | 7,550,000.00 | | 1,850,000.00 | 5,700,000.00 |
| | | | 8/15/2018 | 1,900,000.00 | 3.000% | | | | |
| | | | 8/15/2019 | 1,900,000.00 | 4.000% | | | | |
| Refunding Bonds | 11/9/2010 | 7,800,000 | | | | 1,645,000.00 | | 1,645,000.00 | - |
| General Improvements | 12/20/2012 | 9,900,000 | 12/15/2017 | 900,000.00 | 4.000% | 8,050,000.00 | | 850,000.00 | 7,200,000.00 |
| | | | 12/15/2018 | 900,000.00 | 4.000% | | | | |
| | | | 12/15/2019 | 900,000.00 | 4.000% | | | | |
| | | | 12/15/2020 | 900,000.00 | 4.000% | | | | |
| | | | 12/15/2021 | 900,000.00 | 3.000% | | | | |
| | | | 12/15/2022 | 900,000.00 | 4.000% | | | | |
| | | | 12/15/2023 | 900,000.00 | 3.000% | | | | |
| | | | 12/15/2024 | 900,000.00 | 3.000% | | | | |
| General Improvements | 8/12/2014 | 17,900,000 | 9/1/2017 | 1,200,000.00 | 2.000% | 17,000,000.00 | | 1,000,000.00 | 16,000,000.00 |
| | | | 9/1/2018 | 1,300,000.00 | 2.000% | | | | |
| | | | 9/1/2019 | 1,500,000.00 | 2.000% | | | | |
| | | | 9/1/2020 | 1,600,000.00 | 2.000% | | | | |
| | | | 9/1/2021 | 1,600,000.00 | 2.000% | | | | |
| | | | 9/1/2022 | 1,600,000.00 | 2.000% | | | | |
| | | | 9/1/2023 | 1,800,000.00 | 3.000% | | | | |
| | | | 9/1/2024 | 1,800,000.00 | 3.000% | | | | |
| | | | 9/1/2025 | 1,800,000.00 | 3.000% | | | | |
| | | | 9/1/2026 | 1,800,000.00 | 3.000% | | | | |

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

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds | | | Interest Rate | Balance Dec. 31, 2015 | Issued | Decreased | Balance Dec. 31, 2016 |
|----------------------|---------------|--------------------------|---------------------|-------------------------------|--------------|---------------|-----------------------|---------------|---------------|-----------------------|
| | | | Date | Outstanding December 31, 2016 | Amount | | | | | |
| Refunding Bonds | 12/16/2014 | 5,885,000 | 1/15/2017 | 1,940,000.00 | 1,940,000.00 | 3.000% | 5,775,000.00 | | 5,775,000.00 | |
| | | | 1/15/2018 | 1,920,000.00 | 1,920,000.00 | 4.000% | | | | |
| | | | 1/15/2019 | 1,915,000.00 | 1,915,000.00 | 5.000% | | | | |
| General Improvements | 12/1/2016 | 38,800,000 | 11/15/2017 | 2,100,000.00 | 2,100,000.00 | 4.000% | 38,800,000.00 | 38,800,000.00 | 38,800,000.00 | |
| | | | 11/15/2018 | 2,400,000.00 | 2,400,000.00 | 4.000% | | | | |
| | | | 11/15/2019 | 2,500,000.00 | 2,500,000.00 | 4.000% | | | | |
| | | | 11/15/2020 | 2,600,000.00 | 2,600,000.00 | 4.000% | | | | |
| | | | 11/15/2021 | 2,700,000.00 | 2,700,000.00 | 4.000% | | | | |
| | | | 11/15/2022 | 2,800,000.00 | 2,800,000.00 | 2.250% | | | | |
| | | | 11/15/2023 | 3,400,000.00 | 3,400,000.00 | 2.000% | | | | |
| | | | 11/15/2024 | 3,750,000.00 | 3,750,000.00 | 2.000% | | | | |
| | | | 11/15/2025 | 3,950,000.00 | 3,950,000.00 | 2.125% | | | | |
| | | | 11/15/2026 | 4,200,000.00 | 4,200,000.00 | 2.250% | | | | |
| 11/15/2027 | 4,200,000.00 | 4,200,000.00 | 2.250% | | | | | | | |
| 11/15/2028 | 4,200,000.00 | 4,200,000.00 | 1.000% | | | | | | | |
| | | | | | | | \$ 50,520,000.00 | 38,800,000.00 | 8,745,000.00 | 80,575,000.00 |

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

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | | | Balance Dec. 31, 2015 | Decreased | Balance Dec. 31, 2016 |
|----------------------------------|---------------|--------------------------|---------------------------------|-------------------|--------|---------------|-----------------------|------------|-----------------------|
| | | | Date | December 31, 2016 | Amount | Interest Rate | | | |
| Multi Park - ADA 0508-07-056 | 3/19/2010 | 200,000 | 2017 | 9,649.69 | 2.000% | 151,207.39 | 9,459.56 | 141,747.83 | |
| | | | 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 | 2017 | 9,649.69 | 2.000% | 151,207.39 | 9,459.56 | 141,747.83 | |
| | | | 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 Outstanding | | Interest Rate | Balance Dec. 31, 2015 | Decreased | Balance Dec. 31, 2016 |
|--------------------------------|---------------|--------------------------|---------------------------------|-----------|---------------|-----------------------|------------------|-----------------------|
| | | | Date | Amount | | | | |
| 4th Street Life Saving Station | 3/23/2012 | 222,500 | 2017 | 10,316.39 | 2.000% | 188,647.74 | 10,113.12 | 178,534.62 |
| | | | 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 | | | | | |
| | | | | | | <u>\$ 491,062.52</u> | <u>29,032.24</u> | <u>462,030.28</u> |

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

| Improvement Description | Ordinance Number | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2015 | Increased | Decreased | Balance Dec. 31, 2016 |
|------------------------------|------------------|------------------------|---------------|------------------|---------------|-----------------------|---------------|---------------|-----------------------|
| | | | | | | | | | |
| Land Acquisition | 05-33 | 12/3/2014 | 12/3/2015 | 12/2/2016 | 2.0000% | \$ 4,500,000.00 | | 4,500,000.00 | - |
| Various Capital Improvements | 12-02 | 6/23/2011 | 6/18/2015 | 6/17/2016 | 2.0000% | 700,000.00 | | 700,000.00 | - |
| Various Capital Improvements | 12-02 | 6/23/2011 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 700,000.00 | | 700,000.00 |
| Hurricane Sandy Repairs | 12-21 | 6/21/2013 | 6/18/2015 | 6/17/2016 | 2.0000% | 900,000.00 | | 900,000.00 | - |
| Various Improvements | 13-02 | 6/21/2013 | 6/18/2015 | 6/17/2016 | 2.0000% | 1,000,000.00 | | 1,000,000.00 | - |
| Various Improvements | 13-04 | 6/21/2013 | 6/18/2015 | 6/17/2016 | 2.0000% | 5,400,000.00 | | 5,400,000.00 | - |
| Various Improvements | 13-04 | 6/21/2013 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 5,400,000.00 | | 5,400,000.00 |
| Various Improvements | 13-20 | 6/19/2014 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 4,000,000.00 | | 4,000,000.00 |
| Various Improvements | 13-20 | 6/19/2014 | 6/18/2015 | 6/17/2016 | 2.0000% | 4,000,000.00 | | 4,000,000.00 | - |
| Various Improvements | 13-20 | 12/1/2016 | 12/1/2016 | 11/30/2017 | 2.5000% | - | 300,000.00 | | 300,000.00 |
| Various Improvements | 14-05 | 6/19/2014 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 8,500,000.00 | | 8,500,000.00 |
| 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 | 14-05 | 12/1/2016 | 12/1/2016 | 11/30/2017 | 2.5000% | - | 300,000.00 | | 300,000.00 |
| 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 | 12/1/2016 | 11/30/2017 | 1.2378% | - | 2,600,000.00 | | 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 | 12/3/2015 | 12/2/2016 | 2.0000% | 500,000.00 | | 500,000.00 | - |
| Various Improvements | 14-33 | 12/3/2014 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 1,000,000.00 | | 1,000,000.00 |
| 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 | - |
| Skateboard Park | 14-42 | 6/18/2015 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 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 | - |
| Lagoon & Back Bay Dredging | 15-04 | 6/18/2015 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 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 | 15-09 | 6/18/2015 | 6/16/2016 | 1/6/2017 | 1.5000% | - | 6,000,000.00 | | 6,000,000.00 |
| Various Improvements | 15-09 | 12/1/2016 | 12/1/2016 | 11/30/2017 | 2.5000% | - | 1,000,000.00 | | 1,000,000.00 |
| Various Improvements | 15-17 | 12/3/2015 | 12/3/2015 | 12/2/2016 | 2.0000% | 1,500,000.00 | | 1,500,000.00 | - |
| Various Improvements | 15-17 | 12/3/2015 | 6/16/2016 | 6/15/2017 | 2.0000% | - | 650,000.00 | | 650,000.00 |
| Various Improvements | 15-17 | 12/1/2016 | 12/1/2016 | 11/30/2017 | 2.5000% | - | 400,000.00 | | 400,000.00 |
| Roads & Drainage | 15-29 | 6/16/2016 | 6/16/2016 | 6/15/2017 | 2.0000% | - | 1,900,000.00 | | 1,900,000.00 |
| Various Improvements | 16-01 | 6/16/2016 | 6/16/2016 | 6/15/2017 | 2.0000% | - | 12,000,000.00 | | 12,000,000.00 |
| Various Improvements | 16-01 | 12/1/2016 | 12/1/2016 | 11/30/2017 | 2.5000% | - | 2,000,000.00 | | 2,000,000.00 |
| Acquisition of Property | 16-10 | 6/16/2016 | 6/16/2016 | 6/15/2017 | 2.0000% | - | 450,000.00 | | 450,000.00 |
| Various Improvements | 16-19 | 12/1/2016 | 12/1/2016 | 11/30/2017 | 2.5000% | - | 9,000,000.00 | | 9,000,000.00 |
| | | | | | | \$ 40,150,000.00 | | 40,150,000.00 | 61,650,000.00 |

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

| Ordinance Number | Improvement Description | Balance Dec. 31, 2015 | 2016 Authorizations | Debt Issued | Other | Balance Dec. 31, 2016 |
|------------------|--------------------------|--------------------------|------------------------|----------------------|-------------------|--------------------------|
| 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 | | 300,000.00 | | 22,500.00 |
| 14-05 | Various Improvements | 1,353,050.00 | | 1,300,000.00 | | 53,050.00 |
| 14-13 | Various Improvements | 9,750.00 | | | | 9,750.00 |
| 14-33 | Various Improvements | 1,063,250.00 | | 1,000,000.00 | | 63,250.00 |
| 14-35 | Refunding Bond Ordinance | 20,000.00 | | | | 20,000.00 |
| 14-42 | Skateboard Park | 12,500.00 | | | | 12,500.00 |
| 15-09 | Various Improvements | 3,878,635.00 | | 3,000,000.00 | | 878,635.00 |
| 15-17 | Various Improvements | 1,058,350.00 | | 1,050,000.00 | | 8,350.00 |
| 15-29 | Roads & Drainage | 1,995,000.00 | | 1,900,000.00 | | 95,000.00 |
| 16-01 | Various Improvements | | 16,629,275.00 | 14,000,000.00 | | 2,629,275.00 |
| 16-10 | Acquisition of Property | | 475,000.00 | 450,000.00 | | 25,000.00 |
| 16-19 | Various Improvements | | 18,461,750.00 | 9,000,000.00 | | 9,461,750.00 |
| | | <u>\$ 9,936,135.00</u> | <u>35,566,025.00</u> | <u>32,000,000.00</u> | <u>124,500.00</u> | <u>13,377,660.00</u> |

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH**

| | Trust Fund I | Trust Fund II |
|---------------------------------|-------------------|-------------------|
| Balance December 31, 2015 | \$ - | - |
| Increased by: | | |
| State Aid for Public Assistance | 140,041.96 | |
| SSI Receipts | 32,373.25 | |
| | <u>172,415.21</u> | <u>172,415.21</u> |
| Decreased by: | | |
| Public Assistance | 172,415.21 | |
| | <u>172,415.21</u> | <u>172,415.21</u> |
| Balance December 31, 2016 | \$ - | - |

**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, 2016 | \$ - | - |
| Increased by: | | |
| Cash Receipts | | 22,872.92 |
| | | 22,872.92 |
| Decreased by: | | |
| Cash Disbursements | | 22,872.92 |
| | | 22,872.92 |
| Balance January 31, 2017 | \$ - | - |

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES**

| | <u>Trust Fund I</u> | <u>Trust Fund II</u> |
|--|-------------------------|--------------------------|
| State Aid Payments | \$ | 140,041.96 |
| Supplemental Security Income: Client Refund | | 32,373.25 |
| Total Revenues (PATF) | \$ <u> -</u> | <u>172,415.21</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 | \$ | 53,243.74 |
| Burial | | 2,770.00 |
| Temporary Rent | | 100,732.00 |
| Shelter | | 6,350.00 |
| Transportation | | 482.50 |
| Rent | | 3,472.00 |
| Security Deposits | | 4,110.00 |
| Storage | | 255.00 |
| Other | | 999.97 |
| Total Expenditures (PATF) | \$ <u> -</u> | <u>172,415.21</u> |

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**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2016**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Counsel
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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2017, 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 9, 2017

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:

- Lease of City owned beach parcels
- Ocean City Welcome Center Modifications
- Supply & Delivery of Stainless Steel Screws
- Lagoon Outfall Drainage Improvements
- 2016 Road Improvement Program-Phase I
- Concession Licenses for the sale of food, ice cream and beverage related products
- Supply & Delivery of Sand Fence & Post and Post & Rail Fence Materials
- Installation of Artificial Turf at Carey Field
- Transportation Center Restoration-Phase III
- Supply & Delivery of Lumber and Piling
- Fabrication and Supply of Welded Aluminum Railing
- Supply & Delivery of Lifeguard Uniforms
- Code Improvements to 1501 West Avenue
- Acquisition & Installation of Track Surface at Carey Field
- Boardwalk Reconstruction from 8th Street to 10th Street
- Acquisition & Installation of Two Power Loading Cot Fastener Systems
- Ocean City Dredge Material Disposal
- Site 83 Confined Disposal Facility Dredged Material Removal
- 2016 Road Improvement Program-Phase II
- 2016 Bayside Center CDBG Renovations Phase I & II
- Construction of 29th Street Firehouse
- 2016 Back Bay Dredging
- 2017-2019 Firework Shows
- 2016 Traffic Signal Improvements at Various Locations
- 2016 Road Improvement Program-Phase III
- Supply of I-5 Soil Aggregate
- Acquisition of 43,000 GVW Dump Truck
- Citywide Custodial Services
- Renovations to the Ocean City Lifesavings Station
- 2016 Bulkhead Improvements at Various Locations
- Timber ADA Ramp Improvements at Various Locations
- 2016 Improvements to Various Recreational Court Facilities
- Two 2017 or Newer Class 3 SRW 4WD Pickup Trucks

CITY OF OCEAN CITY

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 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 2016.

This Resolution shall take effect January 1, 2016.

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> |
|-------------|---------------|
| 2016 | 6 |
| 2015 | 6 |
| 2014 | 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 2016 and 2017 Taxes | 5 |
| Delinquent Taxes | 5 |
| Total | <u>10</u> |

CITY OF OCEAN CITY

Comparison of Tax Levies and Collections Currently

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|-------------------------|----------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collections</u> |
| 2016 \$ | 104,627,897.11 | 103,883,886.67 | 99.29% |
| 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% |

Comparative Schedule of Tax Rate Information

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Tax Rate \$ | 0.907 | 0.895 | 0.882 | 0.842 | 0.783 |
| Apportionment of Tax Rate: | | | | | |
| Municipal | 0.454 | 0.444 | 0.436 | 0.421 | 0.390 |
| County | 0.236 | 0.233 | 0.225 | 0.206 | 0.193 |
| Local School | 0.217 | 0.218 | 0.221 | 0.215 | 0.200 |
| Assessed Valuation | 11,437,322,724 | 11,296,513,298 | 11,181,508,929 | 11,316,442,065 | 12,171,789,847 |

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.

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage Of Tax Levy</u> |
|-------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2016 \$ | 1,429.93 | 680,873.91 | 682,303.84 | 0.69% |
| 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% |

CITY OF OCEAN CITY

Deposit of Municipal Funds

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

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

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

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

FINDINGS AND RECOMMENDATIONS

None

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 9, 2017

CITY OF OCEAN CITY
PART III
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2016

**CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

| Federal or State Grantor/Pass-Through Grantor/Program Title | CFDA Number | Federal FAIN Number | Grant Period | | Program or Award Amount | Receipts or Revenue Recognized | Budgetary Expenditures | | (MEMO) Passed Through to Sub-Recipients |
|---|--|---|--|--|---|---|---|--------|---|
| | | | From | To | | | Pass Through | Direct | |
| FEDERAL: Federal Emergency Management Agency Hurricane Sandy | 97.036 | 4264DRNJ00 | 2012 | Open | 4,851,294.00 \$ | 797,036.00 | 367,416.53 | | 367,416.53 |
| FEIMA - NJ State Police - EMS | 97.044 | 4086DRNJ00 | 2015 | Open | 17,000.00 | 7,000.00 | 6,946.93 | | 6,946.93 |
| Total Federal Emergency Management Agency | | | | | | 804,036.00 | 374,363.46 | - | 374,363.46 |
| U.S. Department of Justice Body Armor Replacement | 16.607 | N/A | 2016 | Open | 8,606.31 | 5,151.52 | 8,606.31 | | 8,606.31 |
| Total Federal Department of Justice | | | | | | 5,151.52 | 8,606.31 | - | 8,606.31 |
| Housing and Urban Development Community Development Block Grant - 14/15 Community Development Block Grant - 15/16 CDBG - DR: Prepare Area Plan CDBG - DR: Prepare Codes & Ordinances CDBG - DR: Design Development CDBG - DR: Develop Floodplain CDBG - DR: Permit & Application Fee | 14.218 14.218 14.218 14.218 14.218 14.218 14.218 | B-14-MC-34-0130 B-15-MC-34-0130 B-16-MC-34-0130 B-16-MC-34-0130 B-16-MC-34-0130 B-16-MC-34-0130 B-16-MC-34-0130 | 2014 2015 2016 2016 2016 2016 2016 | Open Open Open Open Open Open Open | 298,159.00 283,074.00 50,000.00 20,000.00 50,000.00 50,000.00 25,000.00 | 91,341.41 242,497.07 283,074.00 50,000.00 20,000.00 50,000.00 25,000.00 | 242,497.07 283,074.00 50,000.00 20,000.00 50,000.00 50,000.00 25,000.00 | | 242,497.07 283,074.00 50,000.00 20,000.00 50,000.00 50,000.00 25,000.00 |
| Total Housing and Urban Development | | | | | | 91,341.41 | 720,571.07 | - | 720,571.07 |
| Total Federal Assistance | | | | | | 900,528.93 \$ | 1,103,540.84 | - | 1,103,540.84 |

**CITY OF OCEAN CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

| State Grantor Department Program Title / Name | Grant Award Number | Grant Period From To | Program or Award Amount | Receipts or Revenue Recognized | Grant Disbursements/ Expenditures | Cumulative Expenditures |
|--|---------------------------------|-------------------------|----------------------------|--------------------------------------|---|----------------------------|
| STATE OF NEW JERSEY | | | | | | |
| NJ Department of Environmental Protection Clean Communities | 4900-765-042-4900-004 | 1/1/2016 Open | \$ 109,075.74 | 109,075.74 | 85,271.33 | 60,201.58 |
| Clean Communities | 4900-765-042-4900-004 | 1/1/2015 Open | 95,414.36 | | 60,201.58 | 95,414.36 |
| Recycling Tonnage | 4900-752-042-4900-001 | 1/1/2016 Open | 27,463.59 | 27,463.59 | 26,341.77 | 26,341.77 |
| Recycling Tonnage | 4900-752-042-4900-001 | 1/1/2015 Open | 35,101.23 | | 27,459.27 | 35,101.23 |
| Solid Waste Bonus Grant | 4900-752-042-4900-001 | 1/1/2016 Open | 20,941.00 | 20,940.50 | 20,941.00 | 20,941.00 |
| NJ Department of Community Affairs | | | | | | |
| DCA Historic Preservation Grant - Life Saving Station | 8049-584-022-8049-001-F000-6120 | 1/1/2016 Open | 750,000.00 | 22,814.31 | 419,265.63 | 750,000.00 |
| NJ Historic Trust Sandy Relief - City Hall Renovations | 8049-584-022-8049-001-F000-6120 | 1/1/2016 Open | 230,000.00 | | 230,000.00 | 230,000.00 |
| NJ Historic Trust Sandy Relief - Transportation Center | 8049-584-022-8049-001-F000-6120 | 1/1/2015 Open | 501,000.00 | | 483,075.00 | 501,000.00 |
| DCA - Disabled Recreation - Grant | N/A | 1/1/2015 Open | 24,000.00 | 3,337.81 | 3,352.69 | 3,352.69 |
| Post Sandy Planning Grant | N/A | 1/1/2015 Open | 26,500.00 | 8,982.50 | | 8,067.50 |
| NJ Department of Health Sustainable NJ | | | | | | |
| | N/A | 1/1/2015 Open | 2,000.00 | | 2,000.00 | 2,000.00 |
| NJ Division of Law and Public Safety | | | | | | |
| Drunk Driving Enforcement Fund | 1110-101-030000-129040290064 | 1/1/2016 Open | 9,909.10 | | 3,543.77 | 3,543.77 |
| Body Worn Camera Grant | N/A | 1/1/2016 Open | 9,500.00 | 9,500.00 | | |
| NJ Department of Transportation | | | | | | |
| NJ DOT - Pleasure - West - 16th - 2016 | 6320-480-078-6320 | 1/1/2016 Open | 175,000.00 | 131,250.00 | 175,000.00 | 175,000.00 |
| Department of Economic Assistance Public Assistance | | | | | | |
| | 7550-150-158010-60 | 01/01/2016 12/31/2016 | 172,415.21 | | 172,415.21 | 172,415.21 |
| Total State Assistance | | | \$ 333,364.45 | | 1,708,867.25 | |

See Accompanying Notes to Schedule of Federal Awards State Financial Assistance

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

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> |
|----------------------------|------------------------|---------------------|------------------|---------------------|
| Grant Fund | \$ 736,124.31 | 1,536,452.04 | 13,843.80 | 2,286,420.15 |
| General Capital Fund | 367,416.53 | | | 367,416.53 |
| Public Assistance Fund | | <u>172,415.21</u> | | <u>172,415.21</u> |
| Total Financial Assistance | <u>\$ 1,103,540.84</u> | <u>1,708,867.25</u> | <u>13,843.80</u> | <u>2,826,251.89</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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FORD - SCOTT

& ASSOCIATES, L.L.C.

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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, 2016. 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, 2016.

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, 2016, and have issued our report thereon dated June 9, 2017, 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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No. 393

June 9, 2017

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2016

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | |
|----------------------------------|---|
| Type of auditor's report issued: | Adverse GAAP Opinion Unmodified 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

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: | Unmodified Opinion |
|---|---------------------------|

| | |
|--|-----------|
| Any audit findings disclosed that are required to be reported in accordance with NJ OMB 15-08? | NO |
|--|-----------|

Identification of major programs:

| | |
|---------------------|-------------------------------------|
| 8049-584-022 | NJ DCA Historic Preservation |
|---------------------|-------------------------------------|

| | |
|--|------------------|
| 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, 2016
(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: **Unmodified Opinion**

Any audit findings disclosed that are required
to be reported in accordance with the Uniform
Guidance? **NO**

Identification of major programs:

14.218 **Community Development Block Grant**

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

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

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.

