

**CITY OF OCEAN CITY  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2019**



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**CITY OF OCEAN CITY  
PART I  
REPORT ON AUDIT OF  
FINANCIAL STATEMENTS - REGULATORY BASIS  
DECEMBER 31, 2019**







# FORD - SCOTT

& ASSOCIATES, L.L.C.

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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, 2019 and 2018, 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, 2019 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 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. The supplementary information listed in the table of contents and schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents, the schedule of expenditures of federal awards and the schedule of state financial assistance, as required by the Uniform Guidance and NJ OMB 15-08 respectively, are the responsibility of management and is presented for the purposes of additional analysis and is not a required part of the financial statements 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. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards and the schedule of state financial assistance 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 17, 2020 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 17, 2020

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**EXHIBIT - A  
CURRENT FUND**



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

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 14,253,390.85	11,697,021.86
Cash - Collector	399,616.83	443,429.03
Cash - Change	3,650.00	3,225.00
Total Cash	<u>14,656,657.68</u>	<u>12,143,675.89</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	797,349.17	891,579.31
Tax Title and Other Liens	3,951.47	3,984.88
Property Acquired for Taxes - at Assessed Valuation	244,200.00	262,576.00
Total Receivables and Other Assets	<u>1,045,500.64</u>	<u>1,158,140.19</u>
Total Regular Fund	<u>15,702,158.32</u>	<u>13,301,816.08</u>
Federal and State Grant Fund:		
Cash	11,607.46	7,127.40
Federal and State Grants Receivable	10,578,451.86	13,244,604.02
Total Federal and State Grant Fund	<u>10,590,059.32</u>	<u>13,251,731.42</u>
Total Current Fund	<u>\$ 26,292,217.64</u>	<u>26,553,547.50</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>2019</u>	<u>2018</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,719,156.05	1,519,214.94
Reserve for Encumbrances	1,053,144.94	966,734.99
Accounts Payable	-	97.20
Prepaid Taxes	3,412,702.67	3,433,585.35
Overpaid Taxes	2,453.72	2,229.06
County Added Tax Payable	199,456.52	251,719.94
Prepaid Beach Fees	127,055.00	104,175.00
Due to State - Chapter 20 P.L. 1971	254.73	1,334.17
Payroll Taxes Payable	8,900.81	12,173.94
Reserve for Health Insurance Claims	108,370.15	1,108.96
	<hr/>	<hr/>
Reserve for Receivables and Other Assets	6,631,494.59	6,292,373.55
Fund Balance	1,045,500.64	1,158,140.19
	<hr/>	<hr/>
Total Regular Fund	8,025,163.09	5,851,302.34
	<hr/>	<hr/>
Total Regular Fund	15,702,158.32	13,301,816.08
	<hr/>	<hr/>
Federal and State Grant Fund:		
Unappropriated Reserves	34,798.24	3,011.46
Appropriated Reserves	4,604,087.99	7,900,195.98
Due to General Capital Fund	4,600,000.00	2,400,000.00
Encumbrances Payable	1,351,173.09	2,948,523.98
	<hr/>	<hr/>
Total Federal and State Grant Fund	10,590,059.32	13,251,731.42
	<hr/>	<hr/>
Total Current Fund	\$ <u>26,292,217.64</u>	<u>26,553,547.50</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,**

	2019	2018
Revenue and Other Income Realized		
Fund Balance	\$ 2,850,000.00	3,000,000.00
Miscellaneous Revenue Anticipated	17,904,308.20	17,447,809.24
Public and Private Programs		
Off-Set with Appropriations	1,930,557.87	11,745,647.47
Receipts from Delinquent Taxes	881,699.37	645,152.78
Receipts from Current Taxes	114,452,165.12	112,259,116.62
Non Budget Revenue	525,119.82	404,972.34
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,381,177.55	1,240,849.10
Cancellation of:		
Prior Year Accounts Payable	97.20	-
Cancelled Prior Year Checks	180,631.56	-
Total Income	140,105,756.69	146,743,547.55
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	30,534,947.00	29,604,975.00
Other Expenses	19,430,833.39	21,000,133.39
Deferred Charges & Statutory Expenditures	7,028,971.00	6,646,169.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	241,153.00	236,425.00
Other Expenses	4,166,577.00	4,062,238.00
Public and Private Programs Off-Set by		
Revenues	1,974,316.67	11,599,306.27
Capital Improvements	800,000.00	2,055,000.00
Debt Service	14,728,466.15	13,432,407.80
Deferred Charges	145,325.00	515,910.00
Local District School Tax	25,396,387.50	25,194,554.00
County Tax	30,121,486.25	28,940,205.65
County Share of Added Tax	199,456.52	251,719.94
Other:		
Special Improvement District Taxes	183,298.00	183,278.00
Return of Library Advance	60,000.00	-
Payroll Deductions Payable	70,678.46	-
Total Expenditures	135,081,895.94	143,722,322.05
Excess/(Deficit) in Revenue	5,023,860.75	3,021,225.50

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>2019</u>	<u>2018</u>
Statutory Excess to Fund Balance	<u>5,023,860.75</u>	<u>3,021,225.50</u>
Fund Balance January 1	<u>5,851,302.34</u>	<u>5,830,076.84</u>
Decreased by:	10,875,163.09	8,851,302.34
Utilization as Anticipated Revenue	<u>2,850,000.00</u>	<u>3,000,000.00</u>
Fund Balance December 31	<u>\$ 8,025,163.09</u>	<u>5,851,302.34</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 2,850,000.00	-	-
Total Fund Balance Anticipated	<u>2,850,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	400,000.00	-	12,150.98
Fees and Permits	1,000,000.00	-	64,876.30
Fines and Costs:			
Municipal Court	350,000.00	-	(15,459.16)
Interest and Costs on Taxes	180,000.00	-	37,148.87
Interest Earned on Investments	240,000.00	-	322,148.18
Parking Meters	3,020,000.00	-	299,006.80
Beach Fees	3,800,000.00	-	230,142.90
Rental or Sale of City Material & Property	165,000.00	-	50,505.71
Airport Fees	140,000.00	-	34,508.72
Boat Ramp Fees	27,000.00	-	4,302.25
Aquatic & Fitness Center User Fees	1,050,000.00	-	8,833.00
Smoke Detector Inspection	150,000.00	-	850.00
Emergency Medical Services	540,000.00	-	77,049.65
Total Section A: Local Revenues	<u>11,062,000.00</u>	<u>-</u>	<u>1,126,064.20</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, 2019**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	900,000.00	-	229,464.00
<b>Total Section C: Uniform Construction Code Fees</b>	<b>900,000.00</b>	<b>-</b>	<b>229,464.00</b>
Section D: Interlocal Municipal Service Agreements			
Offset with Appropriations			
Upper Township - Dispatching Service	241,153.00	-	-
<b>Total Section D: Interlocal Municipal Service Agreements</b>	<b>241,153.00</b>	<b>-</b>	<b>-</b>
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Community Development Block Grant	-	278,423.00	-
Clean Communities Program	-	98,876.85	-
Drunk Driving Enforcement Fund	3,011.46	-	-
N.J. Transportation Trust Fund Authority Act	-	240,000.00	-
NJDOT Airport Fuel Farm	285,898.80	-	-
Recycling Tonnage Grant	-	26,839.17	-
Body Armor Grant	-	5,686.93	-
FEMA - Homeland Security Firefighters Grant	-	56,666.66	-
USDOT FAA Airport Erosion Control Phase II	-	618,764.00	-
USDOT FAA Light Obstruction Phase II	-	316,391.00	-
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>288,910.26</b>	<b>1,641,647.61</b>	<b>-</b>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Reserves for Debt Service & Capital Fund Balance	145,325.00	-	-
Reserves for Debt Service & Capital Fund Balance	1,150,000.00	-	-
OC Library - Contracted Services	208,741.00	-	-
OC Library - Return to Taxpayers	695,513.00	-	-
<b>Total Section G: Other Special Items</b>	<b>2,199,579.00</b>	<b>-</b>	<b>-</b>
Total Miscellaneous Revenues:	16,837,690.26	1,641,647.61	1,355,528.20
Receipts from Delinquent Taxes	700,000.00	-	181,699.37
Amount to be Raised by Taxes for Support of Municipal Budget	54,281,658.92	-	1,110,366.43
Local Tax for Municipal Purposes	4,166,577.00	-	-
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	<b>58,448,235.92</b>	<b>-</b>	<b>1,110,366.43</b>
Budget Totals	78,835,926.18	1,641,647.61	2,647,594.00
Non-Budget Revenues:			
Other Non-Budget Revenues:	-	-	525,119.82
<b>\$</b>	<b>78,835,926.18</b>	<b>1,641,647.61</b>	<b>3,172,713.82</b>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	114,452,165.12
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Less: Reserve for Tax Appeals Pending		
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Net Revenue from Collections		114,452,165.12
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Allocated to:

School, County and Other Taxes		56,043,562.77
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Balance for Support of Municipal Budget Appropriations		58,408,602.35
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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		59,558,602.35
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Receipts from Delinquent Taxes:

Delinquent Tax Collection		881,699.37
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Tax Title Lien Collections		-
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Total Receipts from Delinquent Taxes	\$	881,699.37
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See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

200 Foot Info	2,790.00
American Recycling Refunds	10,070.35
Bench Donations	80,800.00
Binocular Fees	854.89
Boardwalk Entertainers	4,300.00
Cafe	2,800.00
City Clerk	289.00
COAH - April 2019 Due to City for FEMA	5,000.00
Crown Castle - Revenue Share	22,891.04
DMV Inspection Fines	2,700.00
Electric Charger - Charge Point	1,420.97
FEMA Hurricane Sandy Final Payment	6,804.00
Fire Reports	5.00
Miscellaneous	8,151.25
Ocean City Housing Authority - 2015-2017	67,461.00
Ocean City Housing Authority - 2018	34,038.00
Public Defender	2,875.00
Rebates - PCARD	25,944.90
Reimbursements from Ocean City Free Library	69,006.75
Returned Check Fees	180.00
Various Refunds & Reimbursements	25,436.32
Sr & Vets 2% Admin	1,935.70
Shared Services	11,709.55
Storage & Towing Fees	23,844.00
Sidewalk Permits	200.00
Trademark Fees	1,187.50
Tax Collector	15,416.54
Tax Map Changes Fees	5,500.00
Unclaimed Funds	3,408.06
Wilhelm Trust	5,300.00
United Methodist Homes - PILOT	82,800.00

Total Miscellaneous Revenue Not Anticipated:

\$ 525,119.82

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>DEPARTMENT OF ADMINISTRATION</b>						
<b>EXECUTIVE BRANCH</b>						
Mayor's Office						
Salaries and Wages	\$ 20,600.00	20,600.00	20,600.00	-	-	-
Other Expenses	2,400.00	2,400.00	1,454.81	-	945.19	-
<b>ADMINISTRATION</b>						
City Administrator						
Salaries and Wages	360,000.00	361,000.00	360,719.54	-	280.46	-
Other Expenses	157,200.00	160,200.00	157,016.10	-	3,183.90	-
Engineering & Project Management						
Salaries and Wages	351,000.00	351,000.00	345,462.39	-	5,537.61	-
Other Expenses	9,000.00	9,000.00	8,312.92	-	687.08	-
Human Resources						
Salaries and Wages	714,000.00	710,000.00	683,175.02	-	26,824.98	-
Other Expenses	164,400.00	164,400.00	13,328.75	41,097.71	109,973.54	-
Purchasing Division						
Salaries and Wages	240,000.00	240,000.00	230,034.98	-	9,965.02	-
Other Expenses	8,250.00	8,250.00	6,975.29	203.00	1,071.71	-
Emergency Management						
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-	-
Other Expenses	20,000.00	20,000.00	15,594.90	-	4,405.10	-
Planning Board						
Other Expenses	24,500.00	24,500.00	8,046.18	-	16,453.82	-
Zoning Board of Adjustment						
Other Expenses	4,800.00	4,800.00	4,374.35	-	425.65	-
<b>COMMUNITY SERVICE DEPARTMENT</b>						
Public Relations & Information						
Salaries and Wages	945,000.00	906,000.00	764,498.54	-	141,501.46	-
Other Expenses	268,000.00	270,000.00	252,094.95	17,730.00	175.05	-
Aquatic and Fitness Center						
Salaries and Wages	1,128,000.00	1,128,000.00	1,093,814.02	-	34,185.98	-
Other Expenses	80,000.00	80,000.00	69,342.08	7,421.38	3,236.54	-

See accompanying Notes to Financial Statements - Regulatory Basis



**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled	
	Budget	Budget After Modifications	Paid or Charged	Encumbered			Reserved
				Encumbered	Reserved		
<b>Recreation &amp; Leisure Programs</b>							
Salaries and Wages	460,000.00	460,000.00	421,543.70	-	38,456.30	-	
Other Expenses	20,300.00	20,300.00	19,091.50	1,185.76	22.74	-	
<b>Music Pier Operations</b>							
Salaries and Wages	460,000.00	465,000.00	464,991.78	-	8.22	-	
Other Expenses	30,900.00	30,900.00	26,810.62	3,561.03	528.35	-	
<b>Municipal Code &amp; Licensing</b>							
Salaries and Wages	716,000.00	706,000.00	682,496.08	-	23,503.92	-	
Other Expenses	81,250.00	81,250.00	67,241.23	867.50	13,141.27	-	
<b>Administration</b>							
Salaries and Wages	698,000.00	698,000.00	662,748.99	-	35,251.01	-	
Other Expenses	16,000.00	16,000.00	15,846.29	94.45	59.26	-	
<b>Neighborhood &amp; Social Services</b>							
Salaries and Wages	100,000.00	100,000.00	92,869.97	-	7,130.03	-	
Other Expenses	1,500.00	1,500.00	967.82	-	532.18	-	
<b>Historical Commission</b>							
Other Expenses	2,800.00	2,800.00	431.66	-	2,368.34	-	
<b>PUBLIC WORKS</b>							
<b>Facility Maintenance</b>							
Salaries and Wages	980,000.00	905,000.00	844,513.39	-	60,486.61	-	
Other Expenses	255,500.00	275,500.00	249,903.14	15,110.35	10,486.51	-	
<b>Environmental Operations</b>							
Salaries and Wages	1,170,000.00	1,170,000.00	1,106,808.87	-	63,191.13	-	
Other Expenses							
Miscellaneous Other Expenses	73,200.00	89,357.01	79,690.57	9,666.44	-	-	
Trash & Recycling	2,853,500.00	2,837,342.99	2,420,676.40	323,196.01	93,470.58	-	
<b>Field Operations</b>							
Salaries and Wages	1,457,000.00	1,361,900.00	1,287,970.75	-	73,929.25	-	
Other Expenses:	83,000.00	93,000.00	87,330.48	618.01	5,051.51	-	
<b>Fleet Maintenance</b>							
Salaries and Wages	380,000.00	380,000.00	367,973.81	-	12,026.19	-	
Other Expenses	267,500.00	252,500.00	234,509.84	11,165.84	6,824.32	-	

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations			Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After	Paid or	Encumbered	Reserved		
		Modifications					
<b>DEPARTMENT OF LAW</b>							
Legal Division							
Salaries and Wages	162,000.00	182,000.00	179,597.74	-	2,402.26	-	-
Other Expenses	298,000.00	348,000.00	240,067.68	101,969.88	5,962.44	-	-
Public Defender							
Other Expenses	49,500.00	49,500.00	40,098.12	1,651.00	7,750.88	-	-
<b>STATUTORY OFFICES</b>							
City Clerk's Office							
Salaries and Wages	204,000.00	204,000.00	201,609.02	-	2,390.98	-	-
Other Expenses	59,150.00	59,150.00	53,069.20	-	6,080.80	-	-
City Council							
Salaries and Wages	73,600.00	73,600.00	73,599.50		0.50	-	-
Other Expenses	14,400.00	14,400.00	8,410.00	770.00	5,220.00	-	-
Municipal Court							
Salaries and Wages	622,000.00	622,000.00	576,550.78	-	45,449.22	-	-
Other Expenses	33,150.00	33,150.00	25,088.12	791.47	7,270.41	-	-
<b>DEPARTMENT OF FINANCIAL MANAGEMENT</b>							
Treasurer's Office							
Other Expenses							
Audit Services	39,000.00	39,000.00	36,800.00	2,200.00	-	-	-
Other Expenses	171,000.00	171,000.00	146,244.26	1,418.00	23,337.74	-	-
Accounting Division							
Salaries and Wages	447,000.00	454,000.00	453,342.44	-	657.56	-	-
Other Expenses	12,500.00	12,500.00	12,500.00	-	-	-	-
Office of Parking Regulation							
Salaries and Wages	250,000.00	215,000.00	214,609.50		390.50	-	-
Other Expenses	157,750.00	157,750.00	123,202.01	9,634.19	24,913.80	-	-
Property Assessment Division							
Salaries and Wages	312,000.00	310,000.00	292,521.55	-	17,478.45	-	-
Other Expenses	47,900.00	27,900.00	14,350.02	185.00	13,364.98	-	-
Beach Fee Regulation Division							
Salaries and Wages	400,000.00	347,000.00	345,884.82	-	1,115.18	-	-
Other Expenses	71,500.00	71,500.00	52,714.26	8,322.88	10,462.86	-	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations			Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
Tax Collector Division							
Salaries and Wages	200,000.00	200,000.00	189,848.52	-	10,151.48	-	-
Other Expenses	10,800.00	10,800.00	9,320.38	185.00	1,294.62	-	-
Revenue Collection							
Salaries and Wages	494,000.00	494,000.00	473,078.90	-	20,921.10	-	-
Other Expenses	168,200.00	168,200.00	127,526.01	7,081.00	33,592.99	-	-
<b>DEPARTMENT OF POLICE</b>							
Police Protection Division							
Salaries and Wages	7,675,847.00	7,765,847.00	7,752,879.90	-	12,967.10	-	-
Other Expenses							
Miscellaneous Other Expenses	259,200.00	274,112.59	261,992.96	10,957.85	1,161.78	-	-
Purchase of Vehicles	100,000.00	100,087.41	100,087.41	-	-	-	-
Information Technology							
Salaries and Wages	277,000.00	277,000.00	274,671.94	-	2,328.06	-	-
Other Expenses	294,200.00	279,200.00	246,577.36	-	32,622.64	-	-
<b>DEPARTMENT OF FIRE</b>							
Rescue Services Division							
Salaries and Wages	314,000.00	314,000.00	293,966.99	-	20,033.01	-	-
Other Expenses	99,400.00	99,400.00	78,659.68	19,679.72	1,060.60	-	-
Lifeguards Division							
Salaries and Wages	1,495,000.00	1,470,000.00	1,467,282.22	-	2,717.78	-	-
Other Expenses	70,500.00	90,500.00	65,782.63	11,437.00	13,280.37	-	-
Fire Protection & Prevention							
Salaries and Wages	6,990,000.00	6,990,000.00	6,755,745.67	-	234,254.33	-	-
Other Expenses	223,700.00	218,700.00	210,986.23	697.97	7,015.80	-	-
<b>INSURANCE</b>							
General Liability							
Workers Compensation Insurance	492,279.00	492,279.00	474,363.08	-	17,915.92	-	-
Employee Group Health	1,463,721.00	1,463,721.00	1,463,721.00	-	-	-	-
Health Benefits Waiver	6,325,000.00	6,325,000.00	6,137,530.55	32,257.49	155,211.96	-	-
Salaries and Wages	125,000.00	125,000.00	125,000.00	-	-	-	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
<b>OTHER:</b>					
City Wide Operations					
Finance - Other Expenses	597,000.00	597,000.00	548,103.28	18,500.74	30,395.98
City Wide Operations					
Public Works - Other Expenses	770,900.00	850,900.00	668,359.34	146,212.35	36,328.31
Special Improvement District					
Other Expenses	22,000.00	22,000.00	21,383.39	-	616.61
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	514,000.00	514,000.00	511,341.86	-	2,658.14
Other Expenses	202,700.00	202,700.00	160,051.93	2,265.70	40,382.37
<b>UNCLASSIFIED</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	690,000.00	670,000.00	602,556.76	66,443.24	1,000.00
Street Lighting	411,000.00	411,000.00	355,960.08	55,039.92	-
Telephone	306,000.00	321,000.00	309,364.44	10,431.32	1,204.24
Water	936,000.00	936,000.00	868,766.22	62,516.35	4,717.43
Fuel Oil	171,000.00	171,000.00	133,149.04	37,850.96	-
Gasoline	300,000.00	300,000.00	269,047.69	12,728.43	18,223.88
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>50,041,497.00</b>	<b>49,966,397.00</b>	<b>47,231,626.19</b>	<b>1,053,144.94</b>	<b>1,681,009.26</b>
Contingent					
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>50,041,497.00</b>	<b>49,966,397.00</b>	<b>47,231,626.19</b>	<b>1,053,144.94</b>	<b>616.61</b>
Detail:					
Salaries and Wages	30,750,047.00	30,534,947.00	29,626,753.18	-	908,193.82
Other Expenses	19,291,450.00	19,431,450.00	17,604,873.01	1,053,144.94	772,815.44

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	1,649,219.00	1,649,219.00	1,649,219.00	-	-
Social Security System (O.A.S.I.)	1,400,000.00	1,430,100.00	1,425,852.29	-	-
Police and Firemen's Retirement System	3,529,652.00	3,529,652.00	3,529,652.00	-	-
Unemployment Compensation Insurance	125,000.00	125,000.00	109,216.62	-	-
Lifeguard Pension	220,000.00	220,000.00	220,000.00	-	-
Defined Contribution Retirement Program	30,000.00	75,000.00	58,995.96	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>6,953,871.00</u>	<u>7,028,971.00</u>	<u>6,992,935.87</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	56,995,368.00	56,995,368.00	54,224,562.06	1,053,144.94	616.61
OPERATIONS - EXCLUDED FROM "CAPS" (A) Operations - Excluded from "CAPS" Insurance:					
Maintenance of Free Public Library	4,166,577.00	4,166,577.00	4,166,577.00	-	-
Other Expenses					
Interlocal Municipal Service Agreements	241,153.00	241,153.00	241,153.00	-	-
Police Dispatching - Upper Township Salaries and Wages	4,407,730.00	4,407,730.00	4,407,730.00	-	-

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance on Alcoholism and Drug Abuse						
Local Share	3,658.80	3,658.80	3,658.80	-	-	-
Clean Communities Program	-	98,876.85	98,876.85	-	-	-
Community Development Block Grant	-	278,423.00	278,423.00	-	-	-
Drunk Driving Enforcement Fund	3,011.46	3,011.46	3,011.46	-	-	-
N.J. Transportation Trust Fund Authority Act	-	240,000.00	240,000.00	-	-	-
NJDOT Airport Fuel Farm	285,898.80	285,898.80	285,898.80	-	-	-
Recycling Tonnage Grant	-	26,839.17	26,839.17	-	-	-
FEMA - Homeland Security Firefighters Grant	-	56,666.66	56,666.66	-	-	-
FEMA - Homeland Security Firefighters Grant - Local	2,833.34	2,833.34	2,833.34	-	-	-
USDOT FAA Airport Erosion Control Phase II	-	618,764.00	618,764.00	-	-	-
USDOT FAA Light Obstruction Phase II	-	316,391.00	316,391.00	-	-	-
USDOT FAA Light Obstruction Phase II Match	35,155.00	35,155.00	35,155.00	-	-	-
Body Armor Grant	-	5,686.93	5,686.93	-	-	-
Matching Funds for Grants	2,111.66	2,111.66	-	-	2,111.66	-
Total Public and Private Programs Off-Set by Revenues	332,669.06	1,974,316.67	1,972,205.01	-	2,111.66	-
Total Operations - Excluded from "CAPS"	4,740,399.06	6,382,046.67	6,379,935.01	-	2,111.66	-
Detail:						
Salaries and Wages	241,153.00	241,153.00	241,153.00	-	-	-
Other Expenses	4,499,246.06	6,140,893.67	6,138,782.01	-	2,111.66	-
(C) Capital Improvements						
Capital Improvement Fund	800,000.00	800,000.00	800,000.00	-	-	-
Total Capital Improvements	800,000.00	800,000.00	800,000.00	-	-	-

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(D) Debt Service					
Payment of Bond Principal	10,515,000.00	10,515,000.00	10,515,000.00	-	-
Interest on Bonds	1,642,312.50	1,642,312.50	1,642,312.50	-	-
Interest on Notes	2,808,812.58	2,808,812.58	2,532,444.61	-	276,367.97
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	38,709.04	38,709.04	38,709.04	-	-
Total Debt Service	<u>15,004,834.12</u>	<u>15,004,834.12</u>	<u>14,728,466.15</u>	-	<u>276,367.97</u>
(E) Deferred Charges					
Various Ordinances	145,325.00	145,325.00	145,325.00	-	-
Total Deferred Charges	<u>145,325.00</u>	<u>145,325.00</u>	<u>145,325.00</u>	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	20,690,558.18	22,332,205.79	22,053,726.16	-	276,367.97
SUBTOTAL GENERAL APPROPRIATIONS	<u>77,685,926.18</u>	<u>79,327,573.79</u>	<u>76,278,288.22</u>	<u>1,053,144.94</u>	<u>276,984.58</u>
(M) Reserve for Uncollected Taxes	1,150,000.00	1,150,000.00	1,150,000.00	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 78,835,926.18</u>	<u>80,477,573.79</u>	<u>77,428,288.22</u>	<u>1,053,144.94</u>	<u>276,984.58</u>
Budget	78,835,926.18			Cancelled	276,984.58
Appropriations by 40A:4-87	1,641,647.61			Overexpended	-
	<u>80,477,573.79</u>				<u>276,984.58</u>
Reserve for Uncollected Taxes	1,150,000.00				
Federal and State Grants	1,972,205.01				
Disbursements	74,306,083.21				
	<u>77,428,288.22</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,**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 30,838.73	24,757.07
	<u>30,838.73</u>	<u>24,757.07</u>
<u>OTHER TRUST FUND</u>		
Cash and Investments	8,134,271.81	7,116,075.73
	<u>8,134,271.81</u>	<u>7,116,075.73</u>
	<u>8,165,110.54</u>	<u>7,140,832.80</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	30,838.73	24,757.07
	<u>30,838.73</u>	<u>24,757.07</u>
<u>OTHER TRUST FUND</u>		
Reserve for:		
Tax Premiums	324,007.29	246,435.00
Dedicated Recreation Trust	129,413.46	176,872.57
Tourism Development	165,249.65	112,390.90
Law Enforcement Trust	20,944.54	17,659.46
Parking Offenses Adjudication Act	32,973.24	30,595.01
Cash Performance Deposits	1,045,547.69	776,132.14
Dedicated Fire Fees	4,902.45	2,846.02
Lifeguard Pension	33,236.96	20,657.94
Shade Trees	4,122.64	2,892.66
COAH	6,028,365.31	5,375,566.83
Merchant Fees	24,846.92	20,270.13
Planning & Zoning Escrow	320,661.66	333,757.07
	<u>8,134,271.81</u>	<u>7,116,075.73</u>
	<u>\$ 8,165,110.54</u>	<u>7,140,832.80</u>

See accompanying Notes to Financial Statements - Regulatory Basis



**EXHIBIT - C**  
**GENERAL CAPITAL FUND**



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

<u>ASSETS</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Cash	\$	16,629,064.34	21,572,458.44
Deferred Charges to Future Taxation -			
Funded		132,671,385.18	61,217,203.46
Unfunded		26,673,215.00	87,638,300.00
Interfunds and Receivables			
Due from Current Fund		-	-
Due from Grant Fund		4,600,000.00	2,400,000.00
		<u>180,573,664.52</u>	<u>172,827,961.90</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		14,587,390.79	10,544,330.90
Interfunds:			
Due to Current Fund			
Bond Anticipation Notes Payable		2,210,000.00	81,840,000.00
Serial Bonds Payable		132,300,000.00	60,815,000.00
Green Trust Loan Payable		371,385.18	402,203.46
Improvement Authorizations:			
Funded		6,349,216.93	79,534.11
Unfunded		18,498,155.00	12,866,453.74
Reserve for Debt Service - Other		2,766,869.95	3,487,200.92
Reserve for Debt Service - 2019 Bond Sale Premium		1,866,367.90	-
Capital Improvement Fund		791,127.53	1,210,087.53
Fund Balance		833,151.24	1,583,151.24
	\$	<u>180,573,664.52</u>	<u>172,827,961.90</u>

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

2018	5,798,300.00
2019	24,463,215.00

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>2019</u>	<u>2018</u>
Beginning Balance January 1	\$	1,583,151.24	1,398,771.34
Increased by:			
Premium on Sale of BANS - \$44,000,000			395,120.00
Premium on Sale of BANS - \$35,500,000			359,260.00
Decreased by:			
Anticipated as Current Fund Revenue		750,000.00	570,000.10
Ending Balance December 31	\$	<u>833,151.24</u>	<u>1,583,151.24</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>2019</u>	<u>2018</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, 2019	Balance Dec. 31, 2018
General Fixed Assets:		
Land & Buildings	\$ 159,464,997.65	\$ 159,455,043.65
Vehicles	14,318,550.66	14,028,793.19
Machinery and Equipment	10,193,738.95	9,772,600.41
Total General Fixed Assets	\$ <u>183,977,287.26</u>	\$ <u>183,256,437.25</u>
 Investment in General Fixed Assets	\$ <u>183,977,287.26</u>	\$ <u>183,256,437.25</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, 2019 AND 2018**

**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 the following component units.

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 4<sup>th</sup> Street  
Ocean City, NJ 08226

The annual financial reports 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, 2019 AND 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Current Fund**

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

**Trust Funds**

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

**General Capital Funds**

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

**Budgets and Budgetary Accounting**

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

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

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

**Cash and Investments**

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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, 2019 AND 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>. Property taxes unpaid on April 1<sup>st</sup> 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 1<sup>st</sup> through December 31<sup>st</sup>.

	12/31/2019	12/31/2018	
Balance of Tax	\$ 12,769,661.00	\$ 12,626,726.50	
Deferred	12,769,661.00	12,626,726.50	
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 10<sup>th</sup> 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 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2020, will not have any effect on the City's financial reporting.

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 and 2018 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 2019 and 2018 statutory budgets was \$2,850,000.00 and \$3,000,000.00.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 2: BUDGETARY INFORMATION - Continued**

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 2019 and 2018 calendar years:

Budget Category	2019	2018
<u>Current Fund:</u>		
City Administrator		
Salaries and Wages	\$	(65,000.00)
Other Expenses		65,000.00
Public Relations & Information		
Salaries and Wages	(39,000.00)	(23,000.00)
Legal Division		
Salaries and Wages	20,000.00	
Other Expenses	50,000.00	50,000.00
Beach Fee Regulation		
Salaries and Wages	(53,000.00)	
Facility Maintenance		
Salaries and Wages	(75,000.00)	(50,000.00)
Other Expenses	20,000.00	34,000.00
Environmental Operations		
Salaries and Wages	(20,000.00)	
Field Operations		
Salaries and Wages	(75,100.00)	(80,000.00)
Fleet Maintenance		
Salaries and Wages		(24,000.00)
Office of Parking Regulation		
Salaries and Wages	(35,000.00)	(20,000.00)
Police Protection Division		
Salaries and Wages	90,000.00	70,000.00
Property Assessment Division		
Other Expenses	(20,000.00)	
Fire Protection and Prevention		
Salaries and Wages		110,000.00
Lifeguard		
Salaries and Wages	(25,000.00)	(35,000.00)
Other Expenses	20,000.00	
Insurance - Employee Group Health		
		(50,000.00)
Electricity	(20,000.00)	(30,000.00)
Gasoline		50,000.00
Social Security System (O.A.S.I.)	30,100.00	
Defined Contribution Retirement Program	45,000.00	
City Wide Operations		
Public Works - Other Expenses	80,000.00	

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 2: BUDGETARY INFORMATION - Continued**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018 and 2017, the following budget insertions were approved:

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
Clean Communities Program	\$ 98,876.85	88,657.98
Body Armor Grant	5,686.93	4,165.43
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	26,839.17	
NJDOT	240,000.00	
FEMA - Homeland Security Firefighters Grant	56,666.66	
USDOT FAA Airport Erosion Control Phase II	618,764.00	
USDOT FAA Light Obstruction Phase II	316,391.00	
CDBG	278,423.00	290,766.00
	<u>\$ 1,641,647.61</u>	<u>11,524,360.65</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, 2019 and 2018, \$0 of the municipality's bank balance of \$40,866,117.26 and \$49,059,338.58 was exposed to custodial credit risk.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 4: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2018 and 2019:

	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>

  

	Balance 12/31/2018	Additions	Adjustments/ Deletions	Balance 12/31/2019
Land & Improvements	\$ 159,455,043.65	9,954.00	-	159,464,997.65
Vehicles	14,028,793.19	469,906.32	180,148.85	14,318,550.66
Machinery & Equipment	9,772,600.41	464,985.02	43,846.48	10,193,738.95
	<u>\$ 183,256,437.25</u>	<u>944,845.34</u>	<u>223,995.33</u>	<u>183,977,287.26</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 2019:

	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>

  

	Current Fund	General Capital Fund	Total
Balance December 31, 2018	\$ -	81,840,000.00	81,840,000.00
Increases	-	37,110,000.00	37,110,000.00
Decreases	-	(116,740,000.00)	(116,740,000.00)
Balance December 31, 2019	<u>\$ -</u>	<u>2,210,000.00</u>	<u>2,210,000.00</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 matured 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 matured 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 matured November 26, 2019.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 5: SHORT-TERM FINANCING - Continued**

On November 25, 2019, the City issued a Bond Anticipation Note in the Amount of \$2,210,000.00 bearing interest at a rate of 2.09% per annum to fund General Capital Ordinance 14-15. The Note will mature November 25, 2020.

**Note 6: LONG-TERM DEBT**

**Summary of Municipal Debt**

	Year 2019	Year 2018	Year 2017
Issued:			
General:			
Bonds and Notes	\$ 134,881,385.18	143,057,203.46	125,837,414.51
Total Issued	<u>134,881,385.18</u>	<u>143,057,203.46</u>	<u>125,837,414.51</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>4,633,237.85</u>	<u>3,487,200.92</u>	<u>3,424,760.07</u>
Net Debt	<u>130,248,147.33</u>	<u>139,570,002.54</u>	<u>122,412,654.44</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	24,463,215.00	5,798,300.00	20,393,735.00
Total Authorized But Not Issued	<u>24,463,215.00</u>	<u>5,798,300.00</u>	<u>20,393,735.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 154,711,362.33</u>	<u>145,368,302.54</u>	<u>142,806,389.44</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 1.230%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 7,162,000.00	7,162,000.00	-
General Debt	<u>159,344,600.18</u>	<u>4,633,237.85</u>	<u>154,711,362.33</u>
	<u>\$ 166,506,600.18</u>	<u>11,795,237.85</u>	<u>154,711,362.33</u>

Net debt \$154,711,362.33 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$12,581,691,616.33= 1.230%.

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

3-1/2% of Equalized Valuation Basis	\$ 440,359,206.57
Net Debt	<u>154,711,362.33</u>
Remaining Borrowing Power	<u>\$ 285,647,844.24</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 6: LONG-TERM DEBT - Continued**

**Description of Bonds and Loans Payable**

**At December 31, 2019, 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 a rate of 4.125% per annum. The balance remaining as of December 31, 2019 is \$2,000,000.00.

\$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 3.00% to 4.00% per annum. The balance remaining as of December 31, 2019 is \$4,500,000.00.

\$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, 2019 is \$12,000,000.00.

\$38,800,000.00 General Improvement Bonds dated December 1, 2016, due in annual installments through November 15, 2028, bearing interest at various rates from 1.00% to 4.00% per annum. The balance remaining as of December 31, 2019 is \$31,800,000.00.

\$82,000,000.00 General Improvement Bonds dated October 10, 2019, due in annual installments through September 15, 2033, bearing interest at various rates from 2.25% to 4.00% per annum. The balance remaining as of December 31, 2019 is \$82,000,000.00.

\$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, 2019 is \$112,212.99.

\$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, 2019 is \$112,212.99.

\$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, 2019 is \$146,959.20.

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

	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	<u>75,978,171.71</u>	<u>766,054.52</u>	<u>10,150,211.05</u>	<u>66,594,015.18</u>	<u>10,545,818.28</u>
Total All Funds	<u>\$ 75,978,171.71</u>	<u>766,054.52</u>	<u>10,150,211.05</u>	<u>66,594,015.18</u>	<u>10,545,818.28</u>

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 6: LONG-TERM DEBT - Continued**

	Outstanding 12/31/18	Issues or Additions	Payments or Expenditures	Outstanding 12/31/19	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 60,815,000.00	82,000,000.00	10,515,000.00	132,300,000.00	10,790,000.00
Loans Payable	402,203.46	-	30,818.28	371,385.18	30,818.28
Compensated Absences Pay.	5,376,811.72	-	1,312,480.71	4,064,331.01	-
Total General Capital Fund	<u>66,594,015.18</u>	<u>82,000,000.00</u>	<u>11,858,298.99</u>	<u>136,735,716.19</u>	<u>10,820,818.28</u>
Total All Funds	<u>\$ 66,594,015.18</u>	<u>82,000,000.00</u>	<u>11,858,298.99</u>	<u>136,735,716.19</u>	<u>10,820,818.28</u>

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

Year Ending December 31	General Capital Fund		Green Trust Loans	
	Principal	Interest	Principal	Interest
2020	\$ 10,790,000.00	3,787,075.00	31,437.74	7,271.30
2021	9,300,000.00	3,572,037.50	32,069.64	6,639.40
2022	9,810,000.00	3,241,037.50	32,714.24	5,994.80
2023	11,020,000.00	2,929,637.50	33,371.79	5,337.25
2024	11,780,000.00	2,583,837.50	34,042.57	4,666.47
2025-2029	51,310,000.00	7,622,737.50	180,755.90	13,099.22
2030-2033	28,290,000.00	1,777,350.00	26,993.30	368.20
	<u>\$ 132,300,000.00</u>	<u>25,513,712.50</u>	<u>371,385.18</u>	<u>43,376.64</u>

**Note 7: COMPENSATED ABSENCES**

The City has permitted employees to accrue unused vacation, personal, and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. The City estimates this liability to approximate \$4,064,331.01 and \$5,376,811.72, as of December 31, 2019 and 2018 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, 2019 AND 2018**

**Note 9: SCHOOL TAXES**

Local District School Tax in the amounts of \$25,539,322.00 and \$25,253,453.00 have been raised for the 2019 and 2018 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, 2019		Balance December 31, 2018
Prepaid Taxes - Cash Liability	\$	3,412,702.67	\$	3,433,585.35

**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, 2019 AND 2018**

**Note 11: PENSION PLANS – Continued**

**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 \$1,649,219.00 for 2019, \$1,584,351.43 for 2018 and \$1,542,054.63 for 2017.

Three-Year Trend Information for PERS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/19	\$ 1,649,219.00	100%	-
12/31/18	1,584,351.43	100%	-
12/31/17	1,542,054.63	100%	-

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 11: PENSION PLANS – Continued**

For the Police and Firemen’s Retirement System, the City’s contribution was \$3,529,652.00 for 2019, \$3,261,818.00 for 2018 and \$3,022,027.50 for 2017.

Three-Year Trend Information for PFRS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/19	\$ 3,529,652.00	100%	-
12/31/18	3,261,818.00	100%	-
12/31/17	3,022,027.50	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 \$58,995.96 for 2019, \$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, 2019, 2018 and 2017 was \$220,000.00, \$200,000.00 and \$200,000.00. The City’s trust for the Lifeguard Pension at December 31, 2019 was \$33,236.96. The benefits paid by the trust for the year ended December 31, 2019, 2018 and 2017 were \$261,537.32, \$261,697.89 and \$239,893.74.

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, 2019 AND 2018**

**Note 11: PENSION PLANS – Continued**

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 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

**Note 12: PENSION LIABILITIES**

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

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

**Public Employees' Retirement System**

The Municipality has a liability of \$29,128,946.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to June 30, 2019. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Municipality's proportion would be 0.16166147960%, which would be an decrease of 2.01% from its proportion measured as of June 30, 2018.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$1,409,320.00. At December 31, 2019, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 522,826.00	\$ (128,679.00)
Changes of assumptions	2,908,632.00	(10,110,565.00)
Changes in proportion	357,098.00	(1,517,627.00)
Net difference between projected and actual earnings on pension plan investments		(459,812.00)
Total	<u>\$ 3,788,556.00</u>	<u>\$ (12,216,683.00)</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	\$ (975,424.30)
2020	(3,164,258.67)
2021	(2,825,498.64)
2022	(1,326,717.19)
2023	(136,228.19)
Total	<u>\$ (8,428,127.00)</u>

**Actuarial Assumptions**

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 200 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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

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

*Discount Rate*

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Municipality's proportionate share of the net pension liability	\$ 34,959,565.32	\$ 29,128,946.00	\$ 24,221,532.72

*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 \$44,705,818.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2018 that was rolled forward to June 30, 2019. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Municipality's proportion would be 0.36530871120%, which would be a increase of 1.18% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$4,053,139.00. At December 31, 2019, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 377,375.00	\$ (283,041.00)
Changes of assumptions	1,531,865.00	(14,448,511.00)
Changes in proportion	704,564.00	(771,827.00)
Net difference between projected and actual earnings on pension plan investments		(605,749.00)
Total	\$ 2,613,804.00	\$ (16,109,128.00)

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

Year ended June 30,	
2018	\$ (2,355,469.98)
2019	(4,944,506.09)
2020	(3,501,746.31)
2021	(1,726,122.77)
2022	(967,478.85)
Total	<u><u>\$ (13,495,324.00)</u></u>

**Actuarial Assumptions**

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

Inflation rate

Price	2.75%
Wage	3.25%

Salary increases:

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

Investment rate of return: 7.00%

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

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

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

*Discount Rate*

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based 70% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

*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, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.74%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
District's proportionate share of the net pension liability	58,564,991.47	44,705,818.00	33,236,449.17

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

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

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.36530871120% for 2019. The net pension liability amount allocated to the Municipality was \$44,705,818.00. For the fiscal year ending June 30, 2019 State special funding situation pension expense of \$8,983,997.00 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.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1<sup>st</sup> and May 1<sup>st</sup> of the fiscal year, are based upon one-half of the prior year's total tax.

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

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

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

**Note 14: ECONOMIC DEPENDENCY**

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

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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	2019	\$	8,025,163.09	\$	4,000,000.00	49.84%
	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%

**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, 2019 and 2018, 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, 2019 AND 2018**

**Note 19: POST- RETIREMENT BENEFITS**

The City offers medical and prescription drug coverage to eligible retirees and their dependents after 25 years or more of service. The City also offers vision to Police and Fire retirees and Dental to Department Heads only.

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.

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 far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2018 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 3.26% 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.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Other Post-employment Benefit Costs and Obligations**

In the January 1, 2019 actuarial valuation, the Actuarially Determined Contribution for the year's ending December 31, 2019 were projected as follows:

	<u>12/31/2018</u>
Actuarial determined contribution	\$ 340,217.00
Benefit payments	(26,082.00)
Net change in total OPEB liability	<u>314,135.00</u>
Covered Payroll	\$ 24,472,500.00
Actuarially Determined Contribution as a % of Covered Payroll	0.11%

The following reflects the change in the Total OPEB Liability as of the January 1, 2019 valuation date for the Years ended December 31, 2019.

	<u>12/31/2019</u>
OPEB Liability, Beginning of Year	\$ 192,380,323.00
Changes for the Year:	
Service Cost	67,754.00
Interest	138,710.00
Assumption Changes & Difference Between Actual & Expected Experience	(190,765.00)
Changes of benefit terms	(188,556,557.00)
Change in Actuarial Cost Method	248,746.00
Benefit Payments	(26,082.00)
OPEB Liability, End of Year	\$ <u><u>4,062,129.00</u></u>
Covered payroll (for Covered Participants)	\$ 24,472,500.00
Total OPEB liability as a percentage of covered payroll	16.60%

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

The January 1, 2019 valuation was prepared using a discount rate of 3.26%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$3,407,179.00 or by 4.26%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$4,717,079.00 or by 2.26%.

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline 3.26%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u><u>4,717,079.00</u></u>	\$ <u><u>4,062,129.00</u></u>	\$ <u><u>3,407,179.00</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

The January 1, 2018 valuation was prepared using an initial trend rate of 8.00% decreasing to 5.0%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$4,834,397.00 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 \$3,427,512.00 or by 7.00% decreasing to 4.00%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 0.00%	1% Increase
Total OPEB Liability	\$ <u>3,427,512.00</u>	\$ <u>4,062,129.00</u>	\$ <u>4,834,397.00</u>

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

For the year ended December 31, 2019, the City's Actuarially determined OPEB expense was \$454,145.00. At December 31, 2019, 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	\$ 1,159,356.00	\$ 158,971.00
Total	\$ <u>1,159,356.00</u>	\$ <u>158,971.00</u>

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,

2020	\$ 200,077.00
2021	200,077.00
2022	200,077.00
2023	200,077.00
2024	200,077.00
Thereafter	-
	\$ 1,000,385.00

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

- 1) retired on a disability pension;
- or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;
- or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;
- or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

*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, the Collective Total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775 and \$8,182,092,807, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes.

*Special Funding Situation:*

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

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

*Net OPEB Liability:*

*Components of Net OPEB Liability*

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

	<b>June 30, 2019</b>	
	<b>Collective Total</b>	<b>Proportionate Share</b>
Total OPEB Liability	\$ 13,819,244,582.00	\$ 45,227,485.00
Plan Fiduciary Net Position	273,173,482.00	894,039.00
Net OPEB Liability	\$ 13,546,071,100.00	\$ 44,333,446.00
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.98%

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

At June 30, 2019 the City's proportionate share of the Collective Net OPEB Liability was \$44,333,446.00. The State's proportionate share for the Special Funding Situation that is associated with the City is \$22,798,342.00. The City's proportion of the Collective Net OPEB Liability was 0.327279%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.412586% which was a decrease from the prior year of 3.11%.

City's Proportionate Share of Collective Net OPEB Liability	\$	-
State's proportionate share that is associated with the City		22,798,342.00
Total	\$	<u>22,798,342.00</u>

For the Year ended June 30, 2019 the City's Total OPEB Expense was \$8,861,700.00 and the State of New Jersey realized Total OPEB Expense in the amount of \$302,198.00 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

Mortality:

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

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

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

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

*Health Care Trend Assumptions*

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

*Discount Rate*

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

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

		<u>1% Decrease (2.50%)</u>		<u>Discount Rate (3.50%)</u>		<u>1% Increase (4.50%)</u>
Collective						
Net OPEB Liability	\$	15,662,704,137.00	\$	13,546,071,100.00	\$	11,826,026,995.00
Proportionate Share						
Net OPEB Liability	\$	51,260,741.43	\$	44,333,446.00	\$	38,704,102.86

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

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

		<u>1% Decrease</u>		<u>Healthcare Cost Trend Rate</u>		<u>1% Increase</u>
Collective						
Net OPEB Liability	\$	11,431,214,644.00	\$	13,546,071,100.00	\$	16,243,926,531.00
Proportionate Share						
Net OPEB Liability	\$	37,411,964.94	\$	44,333,446.00	\$	53,162,960.27



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	(3,961,399,180.00)	\$	(12,964,828.00)
Changes of assumptions		(4,800,426,301.00)		(15,710,787.00)
Net difference between projected and actual earnings on OPEB plan investments		11,158,226.00		36,519.00
Changes in proportion and differences between contributions and proportionate share of contributions			65,388,113.00	-
<b>Total</b>	<b>\$</b>	<b>11,158,226.00</b>	<b>\$</b>	<b>(28,675,615.00)</b>

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

Year ended June 30,	Collective Totals	Proportionate Share
2020	\$ (1,425,201,517.00)	\$ 5,985,229.84
2021	(1,425,201,517.00)	5,985,229.84
2022	(1,426,076,187.00)	5,988,903.08
2023	(1,427,489,995.00)	5,994,840.46
2024	(1,428,781,861.00)	6,000,265.74
Thereafter	(1,617,916,178.00)	6,794,548.05
Total	<b>\$ (8,750,667,255.00)</b>	<b>\$ 36,749,017.00</b>

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

*Collective OPEB Expenses reported by the State of New Jersey*

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

Service cost	\$ 666,574,660
Interest on Total OPEB Liability	636,082,461
Expected Investment Return	(11,286,267)
Administrative Expenses	9,478,435
Changes of Benefit Terms	(1,903,958)
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(619,405,071)
Changes in Assumptions	(809,376,790)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	3,580,344
<b>Total Collective OPEB Expense</b>	<b>\$ (126,256,186)</b>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

*Schedule of City's Share of Net OPEB Liability*

	<u>2019</u>
City's Proportionate Share of Net OPEB Liability	0.327279%
City's Share of Net OPEB Liability	\$ 44,333,446.00
City's Covered Payroll	23,654,685.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	187.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

**Note 21: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and July 17, 2020 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.

## **SUPPLEMENTARY INFORMATION**



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2018	\$ 11,697,021.86	7,127.40
Increased by Receipts:		
Tax Collector	116,000,000.00	-
Homestead Rebates	268,713.39	-
Senior & Vets Deductions	92,541.78	-
Revenue Accounts Receivable	18,092,687.61	-
Reserve for Payroll Taxes Payable	36,267,384.70	-
Reserve for Health Insurance Claims	8,975,961.44	-
Prepaid Beach Tags	127,055.00	-
Change Funds Returned	31,150.00	-
Due to General Capital Fund	-	2,200,000.00
Matching Funds for Grants	-	41,647.14
Prior Year Checks Cancelled	180,631.56	-
Federal and State Unappropriated	-	34,798.24
Federal and State Receivables	-	4,593,698.57
	180,036,125.48	6,870,143.95
	191,733,147.34	6,877,271.35
Decreased by Disbursements:		
Current Year Appropriation	74,306,508.21	-
Prior Year Appropriations	1,104,772.38	-
County Taxes	30,121,486.25	-
County Added Taxes	251,719.94	-
Local District School Taxes	25,396,387.50	-
Special Improvement District Taxes	183,298.00	-
Refund of Tax Overpayments	70,781.33	-
Due to Trust Other Fund	701,683.97	-
Payroll Taxes Payable	36,401,336.29	-
Reserve for Health Insurance Claims	8,868,985.48	-
Change Funds Created	31,150.00	-
Matching Funds Due to Grant Fund	41,647.14	-
Federal and State Disbursements	-	6,865,663.89
	177,479,756.49	6,865,663.89
Balance December 31, 2019	\$ 14,253,390.85	11,607.46

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

Balance December 31, 2018		\$	443,429.03
Increased by Receipts:			
Prepaid Taxes	3,412,702.67		
Taxes Receivable	111,536,000.70		
Revenue Accounts Receivable	232,565.41		
COAH Fees due to Trust Other Fund	568,749.00		
Third Party Liens due to Trust Other Fund	132,934.97		
Tax Overpayments	73,235.05		
			115,956,187.80
			116,399,616.83
Payments to Treasurer			116,000,000.00
Balance December 31, 2019		\$	399,616.83

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

Year	Balance Dec. 31, 2018	Current Year Levy	Collections by Cash		Added Taxes	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2019																								
			2018	2019																												
2016	\$ 250.00	-	-	(1,972.15)	-	2,222.15	-	-																								
2017	260.09	-	-	(2,993.26)	-	3,253.35	-	-																								
2018	891,069.22	-	-	886,664.78	-	4,400.61	-	3.83																								
	891,579.31	-	-	881,699.37	-	9,876.11	-	3.83																								
2019		114,538,462.90	756,695.76	3,433,585.35	111,018,579.77	44,990.63	657.57	797,345.34																								
	\$ 891,579.31	114,538,462.90	756,695.76	3,433,585.35	111,900,279.14	54,866.74	657.57	797,349.17																								
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**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2018	\$	3,984.88
Increased by:		
Transfers from Taxes Receivable		657.57
		657.57
Decreased by:		
Cancelled		4,642.45
		690.98
Balance December 31, 2019	\$	3,951.47



**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2018	in 2019	Collector	Treasurer	Dec. 31, 2019
Licenses:					
Other	-	412,150.98	-	412,150.98	-
Fees and Permits	-	1,064,876.30	-	1,064,876.30	-
Fines and Costs:					
Municipal Court	-	334,540.84	-	334,540.84	-
Interest and Costs on Taxes	-	217,148.87	217,148.87	-	-
Interest Earned on Investments	-	562,148.18	-	562,148.18	-
Parking Meters	-	3,319,006.80	-	3,319,006.80	-
Beach Fees	-	4,030,142.90	-	4,030,142.90	-
Rental or Sale of City Material and Property	-	215,505.71	-	215,505.71	-
Airport Fees	-	174,508.72	-	174,508.72	-
Boat Ramp Fees	-	31,302.25	-	31,302.25	-
Aquatic and Fitness Center User Fees	-	1,058,833.00	-	1,058,833.00	-
Smoke Detector Inspection Fees	-	150,850.00	-	150,850.00	-
Emergency Medical Services	-	617,049.65	-	617,049.65	-
Energy Receipts Tax	-	2,146,048.00	-	2,146,048.00	-
Uniform Construction Code Fees	-	1,129,464.00	-	1,129,464.00	-
Upper Township - Dispatching Services	-	241,153.00	-	241,153.00	-
Reserves for Debt Service, Capital Fund Balance & Arbitrage Reserve	-	1,295,325.00	-	1,295,325.00	-
OC Library - Contracted Services	-	208,741.00	-	208,741.00	-
OC Library - Return to Taxpayers	-	695,513.00	-	695,513.00	-
Miscellaneous Revenue Not Anticipated	-	525,119.82	15,416.54	509,703.28	-
	\$ -	18,429,428.02	232,565.41	18,196,862.61	-
			Cash Received	18,092,687.61	
			Prepaid Applied	104,175.00	
				<u>18,196,862.61</u>	

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>OPERATIONS WITHIN "CAPS" EXECUTIVE BRANCH</b>				
Mayor's Office				
Salaries and Wages	792.28	792.28	-	792.28
Other Expenses	148.20	148.20	110.00	38.20
<b>ADMINISTRATION DEPARTMENT</b>				
City Administrator				
Salaries and Wages	1,736.13	1,736.13	-	1,736.13
Other Expenses	156.74	5,656.74	5,555.00	101.74
Human Resources				
Salaries and Wages	75,346.71	75,346.71	2,754.46	72,592.25
Other Expenses	55,477.30	55,477.30	24,992.82	30,484.48
Purchasing Division				
Salaries and Wages	41,138.82	41,138.82	429.85	40,708.97
Other Expenses	2,150.14	2,150.14	1,040.24	1,109.90
Emergency Management				
Other Expenses	1,573.75	1,573.75	1,545.43	28.32
Planning Board				
Other Expenses	13,719.82	13,719.82	727.60	12,992.22
Zoning Board of Adjustment				
Other Expenses	3,178.00	3,178.00	22.44	3,155.56
<b>COMMUNITY SERVICE DEPARTMENT</b>				
Neighborhood & Social Services				
Salaries and Wages	223.04	223.04	223.04	-
Other Expenses	302.61	302.61	(33.15)	335.76
Public Relations				
Salaries and Wages	55,016.48	55,016.48	5,076.67	49,939.81
Other Expenses	6,178.04	6,178.04	2,163.81	4,014.23
Administration				
Salaries and Wages	78.98	78.98		78.98
Other Expenses	6,316.62	6,316.62	2,112.31	4,204.31

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
Engineering and Project Management				
Salaries and Wages	327.44	327.44	327.44	-
Other Expenses	7,496.80	7,496.80	6,764.74	732.06
Recreation & Leisure Programs				
Salaries and Wages	555.15	555.15	555.15	-
Other Expenses	2,974.74	2,974.74	2,974.74	-
Historical Commission				
Other Expenses	2,492.98	2,492.98	-	2,492.98
Music Pier Operations				
Salaries and Wages	556.78	556.78		556.78
Other Expenses	4,884.39	4,884.39	3,050.63	1,833.76
Aquatic and Fitness Center				
Salaries and Wages	1,507.95	1,507.95	1,507.95	-
Other Expenses	9,312.99	9,312.99	7,399.18	1,913.81
Facility Maintenance				
Salaries and Wages	7,525.62	7,525.62	1,807.70	5,717.92
Other Expenses	39,700.46	39,700.46	32,158.10	7,542.36
Environmental Operations				
Salaries and Wages	9,384.83	9,384.83	2,345.67	7,039.16
Other Expenses				
Miscellaneous Other Expenses	2,736.57	2,736.57	2,736.57	-
Trash & Recycling	397,002.27	397,002.27	256,919.52	140,082.75
Field Operations				
Salaries and Wages	6,868.61	6,868.61	141.65	6,726.96
Other Expenses	12,480.08	12,480.08	5,652.87	6,827.21
Fleet Maintenance				
Salaries and Wages	3,867.92	3,867.92		3,867.92
Other Expenses	59,984.44	59,984.44	37,248.03	22,736.41
Municipal Code and licensing				
Salaries and Wages	32,265.46	32,265.46	19,298.70	12,966.76
Other Expenses	24,782.49	24,782.49	13,269.63	11,512.86

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>LAW DEPARTMENT</b>				
Legal Division				
Salaries and Wages	14,656.12	14,656.12	-	14,656.12
Other Expenses	73,783.63	73,783.63	69,246.12	4,537.51
Public Defender				
Other Expenses	6,094.20	6,094.20	3,290.26	2,803.94
<b>FINANCIAL MANAGEMENT</b>				
Treasurer's Office				
Audit Services	1,530.00	1,530.00	-	1,530.00
Other Expenses	30,447.97	30,447.97	5,369.23	25,078.74
Accounting Division				
Salaries and Wages	355.18	355.18	-	355.18
Other Expenses	1,443.33	1,443.33	-	1,443.33
Parking Regulation				
Salaries and Wages	6,936.67	6,936.67	-	6,936.67
Other Expenses	29,645.33	29,645.33	11,402.99	18,242.34
Property Assessment Division				
Salaries and Wages	11,254.94	11,254.94	1,295.88	9,959.06
Other Expenses	38,154.06	38,154.06	445.40	37,708.66
Beach Fee Regulation Division				
Salaries and Wages	22,760.67	22,760.67		22,760.67
Other Expenses	2,896.25	2,896.25	1,960.84	935.41
Tax Collection Division				
Salaries and Wages	6,367.81	6,367.81	2,820.90	3,546.91
Other Expenses	2,807.73	2,807.73	1,654.15	1,153.58
Revenue Collection				
Salaries and Wages	11,655.17	11,655.17	11,655.17	-
Other Expenses	61,201.30	61,201.30	39,867.91	21,333.39

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>STATUTORY OFFICES</b>				
City Clerk				
Salaries and Wages	993.46	993.46	993.46	-
Other Expenses	329.70	329.70	190.72	138.98
City Council				
Salaries and Wages	0.50	0.50	-	0.50
Other Expenses	6,105.25	6,105.25	2,211.11	3,894.14
Municipal Court				
Salaries and Wages	22,059.36	22,059.36	1,281.16	20,778.20
Other Expenses	10,537.25	10,537.25	1,055.12	9,482.13
<b>DEPARTMENT OF FIRE</b>				
Rescue Services Division				
Salaries and Wages	5,842.48	5,842.48	-	5,842.48
Other Expenses	35,062.43	35,062.43	32,718.01	2,344.42
Lifeguards Division				
Salaries and Wages	1,834.33	1,834.33	-	1,834.33
Other Expenses	8,360.95	8,360.95	5,249.70	3,111.25
Fire Protection and Prevention				
Salaries and Wages	1,422.81	1,422.81	-	1,422.81
Other Expenses	32,200.96	32,200.96	32,200.96	-
<b>DEPARTMENT OF POLICE</b>				
Police Protection Division				
Salaries and Wages	632.87	632.87	632.87	-
Miscellaneous Other Expenses	2,510.64	2,510.64	2,510.64	-
Purchase of Vehicles	38,730.35	38,730.35	38,526.92	203.43
Information Technology				
Salaries and Wages	119.04	119.04	-	119.04
Other Expenses	66,893.44	66,893.44	15,814.73	51,078.71

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

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>OTHER</b>				
City Wide Operations				
Finance - Other Expenses	6,503.88	6,503.88	1,914.87	4,589.01
City Wide Operations				
Public Works - Other Expenses	94,706.52	94,706.52	78,200.40	16,506.12
<b>UNIFORM CONSTRUCTION CODE</b>				
State Uniform Construction Code				
Construction Official				
Salaries and Wages	26,314.08	26,314.08	2,289.86	24,024.22
Other Expenses	25,487.10	25,487.10	15,602.49	9,884.61
<b>INSURANCE</b>				
Workers Compensation	11,304.85	11,304.85	-	11,304.85
Employee Group Health	404,468.00	398,968.00	5,793.60	393,174.40
<b>UTILITY EXPENSES AND BULK PURCHASES</b>				
Electricity	93,853.25	68,853.25	47,647.40	21,205.85
Street Lighting	61,582.96	61,582.96	30,113.96	31,469.00
Telephone	3,155.10	45,155.10	19,273.14	25,881.96
Water	120,993.10	94,993.10	76,040.45	18,952.65
Fuel Oil	6,090.63	15,090.63	15,090.63	-
Gasoline	27,946.54	27,946.54	9,238.07	18,708.47
<b>STATUTORY EXPENDITURES</b>				
Contributions to				
Social Security System (O.A.S.I.)	33,283.42	33,283.42	8,000.00	25,283.42
Unemployment Compensation Insurance	76,002.20	76,002.20	58,175.33	17,826.87
Defined Contribution Retirement Program	16,350.49	16,350.49	14,119.14	2,231.35
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>				
<b>INSURANCE</b>				
Matching Funds for Grants	32,040.00	32,040.00	-	32,040.00
	<u>\$ 2,485,949.93</u>	<u>2,485,949.93</u>	<u>1,104,772.38</u>	<u>1,381,177.55</u>
		Cash Disbursed	1,104,772.38	
		Accounts Payable	-	
			<u>1,104,772.38</u>	

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

Balance December 31, 2018			
School Tax Payable	\$	-	
School Tax Deferred		12,626,726.50	
		12,626,726.50	\$ 12,626,726.50
Increased by:			
Levy - School Year July 1, 2019 to June 30, 2020			25,539,322.00
			38,166,048.50
Decreased by:			
Payments			25,396,387.50
			25,396,387.50
Balance December 31, 2019			
School Tax Payable		-	
School Tax Deferred		12,769,661.00	
		12,769,661.00	12,769,661.00
Current Year Liability for Local School District School Tax:			
Tax Paid			25,396,387.50
Tax Payable Ending			-
			25,396,387.50
Less: Tax Payable Beginning			-
			-
Amount charged to Current Year Operations			\$ 25,396,387.50

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

<u>Purpose</u>	<u>Balance Dec. 31, 2018</u>	<u>Transferred From 2019 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2019</u>
<b>FEDERAL GRANTS:</b>				
FAA - Airport Lighting Obstruction Phase I - 18/19	\$ 71,631.00	-	45,439.35	26,191.65
Community Development Block Grant 18/19	290,766.00	-	69,485.00	221,281.00
Community Development Block Grant 17/18	285,111.39	-	285,111.39	-
Community Development Block Grant 19/20	-	278,423.00	-	278,423.00
National Fish and Wildlife 18-19	2,630,000.00	-	1,881,545.24	748,454.76
FEMA - NJOEM Cape May County Elevation Project 18-19	3,835,100.00	-	768,389.61	3,066,710.39
FEMA - Homeland Security Firefighters Grant	-	56,666.66	-	56,666.66
USDOT FAA Airport Erosion Control Phase II	-	618,764.00	10,337.15	608,426.85
USDOT FAA Light Obstruction Phase II	-	316,391.00	-	316,391.00
USDOT Airport Fuel Farm	-	285,898.80	-	285,898.80
CDBG - DR: Prepare Codes & Ordinances	211.00	-	-	211.00
CDBG - DR: Design Development	402.00	-	-	402.00
Body Armor Grant	-	5,686.93	5,686.93	-
<b>Total Federal</b>	<b>7,113,221.39</b>	<b>1,561,830.39</b>	<b>3,065,994.67</b>	<b>5,609,057.11</b>



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

<u>Purpose</u>	<u>Balance Dec. 31, 2018</u>	<u>Transferred From 2019 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2019</u>
<b>STATE GRANTS:</b>				
N.J. Transportation Trust Fund Authority Act	-	240,000.00		240,000.00
NJ DOT - Dredge Material Management Grant 17-18	684,896.89	-	684,896.89	-
NJ DOT - Dredge Material Management Grant 18-19	4,454,540.24	-	9,455.72	4,445,084.52
NJDOT - 2018 Municipal Aid Program	190,000.00	-	142,500.00	47,500.00
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	-	98,876.85	98,876.85	-
Recycling Tonnage Grant	-	26,839.17	26,839.17	-
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	-
<b>Total State</b>	<b>5,931,382.63</b>	<b>365,716.02</b>	<b>1,327,703.90</b>	<b>4,969,394.75</b>
<b>OTHER GRANTS:</b>				
Cape May County Open Space Grant	200,000.00	-	200,000.00	-
<b>Total Other</b>	<b>200,000.00</b>	<b>-</b>	<b>200,000.00</b>	<b>-</b>
<b>\$</b>	<b>13,244,604.02</b>	<b>1,927,546.41</b>	<b>4,593,698.57</b>	<b>10,578,451.86</b>

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

	Balance December 31, 2018		2019 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2019
	Appropriated	Reserve for Encumbrances				
<b>FEDERAL GRANTS:</b>						
Community Development Block Grant 16/17	\$ 7,600.00	-	-	-	-	7,600.00
Community Development Block Grant 17/18	179,522.25	36,217.32	-	16,526.51	19,981.35	179,231.71
Community Development Block Grant 18/19	160,960.00	124,766.00	-	176,213.77	5,765.43	103,746.80
Community Development Block Grant 19/20	-	-	278,423.00	-	-	278,423.00
CDBG - DR: Prepare Codes & Ordinances	211.00	-	-	-	-	211.00
CDBG - DR: Design Development	402.00	-	-	-	-	402.00
National Fish and Wildlife 18-19	324,205.00	2,305,795.00	-	2,384,177.87	115,082.16	130,739.97
Body Armor Replacement Fund 18-19	814.23	-	-	-	-	814.23
Body Armor Replacement Fund 19-20	-	-	5,686.93	-	-	5,686.93
Bullet Proof Vest Partnership	-	3,351.20	-	3,351.20	-	-
FEMA - Homeland Security Firefighters Grant	-	-	56,666.66	-	56,666.66	-
FEMA - Homeland Security Firefighters Grant - Local	-	-	2,833.34	-	2,833.34	-
USDOT FAA Airport Erosion Control Phase II	-	-	618,764.00	-	509,259.24	109,504.76
USDOT FAA Light Obstruction Phase II	-	-	316,391.00	-	270,558.00	45,833.00
USDOT FAA Light Obstruction Phase II Match	-	-	35,155.00	-	35,155.00	-
USDOT FAA - Airport Lighting Obstruction Phase I - 18/19	-	79,591.00	-	54,296.52	25,294.48	0.00
FEMA - NJOEM Cape May County Elevation Project 18-19	3,560,700.00	140,000.00	-	614,593.69	110,000.00	2,976,106.31
FEMA - OEM Grant	7,000.00	-	-	-	-	7,000.00
FEMA - NJ State Police - EMS	7,657.73	1,193.44	-	1,253.44	-	7,597.73
<b>Total Federal</b>	<b>4,249,072.21</b>	<b>2,690,913.96</b>	<b>1,313,919.93</b>	<b>3,250,413.00</b>	<b>1,150,595.66</b>	<b>3,852,897.44</b>

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

	Balance December 31, 2018		2019 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2019
	Appropriated	Reserve for Encumbrances				
<b>STATE GRANTS:</b>						
Clean Communities 17	7,310.17	-	-	7,310.17	-	(0.00)
Clean Communities 18	72,334.38	16,323.60	-	84,937.30	3,034.15	686.53
Clean Communities 19	-	-	98,876.85	-	-	98,876.85
Drunk Driving Enforcement 17-18	2,266.25	-	-	2,266.25	-	-
Drunk Driving Enforcement 18-19	4,218.64	1,068.80	-	3,154.25	-	2,133.19
Drunk Driving Enforcement 19-20	-	-	3,011.46	-	-	3,011.46
Recycling Tonnage Grant 18-19	23,947.99	-	-	12,755.34	3,458.00	7,734.65
Recycling Tonnage Grant 19-20	-	-	26,839.17	-	-	26,839.17
Alcohol Education and Rehabilitation	90.91	-	-	-	-	90.91
N.J. Transportation Trust Fund Authority Act	-	-	240,000.00	-	-	240,000.00
NJDOT - 2018 Municipal Aid Program	190,000.00	-	-	9.72	189,990.28	-
NJDOT - Airport Fuel Farm	-	-	285,898.80	11,997.53	-	273,901.27
NJDOT - 2018 Maritime Resources Dredging	3,154,540.24	-	-	3,388,161.53	-	1,501.33
NJOHS&P - Secure the Shore Physical Barrier 18-19	100,000.00	235,122.62	-	100,000.00	-	-
Body Worn Camera Assistance Program	662.00	-	-	-	-	662.00
Airport Obstruction Removal Grant	40,132.38	-	-	-	-	40,132.38
NJ DEP - Electric Vehicle Charging Grant	-	1,000.00	-	1,000.00	-	-
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
<b>Total State</b>	<b>3,651,123.77</b>	<b>257,610.02</b>	<b>654,626.28</b>	<b>3,611,592.09</b>	<b>200,577.43</b>	<b>751,190.55</b>
<b>OTHER GRANTS:</b>						
Municipal Alliance	-	-	3,658.80	3,658.80	-	0.00
<b>Total Other</b>	<b>-</b>	<b>-</b>	<b>3,658.80</b>	<b>3,658.80</b>	<b>-</b>	<b>0.00</b>
<b>\$</b>	<b>7,900,195.98</b>	<b>2,948,523.98</b>	<b>1,972,205.01</b>	<b>6,865,663.89</b>	<b>1,351,173.09</b>	<b>4,604,087.99</b>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2018</u>	<u>Transferred To 2019 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2019</u>
<b>FEDERAL GRANTS:</b>				
Body Armor Fund	\$ -	-	9,798.24	9,798.24
Total Federal	<u>-</u>	<u>-</u>	<u>9,798.24</u>	<u>9,798.24</u>
<b>STATE GRANTS:</b>				
Drunk Driving Enforcement Fund	3,011.46	3,011.46		-
Total State	<u>3,011.46</u>	<u>3,011.46</u>	<u>-</u>	<u>-</u>
<b>OTHER GRANTS:</b>				
Coastal America Foundation - Upweller Bayside	-	-	25,000.00	25,000.00
Total Other	<u>-</u>	<u>-</u>	<u>25,000.00</u>	<u>25,000.00</u>
	<u>\$ 3,011.46</u>	<u>3,011.46</u>	<u>34,798.24</u>	<u>34,798.24</u>

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

Balance December 31, 2018		\$ 24,757.07
Increased by:		
Cash Receipts for:		
Dog Licenses Collected	3,616.50	
Dog Park	9,575.00	
Due to State of New Jersey	717.60	
Interest on Investments	19.55	
	<hr/>	<hr/> 13,928.65
		38,685.72
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	2,950.00	
Dog Park	4,160.08	
Due to Current	19.31	
Due to State of New Jersey	717.60	
	<hr/>	<hr/> 7,846.99
Balance December 31, 2019		\$ <u><u>30,838.73</u></u>

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

Balance December 31, 2018		\$ 7,116,075.73
Increased by:		
Cash Receipts for Other Reserves:		
Interest on Investments	54,106.84	
Employee Withholdings	54,116.34	
Budget Appropriations	220,000.00	
Other Receipts	3,980,040.26	
		4,308,263.44
		11,424,339.17
Decreased by:		
Cash Disbursed for Other Reserves	3,290,067.36	
		3,290,067.36
Balance December 31, 2019		\$ <u><u>8,134,271.81</u></u>

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

Balance December 31, 2018		\$	24,757.07
Increased by:			
Dog Park Fees	9,575.00		
Dog License Fees Collected	3,616.50		
Interest on Investments	19.55		
			13,211.05
			37,968.12
Decreased by:			
Dog Park	4,160.08		
Dog Licensing Supplies	2,950.00		
Interest on Investments	19.31		
			7,129.39
Balance December 31, 2019		\$	30,838.73

Fess Collected				
	2018	34,491.41		
	2017	17,772.03		
		52,263.44		

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

Balance December 31, 2018	\$	-
Increased by:		
Cash Receipts	717.60	
	717.60	717.60
Decreased by:		
Cash Disbursed	717.60	
	717.60	717.60
Balance December 31, 2019	\$	-



**TRUST FUND  
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2018	Interest on Investments	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2019
Tax Premiums	\$ 246,435.00				278,934.97	201,362.68	324,007.29
Dedicated Recreation Trust	176,872.57				1,243,248.11	1,290,707.22	129,413.46
Tourism Development	112,390.90				672,311.41	619,452.66	165,249.65
Law Enforcement Trust	17,659.46	95.66			6,244.29	3,054.87	20,944.54
Parking Offenses Adjudication Act	30,595.01				2,378.23		32,973.24
Cash Performance Deposits	776,132.14				455,521.32	186,105.77	1,045,547.69
Dedicated Fire Fees	2,846.02				4,615.00	2,558.57	4,902.45
Lifeguard Pension	20,657.94		54,116.34	220,000.00		261,537.32	33,236.96
Shade Trees	2,892.66				1,399.98	170.00	4,122.64
COAH	5,375,566.83	54,011.18			806,183.00	207,395.70	6,028,365.31
Merchant Fees	20,270.13				180,920.25	176,343.46	24,846.92
Planning & Zoning Escrow	333,757.07				328,283.70	341,379.11	320,661.66
	<u>\$ 7,116,075.73</u>	<u>54,106.84</u>	<u>54,116.34</u>	<u>220,000.00</u>	<u>3,980,040.26</u>	<u>3,290,067.36</u>	<u>8,134,271.81</u>

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

Balance December 31, 2018		\$ 21,572,458.44
Increased by:		
Bond Anticipation Notes	37,110,000.00	
Bonds Issued	85,000,000.00	
Current Fund Appropriations:		
Deferred Charges Unfunded	145,325.00	
Capital Improvement Fund	800,000.00	
Due from Grant Fund	2,400,000.00	
Reserve for Debt Service:		
2019 Bond Sale Premium	1,866,367.90	
FEMA - HMGP 1954	4,984,384.00	
FEMA - Sandy	225,302.45	
Refund of Permit	30,000.00	
10th Street Warf paydown	69,982.58	
	<hr/>	<u>132,631,361.93</u>
		154,203,820.37
Decreased by:		
Improvement Authorizations	4,525,100.13	
Encumbrances	10,559,655.90	
Bond Anticipation Notes	116,740,000.00	
Due from Grant Fund	4,600,000.00	
Due from Current Fund	-	
Anticipated as Current Revenue:		
Fund Balance	750,000.00	
Paydown of Unfunded Ordinances - Budget		
Reserve for Debt Service	400,000.00	
	<hr/>	<u>137,574,756.03</u>
Balance December 31, 2019		\$ <u><u>16,629,064.34</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
	Dec. 31, 2018		Miscellaneous		Improvement Authorizations		Miscellaneous		
							From	To	
Fund Balance	\$	1,583,151.24							833,151.24
Capital Improvement Fund		1,210,087.53	800,000.00				1,218,960.00		791,127.53
Reserve for Debt Service		3,487,200.92	7,176,036.93						4,633,237.85
Encumbrances Payable		10,544,330.90						14,602,715.79	14,587,390.79
Due from Current Fund		(2,400,000.00)	2,400,000.00						-
Due from Grant Fund									(4,600,000.00)
<b>Improvement Authorizations:</b>									
12-08 Various Capital Improvements		68,178.95			68,178.95				-
13-02 Various Improvements		294.34			294.34				(0.00)
13-04 Various Improvements		-			(35,048.38)		35,048.38		-
14-05 Various Improvements		54,301.56			(5,435.26)		59,736.82		0.00
14-13 Various Improvements		-			(5,000.00)		5,000.00		-
14-33 Various Improvements		518.16							518.16
15-04 Lagoon & Back Bay Dredging		10,542.66			10,542.66				-
15-09 Various Improvements		165,031.32			152,940.76		12,090.56		0.00
15-17 Various Improvements		-			(85,920.43)		78,793.67		7,126.76
15-29 Roads & Drainage		-			(19,036.82)		19,036.82		-
16-01 Various Improvements		211,614.02			53,000.94		52,326.76		106,286.32
16-10 Acquisition of Property		92.30							92.30
16-19 Various Improvements		601,785.12	61,750.00		312,197.06		43,049.08		308,288.98
17-01 Various Improvements		1,780,244.27	23,375.00		380,496.32		176,786.52		1,246,336.43
17-05 Acquisition of Property		(17,500.00)	17,500.00						-
17-09 Various Improvements		1,578,778.62	42,700.00		735,715.96		600,317.25		285,445.41
18-02 Various Improvements		1,078,131.70		900,000.00	461,059.00		370,068.99		1,147,003.71
18-08 Various Improvements		1,615,674.83		4,700,000.00	653,355.82		5,358,903.23		303,415.78
19-07 Various Improvements				5,400,000.00	1,847,759.21		1,376,497.71	395,710.00	2,571,453.08
19-08 Affordable Housing									-
19-09 Lagoon & Backbay Dredging					-		6,415,060.00	450,000.00	(5,965,060.00)
19-18 Various Improvements							328,250.00	328,250.00	328,250.00
19-19 Acquisition of Property							45,000.00	45,000.00	45,000.00
	\$	21,572,458.44	10,521,361.93	11,000,000.00	4,525,100.13	21,939,655.90	15,821,675.79	15,821,675.79	16,629,064.34

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

Balance December 31, 2018		\$ 1,210,087.53
Increased by:		
Budget Appropriation	800,000.00	
		800,000.00
		2,010,087.53
Decreased by:		
Improvement Authorizations	1,218,960.00	
		1,218,960.00
Balance December 31, 2019		\$ <u><u>791,127.53</u></u>

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

Balance December 31, 2018		\$ 61,217,203.46
Increased by:		
Bonds Issued	82,000,000.00	
	<hr/>	<hr/> 82,000,000.00
		143,217,203.46
Decreased by:		
Serial Bonds Paid & Refunded	10,515,000.00	
Greet Trust Loans Paid	30,818.28	
	<hr/>	<hr/> 10,545,818.28
Balance December 31, 2019		\$ <u><u>132,671,385.18</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Raised in 2019 Budget	Bonds Issued	BAN Principal Reduction Payment	Balance Dec. 31, 2019	Bond Anticipation Notes	Analysis of Balance	
									Expenditures	Unexpended Improvement Authorizations
13-20	Various Improvements	300,000.00			300,000.00		-			
14-05	Various Improvements	300,000.00			300,000.00		-			
14-15	10th Street Marina	2,340,000.00				130,000.00	2,210,000.00			
15-09	Various Improvements	1,800,000.00			1,800,000.00		-			
15-17	Various Improvements	1,050,000.00			1,050,000.00		-			
15-29	Roads & Drainage	1,900,000.00			1,900,000.00		-			
16-01	Various Improvements	16,600,000.00			16,600,000.00		-			
16-19	Various Improvements	18,461,750.00		61,750.00	13,500,000.00	4,900,000.00	-			
17-01	Various Improvements	11,573,375.00		23,375.00	11,550,000.00	600,000.00	-			
17-05	Acquisition of Property	617,500.00		17,500.00			-			
17-09	Various Improvements	17,542,700.00		42,700.00	17,500,000.00		15,475.00			15,475.00
18-02	Various Improvements	5,415,475.00			5,400,000.00		37,500.00			37,500.00
18-08	Various Improvements	9,737,500.00			9,700,000.00		2,118,490.00			2,118,490.00
19-07	Various Improvements		7,518,490.00		5,400,000.00		6,650,000.00			6,650,000.00
19-08	Affordable Housing		6,650,000.00		9,700,000.00		8,550,000.00			8,550,000.00
19-09	Lagoon & Backbay Dredging		8,550,000.00		5,400,000.00		6,236,750.00		5,965,060.00	2,584,940.00
19-18	Various Improvements		6,236,750.00				855,000.00			6,236,750.00
19-19	Acquisition of Property		855,000.00							855,000.00
		<b>\$ 87,638,300.00</b>	<b>29,810,240.00</b>	<b>145,325.00</b>	<b>85,000,000.00</b>	<b>5,630,000.00</b>	<b>26,673,215.00</b>	<b>2,210,000.00</b>	<b>5,965,060.00</b>	<b>18,498,155.00</b>

Improvement Authorizations Unfunded

Less:

Unexpended Proceeds of Bond  
Anticipation Notes Issued:

Ord. Number

None

18,498,155.00



**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, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount					
General Improvements	7/15/2008	14,500,000	7/15/2020	2,000,000.00	4.125% \$	3,800,000.00		1,800,000.00	2,000,000.00
General Improvements	8/15/2010	13,800,000	12/15/2020	900,000.00	4.000%	1,900,000.00		1,900,000.00	-
General Improvements	12/20/2012	9,900,000	12/15/2021	900,000.00	3.000%	5,400,000.00		900,000.00	4,500,000.00
			12/15/2022	900,000.00	4.000%				
			12/15/2023	900,000.00	3.000%				
			12/15/2024	900,000.00	3.000%				
General Improvements	8/12/2014	17,900,000	9/1/2020	1,600,000.00	2.000%	13,500,000.00		1,500,000.00	12,000,000.00
			9/1/2021	1,600,000.00	2.000%				
			9/1/2022	1,600,000.00	2.000%				
			9/1/2023	1,800,000.00	3.000%				
			9/1/2024	1,800,000.00	3.000%				
			9/1/2025	1,800,000.00	3.000%				
			9/1/2026	1,800,000.00	3.000%				
Refunding Bonds	12/16/2014	5,885,000				1,915,000.00		1,915,000.00	-
General Improvements	12/1/2016	38,800,000	11/15/2020	2,600,000.00	4.000%	34,300,000.00		2,500,000.00	31,800,000.00
			11/15/2021	2,700,000.00	4.000%				
			11/15/2022	2,800,000.00	2.250%				
			11/15/2023	3,400,000.00	2.000%				
			11/15/2024	3,750,000.00	2.000%				
			11/15/2025	3,950,000.00	2.125%				
			11/15/2026	4,200,000.00	2.250%				
			11/15/2027	4,200,000.00	2.250%				
			11/15/2028	4,200,000.00	1.000%				
General Improvements	10/10/2019	82,000,000	9/15/2020	3,690,000.00	4.000%		82,000,000.00		82,000,000.00
			9/15/2021	4,100,000.00	4.000%				
			9/15/2022	4,510,000.00	4.000%				
			9/15/2023	4,920,000.00	4.000%				
			9/15/2024	5,330,000.00	4.000%				
			9/15/2025	5,740,000.00	4.000%				
			9/15/2026	6,150,000.00	4.000%				
			9/15/2027	6,150,000.00	3.000%				
			9/15/2028	6,560,000.00	3.000%				
			9/15/2029	6,560,000.00	3.000%				
			9/15/2030	6,560,000.00	3.000%				
			9/15/2031	6,970,000.00	3.000%				
			9/15/2032	7,380,000.00	2.250%				
			9/15/2033	7,380,000.00	2.250%				
						\$ 60,815,000.00	82,000,000.00	10,515,000.00	132,300,000.00



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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2018	Decreased	Balance Dec. 31, 2019
			Date	December 31, 2019	Amount	Dec. 31, 2018				
Multi Park - ADA 0508-07-056	3/19/2010	200,000	2020	10,243.34	2.000%	\$ 122,254.49	10,041.50	112,212.99		
			2021	10,449.23						
			2022	10,659.26						
			2023	10,873.51						
			2024	11,092.07						
			2025	11,315.02						
			2026	11,542.45						
			2027	11,774.46						
			2028	12,011.11						
2029	12,252.54									
Multi Park - ADA 0508-07-056 (A)	3/19/2010	200,000	2020	10,243.34	2.000%	122,254.49	10,041.50	112,212.99		
			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									
4th Street Life Saving Station	3/23/2012	222,500	2020	10,951.06	2.000%	157,694.48	10,735.28	146,959.20		
			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									
						\$ 402,203.46	30,818.28	371,385.18		

**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		Decreased	Increased	Balance Dec. 31, 2019
						Dec. 31, 2018	Dec. 31, 2019			
Various Improvements	13-20	12/1/2016	11/27/2018	11/26/2019	3.00000%	\$ 300,000.00	-	300,000.00	-	-
Various Improvements	14-05	12/1/2016	11/27/2018	11/26/2019	3.00000%	300,000.00	-	300,000.00	-	-
Marina Redevelopment Area	14-15	12/3/2014	11/27/2018 11/25/2019	11/26/2019 11/25/2020	2.95000% 2.09000%	2,340,000.00	-	2,340,000.00	2,210,000.00	-
Various Improvements	15-09	12/1/2016	11/27/2018 6/13/2018 6/12/2019	11/26/2019 6/13/2019 10/11/2019	3.00000% 2.75000% 2.00000%	1,000,000.00 800,000.00	-	1,000,000.00 800,000.00	800,000.00	-
Various Improvements	15-17	12/3/2015 6/16/2016	11/27/2018 6/13/2018 6/12/2019	11/26/2019 6/13/2019 10/11/2019	3.00000% 2.75000% 2.00000%	400,000.00 650,000.00	-	400,000.00 650,000.00	650,000.00	-
Roads & Drainage	15-29	6/16/2016	6/13/2018 6/12/2019	6/13/2019 10/11/2019	2.75000% 2.00000%	1,900,000.00	-	1,900,000.00	1,900,000.00	-
Various Improvements	16-01	6/16/2016	11/27/2018 6/13/2018 6/12/2019	11/26/2019 6/13/2019 10/11/2019	3.00000% 2.75000% 2.00000%	2,600,000.00 14,000,000.00	-	2,600,000.00 14,000,000.00	14,000,000.00	-
Various Improvements	16-19	12/1/2016	11/27/2018	11/26/2019	3.00000%	18,400,000.00	-	18,400,000.00	-	-
Various Improvements	17-01	6/14/2017	11/27/2018 6/13/2018 6/12/2019	11/26/2019 6/13/2019 10/11/2019	3.00000% 2.75000% 2.00000%	3,000,000.00 8,550,000.00	-	3,000,000.00 8,550,000.00	8,550,000.00	-
Various Improvements	17-05	6/14/2017	6/13/2018	6/13/2019	2.75000%	600,000.00	-	600,000.00	-	-
Various Improvements	17-09	11/29/2017	11/27/2018 6/13/2018 6/12/2019	11/26/2019 6/13/2019 10/11/2019	3.00000% 2.75000% 2.00000%	11,500,000.00 6,000,000.00	-	11,500,000.00 6,000,000.00	6,000,000.00	-
Various Improvements	18-02	11/27/2018	11/27/2018 6/13/2018 6/12/2019	11/26/2019 6/13/2019 10/11/2019	3.00000% 2.75000% 2.00000%	1,500,000.00 3,000,000.00	-	1,500,000.00 3,000,000.00	3,000,000.00	-
Various Improvements	18-08	11/27/2018	11/27/2018	11/26/2019	3.00000%	5,000,000.00	-	5,000,000.00	5,000,000.00	-
						\$ 81,840,000.00		37,110,000.00	116,740,000.00	2,210,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Debt Issued	Other	Balance Dec. 31, 2019
16-19	Various Improvements	\$ 61,750.00			61,750.00	-
17-01	Various Improvements	23,375.00			23,375.00	-
17-05	Acquisition of Property	17,500.00			17,500.00	-
17-09	Various Improvements	42,700.00			42,700.00	-
18-02	Various Improvements	915,475.00		900,000.00		15,475.00
18-08	Various Improvements	4,737,500.00		4,700,000.00		37,500.00
19-07	Various Improvements		7,518,490.00	5,400,000.00		2,118,490.00
19-08	Affordable Housing		6,650,000.00			6,650,000.00
19-09	Lagoon & Backbay Dredging		8,550,000.00			8,550,000.00
19-18	Various Improvements		6,236,750.00			6,236,750.00
19-19	Acquisition of Property		855,000.00			855,000.00
		<u>\$ 5,798,300.00</u>	<u>29,810,240.00</u>	<u>11,000,000.00</u>	<u>145,325.00</u>	<u>24,463,215.00</u>

**PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF CASH**

	Trust Fund I	Trust Fund II
Balance December 31, 2018	\$ -	-
Increased by:		
State Aid for Public Assistance	-	76,199.59
SSI Receipts	-	13,297.34
	<u>                    </u>	<u>                    </u>
		89,496.93
		<u>89,496.93</u>
Decreased by:		
Public Assistance	-	89,496.93
	<u>                    </u>	<u>                    </u>
		89,496.93
		<u>89,496.93</u>
Balance December 31, 2019	\$ -	-
	<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, 2018	\$ -	-
Increased by:		
Cash Receipts	-	52,044.00
Decreased by:		
Cash Disbursements	-	52,044.00
Balance May 31, 2020	\$ -	-

**PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF REVENUES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$ -	76,199.59
Supplemental Security Income: Client Refund	-	13,297.34
Total Revenues (PATF)	\$ <u>-</u>	<u>89,496.93</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	\$ -	32,468.00
Temporary Rent	-	44,484.00
Shelter	-	1,750.00
Transportation	-	361.10
Rent	-	3,201.00
Security Deposits	-	2,064.00
Other	-	5,168.83
Total Expenditures (PATF)	\$ <u>-</u>	<u>89,496.93</u>

**CITY OF OCEAN CITY  
PART II  
GENERAL COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED  
DECEMBER 31, 2019**







# 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, 2019, 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 17, 2020, 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 17, 2020

## 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:

- Acquisition and Installation of Kentucky Bluegrass Sod
- Back Bay Mechanical Dredging – North
- Back Bay Mechanical Dredging - Central
- Beach Patrol Uniforms
- Civic Center Improvements
- Community Center Cooling Tower Replacement
- Community Center/Library HVAC Replacement & Improvement Project
- Concession Licenses for Ice Cream Sales
- Confined Disposal Facility Dredge Material Removal
- Construction of Salt Storage & Fuel Tank Facility
- Custodial Services for City of Ocean City and Ocean City Free Public Library
- Improvement to Civic Center
- Installation of Electrical Infrastructure on Roosevelt Boulevard Garden Plot Islands
- Maintenance & Service of Fire Trucks
- Maintenance of City Owned Garden Plots
- Maintenance of City Owned Grounds & Garden Pilots
- Music Pier Roof Replacement
- Music Pier Sound System
- Natural Gas Supply Service
- Obstruction Lighting for Ocean City Airport
- Rehab of Runway Artificial Turf
- Recreational Basketball Camp Program
- Recreational Field Hockey Camp Program
- Recreational Soccer Camp Program
- Recreational Softball Camp Program
- Recreational Skateboard Camp Program
- Renovation and Expansion of Fuel Farm at the Ocean City Municipal Airport 26N
- Road Improvements at Various Locations
- Supply and Delivery of Sportswear & Work Apparel

**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 2019.

This Resolution shall take effect January 1, 2019.

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 31<sup>st</sup> of the last three years:

<u>Year</u>	<u>Number</u>
2019	19
2018	19
2017	17

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2019 and 2020 Taxes	25
Delinquent Taxes	15
Total	<u>40</u>

**CITY OF OCEAN CITY**

**Comparison of Tax Levies and Collections Currently**

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

<b>Year</b>	<b>Tax Levy</b>	<b>Currently</b>	
		<b>Cash Collections</b>	<b>Percentage of Collections</b>
2019 \$	115,295,158.66	114,452,165.12	99.27%
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%

**Comparative Schedule of Tax Rate Information**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate \$	0.967	0.958	0.943	0.907	0.895
Apportionment of Tax Rate:					
Municipal	0.496	0.494	0.484	0.454	0.444
County	0.255	0.248	0.241	0.236	0.233
Local School	0.216	0.216	0.218	0.217	0.218
Assessed Valuation	11,825,766,800	11,692,444,386	11,556,818,374	11,437,322,724	11,296,513,298

**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.

<b>Year</b>	<b>Amount of Tax Title Liens</b>	<b>Amount of Delinquent Taxes</b>	<b>Total Delinquent</b>	<b>Percentage Of Tax Levy</b>
2019 \$	3,951.47	797,349.17	801,300.64	0.69%
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%

**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.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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

July 17, 2020

**CITY OF OCEAN CITY**  
**PART III**  
**FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**





**CITY OF OCEAN CITY  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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	Total	
<b>FEDERAL:</b>										
Federal Emergency Management Agency	97.036	N/A		Open	6,804.00	6,804.00	6,804.00	-	6,804.00	-
Hurricane Sandy	97.088	4264DRNJPO0	2018	Open	3,835,100.00	3,835,100.00	724,593.69	-	724,593.69	-
FEMA - NUOEM Cape May County Elevation Project 18-19	97.042	4264DRNJPO0	2018	Open	10,000.00	10,000.00	1,253.44	-	1,253.44	-
FEMA - NJ State Police	97.044	4086DRNJPO1	2019	Open	59,550.00	59,550.00	59,500.00	-	59,500.00	-
FEMA - Assistance to Firefighters										
<b>Total Federal Emergency Management Agency</b>					<b>3,911,454.00</b>	<b>3,911,454.00</b>	<b>792,151.13</b>	<b>-</b>	<b>792,151.13</b>	<b>-</b>
U.S. Department of the Interior	15.153	44068	6/8/15	6/8/17	2,630,000.00	2,630,000.00	2,499,260.03	-	2,499,260.03	-
National Fish and Wildlife										
<b>Total Department of the Interior</b>					<b>2,630,000.00</b>	<b>2,630,000.00</b>	<b>2,499,260.03</b>	<b>-</b>	<b>2,499,260.03</b>	<b>-</b>
Federal Aviation Administration	20.106	AIP-#3-34-0029-19-2018	2018	2019	79,591.00	79,591.00	79,591.00	-	79,591.00	-
FAA - Airport Lighting Obstruction Phase I - 18/19	20.106	AIP-#3-34-0029-19-2019	2019	2020	618,764.00	618,764.00	509,259.24	-	509,259.24	-
FAA Airport Erosion Control Phase II - 19/20	20.106	AIP-#3-34-0029-19-2019	2019	2020	316,391.00	316,391.00	270,558.00	-	270,558.00	-
FAA Light Obstruction Phase II - 19/20	20.106	AIP-#3-34-0029-19-2019	2019	2020	35,155.00	35,155.00	35,155.00	-	35,155.00	-
FAA Light Obstruction Phase II Match - 19/20										
<b>Total Federal Aviation Administration</b>					<b>1,049,901.00</b>	<b>1,049,901.00</b>	<b>894,563.24</b>	<b>-</b>	<b>894,563.24</b>	<b>-</b>
U.S. Department of Justice	16.607	N/A	2018	Open	4,165.43	4,165.43	3,351.20	-	3,351.20	-
Body Armor Replacement	16.607	N/A	2019	Open	5,686.93	5,686.93	-	-	-	-
<b>Total Federal Department of Justice</b>					<b>28,070.34</b>	<b>28,070.34</b>	<b>3,351.20</b>	<b>-</b>	<b>3,351.20</b>	<b>-</b>
Housing and Urban Development	14.218	B-17-MC-34-0130	2017	2018	547,976.00	547,976.00	36,507.86	-	36,507.86	-
Community Development Block Grant - 16/17	14.218	B-18-MC-34-0130	2018	2019	290,766.00	290,766.00	181,979.20	-	181,979.20	-
Community Development Block Grant - 17/18	14.218	B-19-MC-34-0130	2019	2020	278,423.00	278,423.00	-	-	-	-
Community Development Block Grant - 18/19										
<b>Total Housing and Urban Development</b>					<b>1,117,165.00</b>	<b>1,117,165.00</b>	<b>218,487.06</b>	<b>-</b>	<b>218,487.06</b>	<b>-</b>
<b>Total Federal Assistance</b>					<b>\$ 8,736,590.34</b>	<b>\$ 8,736,590.34</b>	<b>4,189,325.60</b>	<b>218,487.06</b>	<b>4,407,812.66</b>	<b>-</b>

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, 2019**

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
<b>STATE OF NEW JERSEY</b>						
NJ Department of Environmental Protection						
Clean Communities	4900-765-042-4900-004	1/1/2019	\$ 98,876.85	98,876.85	-	-
Clean Communities	4900-765-042-4900-004	1/1/2018	88,657.98	-	87,971.45	88,657.98
Clean Communities	4900-765-042-4900-004	1/1/2017	92,666.69	-	7,310.17	92,666.69
Recycling Tonnage	4900-752-042-4900-001	1/1/2019	26,839.17	26,839.17	-	-
Recycling Tonnage	4900-752-042-4900-001	1/1/2018	25,999.38	-	16,213.34	18,264.73
Recycling Tonnage	4900-752-042-4900-001	1/1/2017	53,651.41	-	-	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						
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
NJ Division of Law and Public Safety						
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	1/1/2019	3,011.46	3,011.46	-	-
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	1/1/2018	5,287.44	-	3,154.25	4,223.05
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	1/1/2016	15,196.54	-	2,266.25	12,405.03
NJ Division of Homeland Security and Preparedness						
Secure the Shore Physical Barrier	N/A	1/1/2018	100,000.00	-	100,000.00	100,000.00
NJ Department of Transportation						
Municipal Aid Program - West Avenue 26th to 32nd	N/A	1/1/2019	240,000.00	240,000.00	-	-
Airport Fuel Farm	N/A	1/1/2019	285,898.80	285,898.80	11,997.53	11,997.53
Municipal Aid Program	N/A	1/1/2018	190,000.00	-	190,000.00	190,000.00
Maritime Resources Dredging	N/A	1/1/2018	4,454,540.24	-	3,388,161.53	4,453,038.91
Department of Economic Assistance						
Public Assistance	7550-150-158010-60	01/01/2018	52,044.00	52,044.00	52,044.00	52,044.00
<b>Total State Assistance</b>				<u>\$ 706,670.28</u>	<u>3,864,213.52</u>	

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, 2019**

**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	\$ 4,407,812.66	3,812,169.52	-	8,219,982.18
General Capital Fund	-	-	-	-
Public Assistance Fund	-	52,044.00	-	52,044.00
Total Financial Assistance	<u>\$ 4,407,812.66</u>	<u>3,864,213.52</u>	<u>-</u>	<u>8,272,026.18</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.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019. 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, 2019.

### ***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, 2019, and have issued our report thereon dated July 17, 2020, 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  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

July 17, 2020

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**CITY OF OCEAN CITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDING DECEMBER 31, 2019**

**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, 2019**  
**(CONTINUED)**

**Federal Awards**

Internal control over major programs:

- |   |                      |
|---|----------------------|
| 3) Material Weakness identified?        | <b>NO</b>            |
| 4) Significant Deficiencies identified? | <b>NONE REPORTED</b> |

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:

<b>20.106</b>	<b>Airport Improvement Program</b>
---------------	------------------------------------

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.