

**CITY OF OCEAN CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2018**

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CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
DECEMBER 31, 2018



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, 2018 and 2017, 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, 2018 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 July 26, 2019 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

July 26, 2019

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 11,697,021.86	12,818,224.03
Cash - Collector	443,429.03	7,804,144.37
Cash - Change	3,225.00	2,875.00
Total Cash	<u>12,143,675.89</u>	<u>20,625,243.40</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	891,579.31	724,270.39
Tax Title and Other Liens	3,984.88	3,148.22
Property Acquired for Taxes - at Assessed Valuation	262,576.00	262,576.00
Total Receivables and Other Assets	<u>1,158,140.19</u>	<u>989,994.61</u>
Total Regular Fund	<u>13,301,816.08</u>	<u>21,615,238.01</u>
Federal and State Grant Fund:		
Cash	7,127.40	22,646.05
Federal and State Grants Receivable	13,244,604.02	2,453,266.22
Total Federal and State Grant Fund	<u>13,251,731.42</u>	<u>2,475,912.27</u>
Total Current Fund	<u>\$ 26,553,547.50</u>	<u>24,091,150.28</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>2018</u>	<u>2017</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,519,214.94	1,336,247.81
Reserve for Encumbrances	966,734.99	1,159,651.83
Accounts Payable	97.20	3,675.00
Prepaid Taxes	3,433,585.35	11,831,164.80
Overpaid Taxes	2,229.06	36,178.94
County Added Tax Payable	251,719.94	232,759.33
Prepaid Beach Fees	104,175.00	88,140.00
Due to State - Chapter 20 P.L. 1971	1,334.17	85.86
Payroll Taxes Payable	12,173.94	10,199.38
Reserve for Health Insurance Claims	1,108.96	97,063.61
	<u>6,292,373.55</u>	<u>14,795,166.56</u>
Reserve for Receivables and Other Assets	1,158,140.19	989,994.61
Fund Balance	<u>5,851,302.34</u>	<u>5,830,076.84</u>
Total Regular Fund	<u>13,301,816.08</u>	<u>21,615,238.01</u>
Federal and State Grant Fund:		
Unappropriated Reserves	3,011.46	31,286.82
Appropriated Reserves	7,900,195.98	1,511,008.45
Due to General Capital Fund	2,400,000.00	350,000.00
Encumbrances Payable	<u>2,948,523.98</u>	<u>583,617.00</u>
Total Federal and State Grant Fund	<u>13,251,731.42</u>	<u>2,475,912.27</u>
Total Current Fund	<u>\$ 26,553,547.50</u>	<u>24,091,150.28</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,**

	2018	2017
Revenue and Other Income Realized		
Fund Balance	\$ 3,000,000.00	3,380,000.00
Miscellaneous Revenue Anticipated	29,193,456.71	18,912,964.37
Receipts from Delinquent Taxes	645,152.78	670,383.51
Receipts from Current Taxes	112,259,116.62	109,323,414.15
Non Budget Revenue	404,972.34	336,798.12
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,240,849.10	835,127.82
Cancellation of:		
Prior Year Accounts Payable	-	-
Escrow Reserve	-	33,059.76
Special Emergency - Sandy	-	23,243.62
Grant Fund Balances	-	17,362.88
Total Income	146,743,547.55	133,532,354.23
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	29,604,975.00	29,785,810.00
Other Expenses	21,000,133.39	20,476,358.39
Deferred Charges & Statutory Expenditures	6,646,169.00	6,359,582.13
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	236,425.00	231,790.00
Other Expenses	15,661,544.27	5,973,082.72
Capital Improvements	2,055,000.00	1,600,000.00
Debt Service	13,432,407.80	12,929,134.35
Deferred Charges	515,910.00	250,000.00
Local District School Tax	25,194,554.00	24,962,191.00
County Tax	28,940,205.65	27,695,083.67
County Share of Added Tax	251,719.94	232,759.33
Other:		
Special Improvement District Taxes	183,278.00	182,313.00
Prior Year Seniors & Veterans Deductions	-	3,250.00
Total Expenditures	143,722,322.05	130,681,354.59
Excess/(Deficit) in Revenue	3,021,225.50	2,850,999.64

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2018</u>	<u>2017</u>
Statutory Excess to Fund Balance	<u>3,021,225.50</u>	<u>2,850,999.64</u>
Fund Balance January 1	<u>5,830,076.84</u>	<u>6,359,077.20</u>
	8,851,302.34	9,210,076.84
Decreased by:		
Utilization as Anticipated Revenue	<u>3,000,000.00</u>	<u>3,380,000.00</u>
Fund Balance December 31	<u>\$ 5,851,302.34</u>	<u>5,830,076.84</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 3,000,000.00	-	-
Total Fund Balance Anticipated	<u>3,000,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	420,000.00	-	3,814.73
Fees and Permits	1,000,000.00	-	51,932.36
Fines and Costs:			
Municipal Court	360,000.00	-	1,955.97
Interest and Costs on Taxes	190,000.00	-	2,884.52
Interest Earned on Investments	200,000.00	-	225,729.66
Parking Meters	3,020,000.00	-	75,231.45
Beach Fees	4,000,000.00	-	(63,624.55)
Rental or Sale of City Material & Property	165,000.00	-	65,060.00
Airport Fees	140,000.00	-	28,295.34
Boat Ramp Fees	28,000.00	-	(669.29)
Aquatic & Fitness Center User Fees	1,075,000.00	-	16,377.63
Smoke Detector Inspection	160,000.00	-	5,050.00
Emergency Medical Services	630,000.00	-	(82,151.58)
Total Section A: Local Revenues	<u>11,388,000.00</u>	<u>-</u>	<u>329,886.24</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	2,146,048.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	<u>2,146,048.00</u>	<u>-</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	1,000,000.00	-	(50,958.00)
Total Section C: Uniform Construction Code Fees	1,000,000.00	-	(50,958.00)
Section D: Interlocal Municipal Service Agreements			
Offset with Appropriations			
Upper Township - Dispatching Service	236,425.00	-	-
Total Section D: Interlocal Municipal Service Agreements	236,425.00	-	-
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Bullet Proof Vest Partnership	-	4,165.43	-
CDBG 2018-2019	-	290,766.00	-
Clean Communities Program	-	88,657.98	-
Drunk Driving Enforcement Fund	5,287.44	-	-
FAA - Airport Lighting Obstruction Phase I	-	71,631.00	-
FEMA - NJOEM Cape May County Elevation Project	-	3,835,100.00	-
N.J. Transportation Trust Fund Authority Act	190,000.00	-	-
NFWF - Shoreline Protection	-	2,630,000.00	-
NJ DOT Dredge Material Management Grant	-	4,454,540.24	-
NJOHS & P - Secure the Shore	-	100,000.00	-
Recycling Tonnage Grant	25,999.38	-	-
SONJ - Clean Diesel Grant	-	49,500.00	-
Total Section F: Special Items - Public and Private Programs	221,286.82	11,524,360.65	-
Off-Set with Appropriations			
		11,745,647.47	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Reserves for Debt Service & Capital Fund Balance	515,910.00	-	515,910.00	-
Reserves for Debt Service & Capital Fund Balance	970,000.00	-	970,000.00	-
Shared Services - HMGP			-	-
OC Library - Contracted Services	243,587.00	-	243,587.00	-
OC Library - Return to Taxpayers	668,911.00	-	668,911.00	-
Total Section G: Other Special Items	2,398,408.00	-	2,398,408.00	-
Total Miscellaneous Revenues:	17,390,167.82	11,524,360.65	29,193,456.71	278,928.24
Receipts from Delinquent Taxes	665,000.00	-	645,152.78	(19,847.22)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	53,661,414.66	-	54,718,222.03	1,056,807.37
Library Tax	4,062,238.00	-	4,062,238.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	57,723,652.66	-	58,780,460.03	1,056,807.37
Budget Totals	78,778,820.48	11,524,360.65	91,619,069.52	1,315,888.39
Non-Budget Revenues:				
Other Non-Budget Revenues:	-	-	404,972.34	404,972.34
\$	78,778,820.48	11,524,360.65	92,024,041.86	1,720,860.73

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 112,259,116.62
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Less: Reserve for Tax Appeals Pending	_____
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Net Revenue from Collections	112,259,116.62
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Allocated to: School, County and Other Taxes	54,628,656.59
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Balance for Support of Municipal Budget Appropriations	57,630,460.03
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Increased by: Appropriation "Reserved for Uncollected Taxes"	1,150,000.00
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Amount for Support of Municipal Budget Appropriations	58,780,460.03
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	645,152.78
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Tax Title Lien Collections	-
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Total Receipts from Delinquent Taxes	\$ 645,152.78
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**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

200 Foot Info	2,832.25
American Recycling Refunds	10,065.05
Bay Dredging Receipts	13,400.00
Bench Donations	27,650.00
Binocular Fees	510.91
Boardwalk Entertainers	4,000.00
Cafe	1,200.00
City Clerk	215.50
DMV Inspection Fines	689.50
FEMA Reimbursements	4,685.40
Grant Share - Avalon; HMGD OC Cost	12,490.96
Miscellaneous	479.92
NJ Transit Receipts	13,352.83
Plans & Specs Fees	1,442.50
Public Defender	2,350.00
Rebates	24,640.39
Reimbursement of Services	2,450.00
Reimbursement of Services - POPS	11,219.67
Reimbursements from Ocean City Free Library	68,920.90
Rental, Licenses & Leases (AT&T Antenna)	20,064.82
Returned Check Fees	155.00
Sr & Vets 2% Admin	2,173.39
Storage & Towing Fees	18,165.00
Tax Collector	5,271.34
Tax Map Changes Fees	2,500.00
Trademark Fees	1,100.00
Unclaimed Funds	5,329.56
United Methodist Homes - PILOT	81,180.00
Various Refunds & Reimbursements	56,235.45
Vending Machines	2,002.00
Wilhelm Trust	8,200.00

Total Miscellaneous Revenue Not Anticipated:

\$ 404,972.34

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
EXECUTIVE BRANCH						
Mayor's Office						
Salaries and Wages	\$ 10,300.00	10,300.00	9,507.72	-	792.28	-
Other Expenses	2,400.00	2,400.00	2,251.80	110.00	38.20	-
ADMINISTRATION						
City Administrator						
Salaries and Wages	419,000.00	354,000.00	352,263.87	-	1,736.13	-
Other Expenses	1,900.00	66,900.00	66,743.26	55.00	101.74	-
Engineering & Project Management						
Salaries and Wages	447,000.00	459,000.00	458,672.56	-	327.44	-
Other Expenses	36,700.00	36,700.00	29,203.20	4,265.00	3,231.80	-
Human Resources						
Salaries and Wages	504,000.00	504,000.00	428,653.29	-	75,346.71	-
Other Expenses	161,300.00	151,300.00	95,822.70	11,136.43	44,340.87	-
Purchasing Division						
Salaries and Wages	288,000.00	287,000.00	245,861.18	-	41,138.82	-
Other Expenses	6,940.00	7,940.00	5,789.86	1,939.00	211.14	-
Emergency Management						
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-	-
Other Expenses	20,000.00	20,000.00	18,426.25	1,573.75	-	-
Planning Board						
Other Expenses	22,300.00	22,300.00	8,580.18	-	13,719.82	-
Zoning Board of Adjustment						
Other Expenses	4,800.00	4,800.00	1,622.00	-	3,178.00	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	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	938,000.00	915,000.00	859,983.52	-	55,016.48	-
Other Expenses	231,500.00	236,500.00	230,321.96	2,582.55	3,595.49	-
Aquatic and Fitness Center						
Salaries and Wages	1,015,000.00	1,008,000.00	1,006,492.05	-	1,507.95	-
Other Expenses	80,300.00	87,300.00	77,987.01	4,787.31	4,525.68	-
Recreation & Leisure Programs						
Salaries and Wages	414,000.00	425,000.00	424,444.85	-	555.15	-
Other Expenses	20,450.00	22,950.00	19,975.26	733.05	2,241.69	-
Music Pier Operations						
Salaries and Wages	514,000.00	523,000.00	522,443.22	-	556.78	-
Other Expenses	30,750.00	30,750.00	25,865.61	1,114.18	3,770.21	-
Municipal Code & Licensing						
Salaries and Wages	628,000.00	616,000.00	583,734.54	-	32,265.46	-
Other Expenses	76,250.00	66,250.00	41,467.51	601.50	24,180.99	-
Administration						
Salaries and Wages	464,000.00	469,000.00	468,921.02	-	78.98	-
Other Expenses	17,000.00	17,000.00	10,683.38	280.35	6,036.27	-
Neighborhood & Social Services						
Salaries and Wages	98,000.00	98,500.00	98,276.96	-	223.04	-
Other Expenses	1,600.00	1,600.00	1,297.39	-	302.61	-
Historical Commission						
Other Expenses	2,800.00	2,800.00	307.02	-	2,492.98	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PUBLIC WORKS					
Facility Maintenance	960,000.00	910,000.00	902,474.38	-	7,525.62
Salaries and Wages	248,500.00	282,500.00	242,799.54	14,763.53	24,936.93
Other Expenses	1,048,000.00	1,048,000.00	1,038,615.17	-	9,384.83
Environmental Operations					
Salaries and Wages	60,300.00	60,300.00	57,563.43	-	2,736.57
Other Expenses	2,796,000.00	2,796,000.00	2,398,997.73	315,938.93	81,063.34
Miscellaneous Other Expenses					
Trash & Recycling	1,405,000.00	1,325,000.00	1,318,131.39	-	6,868.61
Field Operations	79,900.00	79,900.00	67,419.92	3,834.32	8,645.76
Salaries and Wages	298,000.00	298,000.00	294,132.08	-	3,867.92
Other Expenses:	267,500.00	243,500.00	183,515.56	46,187.06	13,797.38
Fleet Maintenance					
Salaries and Wages	167,000.00	167,000.00	152,343.88	-	14,656.12
Other Expenses	439,500.00	489,500.00	415,716.37	58,642.88	15,140.75
Public Defender					
Other Expenses	44,000.00	44,000.00	37,905.80	3,838.70	2,255.50
STATUTORY OFFICES					
City Clerk's Office					
Salaries and Wages	225,000.00	230,000.00	229,006.54	-	993.46
Other Expenses	72,750.00	72,750.00	72,420.30	180.00	149.70
City Council					
Salaries and Wages	73,600.00	73,600.00	73,599.50	-	0.50
Other Expenses	14,350.00	14,350.00	8,244.75	2,810.00	3,295.25
Municipal Court					
Salaries and Wages	600,000.00	595,000.00	572,940.64	-	22,059.36
Other Expenses	38,860.00	33,860.00	23,322.75	2,569.49	7,967.76

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations			Expended			(Over expended) Unexpended Balance Cancelled	
	Budget	Budget After Modifications		Paid or Charged	Encumbered			Reserved
DEPARTMENT OF FINANCIAL MANAGEMENT								
Treasurer's Office								
Other Expenses								
Audit Services	38,500.00	38,500.00	36,970.00	-	-	1,530.00	-	
Other Expenses	169,300.00	169,300.00	138,852.03	1,795.95	-	28,652.02	-	
Accounting Division								
Salaries and Wages	431,000.00	437,000.00	436,644.82	-	-	355.18	-	
Other Expenses	7,500.00	7,500.00	6,056.67	189.80	-	1,253.53	-	
Office of Parking Regulation								
Salaries and Wages	235,000.00	215,000.00	208,063.33	-	-	6,936.67	-	
Other Expenses	217,550.00	217,550.00	187,904.67	10,002.21	-	19,643.12	-	
Property Assessment Division								
Salaries and Wages	300,000.00	300,000.00	288,745.06	-	-	11,254.94	-	
Other Expenses	43,500.00	43,500.00	5,345.94	-	-	38,154.06	-	
Beach Fee Regulation Division								
Salaries and Wages	365,000.00	365,000.00	342,239.33	-	-	22,760.67	-	
Other Expenses	64,900.00	64,900.00	62,003.75	1,199.66	-	1,696.59	-	
Tax Collector Division								
Salaries and Wages	183,000.00	183,000.00	176,632.19	-	-	6,367.81	-	
Other Expenses	12,100.00	12,100.00	9,292.27	1,550.00	-	1,257.73	-	
Revenue Collection								
Salaries and Wages	460,000.00	454,000.00	442,344.83	-	-	11,655.17	-	
Other Expenses	164,200.00	164,200.00	102,998.70	12,415.26	-	48,786.04	-	
DEPARTMENT OF POLICE								
Police Protection Division								
Salaries and Wages	7,484,575.00	7,554,575.00	7,553,942.13	-	-	632.87	-	
Other Expenses								
Miscellaneous Other Expenses	200,000.00	217,000.00	214,489.36	2,495.60	-	15.04	-	
Purchase of Vehicles	90,000.00	90,000.00	51,269.65	35,888.00	-	2,842.35	-	
Information Technology								
Salaries and Wages	269,000.00	269,000.00	268,880.96	-	-	119.04	-	
Other Expenses	247,850.00	247,850.00	180,956.56	(195.88)	-	67,089.32	-	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations			Expended			(Over expended) Unexpended Balance Cancelled	
	Budget	Budget After Modifications		Paid or Charged	Encumbered			Reserved
DEPARTMENT OF FIRE								
Rescue Services Division								
Salaries and Wages	307,000.00	307,000.00	301,157.52	-	-	5,842.48	-	
Other Expenses	93,000.00	93,000.00	57,937.57	19,491.53		15,570.90	-	
Lifeguards Division								
Salaries and Wages	1,485,000.00	1,450,000.00	1,448,165.67	-	-	1,834.33	-	
Other Expenses	65,500.00	65,500.00	57,139.05	5,249.70		3,111.25	-	
Fire Protection & Prevention								
Salaries and Wages	6,905,000.00	7,015,000.00	7,013,577.19	-	-	1,422.81	-	
Other Expenses	215,200.00	213,200.00	180,999.04	3,329.43		28,871.53	-	
INSURANCE								
General Liability	506,760.00	506,760.00	506,760.00	-	-	-	-	
Workers Compensation Insurance	1,458,240.00	1,458,240.00	1,446,935.15	-	-	11,304.85	-	
Employee Group Health	8,600,000.00	8,550,000.00	8,145,532.00	8,368.67		396,099.33	-	
Health Benefits Waiver								
Salaries and Wages	250,000.00	250,000.00	250,000.00	-	-	-	-	
OTHER:								
City Wide Operations								
Finance - Other Expenses	489,000.00	489,000.00	482,496.12	548.07		5,955.81	-	
City Wide Operations								
Public Works - Other Expenses	495,100.00	510,100.00	415,393.48	55,055.40		39,651.12	-	
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								
Salaries and Wages	475,000.00	475,000.00	448,685.92	-	-	26,314.08	-	
Other Expenses	161,400.00	151,400.00	125,912.90	17,786.98		7,700.12	-	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	714,000.00	684,000.00	590,146.75	93,853.25	-
Street Lighting	420,000.00	405,000.00	343,417.04	61,582.96	-
Telephone	285,000.00	285,000.00	281,844.90	3,155.10	-
Water	948,000.00	933,000.00	812,006.90	120,993.10	-
Fuel Oil	168,000.00	168,000.00	161,909.37	6,090.63	-
Gasoline	250,000.00	300,000.00	272,053.46	27,946.54	-
TOTAL OPERATIONS WITHIN "CAPS"	50,605,725.00	50,605,725.00	48,276,834.57	966,734.99	1,361,538.83
Contingent	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	50,605,725.00	50,605,725.00	48,276,834.57	966,734.99	1,361,538.83
Detail:					
Salaries and Wages	29,680,475.00	29,604,975.00	29,234,577.31	-	370,397.69
Other Expenses	20,925,250.00	21,000,750.00	19,042,257.26	966,734.99	991,141.14
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	1,584,351.00	1,584,351.00	1,584,351.00	-	-
Social Security System (O.A.S.I.)	1,445,000.00	1,445,000.00	1,411,716.58	-	33,283.42
Police and Firemen's Retirement System	3,261,818.00	3,261,818.00	3,261,818.00	-	-
Unemployment Compensation Insurance	125,000.00	125,000.00	48,997.80	-	76,002.20
Lifeguard Pension	200,000.00	200,000.00	200,000.00	-	-
Defined Contribution Retirement Program	30,000.00	30,000.00	13,649.51	-	16,350.49
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	6,646,169.00	6,646,169.00	6,520,532.89	-	125,636.11
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	57,251,894.00	57,251,894.00	54,797,367.46	966,734.99	1,487,174.94
					616.61

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Insurance:					
Maintenance of Free Public Library	4,062,238.00	4,062,238.00	4,062,238.00	-	-
Other Expenses					
Interlocal Municipal Service Agreements					
Police Dispatching - Upper Township	236,425.00	236,425.00	236,425.00	-	-
Salaries and Wages					
	<u>4,298,663.00</u>	<u>4,298,663.00</u>	<u>4,298,663.00</u>	<u>-</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	-	-
Bullet Proof Vest Partnership	-	4,165.43	4,165.43	-	-
CDBG 2018-2019	-	290,766.00	290,766.00	-	-
Clean Communities Program	-	88,657.98	88,657.98	-	-
Drunk Driving Enforcement Fund	5,287.44	5,287.44	5,287.44	-	-
FAA - Airport Lighting Obstruction Phase I	-	79,591.00	79,591.00	-	-
FEMA - NJOEM Cape May County Elevation Project	-	3,835,100.00	3,835,100.00	-	-
Matching Funds for Grants	40,000.00	32,040.00	-	32,040.00	-
NFWF - Shoreline Protection	-	2,630,000.00	2,630,000.00	-	-
NJ DOT Dredge Material Management Grant	-	4,454,540.24	4,454,540.24	-	-
NJOHS & P - Secure the Shore	-	100,000.00	100,000.00	-	-
Recycling Tonnage Grant	25,999.38	25,999.38	25,999.38	-	-
SONJ - Clean Diesel Grant	-	49,500.00	49,500.00	-	-
	<u>74,945.62</u>	<u>11,599,306.27</u>	<u>11,567,266.27</u>	<u>-</u>	<u>32,040.00</u>
Total Public and Private Programs Off-Set by					
Revenues					
Total Operations - Excluded from "CAPS"	4,373,608.62	15,897,969.27	15,865,929.27	-	-
Detail:					
Salaries and Wages	236,425.00	236,425.00	236,425.00	-	-
Other Expenses	4,137,183.62	15,661,544.27	15,629,504.27	-	-
(C) Capital Improvements					
Capital Improvement Fund	1,865,000.00	1,865,000.00	1,865,000.00	-	-
New Jersey Transportation Trust Fund Authority Act	190,000.00	190,000.00	190,000.00	-	-
Total Capital Improvements	<u>2,055,000.00</u>	<u>2,055,000.00</u>	<u>2,055,000.00</u>	<u>-</u>	<u>-</u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	10,120,000.00	10,120,000.00	10,120,000.00	-	-	-
Interest on Bonds	2,032,837.50	2,032,837.50	2,032,837.50	-	-	-
Interest on Notes	1,240,861.32	1,240,861.32	1,240,861.26	-	-	0.06
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	38,709.04	38,709.04	38,709.04	-	-	-
Total Debt Service	<u>13,432,407.86</u>	<u>13,432,407.86</u>	<u>13,432,407.80</u>	-	-	<u>0.06</u>
(E) Deferred Charges						
Various Ordinances	515,910.00	515,910.00	515,910.00	-	-	-
Total Deferred Charges	<u>515,910.00</u>	<u>515,910.00</u>	<u>515,910.00</u>	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>20,376,926.48</u>	<u>31,901,287.13</u>	<u>31,869,247.07</u>	-	<u>32,040.00</u>	<u>0.06</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>77,628,820.48</u>	<u>89,153,181.13</u>	<u>86,666,614.53</u>	<u>966,734.99</u>	<u>1,519,214.94</u>	<u>616.67</u>
(M) Reserve for Uncollected Taxes	<u>1,150,000.00</u>	<u>1,150,000.00</u>	<u>1,150,000.00</u>	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 78,778,820.48</u>	<u>90,303,181.13</u>	<u>87,816,614.53</u>	<u>966,734.99</u>	<u>1,519,214.94</u>	<u>616.67</u>
Budget		78,778,820.48			Cancelled	616.67
Appropriations by 40A:4-87		11,524,360.65			Overexpended	-
Emergency Appropriations		<u>90,303,181.13</u>				<u>616.67</u>
Reserve for Uncollected Taxes		1,150,000.00				
Federal and State Grants		11,567,266.27				
Deferred Charges		-				
Disbursements		75,099,348.26				
		<u>87,816,614.53</u>				

See accompanying Notes to Financial Statements - Regulatory Basis

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**EXHIBIT - B
TRUST FUND**

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

	2018	2017
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 24,757.07	21,052.26
	24,757.07	21,052.26
<u>OTHER TRUST FUND</u>		
Cash and Investments	7,116,075.73	6,912,097.82
	7,116,075.73	6,912,097.82
	7,140,832.80	6,933,150.08
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	24,757.07	21,052.26
Due to State of New Jersey	-	-
	24,757.07	21,052.26
<u>OTHER TRUST FUND</u>		
Reserve for:		
Tax Premiums	246,435.00	454,797.67
Dedicated Recreation Trust	176,872.57	203,637.97
Tourism Development	112,390.90	149,676.40
Law Enforcement Trust	17,659.46	24,151.87
Parking Offenses Adjudication Act	30,595.01	28,406.41
Cash Performance Deposits	776,132.14	944,989.34
Dedicated Fire Fees	2,846.02	2,586.92
Lifeguard Pension	20,657.94	24,461.87
Shade Trees	2,892.66	2,250.56
COAH	5,375,566.83	4,834,582.38
Merchant Fees	20,270.13	14,541.18
Planning & Zoning Escrow	333,757.07	228,015.25
	7,116,075.73	6,912,097.82
	\$ 7,140,832.80	6,933,150.08

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>2018</u>	<u>2017</u>
Cash	\$	21,572,458.44	25,344,496.02
Deferred Charges to Future Taxation -			
Funded		61,217,203.46	71,367,414.51
Unfunded		87,638,300.00	74,863,735.00
Interfunds and Receivables			
Due from Grant Fund		2,400,000.00	350,000.00
		<u>172,827,961.90</u>	<u>171,925,645.53</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		10,544,330.90	16,005,458.06
Bond Anticipation Notes Payable		81,840,000.00	54,470,000.00
Serial Bonds Payable		60,815,000.00	70,935,000.00
Green Trust Loan Payable		402,203.46	432,414.51
Improvement Authorizations:			
Funded		79,534.11	196,071.73
Unfunded		12,866,453.74	24,988,057.29
Reserve for Debt Service		3,487,200.92	3,424,760.07
Capital Improvement Fund		1,210,087.53	75,112.53
Fund Balance		1,583,151.24	1,398,771.34
		<u>\$ 172,827,961.90</u>	<u>171,925,645.53</u>

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

2017	20,393,735.00
2018	5,798,300.00

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>2018</u>	<u>2017</u>
Beginning Balance January 1	\$	1,398,771.34	1,286,153.54
Increased by:			
Premium on Sale of BANS - 2017 BANS		-	570,051.80
Premium on Sale of BANS - \$44,000,000		395,120.00	-
Premium on Sale of BANS - \$35,500,000		359,260.00	-
Stainton's Parking Lot Contributions		-	75,000.00
Cancellation of Reserve for Preliminary Expenses		-	17,566.00
Decreased by:			
Anticipated as Current Fund Revenue		570,000.10	550,000.00
Ending Balance December 31	\$	<u>1,583,151.24</u>	<u>1,398,771.34</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ -	-
TOTAL ASSETS	<u>-</u>	<u>-</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Public Assistance	-	-
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ -</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Balance Dec. 31, 2018	Balance Dec. 31, 2017
General Fixed Assets:		
Land	\$ 159,455,043.65	\$ 159,455,043.65
Vehicles	14,028,793.19	11,517,955.23
Machinery and Equipment	9,772,600.41	9,171,524.57
Total General Fixed Assets	\$ <u>183,256,437.25</u>	\$ <u>180,144,523.45</u>
Investment in General Fixed Assets	\$ <u>183,256,437.25</u>	\$ <u>180,144,523.45</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Current Fund

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

Trust Funds

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

General Capital Funds

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

Budgets and Budgetary Accounting

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

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

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

Cash and Investments

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

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

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

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

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

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

Inter-funds

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

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.

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

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.

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.

	12/31/2018	12/31/2017
Balance of Tax	\$ 12,626,726.50	\$ 12,567,827.50
Deferred	12,626,726.50	12,567,827.50
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.

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

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.

Recent Accounting Pronouncements Not Yet Effective

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

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the City's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the City's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

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

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 2018 and 2017 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.

The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$3,000,000.00 and \$3,000,000.00.

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 2018 and 2017 calendar years:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund:</u>		
City Administrator		
Salaries and Wages	\$ (65,000.00)	-
Other Expenses	65,000.00	-
Engineering & Project Management		
Salaries and Wages	-	75,000.00
Public Relations & Information		
Salaries and Wages	(23,000.00)	(40,000.00)
Recreation & Leisure Programs		
Salaries and Wages	-	(30,000.00)
Legal Division		
Other Expenses	50,000.00	95,000.00
Facility Maintenance		
Salaries and Wages	(50,000.00)	-
Other Expenses	34,000.00	-
Field Operations		
Salaries and Wages	(80,000.00)	-
Fleet Maintenance		
Salaries and Wages	(24,000.00)	-
Office of Parking Regulation		
Salaries and Wages	(20,000.00)	-
Police Protection Division		
Salaries and Wages	70,000.00	85,000.00
Other Expenses-Miscellaneous	-	36,000.00
Fire Protection and Prevention		
Salaries and Wages	110,000.00	-
Lifeguard		
Salaries and Wages	(35,000.00)	(35,000.00)
Construction Official		
Salaries and Wages	-	(120,000.00)
Other Expenses	-	(60,000.00)
Insurance - Employee Group Health	(50,000.00)	-
Electricity	(30,000.00)	-
Gasoline	50,000.00	-

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

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 2018 and 2017, the following budget insertions were approved:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
Clean Communities Program	\$ 88,657.98	92,666.69
Body Armor Grant	4,165.43	5,079.67
FAA - Airport Lighting Obstruction Phase I	71,631.00	-
FEMA - NJOEM Cape May County Elevation Project	3,835,100.00	-
NFWF - Shoreline Protection	2,630,000.00	-
NJ DOT Dredge Material Management Grant	4,454,540.24	-
NJOHS & P - Secure the Shore	100,000.00	-
SONJ - Clean Diesel Grant	49,500.00	-
Recycling Tonnage Grant	-	27,652.03
NJDOT Dredge Material Management Grant	-	1,219,935.03
NJDEP Electric Vehicle Charging Grant	-	5,000.00
Bulletproof Vest Partnership	-	4,532.00
CDBG	290,766.00	547,976.00
	<u>\$ 11,524,360.65</u>	<u>\$ 1,902,841.42</u>

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

Note 3: 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, 2018 and 2017, \$0 of the municipality's bank balance of \$43,008,039.28 and \$49,059,338.58 was exposed to custodial credit risk.

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

Note 4: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2017 and 2018:

	Balance 12/31/2016	Additions	Adjustments/ Deletions	Balance 12/31/2017
Land & Improvements	\$ 159,449,238.65	5,805.00		159,455,043.65
Vehicles	11,022,729.21	896,839.02	401,613.00	11,517,955.23
Machinery & Equipment	9,099,010.87	199,827.80	127,314.10	9,171,524.57
	<u>\$ 179,570,978.73</u>	<u>1,102,471.82</u>	<u>528,927.10</u>	<u>180,144,523.45</u>

	Balance 12/31/2017	Additions	Adjustments/ Deletions	Balance 12/31/2018
Land & Improvements	\$ 159,455,043.65	-	-	159,455,043.65
Vehicles	11,517,955.23	2,510,837.96	-	14,028,793.19
Machinery & Equipment	9,171,524.57	608,499.84	7,424.00	9,772,600.41
	<u>\$ 180,144,523.45</u>	<u>3,119,337.80</u>	<u>7,424.00</u>	<u>183,256,437.25</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, 2018 and 2017:

	Current Fund	General Capital Fund	Total
Balance December 31, 2016	\$ -	\$ 61,650,000.00	\$ 61,650,000.00
Increases		54,470,000.00	54,470,000.00
Decreases		(61,650,000.00)	(61,650,000.00)
Balance December 31, 2017	<u>\$ -</u>	<u>\$ 54,470,000.00</u>	<u>\$ 54,470,000.00</u>

	Current Fund	General Capital Fund	Total
Balance December 31, 2017	\$ -	\$ 54,470,000.00	\$ 54,470,000.00
Increases	-	81,840,000.00	81,840,000.00
Decreases	-	(54,470,000.00)	(54,470,000.00)
Balance December 31, 2018	<u>\$ -</u>	<u>\$ 81,840,000.00</u>	<u>\$ 81,840,000.00</u>

On November 27, 2018, the City issued a Bond Anticipation Note in the Amount of \$44,000,000.00, bearing interest at a rate of 3.00% per annum to fund various General Capital Ordinances. The Note will mature November 26, 2019.

On June 13, 2018, the City issued a Bond Anticipation Note in the Amount of \$35,500,000.00 bearing interest at a rate of 2.75% per annum to fund various General Capital Ordinances. The Note will mature June 13, 2019.

On November 27, 2018, the City issued a Bond Anticipation Note in the Amount of \$2,340,000.00 bearing interest at a rate of 2.949% per annum to fund various General Capital Ordinances. The Note will mature November 26, 2019.

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

Note 6: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Issued:			
General:			
Bonds and Notes	\$ 143,057,203.46	\$ 125,837,414.51	\$ 142,687,030.28
Total Issued	<u>143,057,203.46</u>	<u>125,837,414.51</u>	<u>142,687,030.28</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>3,487,200.92</u>	<u>3,424,760.07</u>	<u>2,737,759.01</u>
Net Debt	<u>139,570,002.54</u>	<u>122,412,654.44</u>	<u>139,949,271.27</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	5,798,300.00	20,393,735.00	13,377,660.00
Total Authorized But Not Issued	<u>5,798,300.00</u>	<u>20,393,735.00</u>	<u>13,377,660.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 145,368,302.54</u>	<u>\$ 142,806,389.44</u>	<u>\$ 153,326,931.27</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.190%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 9,531,000.00	\$ 9,531,000.00	\$ -
General Debt	<u>148,855,503.46</u>	<u>3,487,200.92</u>	<u>145,368,302.54</u>
	<u>\$ 158,386,503.46</u>	<u>\$ 13,018,200.92</u>	<u>\$ 145,368,302.54</u>

Net debt \$145,368,302.54 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$12,215,097,199.00= 1.190%.

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

3-1/2% of Equalized Valuation Basis	\$ 427,528,401.97
Net Debt	<u>145,368,302.54</u>
Remaining Borrowing Power	<u>\$ 282,160,099.43</u>

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

Description of Bonds and Loans Payable

At December 31, 2018, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$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, 2018 is \$3,800,000.00.

\$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, 2018 is \$1,900,000.00.

\$9,900,000.00 General Improvements Bonds dated December 20, 2012, due in annual installments through December 15, 2024, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2018 is \$5,400,000.00.

\$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, 2018 is \$13,500,000.00.

\$5,885,000.00 Refunding Bonds, dated December 16, 2014, due in annual installments January 15, 2019, bearing interest at various rates from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2018 is \$1,915,000.00.

\$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, 2018 is \$34,300,000.00.

\$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, 2018 is \$122,254.49.

\$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, 2018 is \$122,254.49.

\$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, 2018 is \$157,694.48.

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

	Outstanding 12/31/16	Issues or Additions	Payments or Expenditures	Outstanding 12/31/17	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 80,575,000.00	-	9,640,000.00	70,935,000.00	10,120,000.00
Loans Payable	462,030.28	-	29,615.77	432,414.51	30,211.05
Compensated Absences Pay.	4,694,246.08	-	83,488.88	4,610,757.20	
Total General Capital Fund	<u>85,731,276.36</u>	<u>-</u>	<u>9,753,104.65</u>	<u>75,978,171.71</u>	<u>10,150,211.05</u>
Total All Funds	<u>\$ 85,731,276.36</u>	<u>-</u>	<u>9,753,104.65</u>	<u>75,978,171.71</u>	<u>10,150,211.05</u>

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

	Outstanding 12/31/17	Issues or Additions	Payments or Expenditures	Outstanding 12/31/18	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 70,935,000.00	-	10,120,000.00	60,815,000.00	10,515,000.00
Loans Payable	432,414.51	-	30,211.05	402,203.46	30,818.28
Compensated Absences Pay.	4,610,757.20	766,054.52	-	5,376,811.72	-
Total General Capital Fund	75,978,171.71	766,054.52	10,150,211.05	66,594,015.18	10,545,818.28
<hr/>					
Total All Funds	\$ 75,978,171.71	766,054.52	10,150,211.05	66,594,015.18	10,545,818.28

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
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	5,300,000.00	858,937.50	32,714.24	5,994.78
2023	6,100,000.00	727,937.50	33,371.79	5,337.23
2024-2028	26,600,000.00	1,465,375.00	177,194.32	16,350.88
2029-2032	-	-	64,597.51	1,783.05
	\$ 60,815,000.00	7,000,937.50	402,203.52	\$ 51,267.40

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 \$5,376,811.72 and \$4,610,757.20, as of December 31, 2018 and 2017 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)

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

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$25,253,453.00 and \$25,135,655.00 have been raised for the 2018 and 2017 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, 2018	Balance December 31, 2017
Prepaid Taxes - Cash Liability	\$ 3,433,585.35	\$ 11,831,164.80

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.

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

Vesting and Benefit Provisions

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

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

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

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 7.34% 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 \$1,584,351.43 for 2018, \$1,542,054.63 for 2017 and \$1,464,685.00 for 2016.

Three-Year Trend Information for PERS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/18	\$ 1,584,351.43	100%	-
12/31/17	1,542,054.63	100%	-
12/31/16	1,464,685.00	100%	-

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

For the Police and Firemen's Retirement System, the City's contribution was \$3,261,818.00 for 2018, \$3,022,027.50 for 2017 and \$2,973,523.00 for 2016.

Three-Year Trend Information for PFRS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/18	\$ 3,261,818.00	100%	-
12/31/17	3,022,027.50	100%	-
12/31/16	2,973,523.00	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 \$13,649.51 for 2018 and \$19,019.88 for 2017.

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, 2018, 2017 and 2016 was \$200,000.00, \$200,000.00 and \$150,000.00. The City's trust for the Lifeguard Pension at December 31, 2018 was \$20,657.94. The benefits paid by the trust for the year ended December 31, 2018, 2017 and 2016 were \$261,697.89, \$239,893.74 and \$206,454.45.

Significant Legislation

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

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

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

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

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

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

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, 2018:

Public Employees' Retirement System

The Municipality has a liability of \$32,483,997.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the Municipality's proportion would be 0.16498130890%, which would be a decrease of 2.27% from its proportion measured as of June 30, 2017.

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

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$2,003,940.00. At December 31, 2018, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 619,475.00	\$ (167,498.00)
Changes of assumptions	5,352,825.00	(10,386,655.00)
Changes in proportion	856,018.00	(1,205,711.00)
Net difference between projected and actual earnings on pension plan investments		(304,701.00)
 Total	 <u>\$ 6,828,318.00</u>	 <u>\$ (12,064,565.00)</u>

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

<u>Year ended June 30,</u>	
2019	\$ 211,279.15
2020	(362,100.69)
2021	(2,322,495.92)
2022	(2,080,798.76)
2023	(682,130.77)
 Total	 <u>\$ (5,236,247.00)</u>

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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

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 2013 using a generational approach based on the Conduent modified 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 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.66%, 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 (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Municipality's proportionate share of the net pension liability	\$ 39,053,981.21	\$ 32,483,997.00	\$ 26,975,512.78

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 \$48,854,028.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the Municipality's proportion would be 0.36103530190%, which would be a decrease of 2.04% from its proportion measured as of June 30, 2017.

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

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$3,374,018.00. At December 31, 2018, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 497,026.00	\$ (202,169.00)
Changes of assumptions	4,193,461.00	(12,520,444.00)
Changes in proportion	294,156.00	(978,751.00)
Net difference between projected and actual earnings on pension plan investments		(267,276.00)
Total	<u>\$ 4,984,643.00</u>	<u>\$ (13,968,640.00)</u>

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

<u>Year ended June 30,</u>	
2019	\$ 396,022.76
2020	(1,558,546.15)
2021	(4,214,417.36)
2022	(2,732,761.23)
2023	(874,295.02)
Total	<u>\$ (8,983,997.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

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

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
District's proportionate share of the net pension liability	\$ 63,639,280.37	\$ 48,854,028.00	\$ 36,661,335.08

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2017 State special funding situation net pension liability amount of \$1,838,050,687.00 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, 2018 State special funding situation pension expense of \$217,714,180.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. 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 2017, the State contributed an amount less than the actuarially determined amount.

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

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 0.36103530190% for 2018. The net pension liability amount allocated to the Municipality was \$6,636,012.00. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$786,025.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

Note 13: 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.

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

Note 14: ECONOMIC DEPENDENCY

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

Note 15: FUND BALANCES APPROPRIATED

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

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2018	\$ 5,851,302.34	\$ 2,850,000.00	48.71%
	2017	5,830,076.84	3,000,000.00	51.46%
	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%

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, 2018 and 2017, 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.

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

Note 19: POST- RETIREMENT BENEFITS

The City offers medical, prescription drug, life insurance, dental and vision coverage to eligible retirees and their dependents after 25 years or more of service.

The City participates New Jersey State Health Benefits Program (“the SHBP”), which qualifies as a cost-sharing, multiple –employer plan in accordance with GASB Statement 75 “Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions” (“OPEB”). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents. The OPEB Liability associated with the SHBP is further discussed in Note 20.

City employees are also eligible to participate in the single – employer OPEB Plan discussed below.

A retiree and their covered dependents may also receive City-paid dental and vision benefits for a period of 3 to 5 years in accordance with labor agreements if they meet any one of the following requirements:

- (1) Twenty-five (25) years or more of full-time service with City and Twenty-five (25) years or more enrolled in the pension system; or
- (2) Fifteen (15) years of full-time service with the City and the employee is sixty-two (62) years of age.

The Regulatory Basis of Accounting does not permit the accrual of Actuarially determined OPEB Expenses or Liabilities. The City reports all OPEB related costs on the “pay as you go” basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the City.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 455 total participants including 169 retirees.

Annual OPEB Cost and Net OPEB Liability

The City’s annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. 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 fare 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, 2017 actuarial valuation, the “Entry-Age-Normal as a Percentage of Salary” method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 3.64% and annual dental and vision cost trend rate of 2.0%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years.

Other Post-employment Benefit Costs and Obligations

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

In the January 1, 2018 actuarial valuation, the Actuarially Determined Contribution for the year's ending December 31, 2018 were projected as follows:

	<u>12/31/2018</u>
Actuarial determined contribution	\$ 16,287,278.00
Benefit payments	(4,187,372.00)
Net change in total OPEB liability	<u>12,099,906.00</u>
Covered Payroll	\$ 24,472,500.00
Actuarially Determined Contribution as a % of Covered Payroll	17.11%

The following reflects the change in the Total OPEB Liability as of the January 1, 2018 valuation date for the Years ended December 31, 2018.

	<u>12/31/2018</u>
OPEB Liability, Beginning of Year	\$ 185,306,332.00
Changes for the Year:	
Service Cost	3,164,321.00
Interest	6,668,940.00
Assumption Changes & Difference Between Actual & Expected Experience	1,428,102.00
Change in Actuarial Cost Method	-
Benefit Payments	(4,187,372.00)
OPEB Liability, End of Year	<u>\$ 192,380,323.00</u>
Covered payroll (for Covered Participants)	\$ 24,472,500.00
Total OPEB liability as a percentage of covered payroll	786.11%

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

Sensitivity of the total OPEB liability to changes in the discount rate.

The January 1, 2018 valuation was prepared using a discount rate of 3.64%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$159,520,393.00 or by 4.64%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$225,240,254.00 or by 2.64%.

	Discount Rate		
	1% Decrease	Baseline 3.64%	1% Increase
Total OPEB Liability	\$ <u>225,240,254.00</u>	\$ <u>192,380,323.00</u>	\$ <u>159,520,393.00</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The January 1, 2017 valuation was prepared using an initial trend rate of 9.00% decreasing to 6.00%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$232,158,020.00 or by 9.00% decreasing to 6.00%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$159,105,754.00 or by 7.00% decreasing to 4.00%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 0.00%	1% Increase
Total OPEB Liability	\$ <u>159,105,754.00</u>	\$ <u>192,380,323.00</u>	\$ <u>232,158,020.00</u>

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

For the year ended December 31, 2018, the City's Actuarially determined OPEB expense was 10,071,368.00. At December 31, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in January 1, 2018 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$ 1,190,085.00	\$ -
Total	\$ <u>1,190,085.00</u>	\$ <u>-</u>

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

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

For the Year Ending December 31,

2019	\$	238,017.00
2020		238,017.00
2021		238,017.00
2022		238,017.00
2023		238,017.00
Thereafter		-
	\$	<u>1,190,085.00</u>

NOTE 20 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation as applicable, the Collective Total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

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

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

	June 30, 2018
	Collective Total
Total OPEB Liability	\$ 15,981,103,227.00
Plan Fiduciary Net Position	314,485,086.00
Net OPEB Liability	\$ 15,666,618,141.00
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

At June 30, 2018, the State's proportionate share for the Special Funding Situation that is associated with the City's is \$26,459,544.00. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.425816% which was a decrease from the prior year of 2.04%.

For the Year ended June 30, 2018, the State of New Jersey realized Total OPEB Expense in the amount of \$800,961.00 for its proportionate share of Total OPEB Expense that is associated with the City.

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

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

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

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

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

		<u>1% Decrease</u> <u>(2.87%)</u>		<u>Discount Rate</u> <u>(3.87%)</u>		<u>1% Increase</u> <u>(4.87%)</u>
Collective						
Net OPEB Liability	\$	18,381,085,096.00	\$	15,666,618,141.00	\$	13,498,373,388.00

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

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		<u>1% Decrease</u>		<u>Healthcare Cost</u> <u>Trend Rate</u>		<u>1% Increase</u>
Collective						
Net OPEB Liability	\$	13,068,471,450.00	\$	15,666,618,141.00	\$	19,029,006,023.00

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

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

	<u>Collective Totals</u>	
	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$	\$ (3,180,882,321.00)
Changes of assumptions		(3,974,042,874.00)
Net difference between projected and actual earnings on OPEB plan investments		8,279,239.00
Changes in proportion and differences between contributions and proportionate share of contributions		(2,106,728,269.00)
Total	\$	\$ <u><u>2,115,007,508.00</u></u> <u><u>(9,261,653,464.00)</u></u>

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

<u>Year ended</u> <u>June 30,</u>	<u>Collective Totals</u>
2019	\$ (1,049,390,011.00)
2020	(1,049,390,011.00)
2021	(1,049,390,011.00)
2022	(1,050,264,681.00)
2023	(1,051,678,489.00)
Thereafter	(1,896,532,753.00)
Total	\$ <u><u>(7,146,645,956.00)</u></u>

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

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2018 are as follows:

Service cost	\$	896,235,148.00
Interest on Total OPEB Liability		764,082,232.00
Expected Investment Return		(9,389,460.00)
Administrative Expenses		8,200,113.00
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:		
Differences between Expected and Actual Experience		(445,501,726.00)
Changes in Assumptions		(606,176,763.00)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments		2,288,478.00
Total Collective OPEB Expense	\$	<u><u>609,738,022.00</u></u>

Note 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 26, 2019 the date the financial statements were available for issuance for possible disclosure and recognition in the financial statement and no additional items were noted for disclosure.

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SUPPLEMENTARY INFORMATION

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2017	\$ 12,818,224.03	22,646.05
Increased by Receipts:		
Tax Collector	111,819,710.87	
Homestead Rebates	297,764.39	
Senior & Vets Deductions	105,669.55	
Revenue Accounts Receivable	17,566,485.72	
Reserve for Payroll Taxes Payable	50,202,596.19	
Reserve for Health Insurance Claims	9,832,467.21	
Prepaid Beach Tags	104,175.00	
Change Funds Returned	31,250.00	
Due to General Capital Fund	-	2,400,000.00
Matching Funds for Grants	-	11,618.80
Federal and State Unappropriated	-	3,011.46
Federal and State Receivables	-	923,022.85
	189,960,118.93	3,337,653.11
	202,778,342.96	3,360,299.16
Decreased by Disbursements:		
Current Year Appropriation	75,099,348.26	
Prior Year Appropriations	1,255,050.54	
Accounts Payable	3,577.80	
County Taxes	28,940,205.65	
County Added Taxes	232,759.33	
Local District School Taxes	25,194,554.00	
Special Improvement District Taxes	183,278.00	
Payroll Taxes Payable	50,200,621.63	
Reserve for Health Insurance Claims	9,928,707.09	
Change Funds Created	31,600.00	
Due to General Capital Fund	-	350,000.00
Matching Funds Due to Grant Fund	11,618.80	
Federal and State Disbursements	-	3,003,171.76
	191,081,321.10	3,353,171.76
Balance December 31, 2018	\$ 11,697,021.86	7,127.40

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

Balance December 31, 2017		\$ 7,804,144.37
Increased by Receipts:		
Prepaid Taxes	3,433,585.35	
Taxes Receivable	100,631,711.95	
Revenue Accounts Receivable	198,155.86	
Tax Overpayments	195,542.37	
	<hr/>	<hr/>
		104,458,995.53
		112,263,139.90
Payments to Treasurer		<hr/>
		111,819,710.87
Balance December 31, 2018		\$ <u><u>443,429.03</u></u>

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

Year	Balance Dec. 31, 2017	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2018
				2017	2018				
2016	\$ 505.30	-	-	-	(50,510.26)	50,765.56	-	-	250.00
2017	723,765.09	-	-	-	695,663.04	27,717.48	124.48	-	260.09
	724,270.39	-	-	-	645,152.78	78,483.04	124.48	-	510.09
2018	-	112,196,895.32	972,819.85	11,831,164.80	100,427,951.82	18,882.96	646.37	-	891,069.22
\$	724,270.39	112,196,895.32	972,819.85	11,831,164.80	101,073,104.60	97,366.00	770.85	-	891,579.31

Cash Receipts
Homestead Rebates
Overpayments Applied
Senior Citizens and Veterans
101,073,104.60

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 112,196,895.32
Added Taxes (54:4-63.1 et. Seq.) 972,819.85
113,169,715.17

Tax Levy:
General County Taxes 27,703,775.80
County Open Space Taxes 1,236,429.85
County Added and Omitted Taxes 251,719.94
Total County Taxes 29,191,925.59

Local School District Tax 25,253,453.00
Special Improvement District Tax 183,278.00

Local Tax for Municipal Purposes 57,723,652.66
Add: Additional Tax Levied 817,405.92
58,541,058.58
113,169,715.17

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

Balance December 31, 2017		\$	3,148.22
Increased by:			
Transfers from Taxes Receivable	770.85		
Interest and Costs Accrued by Sale	65.81		
	<hr/>		<hr/>
			836.66
Balance December 31, 2018		\$	<u><u>3,984.88</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued in 2018	Collected by		Balance Dec. 31, 2018
			Collector	Treasurer	
Licenses:					
Other	-	423,814.73	-	423,814.73	-
Fees and Permits	-	1,051,932.36	-	1,051,932.36	-
Fines and Costs:					
Municipal Court	-	361,955.97	-	361,955.97	-
Interest and Costs on Taxes	-	192,884.52	192,884.52	-	-
Interest Earned on Investments	-	425,729.66	-	425,729.66	-
Parking Meters	-	3,095,231.45	-	3,095,231.45	-
Beach Fees	-	3,936,375.45	-	3,936,375.45	-
Rental or Sale of City Material and Property	-	230,060.00	-	230,060.00	-
Airport Fees	-	168,295.34	-	168,295.34	-
Boat Ramp Fees	-	27,330.71	-	27,330.71	-
Aquatic and Fitness Center User Fees	-	1,091,377.63	-	1,091,377.63	-
Smoke Detector Inspection Fees	-	165,050.00	-	165,050.00	-
Emergency Medical Services	-	547,848.42	-	547,848.42	-
Energy Receipts Tax	-	2,146,048.00	-	2,146,048.00	-
Uniform Construction Code Fees	-	949,042.00	-	949,042.00	-
Upper Township - Dispatching Services	-	236,425.00	-	236,425.00	-
Reserves for Debt Service, Capital Fund Balance & Arbitrage Reserve	-	1,485,910.00	-	1,485,910.00	-
OC Library - Contracted Services	-	243,587.00	-	243,587.00	-
OC Library - Return to Taxpayers	-	668,911.00	-	668,911.00	-
Miscellaneous Revenue Not Anticipated	-	404,972.34	5,271.34	399,701.00	-
	\$ -	<u>17,852,781.58</u>	<u>198,155.86</u>	<u>17,654,625.72</u>	-
			Cash Received	17,566,485.72	
			Prepaid Applied	<u>88,140.00</u>	
				<u><u>17,654,625.72</u></u>	

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
EXECUTIVE BRANCH				
Mayor's Office	\$ 774.19	774.19	-	774.19
Other Expenses				
ADMINISTRATION DEPARTMENT				
City Administrator				
Salaries and Wages	92.52	92.52	-	92.52
Other Expenses	747.93	747.93	-	747.93
Information Technology				
Salaries and Wages	419.77	419.77	419.77	-
Other Expenses	1,428.55	1,428.55	1,245.91	182.64
Human Resources				
Salaries and Wages	11,754.07	11,754.07	4,929.23	6,824.84
Other Expenses	56,436.57	56,436.57	15,252.55	41,184.02
Purchasing Division				
Salaries and Wages	1,187.64	1,187.64	1,100.00	87.64
Other Expenses	1,749.52	1,749.52	685.77	1,063.75
Emergency Management				
Salaries and Wages	3,125.00	3,125.00	-	3,125.00
Other Expenses	3,809.75	3,809.75	3,809.75	-
Planning Board				
Other Expenses	6,911.56	6,911.56	70.04	6,841.52
Zoning Board of Adjustment				
Other Expenses	907.60	907.60	69.36	838.24

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
COMMUNITY SERVICE DEPARTMENT				
Neighborhood & Social Services				
Salaries and Wages	26.64	26.64	-	26.64
Other Expenses	159.60	159.60	(33.15)	192.75
Public Relations				
Salaries and Wages	33,308.63	33,308.63	9,375.98	23,932.65
Other Expenses	14,462.40	14,462.40	14,462.40	-
Administration				
Salaries and Wages	2,235.96	2,235.96	-	2,235.96
Other Expenses	8,319.98	8,319.98	8,109.78	210.20
Recreation & Leisure Programs				
Salaries and Wages	9,367.81	9,367.81	3,946.63	5,421.18
Other Expenses	70.94	70.94	27.97	42.97
Historical Commission				
Other Expenses	2,374.53	2,374.53	70.72	2,303.81
Music Pier Operations				
Salaries and Wages	6,411.82	6,411.82	-	6,411.82
Other Expenses	3,476.14	3,476.14	-	3,476.14
Aquatic and Fitness Center				
Salaries and Wages	974.31	974.31	974.31	-
Other Expenses	4,912.64	4,912.64	4,912.64	-
Facility Maintenance				
Salaries and Wages	105,398.28	45,398.28	1,723.09	43,675.19
Other Expenses	62,419.45	122,419.45	116,983.11	5,436.34
Environmental Operations				
Salaries and Wages	23,272.47	23,272.47	1,914.81	21,357.66
Other Expenses				
Miscellaneous Other Expenses	28,720.32	28,720.32	725.55	27,994.77
Trash & Recycling	388,062.62	388,062.62	185,166.11	202,896.51

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
Field Operations				
Salaries and Wages	103,652.44	103,652.44	-	103,652.44
Other Expenses	2,819.50	2,819.50	2,285.01	534.49
Fleet Maintenance				
Salaries and Wages	8,277.56	8,277.56	-	8,277.56
Other Expenses	77,298.43	77,298.43	53,522.21	23,776.22
Municipal Code and licensing				
Salaries and Wages	19,746.11	19,746.11	8,657.71	11,088.40
Other Expenses	40,846.25	40,846.25	2,222.03	38,624.22
LAW DEPARTMENT				
Legal Division				
Salaries and Wages	1,534.70	1,534.70	-	1,534.70
Other Expenses	79,501.98	79,501.98	61,293.69	18,208.29
Public Defender				
Other Expenses	5,896.25	5,896.25	3,825.75	2,070.50
FINANCIAL MANAGEMENT				
Treasurer's Office				
Audit Services	2,900.00	2,900.00	-	2,900.00
Other Expenses	37,862.61	37,862.61	6,554.97	31,307.64
Accounting Division				
Salaries and Wages	5,360.11	5,360.11	-	5,360.11
Other Expenses	4,299.62	4,299.62	4,299.62	-
Parking Regulation				
Salaries and Wages	5,913.41	5,913.41	-	5,913.41
Other Expenses	27,710.24	27,710.24	11,797.75	15,912.49
Property Assessment Division				
Salaries and Wages	12,690.58	12,690.58	2,641.97	10,048.61
Other Expenses	8,222.50	8,222.50	238.28	7,984.22
Beach Fee Regulation Division				
Salaries and Wages	-	-	-	-
Other Expenses	1,846.91	1,846.91	1,789.93	56.98

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
Tax Collection Division				
Salaries and Wages	3,491.39	3,491.39	2,750.00	741.39
Other Expenses	947.48	947.48	267.50	679.98
Revenue Collection				
Salaries and Wages	7,018.27	7,018.27	7,018.27	-
Other Expenses	26,200.03	26,200.03	21,615.49	4,584.54
STATUTORY OFFICES				
City Clerk				
Salaries and Wages	7,169.34	7,169.34	-	7,169.34
Other Expenses	13,587.53	13,587.53	1,973.44	11,614.09
City Council				
Salaries and Wages	0.50	0.50	-	0.50
Other Expenses	3,245.30	3,245.30	570.00	2,675.30
Municipal Court				
Salaries and Wages	23,083.26	23,083.26	1,650.00	21,433.26
Other Expenses	9,176.49	9,176.49	3,935.25	5,241.24
DEPARTMENT OF FIRE				
Rescue Services Division				
Salaries and Wages	1,381.02	1,381.02	-	1,381.02
Other Expenses	26,553.05	26,553.05	11,372.48	15,180.57
Lifeguards Division				
Salaries and Wages	4,449.70	4,449.70	-	4,449.70
Other Expenses	15,397.09	15,397.09	13,250.00	2,147.09
Fire Protection and Prevention				
Salaries and Wages	70,563.66	43,563.66	-	43,563.66
Other Expenses	11,574.64	38,574.64	35,929.31	2,645.33

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
DEPARTMENT OF POLICE				
Police Protection Division				
Salaries and Wages	9,537.56	9,537.56	5,454.21	4,083.35
Miscellaneous Other Expenses	25,711.22	25,711.22	25,711.22	-
Purchase of Vehicles	82,803.54	82,803.54	82,311.85	491.69
Information Technology				
Salaries and Wages	4,045.44	4,045.44	-	4,045.44
Other Expenses	75,187.01	75,187.01	73,211.21	1,975.80
OTHER				
City Wide Operations				
Finance - Other Expenses	49,103.66	49,103.66	13,722.17	35,381.49
City Wide Operations				
Public Works - Other Expenses	174,188.68	174,188.68	171,483.56	2,705.12
UNIFORM CONSTRUCTION CODE				
State Uniform Construction Code				
Construction Official				
Salaries and Wages	14,968.34	14,968.34	3,217.27	11,751.07
Other Expenses	20,002.49	20,002.49	4,708.35	15,294.14
INSURANCE				
General Liability		-		-
Workers Compensation	12,022.35	12,022.35	2,834.91	9,187.44
Employee Group Health	143,090.00	143,090.00	3,914.01	139,175.99
Health Benefit Waiver - Salaries & Wages		-		-
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	95,232.94	95,232.94	41,181.25	54,051.69
Street Lighting	61,339.35	58,339.35	31,878.37	26,460.98
Telephone	25,151.41	28,151.41	15,921.86	12,229.55
Water	90,544.69	90,544.69	62,041.25	28,503.44
Fuel Oil	28,672.71	28,672.71	24,903.14	3,769.57
Gasoline	46,726.66	46,726.66	15,670.26	31,056.40

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

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
STATUTORY EXPENDITURES				
Contributions to				
Unemployment Compensation Insurance	29,958.20	29,958.20	29,958.20	-
Defined Contribution Retirement Program	13,605.73	13,605.73	11,524.46	2,081.27
OPERATIONS EXCLUDED FROM "CAPS"				
INSURANCE				
Employee Group Health	40,470.50	-	-	40,470.50
Matching Funds for Grants				
	\$ 2,495,899.64	2,495,899.64	1,255,050.54	1,240,849.10
		Cash Disbursed	1,255,050.54	
		Accounts Payable	-	
			1,255,050.54	

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

Balance December 31, 2017			
School Tax Payable	\$	-	
School Tax Deferred		<u>12,567,827.50</u>	
			\$ 12,567,827.50
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>25,253,453.00</u>
			37,821,280.50
Decreased by:			
Payments			<u>25,194,554.00</u>
Balance December 31, 2018			
School Tax Payable		-	
School Tax Deferred		<u>12,626,726.50</u>	
			<u>12,626,726.50</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			25,194,554.00
Tax Payable Ending			<u>-</u>
			25,194,554.00
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u><u>\$ 25,194,554.00</u></u>

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

Purpose	Balance Dec. 31, 2017	Transferred From 2018 Revenues	Received	Adjustments	Balance Dec. 31, 2018
FEDERAL GRANTS:					
FAA - Airport Lighting Obstruction Phase I - 18/19	\$ -	71,631.00	-	-	71,631.00
Community Development Block Grant 18/19	-	290,766.00	-	-	290,766.00
Community Development Block Grant 17/18	515,772.69	-	230,661.30	-	285,111.39
National Fish and Wildlife 18-19	-	2,630,000.00	-	-	2,630,000.00
FEMA - NJOEM Cape May County Elevation Project 18-19	-	3,835,100.00	-	-	3,835,100.00
CDBG - DR: Prepare Codes & Ordinances	211.00	-	-	-	211.00
CDBG - DR: Design Development	402.00	-	-	-	402.00
Bullet Propf Vest Partnership 18-19	-	4,165.43	4,165.43	-	-
Total Federal	516,385.69	6,831,662.43	234,826.73	-	7,113,221.39
STATE GRANTS:					
NJ Clean Diesel Grant 18-19	-	49,500.00	49,500.00	-	-
Sustainable NJ	15,000.00	-	15,000.00	-	-
NJ DOT - Dredge Material Management Grant 17-18	1,219,935.03	-	535,038.14	-	684,896.89
NJ DOT - Dredge Material Management Grant 18-19	-	4,454,540.24	-	-	4,454,540.24
NJ DOT - 2018 Municipal Aid Program	-	190,000.00	-	-	190,000.00
NJ DEP - Electric Vehicle Charging Grant	5,000.00	-	-	-	5,000.00
NJ Historic Trust Sandy Relief - Life Saving Station	143,031.00	-	-	-	143,031.00
NJOHS&P - Secure the Shore Physical Barrier 18-19	-	100,000.00	-	-	100,000.00
DCA - Disabled Recreation - Grant	13,659.19	-	-	-	13,659.19
Clean Communities Program 18-19	-	88,657.98	88,657.98	-	-
Airport Obstruction Removal Grant	46,151.04	-	-	-	46,151.04
Year 2014 - Bay to West 31st - 33rd	172,000.00	-	-	-	172,000.00
DCA Historic Preservation Grant - Life Saving Station	122,104.27	-	-	-	122,104.27
Total State	1,736,880.53	4,882,698.22	688,196.12	-	5,931,382.63
OTHER GRANTS:					
Cape May County Open Space Grant	200,000.00	-	-	-	200,000.00
Total Other	200,000.00	-	-	-	200,000.00
	\$ 2,453,266.22	11,714,360.65	923,022.85	-	13,244,604.02

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

	Balance December 31, 2017		2018	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
\$ FAA - Airport Lighting Obstruction Phase I - 18/19	-	-	79,591.00	-	79,591.00	-	-
Community Development Block Grant 16/17	7,600.00	-	-	-	-	-	7,600.00
Community Development Block Grant 17/18	279,407.20	4,682.50	-	68,350.13	36,217.32	-	179,522.25
Community Development Block Grant 18/19	-	-	290,766.00	5,040.00	124,766.00	-	160,960.00
CDBG - DR: Prepare Codes & Ordinances	211.00	-	-	-	-	-	211.00
CDBG - DR: Design Development	402.00	-	-	-	-	-	402.00
National Fish and Wildlife 18-19	-	-	2,630,000.00	-	2,305,795.00	-	324,205.00
Body Armor Replacement Fund 17-18	5,079.67	-	-	5,079.67	-	-	-
Body Armor Replacement Fund 18-19	-	-	4,165.43	3,351.20	-	-	814.23
Bullet Proof Vest Partnership	4,532.00	-	-	1,180.80	3,351.20	-	-
FEMA - NJOEM Cape May County Elevation Project 18-19	-	-	3,835,100.00	134,400.00	140,000.00	-	3,560,700.00
FEMA - OEM Grant	7,000.00	-	-	-	-	-	7,000.00
FEMA - NJ State Police - EMS	13,073.71	-	-	4,222.54	1,193.44	-	7,657.73
Total Federal	317,305.58	4,682.50	6,839,622.43	221,624.34	2,690,913.96	-	4,249,072.21
STATE GRANTS:							
Clean Communities 17-18	82,894.61	2,983.50	-	78,567.94	-	-	7,310.17
Clean Communities 18-19	-	-	88,657.98	-	16,323.60	-	72,334.38
NJ Clean Diesel Grant 18-19	-	-	49,500.00	49,500.00	-	-	-
Drunk Driving Enforcement 17-18	4,282.45	-	-	2,016.20	-	-	2,266.25
Drunk Driving Enforcement 18-19	-	-	5,287.44	-	1,068.80	-	4,218.64
Recycling Tonnage Grant 17-18	23,498.76	-	-	23,498.76	-	-	-
Recycling Tonnage Grant 18-19	-	-	25,999.38	2,051.39	-	-	23,947.99
Alcohol Education and Rehabilitation	90.91	-	-	-	-	-	90.91
NJ DOT - Bay to West:31st-33rd	-	172,000.00	-	172,000.00	-	-	-
NJ DOT - Dredge Material Management Grant	670,549.15	382,507.50	-	1,053,056.65	-	-	-
NJ DOT - 2018 Municipal Aid Program	-	-	190,000.00	-	-	-	190,000.00
NJDOT - 2018 Maritime Resources Dredging	-	-	4,454,540.24	1,064,877.38	235,122.62	-	3,154,540.24
NJHS&P - Secure the Shore Physical Barrier 18-19	-	-	100,000.00	-	-	-	100,000.00
Body Wom Camera Assistance Program	662.00	-	-	-	-	-	662.00
Airport Obstruction Removal Grant	40,132.38	-	-	-	-	-	40,132.38
Sustainable Jersey 2017	1,053.00	-	-	1,053.00	-	-	-
NJ DEP - Electric Vehicle Charging Grant	1,000.00	-	-	-	1,000.00	-	-
NJ Historic Trust Sandy Relief - Life Saving Station	110,260.00	17,348.50	-	127,608.50	-	-	-
NJ Historic Trust Sandy Relief - Transportation Center	16,541.00	4,095.00	-	-	4,095.00	-	16,541.00
Post Sandy Planning Grant	18,432.50	-	-	-	-	-	18,432.50
DCA - Disabled Recreation - Grant	16,997.00	-	-	-	-	-	16,997.00
DCA - Disabled Recreation - Match	3,650.31	-	-	-	-	-	3,650.31
Total State	990,044.07	578,934.50	4,913,985.04	2,574,229.82	257,610.02	-	3,651,123.77

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

	Balance December 31, 2017		2018 Appropriations	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances					
OTHER GRANTS:							
Municipal Alliance	3,658.80	-	3,658.80	7,317.60	-	-	-
Cape May County Open Space Grant	200,000.00	-	-	200,000.00	-	-	-
Total Other	<u>203,658.80</u>	<u>-</u>	<u>3,658.80</u>	<u>207,317.60</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,511,008.45</u>	<u>583,617.00</u>	<u>11,757,266.27</u>	<u>3,003,171.76</u>	<u>2,948,523.98</u>	<u>-</u>	<u>7,900,195.98</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred To 2018 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2018</u>
STATE GRANTS:				
Drunk Driving Enforcement Fund	5,287.44	5,287.44	3,011.46	3,011.46
Body Armor Fund				-
Recycling Tonnage Grant	25,999.38	25,999.38		-
Total State	<u>31,286.82</u>	<u>31,286.82</u>	<u>3,011.46</u>	<u>3,011.46</u>
	<u>\$ 31,286.82</u>	<u>31,286.82</u>	<u>3,011.46</u>	<u>3,011.46</u>

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

Balance December 31, 2017		\$	21,052.26
Increased by:			
Cash Receipts for;			
Dog Licenses Collected	3,180.90		
Dog Park	31,310.51		
Due to State of New Jersey	708.60		
Interest on Investments	12.72		
			35,212.73
			56,264.99
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	1,540.03		
Dog Park	29,247.47		
Due to Current	11.82		
Due to State of New Jersey	708.60		
			31,507.92
Balance December 31, 2018		\$	24,757.07

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

Balance December 31, 2017		\$ 6,912,097.82
Increased by:		
Cash Receipts for Other Reserves:		
Interest on Investments	47,823.58	
Employee Withholdings	57,893.96	
Budget Appropriations	200,000.00	
Other Receipts	3,666,942.21	
	<hr/>	<hr/> 3,972,659.75
		10,884,757.57
Decreased by:		
Cash Disbursed for Other Reserves	3,768,681.84	
	<hr/>	<hr/> 3,768,681.84
Balance December 31, 2018		\$ <u><u>7,116,075.73</u></u>

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

Balance December 31, 2017		\$	21,052.26
Increased by:			
Dog Park Fees	31,310.51		
Dog License Fees Collected	3,180.90		
Interest on Investments	12.72		
			34,504.13
			55,556.39
Decreased by:			
Dog Park	29,247.47		
Dog Licensing Supplies	1,540.03		
Interest on Investments	11.82		
			30,799.32
Balance December 31, 2018		\$	24,757.07

Fess Collected		2017	17,772.03	
		2016	15,826.92	
			33,598.95	

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

Balance December 31, 2017	\$	-
Increased by:		
Cash Receipts	708.60	
	708.60	708.60
Decreased by:		
Cash Disbursed	708.60	
	708.60	708.60
Balance December 31, 2018	\$	-

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2017	Interest on Investments	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2018
Tax Premiums	\$ 454,797.67	-	-	-	428,322.95	636,685.62	246,435.00
Dedicated Recreation Trust	203,637.97	293.73	-	-	1,281,920.08	1,308,979.21	176,872.57
Tourism Development	149,676.40	-	-	-	649,281.95	686,567.45	112,390.90
Law Enforcement Trust	24,151.87	32.92	-	-	0.01	6,525.34	17,659.46
Parking Offenses Adjudication Act	28,406.41	12.13	-	-	2,188.00	11.53	30,595.01
Cash Performance Deposits	944,989.34	320.75	-	-	211,510.26	380,688.21	776,132.14
Dedicated Fire Fees	2,586.92	-	-	-	10,806.36	10,547.26	2,846.02
Lifeguard Pension	24,461.87	-	57,893.96	200,000.00	-	261,697.89	20,657.94
Shade Trees	2,250.56	1.42	-	-	3,150.00	2,509.32	2,892.66
COAH	4,834,582.38	46,987.65	-	-	565,492.50	71,495.70	5,375,566.83
Merchant Fees	14,541.18	52.55	-	-	157,705.45	152,029.05	20,270.13
Planning & Zoning Escrow	228,015.25	122.43	-	-	356,564.65	250,945.26	333,757.07
	<u>\$ 6,912,097.82</u>	<u>47,823.58</u>	<u>57,893.96</u>	<u>200,000.00</u>	<u>3,666,942.21</u>	<u>3,768,681.84</u>	<u>7,116,075.73</u>

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

Balance December 31, 2017		\$ 25,344,496.02
Increased by:		
Bond Anticipation Notes	81,840,000.00	
Current Fund Appropriations:		
Capital Improvement Fund	1,865,000.00	
Due from Grant Fund	350,000.00	
Premium on Sales of Bonds & Notes	754,380.00	
Reserve for Debt Service:		
Cape May County Reimbursement Ord. 16-10	474,787.50	
FEMA - Sandy	184,138.18	
Ocean City Cost Share - AC Electric	64,918.07	
Sale of 9th Street Property	649,787.50	
10th Street Warf paydown	54,719.60	
	<hr/>	<hr/>
		86,753,640.85
		112,098,136.87
Decreased by:		
Improvement Authorizations	32,299,768.33	
Bond Anticipation Notes	53,890,000.00	
Due from Grant Fund	2,400,000.00	
Anticipated as Current Revenue:		
Fund Balance	570,000.10	
Paydown of Unfunded Ordinances - Budget	515,910.00	
Reserve for Debt Service	850,000.00	
	<hr/>	<hr/>
		90,525,678.43
Balance December 31, 2018		\$ <u><u>21,572,458.44</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
	Dec. 31, 2017		Miscellaneous		Improvement Authorizations		Miscellaneous		
			Miscellaneous	Debt Issued			From	To	
Fund Balance	\$ 1,398,771.34		754,380.00	-	-	-	-	-	1,583,151.24
Capital Improvement Fund	75,112.53		1,865,000.00	-	-	-	-	-	1,210,087.53
Reserve for Debt Service	3,424,760.07		1,428,350.85	-	-	-	-	67,500.00	3,487,200.92
Cash Reserved to Pay BAN's	-		-	-	-	-	-	-	-
Encumbrances Payable	16,005,458.06		-	-	-	-	-	-	-
Due from Grant Fund	(350,000.00)		350,000.00	-	-	-	16,005,458.06	10,544,330.90	10,544,330.90
Reserve for Preliminary Expenses	-		-	-	-	-	-	-	(2,400,000.00)
Improvement Authorizations:									
12-08 Various Capital Improvements	68,178.95		-	-	-	-	-	-	68,178.95
12-15 Bellevue Demolition	5,677.79		-	-	6,177.79	-	-	500.00	-
12-21 Hurricane Sandy Repairs	-		-	-	-	-	-	-	-
13-02 Various Improvements	28,194.50		-	-	32,437.29	-	-	4,537.13	294.34
13-04 Various Improvements	(98,121.45)		-	-	478.55	-	-	133,648.38	-
13-20 Various Improvements	(22,500.00)		-	-	-	-	35,048.38	22,500.00	-
14-05 Various Improvements	57,580.32		-	-	56,621.42	-	-	70,899.63	54,301.56
14-13 Various Improvements	(9,375.55)		-	-	2,813.45	-	17,556.97	17,189.00	-
14-33 Various Improvements	(54,294.00)		-	-	8,437.84	-	5,000.00	63,250.00	518.16
14-35 Refunding Bond Ordinance	(20,000.00)		-	-	-	-	-	20,000.00	-
14-42 Skateboard Park	(12,500.00)		-	-	-	-	-	12,500.00	-
15-04 Lagoon & Back Bay Dredging	109,702.40		-	-	20,845.43	-	-	31,388.09	10,542.66
15-09 Various Improvements	(8,350.00)		-	-	422,336.99	-	14,013.24	491,679.15	165,031.32
15-17 Various Improvements	(95,000.00)		-	-	310,840.17	-	134,056.43	453,246.60	-
15-29 Roads & Drainage	(95,000.00)		-	-	8,657.33	-	19,036.82	122,694.15	-
16-01 Various Improvements	452,116.04		-	-	546,391.26	-	116,344.58	422,233.82	211,614.02
16-10 Acquisition of Property	(25,000.00)		-	-	-	-	-	25,092.30	92.30
16-19 Various Improvements	4,534,028.79		4,400,000.00	-	10,673,601.34	-	3,036,353.47	5,377,711.14	601,785.12
17-01 Various Improvements	(116,580.01)		2,950,000.00	-	4,527,471.60	-	327,155.01	3,801,450.89	1,780,244.27
17-05 Acquisition of Property	626,520.49		-	-	646,501.46	-	-	2,480.97	(17,500.00)
17-09 Various Improvements	(1,197,384.25)		-	-	12,343,660.38	-	1,928,543.56	5,448,366.81	1,578,778.62
17-18 Acquisition of Property	535,000.00		-	-	-	-	35,000.00	-	-
17-19 Acquisition of Property	32,500.00		-	-	-	-	32,500.00	-	-
18-02 Various Improvements	-		-	-	2,310,522.47	-	1,396,370.83	285,025.00	1,078,131.70
18-08 Various Improvements	-		-	-	381,973.56	-	3,514,851.61	512,500.00	1,615,674.83
	\$ 25,344,496.02		4,397,730.85	28,450,000.00	32,299,768.33	4,320,000.10	27,930,723.96	27,930,723.96	21,572,458.44

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

Balance December 31, 2017		\$	75,112.53
Increased by:			
Budget Appropriation	1,865,000.00		
Ordinances Cancelled (17-18 & 17-19)	67,500.00		
	<hr/>		<hr/>
			1,932,500.00
			2,007,612.53
Decreased by:			
Improvement Authorizations	797,525.00		
	<hr/>		<hr/>
			797,525.00
Balance December 31, 2018		\$	<u><u>1,210,087.53</u></u>

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

Balance December 31, 2017		\$ 71,367,414.51
Decreased by:		
Serial Bonds Paid & Refunded	10,120,000.00	
Greet Trust Loans Paid	<u>30,211.05</u>	
		<u>10,150,211.05</u>
Balance December 31, 2018		<u>\$ 61,217,203.46</u>

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

Ord #	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Raised in 2018 Budget	Cancellations	BAN Principal Reduction Payment	Balance Dec. 31, 2018	Bond Anticipation Notes	Analysis of Balance	
									Expenditures	Unexpended Improvement Authorizations
13-04	Various Improvements	98,600.00	-	98,600.00	-	-	-	-	-	-
13-20	Various Improvements	322,500.00	-	22,500.00	-	-	300,000.00	300,000.00	-	-
14-05	Various Improvements	353,050.00	-	53,050.00	-	-	300,000.00	300,000.00	-	-
14-13	Various Improvements	9,750.00	-	9,750.00	-	-	-	-	-	-
14-15	10th Street Marina	2,470,000.00	-	-	-	130,000.00	2,340,000.00	2,340,000.00	-	-
14-33	Various Improvements	63,250.00	-	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	1,878,635.00	-	78,635.00	-	-	1,800,000.00	1,800,000.00	-	-
15-17	Various Improvements	1,058,350.00	-	8,350.00	-	-	1,050,000.00	1,050,000.00	-	-
15-29	Roads & Drainage	1,995,000.00	-	95,000.00	-	-	1,900,000.00	1,900,000.00	-	-
16-01	Various Improvements	16,629,275.00	-	29,275.00	-	-	16,600,000.00	16,600,000.00	-	-
16-10	Acquisition of Property	475,000.00	-	25,000.00	-	450,000.00	-	-	-	-
16-19	Various Improvements	18,461,750.00	-	-	-	-	18,461,750.00	18,400,000.00	61,750.00	61,750.00
17-01	Various Improvements	11,573,375.00	-	-	-	-	11,573,375.00	11,550,000.00	23,375.00	23,375.00
17-05	Acquisition of Property	617,500.00	-	-	-	-	617,500.00	600,000.00	-	-
17-09	Various Improvements	17,542,700.00	-	-	-	-	17,542,700.00	17,500,000.00	17,500.00	42,700.00
17-18	Acquisition of Property	665,000.00	-	-	665,000.00	-	-	-	-	-
17-19	Acquisition of Property	617,500.00	-	-	617,500.00	-	-	-	-	-
18-02	Various Improvements	-	5,415,475.00	-	-	-	5,415,475.00	4,500,000.00	915,475.00	915,475.00
18-08	Various Improvements	-	9,737,500.00	-	-	-	9,737,500.00	5,000,000.00	4,737,500.00	4,737,500.00
		<u>\$ 74,863,735.00</u>	<u>15,152,975.00</u>	<u>515,910.00</u>	<u>1,282,500.00</u>	<u>580,000.00</u>	<u>87,638,300.00</u>	<u>81,840,000.00</u>	<u>17,500.00</u>	<u>5,780,800.00</u>
										<u>12,866,453.74</u>

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

Ord. Number	Amount
14-05	54,301.56
15-09	165,031.32
16-01	211,614.02
16-10	92.30
16-19	601,785.12
17-01	1,780,244.27
17-09	1,578,778.62
18-02	1,078,131.70
18-08	1,615,674.83
	<u>7,085,653.74</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018	
			Date	Amount					
General Improvements	7/15/2008	14,500,000	7/15/2019	1,800,000.00	5.250%	5,500,000.00	1,700,000.00	3,800,000.00	
			7/15/2020	2,000,000.00	4.000%				
General Improvements	8/15/2010	13,800,000	8/15/2019	1,900,000.00	4.125%	3,800,000.00	1,900,000.00	1,900,000.00	
					3.000%				
General Improvements	12/20/2012	9,900,000	12/15/2019	900,000.00	4.000%	6,300,000.00	900,000.00	5,400,000.00	
			12/15/2020	900,000.00	4.000%				
			12/15/2021	900,000.00	4.000%				
			12/15/2022	900,000.00	3.000%				
			12/15/2023	900,000.00	4.000%				
			12/15/2024	900,000.00	3.000%				
General Improvements	8/12/2014	17,900,000	9/1/2019	1,500,000.00	3.000%	14,800,000.00	1,300,000.00	13,500,000.00	
			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	2.000%				
			9/1/2024	1,800,000.00	3.000%				
Refunding Bonds	12/16/2014	5,885,000	9/1/2025	1,800,000.00	3.000%	3,835,000.00	1,920,000.00	1,915,000.00	
			9/1/2026	1,800,000.00	3.000%				
General Improvements	12/1/2016	38,800,000	1/15/2019	1,915,000.00	4.000%	36,700,000.00	2,400,000.00	34,300,000.00	
			11/15/2019	2,500,000.00	5.000%				
			11/15/2020	2,600,000.00	4.000%				
			11/15/2021	2,700,000.00	4.000%				
			11/15/2022	2,800,000.00	4.000%				
			11/15/2023	3,400,000.00	2.250%				
			11/15/2024	3,750,000.00	2.000%				
			11/15/2025	3,950,000.00	2.000%				
			11/15/2026	4,200,000.00	2.125%				
			11/15/2027	4,200,000.00	2.250%				
		11/15/2028	4,200,000.00	1.000%					
						\$	<u>70,935,000.00</u>	<u>10,120,000.00</u>	<u>60,815,000.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				
			December 31, 2018	Interest Rate	Balance Dec. 31, 2017	Balance Dec. 31, 2018	
			Date	Amount	Rate	Decreased	
Multi Park - ADA 0508-07-056	3/19/2010	200,000	2019	10,041.50	2.000% \$	9,843.65	122,254.49
			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				132,098.14
Multi Park - ADA 0508-07-056 (A)	3/19/2010	200,000	2019	10,041.50	2.000%	9,843.65	122,254.49
			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				132,098.14

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				
			Date	Amount	Interest Rate	Balance	
			December 31, 2018	Dec. 31, 2017	Dec. 31, 2018		
4th Street Life Saving Station	3/23/2012	222,500	2019	10,735.28	2.000%	168,218.23	157,694.48
			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				
						10,523.75	
							402,203.46
							432,414.51
							\$ 30,211.05

**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, 2017	Increased	Decreased	Balance Dec. 31, 2018	
Various Improvements	13-20	12/1/2016	11/29/2017 11/27/2018	11/28/2018 11/26/2019	2.5000% \$ 3.0000%	300,000.00 -	300,000.00 -	300,000.00 -	- 300,000.00	
Various Improvements	14-05	12/1/2016	11/29/2017 11/27/2018	11/28/2018 11/26/2019	2.5000% 3.0000%	300,000.00 -	300,000.00 -	300,000.00 -	- 300,000.00	
Marina Redevelopment Area	14-15	12/3/2014	11/29/2017 11/27/2018	11/28/2018 11/26/2019	2.7500% 2.9500%	2,470,000.00 -	2,340,000.00 -	2,470,000.00 -	- 2,340,000.00	
Various Improvements	15-09	12/1/2016	11/29/2017 6/14/2018 11/27/2018 6/13/2019	11/28/2018 6/14/2018 11/26/2019 6/13/2019	2.5000% 3.0000% 3.0000% 2.7500%	1,000,000.00 800,000.00 -	1,000,000.00 800,000.00 -	1,000,000.00 800,000.00 -	- 1,000,000.00 800,000.00	
Various Improvements	15-17	12/3/2015	6/14/2017 11/29/2017 11/27/2018 6/13/2019	6/14/2018 11/28/2018 11/26/2019 6/13/2019	2.0000% 2.5000% 3.0000% 2.7500%	650,000.00 400,000.00 -	650,000.00 400,000.00 -	650,000.00 400,000.00 -	- 400,000.00 650,000.00	
Roads & Drainage	15-29	6/16/2016	6/14/2017 6/13/2018	6/14/2018 6/13/2019	2.0000% 2.7500%	1,900,000.00 -	1,900,000.00 -	1,900,000.00 -	- 1,900,000.00	
Various Improvements	16-01	6/16/2016	6/14/2017 6/14/2018 11/29/2017 11/27/2018 6/13/2019	6/14/2018 6/14/2018 11/28/2018 11/26/2019 6/13/2019	2.0000% 2.0000% 2.5000% 3.0000% 2.7500%	12,000,000.00 2,000,000.00 2,600,000.00 -	12,000,000.00 2,000,000.00 2,600,000.00 -	12,000,000.00 2,000,000.00 2,600,000.00 -	- - - 2,600,000.00 14,000,000.00	
Acquisition of Property	16-10	6/16/2016	6/14/2017	6/14/2018	2.0000%	450,000.00	-	450,000.00	-	
Various Improvements	16-19	12/1/2016	11/29/2017 11/27/2018	11/28/2018 11/26/2019	2.5000% 3.0000%	14,000,000.00 -	18,400,000.00 -	14,000,000.00 -	- 18,400,000.00	
Various Improvements	17-01	6/14/2017	6/14/2017 11/29/2017 11/27/2018 6/13/2019	6/14/2018 11/28/2018 11/26/2019 6/13/2019	2.0000% 2.5000% 3.0000% 2.7500%	6,600,000.00 2,000,000.00 -	6,600,000.00 2,000,000.00 -	6,600,000.00 2,000,000.00 -	- - 3,000,000.00 8,550,000.00	
Various Improvements	17-05	6/14/2017	6/14/2017 6/13/2018	6/14/2018 6/13/2019	2.0000% 2.7500%	600,000.00 -	600,000.00 -	600,000.00 -	- 600,000.00	
Various Improvements	17-09	11/29/2017	11/29/2017 11/27/2018 6/13/2019	11/28/2018 11/26/2019 6/13/2019	2.5000% 3.0000% 2.7500%	5,900,000.00 -	11,500,000.00 6,000,000.00	5,900,000.00 -	- 11,500,000.00 6,000,000.00	
Acquisition of Property	17-18	11/29/2017	11/29/2017	11/28/2018	2.5000%	500,000.00	-	500,000.00	-	
Various Improvements	18-02	11/27/2018	11/27/2018 6/13/2019	11/26/2019 6/13/2019	3.0000% 2.7500%	- -	1,500,000.00 3,000,000.00	- -	- -	1,500,000.00 3,000,000.00
Various Improvements	18-08	11/27/2018	11/27/2018	11/26/2019	3.0000%	-	5,000,000.00	-	-	5,000,000.00
						\$ 54,470,000.00	\$ 81,840,000.00	\$ 54,470,000.00	\$ 81,840,000.00	

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

Ordinance Number	Improvement Description	Balance	2018	Debt	Other	Balance
		Dec. 31, 2017	Authorizations	Issued		Dec. 31, 2018
13-04	Various Improvements	\$ 98,600.00	-	-	98,600.00	-
13-20	Various Improvements	22,500.00	-	-	22,500.00	-
14-05	Various Improvements	53,050.00	-	-	53,050.00	-
14-13	Various Improvements	9,750.00	-	-	9,750.00	-
14-33	Various Improvements	63,250.00	-	-	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	78,635.00	-	-	78,635.00	-
15-17	Various Improvements	8,350.00	-	-	8,350.00	-
15-29	Roads & Drainage	95,000.00	-	-	95,000.00	-
16-01	Various Improvements	29,275.00	-	-	29,275.00	-
16-10	Acquisition of Property	25,000.00	-	-	25,000.00	-
16-19	Various Improvements	4,461,750.00	-	4,400,000.00	-	61,750.00
17-01	Various Improvements	2,973,375.00	-	2,950,000.00	-	23,375.00
17-05	Acquisition of Property	17,500.00	-	-	-	17,500.00
17-09	Various Improvements	11,642,700.00	-	11,600,000.00	-	42,700.00
17-18	Acquisition of Property	165,000.00	-	-	165,000.00	-
17-19	Acquisition of Property	617,500.00	-	-	617,500.00	-
18-02	Various Improvements	-	5,415,475.00	4,500,000.00	-	915,475.00
18-08	Various Improvements	-	9,737,500.00	5,000,000.00	-	4,737,500.00
		<u>\$ 20,393,735.00</u>	<u>15,152,975.00</u>	<u>28,450,000.00</u>	<u>1,298,410.00</u>	<u>5,798,300.00</u>

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH**

	Trust Fund I	Trust Fund II
Balance December 31, 2017	\$ -	-
Increased by:		
State Aid for Public Assistance	-	60,795.11
SSI Receipts	-	61,312.35
	<u> </u>	<u> </u>
	-	122,107.46
	<u> </u>	<u>122,107.46</u>
Decreased by:		
Public Assistance	-	122,107.46
	<u> </u>	<u> </u>
Balance December 31, 2018	\$ -	122,107.46
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

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

	Trust Fund I	Trust Fund II
Balance December 31, 2017	\$ -	-
Increased by:		
Cash Receipts	-	9,039.30
Decreased by:		
Cash Disbursements	-	9,039.30
Balance January 31, 2018	\$ -	-

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$ -	60,795.11
Supplemental Security Income: Client Refund	-	61,312.35
Total Revenues (PATF)	<u>\$ -</u>	<u>122,107.46</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	\$ -	41,792.12
Temporary Rent	-	73,927.00
Shelter	-	1,050.00
Transportation	-	249.50
Rent	-	2,224.00
Security Deposits	-	1,819.00
Storage	-	516.10
Other	-	529.74
Total Expenditures (PATF)	<u>\$ -</u>	<u>122,107.46</u>

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**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2018**



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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 26, 2019, 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

July 26, 2019

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:

- 2018 Pool Improvements
- 2018 Fall Road Improvement Program
- 2018 Road Improvement Program - Phase 3
- 2018 Road Improvement Program-Phase 5
- 2018 Back Bay Hydraulic Dredging
- 2018 Lighting Improvements at Carey Field
- 2018 Beach Outfall Improvements at Various Locations
- 2018 Downtown Streetscape Improvement Program-Phase 2
- Acquisition of Two (2) 2018 or Newer One Man Refuse Collection System Vehicles
- Acquisition & Installation of Kentucky Bluegrass Sod
- Bayside Center Improvements-Phase IA
- Citywide Custodial Services for the City of Ocean City
- Dredge Spoil Material Testing Services
- Emergency Disaster Removal Services for Members of Ocean City Cooperative Pricing System
- Fabrication & Delivery of Welded Aluminum Boardwalk Railing
- Lease of City Owned Beach Parcels
- Music Pier & Fire Station # 1 Boiler Replacements
- Ocean City Humane Society HVAC Renovations
- Professional Tennis Instructor Service
- Pump Station Electric Installation
- Recreational Baseball Camp Program
- Recreational Basketball Camp Program
- Recreational Field Hockey Camp Program
- Recreational Soccer Camp Program
- Recreational Softball Camp Program
- Recreational Skateboard Camp Program
- Renovations to the Ocean City Lifesaving Station -Phase 3
- Shooting Island Living Shoreline Restoration Projects
- Specifications for a Dump Truck
- Supply & Delivery of Lumber & Piling

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 2018.

This Resolution shall take effect January 1, 2018.

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>
2018	19
2017	17
2016	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:

Type	Number Mailed
Payments of 2018 and 2019 Taxes	10
Delinquent Taxes	10
Total	20

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.

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2018 \$	113,169,715.17	112,259,116.62	99.20%
2017	110,070,172.28	109,323,414.15	99.32%
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%

Comparative Schedule of Tax Rate Information

	2018	2017	2016	2015	2014
Tax Rate \$	0.958	0.943	0.907	0.895	0.882
Apportionment of Tax Rate:					
Municipal	0.494	0.484	0.454	0.444	0.436
County	0.248	0.241	0.236	0.233	0.225
Local School	0.216	0.218	0.217	0.218	0.221
Assessed Valuation	11,692,444,386	11,556,818,374	11,437,322,724	11,296,513,298	11,181,508,929

Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2018 \$	3,984.88	891,579.31	895,564.19	0.79%
2017	3,148.22	724,270.39	727,418.61	0.66%
2016	1,429.93	680,873.91	682,303.84	0.65%
2015	1,766.69	691,033.10	692,799.79	0.68%
2014	1,766.69	855,902.30	857,668.99	0.86%

Deposit of Municipal Funds

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

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

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

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

CITY OF OCEAN CITY

FINDINGS AND RECOMMENDATIONS

None

Ford, Scott & Associates, L.L.C.
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No. 393

July 26, 2019

CITY OF OCEAN CITY
PART III
FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2018

**CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 FEMA - NJ OEM Cape May County Elevation Project 18-19	97.088	4264DRNJP00	2018	Open	3,835,100.00	\$ 3,835,100.00	274,400.00	-	274,400.00
FEMA - NJ State Police	97.042	4264DRNJP00	2018	Open	10,000.00	10,000.00	5,415.98	-	5,415.98
Total Federal Emergency Management Agency						<u>3,845,100.00</u>	<u>279,815.98</u>	<u>-</u>	<u>279,815.98</u>
U.S. Department of the Interior National Fish and Wildlife	15.153	44068	6/8/15	6/8/17	2,630,000.00	2,630,000.00	2,305,795.00	-	2,305,795.00
Total Department of the Interior						<u>2,630,000.00</u>	<u>2,305,795.00</u>	<u>-</u>	<u>2,305,795.00</u>
Federal Aviation Administration FAA - Airport Lighting Obstruction Phase I - 18/19	20.106	AIP-#3-34-0029-19-2018	2018	2019	79,591.00	79,591.00	79,591.00	-	79,591.00
Total Federal Aviation Administration						<u>79,591.00</u>	<u>79,591.00</u>	<u>-</u>	<u>79,591.00</u>
U.S. Department of Justice Bulletproof Vest	16.607	N/A	2017	Open	4,532.00	4,532.00	4,531.20	-	4,531.20
Body Armor Replacement	16.607	N/A	2016	Open	13,685.98	13,685.98	5,079.67	-	5,079.67
Body Armor Replacement	16.607	N/A	2018	Open	4,165.43	4,165.43	3,351.20	-	3,351.20
Total Federal Department of Justice						<u>22,383.41</u>	<u>12,962.07</u>	<u>-</u>	<u>12,962.07</u>
Housing and Urban Development Community Development Block Grant - 16/17	14.218	B-17-MC-34-0130	2017	Open	547,976.00	547,976.00	-	104,567.45	104,567.45
Community Development Block Grant - 17/18	14.218	B-18-MC-34-0130	2018	Open	290,766.00	290,766.00	-	129,806.00	129,806.00
Total Housing and Urban Development						<u>838,742.00</u>	<u>-</u>	<u>234,373.45</u>	<u>234,373.45</u>
Total Federal Assistance						<u>\$ 7,415,816.41</u>	<u>2,678,164.05</u>	<u>234,373.45</u>	<u>2,912,537.50</u>

See Accompanying Notes to Schedule of Federal Awards State Financial Assistance

**CITY OF OCEAN CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	1/1/2017	\$	-	78,567.94	88,340.02
Clean Communities	4900-765-042-4900-006	1/1/2018		88,657.98	16,323.60	16,323.60
NJ Clean Diesel Grant 18-19	N/A	1/1/2018		49,500.00	49,500.00	49,500.00
Recycling Tonnage	4900-752-042-4900-001	1/1/2018		25,999.38	2,051.39	2,051.39
Recycling Tonnage	4900-752-042-4900-001	1/1/2017		-	23,498.76	27,652.03
Electric Vehicle Charging Grant	N/A	1/1/2017	5,000.00	-	1,000.00	5,000.00
NJ Department of Community Affairs						
DCA Historic Preservation Grant - Life Saving Station	8049-584-022-8049-001-F000-6120	1/1/2016	750,000.00		127,608.50	750,000.00
NJ Historic Trust Sandy Relief - Life Saving Station	8049-584-022-8049-001-F000-6120	1/1/2015	143,031.00		-	32,771.00
NJ Historic Trust Sandy Relief - Transportation Center	8049-584-022-8049-001-F000-6120	1/1/2015	501,000.00		4,095.00	488,554.00
DCA - Disabled Recreation - Grant	N/A	1/1/2015	24,000.00		-	3,952.69
Post Sandy Planning Grant	N/A	1/1/2015	26,500.00		-	8,067.50
NJ Department of Health						
Sustainable NJ	N/A	1/1/2015	30,000.00		1,053.00	30,000.00
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	1/1/2015				
NJ Division of Law and Public Safety						
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	1/1/2016	15,196.54		2,016.20	10,138.78
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	1/1/2018	5,287.44	5,287.44	1,068.80	1,068.80
Body Worn Camera Grant	N/A	1/1/2016	9,500.00		-	8,838.00
NJ Division of Homeland Security and Preparedness						
Secure the Shore Physical Barrier	N/A	1/1/2018	100,000.00	100,000.00	-	-
NJ Department of Transportation						
Airport Destruction Removal Grant	N/A	1/1/2016	69,480.00		-	52,586.62
Municipal Aid Program	N/A	1/1/2018	190,000.00	190,000.00	-	-
Maritime Resources Dredging	N/A	1/1/2018	4,454,540.24	4,454,540.24	1,300,000.00	1,300,000.00
Dredge Material Management Grant	N/A	1/1/2017	1,219,935.03		1,053,056.65	1,219,935.03
Bay to West:31st-33rd	N/A	1/1/2018	172,000.00		172,000.00	172,000.00
Department of Economic Assistance						
Public Assistance	7550-150-158010-60	01/01/2018	122,107.46	122,107.46	122,107.46	122,107.46
Total State Assistance				\$ 5,036,092.50	2,953,947.30	

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, 2018

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

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	\$ 2,912,537.50	2,831,839.84	-	5,744,377.34
General Capital Fund	-	-	-	-
Public Assistance Fund	-	122,107.46	-	122,107.46
Total Financial Assistance	<u>\$ 2,912,537.50</u>	<u>2,953,947.30</u>	<u>-</u>	<u>5,866,484.80</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, 2018. 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, 2018.

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, 2018, and have issued our report thereon dated July 26, 2019, 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

Leon P. Costello
Leon P. Costello
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No. 393

July 26, 2019

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CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2018

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:

6320-480-078-XXXX **NJ Department of Transportation – 2018 Maritime Resources Dredging**

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

Auditee qualified as low-risk Auditee? **YES**

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2018
(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 Uniform Guidance?	NO
--	-----------

Identification of major programs:

15.153	National Fish and Wildlife
---------------	-----------------------------------

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

Auditee qualified as low-risk Auditee?	YES
--	------------

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.