

**CITY OF OCEAN CITY**

**CAPE MAY COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**



**CITY OF OCEAN CITY  
TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page No</u>
	<b><u>PART I</u></b>	
	Independent Auditor's Report	1 - 3
	<b>CURRENT FUND</b>	
A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 12
A - 3	Statement of Expenditures - Regulatory Basis	13 - 20
	<b>TRUST FUND</b>	
B	Comparative Balance Sheet - Regulatory Basis	21
	<b>GENERAL CAPITAL FUND</b>	
C	Comparative Balance Sheet - Regulatory Basis	22
C - 1	Comparative Statement of Fund Balance - Regulatory Basis	23
	<b>GENERAL FIXED ASSETS ACCOUNT GROUP</b>	
D	Comparative Balance Sheet - Regulatory Basis	24
	<b>NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS</b>	25 - 56
	<b>SUPPLEMENTARY INFORMATION</b>	
	Report on Internal Controls over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Audit Standards	57 - 58
	Report on Compliance with Requirement Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and New Jersey OMB Circular Letter 15-08	59 - 61
	Schedule of Expenditures of State Financial Assistance	62
	Notes to Schedules of Federal Awards and State Financial Assistance	63

Schedule of Findings and Questioned Costs	
Part I - Summary of Auditor's Results	64 - 65
Part II Schedule of Financial Statement Findings	65
Part III Schedule of Federal and State Award Findings & Questioned Costs	66
Summary Schedule of Prior Year Audit Findings	66

### **CURRENT FUND**

A - 4	Schedule of Cash - Treasurer	67
A - 5	Schedule of Cash - Collector	68
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	69
A - 7	Schedule of Tax Title Liens	70
A - 8	Schedule of Revenue Accounts Receivable	71
A - 9	Schedule of Appropriation Reserves	72 - 75
A - 10	Schedule of Local District School Tax	76
A - 11	Schedule of Federal and State Grants Receivable	77 - 78
A - 12	Schedule of Appropriated Reserves - Federal and State Grants	79 - 80
A - 13	Schedule of Federal and State Grants - Unappropriated Reserves	81

### **TRUST FUND**

B - 1	Schedule of Cash - Dog Trust	82
B - 2	Schedule of Cash - Treasurer	83
B - 3	Schedule of Reserve for Animal Control Expenditures	84
B - 4	Schedule of Miscellaneous Trust Fund Reserves	85

### **GENERAL CAPITAL FUND**

C - 2	Schedule of Cash - Treasurer	86
C - 3	Analysis of Cash	87
C - 4	Schedule of Capital Improvement Fund	88
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	89
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	90
C - 7	Schedule of Improvement Authorizations	91
C - 8	Schedule of Encumbrances Payable	92
C - 9	Schedule of General Serial Bonds	93
C - 10	Schedule of Green Trust Loans Payable	94
C - 11	Schedule of Bond Anticipation Notes	95
C - 12	Schedule of Bonds and Notes Authorized But Not Issued	96

### **PART II**

General Comments	97 - 99
Findings and Recommendations	99

**CITY OF OCEAN CITY**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2023**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

#### ***Opinions***

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, 2023 and 2022, 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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Ocean City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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.

### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ocean City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit 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 City of Ocean City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Ocean City's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

### ***Supplementary 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. 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 basic financial statements. The 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 regulatory basis financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, 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 the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ocean City's internal control over financial reporting and compliance.

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

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

**June 28, 2024**

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**EXHIBIT - A  
CURRENT FUND**

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 18,180,435.47	17,820,155.33
Cash - Collector	207,677.84	315,786.21
Cash - Change	4,200.00	3,550.00
Total Cash	<u>18,392,313.31</u>	<u>18,139,491.54</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	209.66	959.66
Total Other Receivables	<u>209.66</u>	<u>959.66</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	796,556.83	661,250.31
Tax Title and Other Liens	8,972.18	7,500.60
Property Acquired for Taxes - at Assessed Valuation	244,200.00	244,200.00
Total Receivables and Other Assets	<u>1,049,729.01</u>	<u>912,950.91</u>
Deferred Charges:		
Emergency Appropriation	100,000.00	-
Total Deferred Charges	<u>100,000.00</u>	<u>-</u>
Total Regular Fund	<u>19,542,251.98</u>	<u>19,053,402.11</u>
Federal and State Grant Fund:		
Cash	3,476,338.04	4,390,916.17
Federal and State Grants Receivable	7,037,867.26	4,248,971.51
Total Federal and State Grant Fund	<u>10,514,205.30</u>	<u>8,639,887.68</u>
Total Current Fund	<u>\$ 30,056,457.28</u>	<u>27,693,289.79</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>2023</u>	<u>2022</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 939,634.30	1,029,055.45
Reserve for Encumbrances	1,256,332.70	1,456,231.20
Accounts Payable	5,091.74	
Prepaid Taxes	3,747,772.54	3,581,884.80
Tax Overpayments	798.02	1,475.59
County Added & Omitted Tax Payable	399,740.44	489,898.08
Prepaid Beach Fees	252,240.00	251,160.00
Reserve for Municipal Property Tax Relief	223,844.54	111,946.20
Payroll Taxes Payable	50,850.13	95,767.32
Reserve for Health Insurance Claims	188,275.90	50,614.67
	<u>7,064,580.31</u>	<u>7,068,033.31</u>
Reserve for Receivables and Other Assets	1,049,729.01	912,950.91
Fund Balance	11,427,942.66	11,072,417.89
Total Regular Fund	<u>19,542,251.98</u>	<u>19,053,402.11</u>
Federal and State Grant Fund:		
Unappropriated Reserves	3,744,743.19	3,812,340.00
Appropriated Reserves	4,943,291.45	3,538,911.74
Encumbrances Payable	<u>1,826,170.66</u>	<u>1,288,635.94</u>
Total Federal and State Grant Fund	<u>10,514,205.30</u>	<u>8,639,887.68</u>
Total Current Fund	<u>\$ 30,056,457.28</u>	<u>27,693,289.79</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,**

	2023	2022
Revenue and Other Income Realized		
Fund Balance	\$ 5,700,000.00	5,400,000.00
Miscellaneous Revenue Anticipated	24,434,409.35	20,129,964.31
Public and Private Programs		
Off-Set with Appropriations	4,008,841.20	2,162,593.42
Receipts from Delinquent Taxes	661,986.49	588,656.78
Receipts from Current Taxes	135,202,261.01	127,695,932.38
Non Budget Revenue	715,722.05	451,103.34
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	926,810.46	2,701,988.04
Cancellation of:		
Accounts Payable		
Total Income	171,650,030.56	159,130,238.27
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	35,418,868.00	32,497,386.00
Other Expenses	24,229,895.00	23,493,850.00
Deferred Charges & Statutory Expenditures	9,054,984.00	8,028,057.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	261,032.00	255,914.00
Other Expenses	6,093,619.00	5,079,010.00
Public and Private Programs Off-Set by		
Revenues	4,051,675.30	2,205,427.52
Capital Improvements	1,400,000.00	750,000.00
Debt Service	19,084,626.47	17,069,076.52
Local District School Tax	24,704,759.00	25,210,181.00
County Tax	40,810,198.58	37,860,031.56
County Share of Added & Omitted Taxes	399,740.44	489,898.08
Other:		
Special Improvement District Taxes	184,358.00	183,527.94
Grant Balances Cancelled, Net		
Prior Year Seniors & Veterans Deductions	750.00	1,250.00
Total Expenditures	165,694,505.79	153,123,609.62
Excess/(Deficit) in Revenue	5,955,524.77	6,006,628.65

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>2023</u>	<u>2022</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	100,000.00	-
Total Adjustments	<u>100,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>6,055,524.77</u>	<u>6,006,628.65</u>
Fund Balance January 1	<u>11,072,417.89</u>	<u>10,465,789.24</u>
	17,127,942.66	16,472,417.89
Decreased by:		
Utilization as Anticipated Revenue	<u>5,700,000.00</u>	<u>5,400,000.00</u>
Fund Balance December 31	<u>\$ 11,427,942.66</u>	<u>11,072,417.89</u>

See accompanying Notes to Financial Statements - Regulatory Basis



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	NJSA 40A:4-87		
Fund Balance Anticipated	\$ 5,700,000.00		5,700,000.00	-
Total Fund Balance Anticipated	<u>5,700,000.00</u>	<u>-</u>	<u>5,700,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	380,000.00		374,607.28	(5,392.72)
Fees and Permits	1,125,000.00		1,193,400.89	68,400.89
Fines and Costs:				
Municipal Court	250,000.00		299,861.23	49,861.23
Interest and Costs on Taxes	175,000.00		191,058.90	16,058.90
Interest Earned on Investments	390,000.00		1,567,730.86	1,177,730.86
Parking Meters	3,975,000.00		4,000,951.88	25,951.88
Beach Fees	5,200,000.00		6,089,245.90	889,245.90
Rental or Sale of City Material & Property	135,000.00		116,445.02	(18,554.98)
Airport Fees	150,000.00		171,092.77	21,092.77
Boat Ramp Fees	25,000.00		27,354.06	2,354.06
Aquatic & Fitness Center User Fees	900,000.00		1,099,411.75	199,411.75
Smoke Detector Inspection	130,000.00		141,325.00	11,325.00
Emergency Medical Services	575,000.00		705,779.37	130,779.37
Total Section A: Local Revenues	<u>13,410,000.00</u>	<u>-</u>	<u>15,978,264.91</u>	<u>2,568,264.91</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	2,160,882.00		2,160,882.24	0.24
Municipal Relief Fund	111,946.20		111,946.20	-
Total Section B: State Aid Without Offsetting Appropriations	<u>2,272,828.20</u>	<u>-</u>	<u>2,272,828.44</u>	<u>0.24</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	1,000,000.00		1,001,275.00	1,275.00
<b>Total Section C: Uniform Construction Code Fees</b>	<b>1,000,000.00</b>	<b>-</b>	<b>1,001,275.00</b>	<b>1,275.00</b>
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Upper Township - Dispatching Service	261,032.00		261,032.00	-
<b>Total Section D: Interlocal Municipal Service Agreements</b>	<b>261,032.00</b>	<b>-</b>	<b>261,032.00</b>	<b>-</b>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Community Development Block Grant		273,151.00	273,151.00	
Clean Communities Program		105,576.25	105,576.25	
NJ DOT - West Ave North to 9th Street	180,000.00		180,000.00	
NJ DOT - Lagoon Dredging	1,743,013.14		1,743,013.14	
NJ DOT - West Ave 15th-18th Streets	170,085.00		170,085.00	
NJ DOT 2024 - West 9th - 11th Streets		203,316.00	203,316.00	
NJ DOT - Set Aside program		580,000.00	580,000.00	
Recycling Tonnage Grant	30,592.16		30,592.16	
Drunk Driving Enforcement Fund	7,104.63		7,104.63	
Body Armor Grant	4,152.77		4,152.77	
Bulletproof Vest	5,096.00	5,488.00	10,584.00	
NJ 2015 Recreation Opportunity (ROID)	20,647.31		20,647.31	
Christopher & Dana Reeve Foundation- Accessible Beach Mats	25,000.00		25,000.00	
ARP - Merion Park II Drainage Improvements		400,000.00	400,000.00	
FAA Seal Runway 6/24 Pavement Surface		126,957.00	126,957.00	
NJ Water Resource Planning- Stormwater Assistance	25,000.00		25,000.00	
Opioid Settlement Fund	67,225.80	36,436.14	103,661.94	-
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>2,277,916.81</b>	<b>1,730,924.39</b>	<b>4,008,841.20</b>	<b>-</b>
Off-Set with Appropriations				

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Developer Payment - BAN Principal	130,000.00		130,000.00	
Reserves for Debt Service & Capital Fund Balance	1,900,000.00		1,900,000.00	
OC Library - Contracted Services	226,600.00		226,600.00	
OC Library - Return to Taxpayers	2,664,410.00		2,664,409.00	(1.00)
Total Section G: Other Special Items	<u>4,921,010.00</u>	<u>-</u>	<u>4,921,009.00</u>	<u>(1.00)</u>
Total Miscellaneous Revenues:	<u>24,142,787.01</u>	<u>1,730,924.39</u>	<u>28,443,250.55</u>	<u>2,569,539.15</u>
Receipts from Delinquent Taxes	<u>600,000.00</u>	<u>-</u>	<u>661,986.49</u>	<u>61,986.49</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	62,377,370.44		63,910,865.99	1,533,495.55
Library Tax	6,093,619.00		6,093,619.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>68,470,989.44</u>	<u>-</u>	<u>70,004,484.99</u>	<u>1,533,495.55</u>
Budget Totals	<u>98,913,776.45</u>	<u>1,730,924.39</u>	<u>104,809,722.03</u>	<u>4,165,021.19</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:	<u>-</u>	<u>-</u>	<u>715,722.05</u>	<u>715,722.05</u>
	<u>\$ 98,913,776.45</u>	<u>1,730,924.39</u>	<u>105,525,444.08</u>	<u>4,880,743.24</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 135,202,261.01
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Less: Reserve for Tax Appeals Pending	
---------------------------------------	--

Net Revenue from Collections	135,202,261.01
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Allocated to:

School, County and Other Taxes	66,347,776.02
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Balance for Support of Municipal Budget Appropriations	68,854,484.99
--	---------------

Increased by:

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

Amount for Support of Municipal Budget Appropriations	70,004,484.99
---	---------------

Receipts from Delinquent Taxes:

Delinquent Tax Collection	661,986.49
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Tax Title Lien Collections	-
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Total Receipts from Delinquent Taxes	\$ 661,986.49
--------------------------------------	---------------

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

200 Foot Information	1,850.00
American Recycling/Sims Metal	10,130.20
Bench Donations	14,800.00
Beach Bids/Lease	1,004.00
Boardwalk Entertainers	3,250.00
City Clerk	1,913.00
Crown Castle Cellular - Revenue Share	27,501.75
Concession - Ice Cream	30,500.00
County Snow Reimbursements	2,352.01
DMV Inspection Fines	600.00
Electric Charger - Charge Point	11,389.15
FEMA Hurricane Isaias Reimbursements	2,844.64
Misc Receipts & Refunds	17,579.92
PILOT: United Methodist Homes	89,630.00
PILOT: Wesley by the Bay	28,837.30
Public Defender	800.00
Rebates - PCARD	60,404.69
Rebates - Home Depot/CCMUA	193,401.20
Reimbursements from OC Free Public Library	80,401.90
SSA for Emergency Management	15,000.00
Settlements - PCB	17,414.03
Returned Check Fees	80.00
Share Services - Strathmere EMS	6,583.16
Share Services - Sea Isle	20,000.00
Sidewalk Permits	6,499.00
Sr & Vets 2% Admin	1,465.00
Storage & Towing Fees	33,805.00
Trademarks Fees	1,775.00
Unclaimed Funds	5,629.32
Verizon/AT&T Refund	4,000.00
Wilhelm Trust	10,400.00
Prior Year Refund	13,881.78

Total Miscellaneous Revenue Not Anticipated:

\$ 715,722.05

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		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	20,598.50		1.50	
Other Expenses	3,600.00	3,600.00	3,273.14		326.86	
<b>ADMINISTRATION</b>						
City Administrator						
Salaries and Wages	415,000.00	432,500.00	422,439.82		10,060.18	
Other Expenses	229,100.00	229,100.00	224,082.96	5,000.00	17.04	
Human Resources						
Salaries and Wages	600,000.00	575,000.00	571,331.10		3,668.90	
Other Expenses	162,000.00	162,000.00	87,861.51	18,123.77	56,014.72	
Purchasing Division						
Salaries and Wages	188,000.00	188,000.00	186,937.21	100.00	1,062.79	
Other Expenses	7,550.00	7,550.00	4,320.34		3,129.66	
Emergency Management						
Salaries and Wages						
Other Expenses	20,000.00	20,000.00	18,691.82	937.48	370.70	
<b>COMMUNITY SERVICE DEPARTMENT</b>						
Public Relations & Information						
Salaries and Wages	991,000.00	991,000.00	929,025.40		61,974.60	
Other Expenses	585,650.00	585,650.00	503,223.22	62,241.05	20,185.73	
Aquatic and Fitness Center						
Salaries and Wages	1,202,000.00	917,550.00	913,173.91		4,376.09	
Other Expenses	88,100.00	68,100.00	56,876.36	9,110.88	2,112.76	

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Recreation & Leisure Programs						
Salaries and Wages	586,000.00	712,550.00	712,525.36		24.64	
Other Expenses	36,350.00	59,550.00	46,214.68	1,143.78	12,191.54	
Music Pier Operations						
Salaries and Wages	653,000.00	769,900.00	769,829.59		70.41	
Other Expenses	41,500.00	50,500.00	43,230.24	4,269.76	3,000.00	
Neighborhood & Social Services						
Salaries and Wages	68,000.00	68,000.00	66,069.00		1,931.00	
Other Expenses	3,000.00	3,000.00	200.71		2,799.29	
<b>DEPARTMENT OF OPERATIONS &amp; ENGINEERING</b>						
Administration						
Salaries and Wages	782,000.00	782,000.00	749,633.91		32,366.09	
Other Expenses	17,000.00	17,000.00	11,857.66	510.61	4,631.73	
Engineering & Project Management						
Salaries and Wages	456,000.00	441,000.00	437,096.94		3,903.06	
Other Expenses	152,500.00	47,500.00	36,824.44	1,209.40	9,466.16	
Municipal Code & Licensing						
Salaries and Wages	753,000.00	753,000.00	744,194.50		8,805.50	
Other Expenses	77,000.00	47,000.00	41,419.95	2,176.00	3,404.05	
Historical Commission						
Other Expenses	2,800.00	2,800.00	17.50		2,782.50	
Planning Board						
Other Expenses	12,500.00	12,500.00	4,335.30		8,164.70	
Zoning Board of Adjustment						
Other Expenses	12,800.00	12,800.00	1,654.70		11,145.30	
Facility Maintenance						
Salaries and Wages	1,038,000.00	1,049,100.00	1,049,079.95		20.05	
Other Expenses	532,700.00	549,700.00	500,423.97	26,939.30	22,336.73	
Environmental Operations						
Salaries and Wages	1,286,000.00	1,247,000.00	1,246,355.16		644.84	
Other Expenses						
Miscellaneous Other Expenses	90,500.00	90,500.00	16,196.34		46,698.00	
Trash & Recycling	3,789,700.00	3,586,700.00	3,261,099.23	262,675.49	62,925.28	

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Field Operations						
Salaries and Wages	1,704,000.00	1,782,800.00	1,782,774.16		25.84	
Other Expenses:	133,100.00	170,800.00	163,933.77	5,580.84	1,285.39	
Fleet Maintenance						
Salaries and Wages	425,000.00	429,925.00	429,916.75		8.25	
Other Expenses	332,700.00	332,700.00	302,659.89	30,033.33	6.78	
<b>DEPARTMENT OF LAW</b>						
Legal Division						
Salaries and Wages	216,000.00	216,000.00	190,465.84		25,534.16	
Other Expenses	228,000.00	493,000.00	397,063.46	43,259.84	52,676.70	
Public Defender						
Other Expenses	44,800.00	44,800.00	39,489.76	4,385.57	924.67	
<b>STATUTORY OFFICES</b>						
City Clerk's Office						
Salaries and Wages	243,000.00	238,000.00	237,309.77		690.23	
Other Expenses	47,095.00	52,195.00	39,626.34	3,336.00	9,232.66	
City Council						
Salaries and Wages	73,600.00	73,600.00	73,401.43		198.57	
Other Expenses	17,300.00	17,300.00	7,564.91	2,645.00	7,090.09	
Municipal Court						
Salaries and Wages	558,000.00	492,000.00	490,821.20		1,178.80	
Other Expenses	33,800.00	33,800.00	21,835.32	5,060.00	6,904.68	
<b>DEPARTMENT OF FINANCIAL MANAGEMENT</b>						
Treasurer's Office						
Other Expenses	47,000.00	47,000.00	42,760.00	4,240.00		
Audit Services						
Other Expenses	186,300.00	186,300.00	164,568.00	1,416.35	20,315.65	
Accounting Division						
Salaries and Wages	570,000.00	589,000.00	566,620.26		22,379.74	
Other Expenses	11,500.00	11,500.00	11,488.01		11.99	
Office of Parking Regulation						
Salaries and Wages	290,000.00	302,500.00	302,485.65		14.35	
Other Expenses	150,000.00	150,000.00	97,211.02	4,080.61	48,708.37	

See accompanying Notes to Financial Statements - Regulatory Basis



**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Property Assessment Division						
Salaries and Wages	356,000.00	344,000.00	342,876.06		1,123.94	
Other Expenses	123,500.00	53,500.00	30,407.91	21,825.90	1,266.19	
Beach Fee Regulation Division						
Salaries and Wages	440,000.00	410,000.00	409,772.14		227.86	
Other Expenses	80,800.00	80,800.00	71,793.78		9,006.22	
Tax Collector Division						
Salaries and Wages	246,000.00	219,000.00	218,410.43		589.57	
Other Expenses	14,200.00	14,200.00	9,316.42		4,883.58	
Revenue Collection						
Salaries and Wages	486,000.00	571,025.00	560,011.26		11,013.74	
Other Expenses	203,200.00	203,200.00	182,121.09	7,687.25	13,391.66	
<b>DEPARTMENT OF POLICE</b>						
Police Protection Division						
Salaries and Wages	9,640,968.00	9,560,548.00	9,479,663.46		80,884.54	
Other Expenses						
Miscellaneous Other Expenses	365,800.00	354,800.00	292,984.08	61,803.82	12.10	
Purchase of Vehicles	260,000.00	260,000.00	62,323.34	197,188.35	488.31	
Information Technology						
Salaries and Wages	318,000.00	318,000.00	315,422.31	250.00	2,577.69	
Other Expenses	384,400.00	429,400.00	418,795.06		10,354.94	
<b>DEPARTMENT OF FIRE</b>						
Rescue Services Division						
Salaries and Wages	242,000.00	288,000.00	287,806.10		193.90	
Other Expenses	108,150.00	83,150.00	64,527.67	14,499.13	4,123.20	
Lifeguards Division						
Salaries and Wages	1,825,000.00	1,956,160.00	1,956,155.17		4.83	
Other Expenses	168,000.00	168,000.00	150,949.18	15,152.93	1,897.89	
Fire Protection & Prevention						
Salaries and Wages	8,000,000.00	7,815,000.00	7,814,044.28		955.72	
Other Expenses	283,100.00	283,100.00	254,693.54	11,900.59	16,505.87	
<b>INSURANCE</b>						
General Liability	659,717.00	659,717.00	643,076.61		16,640.39	
Workers Compensation Insurance	1,745,283.00	1,745,283.00	1,745,283.00			
Employee Group Health	7,310,000.00	6,996,750.00	6,983,043.92	11,380.71	2,325.37	
Health Benefits Waiver						
Salaries and Wages	274,000.00	274,000.00	274,000.00			

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>OTHER:</b>					
City Wide Operations					
Finance - Other Expenses	626,700.00	626,700.00	566,522.46	39,735.95	20,441.59
City Wide Operations					
Operations & Engineering - Other Expenses	1,426,300.00	1,518,350.00	1,305,172.39	115,117.43	98,060.18
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code					
Construction Official	595,000.00	592,110.00	592,106.77		3.23
Salaries and Wages	198,000.00	176,000.00	164,333.27	7,075.00	4,591.73
<b>UNCLASSIFIED</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	720,000.00	738,000.00	676,565.63	61,434.37	
Street Lighting	450,000.00	450,000.00	441,094.79	8,905.21	0.00
Telephone	325,000.00	350,000.00	317,059.29	9,615.14	23,325.57
Water	984,000.00	1,184,000.00	1,123,163.19	60,836.81	0.00
Fuel Oil	180,000.00	340,000.00	339,820.67	179.33	0.00
Gasoline	420,000.00	420,000.00	353,428.28	66,571.72	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>59,673,263.00</b>	<b>59,648,763.00</b>	<b>57,488,833.51</b>	<b>1,256,332.70</b>	<b>903,596.79</b>
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>59,673,263.00</b>	<b>59,648,763.00</b>	<b>57,488,833.51</b>	<b>1,256,332.70</b>	<b>903,596.79</b>
Detail:					
Salaries and Wages	35,541,168.00	35,418,868.00	35,142,353.39	-	276,514.61
Other Expenses	24,132,095.00	24,229,895.00	22,346,480.12	1,256,332.70	627,082.18

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	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	2,064,683.00	2,064,683.00	2,064,683.00		
Social Security System (O.A.S.I.)	1,600,000.00	1,724,500.00	1,723,296.68	1,203.32	1.00
Police and Firemen's Retirement System	4,772,802.00	4,772,802.00	4,772,801.00		
Unemployment Compensation Insurance	125,000.00	125,000.00	116,155.51	8,844.49	
Lifeguard Pension	300,000.00	300,000.00	300,000.00		
Defined Contribution Retirement Program	68,000.00	68,000.00	67,903.30	96.70	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>8,930,485.00</b>	<b>9,054,985.00</b>	<b>9,044,839.49</b>	<b>10,144.51</b>	<b>1.00</b>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	68,603,748.00	68,703,748.00	66,533,673.00	1,256,332.70	1.00
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Insurance:					
Maintenance of Free Public Library	6,093,619.00	6,093,619.00	6,093,619.00		
Other Expenses					
Interlocal Municipal Service Agreements					
Police Dispatching - Upper Township	261,032.00	261,032.00	261,032.00		
Salaries and Wages					
	6,354,651.00	6,354,651.00	6,354,651.00	-	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance on Alcoholism and Drug Abuse						
Local Share	2,834.10	2,834.10	2,834.10			
Clean Communities Program		105,576.25	105,576.25			
ARP - Merion Park II Drainage Improvements		400,000.00	400,000.00			
Drunk Driving Enforcement Fund		7,104.63	7,104.63			
NJ DOT 2024 - West 9th - 11th Streets		203,316.00	203,316.00			
NJ DOT - Set Aside program		580,000.00	580,000.00			
USDOT FAA - Seal Runway, Taxiway & Terminal		141,064.00	141,064.00			
NJ DOT West Ave North-9th	180,000.00	180,000.00	180,000.00			
NJ DOT West Ave 15th-18th	170,085.00	170,085.00	170,085.00			
NJ DOT - Lagoon Dredging	1,743,013.14	1,743,013.14	1,743,013.14			
Recycling Tonnage Grant	30,592.16	30,592.16	30,592.16			
Christopher & Dana Reeve Foundation- Beach Mats	25,000.00	25,000.00	25,000.00			
DCA- Recreational Opportunities Grant	20,647.31	20,647.31	20,647.31			
Opioid Settlement Fund	67,225.80	103,661.94	103,661.94			
Body Armor Grant	4,152.77	4,152.77	4,152.77			
Community Development Block Grant		273,151.00	273,151.00			
Bulletproof Vest	5,096.00	10,584.00	10,584.00			
NJ Water Resource Planning- Stormwater Assistance	25,000.00	25,000.00	25,000.00			
Matching Funds for Grants	40,000.00	25,893.00	-	25,893.00		
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>2,320,750.91</b>	<b>4,051,675.30</b>	<b>4,025,782.30</b>	<b>-</b>	<b>25,893.00</b>	<b>-</b>
Total Operations - Excluded from "CAPS"	8,675,401.91	10,406,326.30	10,380,433.30		25,893.00	
Detail:						
Salaries and Wages	261,032.00	261,032.00	261,032.00			
Other Expenses	8,414,369.91	10,145,294.30	10,119,401.30		25,893.00	
(C) Capital Improvements						
Capital Improvement Fund	1,400,000.00	1,400,000.00	1,400,000.00			
<b>Total Capital Improvements</b>	<b>1,400,000.00</b>	<b>1,400,000.00</b>	<b>1,400,000.00</b>			

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	13,790,000.00	13,790,000.00	13,790,000.00			
Payment of BANs and Capital Notes	130,000.00	130,000.00	130,000.00			
Interest on Bonds	4,145,837.50	4,145,837.50	4,145,837.50			
Interest on Notes	980,080.00	980,080.00	980,079.97			0.03
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	38,709.04	38,709.04	38,709.00			0.04
Total Debt Service	<u>19,084,626.54</u>	<u>19,084,626.54</u>	<u>19,084,626.47</u>			<u>0.07</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>29,160,028.45</u>	<u>30,890,952.84</u>	<u>30,865,059.77</u>		<u>25,893.00</u>	<u>0.07</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>97,763,776.45</u>	<u>99,594,700.84</u>	<u>97,398,732.77</u>	<u>1,256,332.70</u>	<u>939,634.30</u>	<u>1.07</u>
(M) Reserve for Uncollected Taxes	<u>1,150,000.00</u>	<u>1,150,000.00</u>	<u>1,150,000.00</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 98,913,776.45</u>	<u>100,744,700.84</u>	<u>98,548,732.77</u>	<u>1,256,332.70</u>	<u>939,634.30</u>	<u>1.07</u>
Budget		98,913,776.45			Cancelled	1.07
Appropriations by 40A:4-87		1,730,924.39			Overexpended	
Emergency Appropriations		100,000.00				
		<u>100,744,700.84</u>				<u>1.07</u>
Reserve for Uncollected Taxes		1,150,000.00				
Federal and State Grants		4,025,782.30				
Disbursements		93,372,950.47				
		<u>98,548,732.77</u>				

See accompanying Notes to Financial Statements - Regulatory Basis

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**EXHIBIT - B**  
**TRUST FUND**

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

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 50,343.71	46,003.37
	<u>50,343.71</u>	<u>46,003.37</u>
<u>OTHER TRUST FUND</u>		
Cash and Investments	12,920,313.86	12,217,058.17
	<u>12,920,313.86</u>	<u>12,217,058.17</u>
	<u>12,970,657.57</u>	<u>12,263,061.54</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	50,343.71	46,003.37
	<u>50,343.71</u>	<u>46,003.37</u>
<u>OTHER TRUST FUND</u>		
Reserve for:		
Tax Premiums	156,700.00	302,900.00
Tax Sale Redemptions	1,002.45	24,397.99
Dedicated Recreation Trust	260,190.26	46,152.69
Tourism Development	305,349.15	349,994.13
Law Enforcement Trust	36,407.98	37,116.33
Parking Offenses Adjudication Act	35,794.95	33,454.89
Cash Performance Deposits	1,020,071.27	989,734.41
Dedicated Fire Fees	17,244.44	16,251.61
Lifeguard Pension	76,024.97	28,706.05
Shade Trees	17,523.10	14,022.97
COAH	9,632,491.83	7,216,202.96
Merchant Fees	16,246.12	12,233.27
Planning & Zoning Escrow	244,344.90	204,870.81
Encumbrances Payable	1,100,922.44	2,941,020.06
	<u>12,920,313.86</u>	<u>12,217,058.17</u>
	<u>\$ 12,970,657.57</u>	<u>12,263,061.54</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Cash	\$	30,187,859.84	24,923,490.44
Deferred Charges to Future Taxation -			
Funded		134,671,791.77	148,495,163.56
Unfunded		79,097,040.00	40,600,990.00
		<u>243,956,691.61</u>	<u>214,019,644.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		10,707,589.80	16,280,706.04
Bond Anticipation Notes Payable		46,690,000.00	21,820,000.00
Serial Bonds Payable		134,430,000.00	148,220,000.00
Green Trust Loan Payable		241,791.77	275,163.56
Improvement Authorizations:			
Funded		2,015,854.15	5,515,496.02
Unfunded		43,366,983.62	15,762,442.16
Reserve for Debt Service		3,154,009.61	2,196,733.13
Reserve for Construction of Airport Terminal		1,036,158.89	1,001,849.32
Capital Improvement Fund		1,463,452.53	2,096,402.53
Fund Balance		850,851.24	850,851.24
	\$	<u>243,956,691.61</u>	<u>214,019,644.00</u>

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

2022	18,780,990.00
2023	32,407,040.00

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>2023</u>	<u>2022</u>
Beginning Balance January 1	\$ 850,851.24	850,851.24
Ending Balance December 31	\$ <u>850,851.24</u>	<u>850,851.24</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**EXHIBIT - D**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

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## **NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

**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 2020 census is 11,122.

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.

Except as noted below, the financial statements of the City of Ocean City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by City of Ocean City, as required by N.J.S. 40A:5-5.

**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.

**Description of Funds**

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

**Current Fund**

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

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

**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.

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

**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.

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

**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.

**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.

**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

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

**Deferred Charges**

The recognition of certain expenditures is deferred to future periods. These expenditures, or Deferred Charges, are generally over-expenditures 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.

**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 reserves.

**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.

**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.

**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.

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

**Levy of Taxes**

The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

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

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.

**Interest on Delinquent Taxes**

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

**Capitalization of Interest**

It is the policy of the City of Ocean City to treat interest on projects as a current expense and the interest is included in the current operating budgets.

**Use of Estimates**

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

**Required Financial Statements**

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

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position.



**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**Recent Accounting Pronouncements Not Yet Effective**

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No.99, "Omnibus 2022". This statement, and the requirements related to leases, PPP's and SBITAs which is effective for fiscal years beginning after June 15, 2022, and all reporting periods, thereafter, may have an effect on the City's financial statements. This statement, and the requirements related financial guarantees and the classification and reporting of derivative instruments which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter, will not have any effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter, will not have any effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, and all reporting periods, thereafter, will not have any significant effect on the City's financial reporting.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement, which is effective for fiscal years beginning after June 15, 2024, and all reporting periods, thereafter, will not have any significant 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 2023 and 2022 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 2023 and 2022 statutory budgets was \$5,400,000.00 and \$5,400,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2023 and 2022 calendar years:

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**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 2: BUDGETARY INFORMATION (Continued)**

Budget Category	2022	2021
<u>Current Fund:</u>		
Human Resources		
Salaries and Wages	(130,000.00)	
Public Relations & Information		
Salaries and Wages		(65,000.00)
Aquatic and Fitness Center		
Salaries and Wages	(285,000.00)	(22,800.00)
Recreation & Leisure Programs		
Salaries and Wages		55,000.00
Music Pier Operations		
Salaries and Wages	135,800.00	7,800.00
Other Expenses		3,000.00
Legal Division		
Other Expenses	195,000.00	50,000.00
Facility Maintenance		
Other Expenses		30,000.00
Environmental Operations		
Salaries and Wages	(100,000.00)	(100,000.00)
Trash & Recycling		(47,000.00)
Field Operations		
Salaries and Wages	200,000.00	100,000.00
Office of Parking Regulation		
Salaries and Wages		(53,100.00)
Police Protection Division		
Salaries and Wages	230,500.00	
Purchase of Vehicles		105,400.00
Fire Protection and Prevention		
Salaries and Wages	(115,250.00)	
Lifeguard		
Salaries and Wages	(218,200.00)	(53,100.00)
Insurance - Employee Group Health	(280,000.00)	(80,000.00)
Electricity		70,000.00
Street Lighting		
Water	225,000.00	
Gasoline	150,000.00	

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 2023, the City Council approved budget insertions in the amount of \$1,730,924.39 as listed in Exhibit A-2. During 2022 the budget insertions were \$902,882.46.

The municipality 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 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

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 2: BUDGETARY INFORMATION - Continued**

appropriations are permitted to be raised in the budgets of the succeeding three or five years. During the 2023 and 2022 calendar years, emergency appropriations or special emergencies were approved by City Council for \$100,000.00 and \$0 respectively. In addition, NJSA 40A:4-60 permits the Governing Body to cancel, by resolution, any unexpended balances of appropriations prior to year-end. There were no significant cancellations approved in the 2023 and 2022 calendar years.

**Note 3: INVESTMENTS**

As of December 31, 2023, and 2022, the City had no investments.

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

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

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

**Note 4: 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 funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2023 and 2022, \$14,958,425.13 and \$13,967,157.95, of the municipality's bank balance of \$66,605,002.22 and \$61,796,642.45 respectively was exposed to custodial credit risk.

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**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2023, and 2022:

	Balance 12/31/2022	Additions	Adjustments/ Deletions	Balance 12/31/2023
Land & Improvements	\$ 143,809,686.72			143,809,686.72
Improvements	10,918,990.39			10,918,990.39
Buildings & Fixtures	27,439,993.01			27,439,993.01
Vehicles	16,009,757.31	885,941.68	3,960.52	16,891,738.47
Machinery & Equipment	11,584,351.50	93,994.64	80,331.20	11,598,014.94
	<u>\$ 209,762,778.93</u>	<u>979,936.32</u>	<u>84,291.72</u>	<u>210,658,423.53</u>

	Balance 12/31/2021	Additions	Adjustments/ Deletions	Balance 12/31/2022
Land	\$ 143,809,686.72			143,809,686.72
Improvements	10,918,990.39			10,918,990.39
Buildings & Fixtures	27,439,993.01			27,439,993.01
Vehicles	15,408,664.50	601,092.81		16,009,757.31
Machinery & Equipment	11,073,629.90	590,664.60	79,943.00	11,584,351.50
	<u>\$ 208,650,964.52</u>	<u>1,191,757.41</u>	<u>79,943.00</u>	<u>209,762,778.93</u>

**Note 6: 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, 2023, and 2022:

	Balance 12/31/22	Increases	Decreases	Balance 12/31/23
General Capital Notes	\$ 21,820,000.00	46,690,000.00	21,820,000.00	46,690,000.00

	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
General Capital Notes	\$ 1,950,000.00	21,820,000.00	1,950,000.00	21,820,000.00

On November 3, 2023, the City issued a Bond Anticipation Note in the Amount of \$1,690,000.00 bearing interest at a rate of 5.4% per annum to fund General Capital Ordinance 14-15. The Note matures November 4, 2024.

On October 17, 2023, the City issued a Bond Anticipation Note in the Amount of \$45,000,000.00 bearing interest at a rate of 5% per annum to fund General Capital Ordinances 20-16, 20-18, 20-19, 20-20, 21-22, 22-03, 22-04, 22-11 and 23-16. The Note will mature on October 16, 2024.

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 7: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Issued:			
General:			
Bonds and Notes	\$ 181,361,791.77	170,315,163.56	162,837,877.80
Total Issued	<u>181,361,791.77</u>	<u>170,315,163.56</u>	<u>162,837,877.80</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>3,154,009.61</u>	<u>2,196,733.13</u>	<u>3,945,663.72</u>
Net Debt	<u>178,207,782.16</u>	<u>168,118,430.43</u>	<u>158,892,214.08</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	32,407,040.00	18,780,990.00	22,421,340.00
Total Authorized But Not Issued	<u>32,407,040.00</u>	<u>18,780,990.00</u>	<u>22,421,340.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 210,614,822.16</u>	<u>186,899,420.43</u>	<u>181,313,554.08</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 1.155%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 337,000.00	337,000.00	-
General Debt	<u>213,768,831.77</u>	<u>3,154,009.61</u>	<u>210,614,822.16</u>
	<u>\$ 214,105,831.77</u>	<u>3,491,009.61</u>	<u>210,614,822.16</u>

Net debt \$210,614,822.16 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$18,229,087,795.67 = 1.155%.

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

3-1/2% of Equalized Valuation Basis	\$ 638,018,072.85
Net Debt	<u>210,614,822.16</u>
Remaining Borrowing Power	<u>\$ 427,403,250.69</u>

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 7: LONG-TERM DEBT - Continued**

**Description of Bonds and Loans Payable**

**At December 31, 2023, bonds and loans payable in the General Capital Fund consisted of the following individual issues:**

\$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, 2023, is \$900,000.00.

\$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, 2023, is \$5,400,000.00.

\$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, 2023, is \$20,300,000.00.

\$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, 2023, is \$64,780,000.00.

\$6,650,000.00 General Improvement Bonds dated October 20, 2020, due in annual installments through October 15, 2035, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2023, is \$5,600,000.00.

\$44,050,000.00 General Improvement Bonds dated October 20, 2020, due in annual installments through October 15, 2035, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2023, is \$37,450,000.00.

\$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, 2023, is \$69,987.65.

\$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, 2023, is \$69,987.65.

\$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, 2023, is \$101,816.47.

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**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 7: LONG-TERM DEBT - Continued**

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

	Outstanding 12/31/22	Issued or Additions	Payments or Expenditures	Outstanding 12/31/23	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 148,220,000.00		13,790,000.00	134,430,000.00	14,635,000.00
Loans Payable	275,163.56		33,371.79	241,791.77	34,042.57
Compensated Absences	5,267,136.12	795,217.16	483,409.16	5,578,944.12	-
Total General Capital Fund	<u>153,762,299.68</u>	<u>795,217.16</u>	<u>14,306,780.95</u>	<u>140,250,735.89</u>	<u>14,669,042.57</u>
Total All Funds	<u>\$ 153,762,299.68</u>	<u>795,217.16</u>	<u>14,306,780.95</u>	<u>140,250,735.89</u>	<u>14,669,042.57</u>

	Outstanding 12/31/21	Issued or Additions	Payments or Expenditures	Outstanding 12/31/22	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 160,580,000.00	-	12,360,000.00	148,220,000.00	13,790,000.00
Loans Payable	307,877.80	-	32,714.24	275,163.56	33,371.79
Compensated Absences	4,955,328.12	795,217.16	483,409.16	5,267,136.12	-
Total General Capital Fund	<u>165,843,205.92</u>	<u>795,217.16</u>	<u>12,876,123.40</u>	<u>153,762,299.68</u>	<u>13,823,371.79</u>
Total All Funds	<u>\$ 165,843,205.92</u>	<u>795,217.16</u>	<u>12,876,123.40</u>	<u>153,762,299.68</u>	<u>13,823,371.79</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
2024	\$ 14,635,000.00	3,689,237.50	34,042.57	4,666.47
2025	14,515,000.00	3,205,837.50	34,762.82	3,982.22
2026	15,210,000.00	2,717,300.00	35,424.83	3,284.21
2027	13,630,000.00	2,200,400.00	36,136.88	2,572.16
2028	14,040,000.00	1,790,200.00	36,863.22	1,845.82
2029-2033	53,440,000.00	4,752,550.00	64,561.45	1,783.05
2034-2035	8,960,000.00	271,700.00	-	-
	<u>\$ 134,430,000.00</u>	<u>18,627,225.00</u>	<u>241,791.77</u>	<u>18,133.93</u>

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**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 8: 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 policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. The City estimates this liability as of December 31, 2023, and 2022 to be \$5,397,478.10 and \$5,267,136.12 respectively.

**NOTE 9: DEFERRED COMPENSATION ACCOUNT**

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

Mass Mutual Financial Group

Nationwide Retirement System (PEBSCO)

**Note 10: 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>.

	12/31/2023	12/31/2022
Balance of Tax	\$ 12,476,739.50	\$ 12,228,019.50
Deferred	12,476,739.50	12,228,019.50
Tax Payable	\$ -	\$ -

**Note 11: TAXES COLLECTED IN ADVANCE**

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

	Balance December 31,	
	2023	2022
Prepaid Taxes - Cash Liability	\$ 3,747,772.54	\$ 3,581,884.80

**Note 12: PENSION PLANS**

**Plan Descriptions**

Substantially all of the City's 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



**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 12: PENSION PLANS – Continued**

includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or can be accessed online at <http://www.nj.gov/treasury/pensions/annual-reports.shtml>.

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State, 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.

*Police and Fireman's Retirement System (PFRS)* - The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008, under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15c-1 et seq.

**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 7.50% of the employee's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 17.11% of covered payroll. The City's contribution to PERS for the years ended December 31, 2023, 2022 and 2021 were \$2,064,683, \$1,843,642 and \$1,734,558 respectively.

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. The City's contribution to PERS for the years ended December 31, 2023, 2022 and 2021 were \$4,772,801, \$4,192,715, and \$4,003,280 respectively.

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 their base salary. For the Deferred Contribution Retirement Program, the City's contribution for the years ended December 31, 2023, 2022 and 2021 were \$67,903.30, \$68,626.32 and \$60,910.84 respectively.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the years ended December 31, 2023, 2022 and 2021 were \$300,000.00, \$240,000.00, and \$230,000.00. The City's Reserve for Lifeguard Pension at December 31, 2023, 2022 and 2021 were \$76,024.97, \$28,706.05 and \$35,326.27

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 12: PENSION PLANS – Continued**

respectively. The benefits paid by the trust for the year ended December 31, 2023, 2022 and 2021 were \$329,696.51, \$300,280.80 and \$300,280.80 respectively.

Significant Legislation

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

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<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

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 12: PENSION PLANS – Continued**

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 13: 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, 2022:

**Public Employees’ Retirement System**

The Municipality has a liability of \$24,708,741 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. 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, 2022, the Municipality’s proportion would be 0.1637275476%, which would be an decrease of 4% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Municipality would have recognized pension expense of (\$2,101,260). At December 31, 2022, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 178,336	\$ (157,267)
Changes of assumptions	76,555	(3,699,877)
Changes in proportion	960,783	(714,519)
Net difference between projected and actual earnings on pension plan investments	1,022,672	-
Total	\$ 2,238,346	\$ (4,571,663)

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:

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 13: PENSION LIABILITIES (Continued)**

Year ended June 30,	
2023	\$ (1,991,051)
2024	(911,185)
2025	(331,998)
2026	904,136
2027	(3,219)
Total	\$ (2,333,317)

**Actuarial Assumptions**

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 13: PENSION LIABILITIES (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 29,630,848	\$ 24,708,741	\$ 20,524,487

*Pension plan fiduciary net position.*

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

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 13: PENSION LIABILITIES (Continued)**

**Police and Firemen’s Retirement System**

The City has a liability of \$42,006,114 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2021 that was rolled forward to June 30, 2022. The City’s proportion of the net pension liability was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Municipality’s proportion would be 0.36698241000%, which would be an increase of 2.01% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Municipality would have recognized pension expense of (\$358,472). At December 31, 2022, 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	\$ 1,901,309	\$ (2,573,446)
Changes of assumptions	115,122	(5,287,740)
Changes in proportion	1,178,524	(696,074)
Net difference between projected and actual earnings on pension plan investments	3,846,526	
Total	\$ 7,041,481	\$ (8,557,260)

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,		
2023	\$	(1,489,515)
2024		(948,595)
2025		(841,098)
2026		1,741,867
2027		5,668
Thereafter		15,893
Total	\$	(1,515,779)

**Actuarial Assumptions**

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 13: PENSION LIABILITIES (Continued)**

Inflation rate		
Price	2.75%	
Wage	3.25%	
Salary increases:	3.25% - 16.25%	(based on years of service)
Investment rate of return:	7.00%	

Employee 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. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 13: PENSION LIABILITIES (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022, 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:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
Municipality's proportionate share of the net pension liability	13,478,972	42,006,114	55,485,086

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, 2022 State special funding situation net pension liability amount of \$2,037,115,833.00 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, 2022 State special funding situation pension expense of \$235,029,281.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. 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 2022, the State contributed an amount more 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 City was 0.33368241000% for 2022. The net pension liability amount allocated to the Municipality was \$7,475,857. For the fiscal year ending June 30, 2022 State special funding situation pension expense of \$862,516 is allocated to the City.



**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 13: PENSION LIABILITIES (Continued)**

*Pension plan fiduciary net position.*

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

**Note 14: ECONOMIC DEPENDENCY**

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

**Note 15: FUND BALANCES APPROPRIATED**

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

	<u>Year</u>		<u>Balance December 31st</u>		<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2023	\$	11,427,942.66	\$	6,000,000.00	52.50%
	2022		11,072,417.90		5,700,000.00	51.48%
	2021		10,465,789.24		5,400,000.00	51.60%
	2020		6,571,432.10		3,150,000.00	47.93%
	2019		8,025,163.09		4,000,000.00	49.84%

**Note 16: CONTINGENT LIABILITIES**

**Grantor Agencies**

The City receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023, the City estimates that no material liabilities will result from such audits.

**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.

**Tax Appeals**

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriations for future payments of tax appeal losses. The City has tax appeals pending as of December 31, 2023, but the potential reduction in taxes if any is not known at this time.

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2023 and 2022, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly change from the prior year.

**Note 18: POST- RETIREMENT BENEFITS**

The City offers vision to Police and Fire retirees and Dental to Department Heads only. The City also offers medical and prescription drug coverage to eligible retirees and their dependents after 25 years or more of service. (See Note 19 for additional information).

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 226 total participants including 116 retirees.

**Annual OPEB Cost and Net OPEB Liability**

The City’s annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

**Actuarial Methods and Assumptions**

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

In the January 1, 2023, 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 4% and annual dental and vision cost trend rate of 5.0%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 20 years.

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 18: POST- RETIREMENT BENEFITS (Continued)**

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

In the January 1, 2023, actuarial valuation, the Actuarily Determined Contribution for the year's ending December 31, 2023 were projected as follows:

	<u>12/31/2023</u>
Actuarial determined contribution	\$ 223,939.00
Benefit payments	(27,975.00)
	195,964.00
Contribution Deficiency	195,964.00
Covered Payroll	\$ 16,846,000.00
Actuarily Determined Contribution as a % of Covered Payroll	0.17%

The following reflects the change in the Total OPEB Liability as of the January 1, 2023, valuation date for the years ended December 31, 2023.

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
OPEB Liability, Beginning of Year	\$ 2,331,901	3,169,056	8,188,777	4,062,129	192,380,323
Changes for the Year:					
Service Cost	47,611	68,199	75,108	73,833	67,754
Interest	99,902	70,930	59,683	131,953	138,710
Assumption Changes & Difference					
Between Actual & Expected Experience	(620,004)	134,452	97,681	2,222,821	(190,765)
Changes of benefit terms	-	-	(5,082,123)	-	(188,556,557)
Change in Assumptions	103,483	(1,077,479)	(141,569)	1,727,016	248,746
Benefit Payments	(27,975)	(33,257)	(28,501)	(28,975)	(26,082)
OPEB Liability, End of Year	\$ <u>1,934,918</u>	<u>2,331,901</u>	<u>3,169,056</u>	<u>8,188,777</u>	<u>4,062,129</u>
Covered payroll (for Covered Participants)	\$ 16,846,000	15,464,000	14,769,000	12,039,000	24,472,500
Total OPEB liability as a percentage of covered payroll	11.49%	15.08%	21.46%	68.02%	16.60%

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

The January 1, 2022, valuation was prepared using a discount rate of 4%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$1,655,468 or by 5%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$2,289,855 or by 3%.

	Discount Rate		
	1% Decrease	Baseline 4%	1% Increase
Total OPEB Liability	\$ <u>2,289,855</u>	\$ <u>1,934,918</u>	\$ <u>1,655,468</u>

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 18: POST- RETIREMENT BENEFITS (Continued)**

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

The January 1, 2023, valuation was prepared using a flat trend rate of 5.00% decreasing to 4.0%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$2,314,013 or 6.00% flat. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$1,640,867 or by 4.00% flat.

Healthcare Cost Trend Rates			
	1% Decrease	Baseline 5.00% flat	1% Increase
Total OPEB Liability	\$ <u>1,640,867</u>	\$ <u>1,934,918</u>	\$ <u>2,314,013</u>

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

For the year ended December 31, 2023, the City's Actuarially determined OPEB expense was \$709,929. At December 31, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,098,090	\$ (548,465)
Changes in assumptions	867,840	(799,216)
Total	\$ <u>1,965,930</u>	\$ <u>(1,347,681)</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,

2024	\$	324,396
2025		314,735
2026		314,731
2027		(248,527)
2028		(86,086)
	\$	<u>619,249</u>

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 19 – OTHER POST-RETIREMENT BENEFITS**

*General Information about the Plan:*

The City of Ocean 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) Annual Comprehensive Financial Report (ACFR), 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 negotiation's 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.

*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 Municipality these amounts are not accrued or recorded in the financial statements and

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)**

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, 2022 were \$3,361,552,823 and \$3,872,142,278, 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 nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. 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, 2022 is as follows:

	<b>June 30, 2022</b>	
	<b>Collective Total</b>	<b>Proportionate Share</b>
Total OPEB Liability	\$ 16,090,925,144	\$ 76,021,576
Plan Fiduciary Net Position	(58,670,334)	(277,188)
Net OPEB Liability	\$ 16,149,595,478	\$ 76,298,764
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	-0.36%

At June 30, 2022 the City's proportionate share of the Collective Net OPEB Liability was \$76,298,764. The State's proportionate share for the Special Funding Situation that is associated with the City is \$820,882. The City's proportion of the Collective Net OPEB Liability was 0.47245% which was a

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)**

decrease from the prior year of 1.21%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.024617% which was a decrease from the prior year of 0%.

City's Proportionate Share of Collective Net OPEB Liability	\$	76,298,764
State's proportionate share that is associated with the City		820,882
Total	\$	77,119,646

For the

Year ended June 30, 2022 the City's Total OPEB Expense was \$14,095,699 and the State of New Jersey realized Total OPEB Expense in the amount of (\$134,642) for its proportionate share of Special Funding Situation that is associated with the City.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

Investment Rate of Return		
Including Inflation rate		3.54%
Salary increases*:		
PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	6.55
	5	5.75
	10	4.75
	15	3.75
	20	3.15
	25	2.85
	>=29	2.75
PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	16.25
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

Mortality:

Pre-Retirement Healthy Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)**

Post-Retirement Healthy Mortality

Chapter 330 Retirees: PUB-2010 “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 “Safety” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Chapter 330 Current Retirees: PUB-2010 “Safety” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Current Retirees: PUB-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 to June 30, 2021, respectively.

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

*Discount Rate*

The discount rate for June 30, 2022 was 3.54%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

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

The following presents the Net OPEB liability as of June 30, 2022, 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:



**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)**

		1% Decrease (2.54%)		Discount Rate (3.54%)		1% Increase (4.54%)
<b>Collective</b>						
Net OPEB Liability	\$	18,720,632,230	\$	16,149,595,478	\$	14,080,955,857
<b>Proportionate Share</b>						
Net OPEB Liability	\$	88,445,627	\$	76,298,764	\$	66,525,476

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

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1% Decrease		Healthcare Cost Trend Rate		1% Increase
<b>Collective</b>						
Net OPEB Liability	\$	13,700,188,049	\$	16,149,595,478	\$	19,286,596,671
<b>Proportionate Share</b>						
Net OPEB Liability	\$	64,726,539	\$	76,298,764	\$	91,119,526

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

At June 30, 2022, 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	\$ 833,982,363	\$ (2,993,448,535)	\$ 3,940,150	\$ (14,142,548)
Changes of assumptions	2,155,230,462	(55,115,455,722)	10,182,386	(26,039,297)
Net difference between projected and actual earnings on OPEB plan investments	4,251,491		20,086	
Changes in proportion and differences between contributions and proportionate share of contributions	-	(5,534,468,995)	61,643,123	(1,110,544)
<b>Total</b>	<b>\$ 2,993,464,316</b>	<b>\$ (63,643,373,252)</b>	<b>\$ 75,785,745</b>	<b>\$ (41,292,389)</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:

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)**

Year ended June 30,	Collective Totals	Proportionate Share
2023	\$ (1,463,380,541)	\$ 9,158,420
2024	(1,464,672,406)	9,166,505
2025	(1,156,630,075)	7,238,653
2026	(516,557,746)	3,232,825
2027	(115,810,526)	724,789
Thereafter	(794,478,497)	4,972,164
Total	\$ <u>(5,511,529,791)</u>	\$ <u>34,493,356</u>

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, 2022 are as follows:

Service cost	\$ 796,654,029
Interest on Total OPEB Liability	401,372,615
Expected Investment Return	86,955
Administrative Expenses	12,334,441
Changes of Benefit Terms	402,474,416
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(630,413,303)
Changes in Assumptions	(835,585,441)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,032,008
Total Collective OPEB Expense	\$ <u>150,955,720</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	\$ 0.472450%	0.475611%	0.356047%	0.327280%	
City's Share of Net OPEB Liability	76,298,764	85,608,940	64,485,364	44,333,446	
City's Covered Payroll	27,037,211	25,006,656	24,277,445	23,654,685	23,737,226
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	282.20%	342.34%	265.62%	187.42%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.28%	0.91%	1.97%	1.98%

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 20: LEASE LIABILITIES**

The city had the following lease agreements in effect for the year ended December 31, 2023.

Operating Lease:

Effective 1/12/22, the City has entered into an agreement for the lease of copiers. The term of the lease is 60 months. Payments of \$21,900.00 are due semi-annual. Final payment is due April 1, 2027.

Effective 1/9/2018, the City entered into an agreement for the lease of fleet vehicles. The term of the original lease was 60 months. In 2023 the lease was extended to 72 months. Payments of \$3,258.04 are due monthly. Final payment is due January 25, 2024. The lease is on a monthly basis and the City plans to purchase the vehicles out right in 2024.

Future minimum payments under this lease are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 82,896.48	77,978.22	4,918.26
2025	43,800.00	40,333.67	3,466.33
2026	43,800.00	41,839.81	1,960.19
2027	21,900.00	21,502.20	397.80
2028	-		
	<u>\$ 192,396.48</u>	<u>181,653.90</u>	<u>10,742.58</u>

Rental expenses charged to operations in 2023 were \$82,896.48.

**NOTE 21. TAX ABATEMENTS**

The City is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter "HMFA Law"), to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years.

NJSA 40A:12A-1 et seq. "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas. The statutes were utilized by the City to attract redevelopers.

For the year ended December 31, 2023, the City abated property taxes totaling \$635,184.86.

<u>Purpose</u>	<u>Abatement</u>
Non-profit dedicated to helping those in need	\$ 401,565.94
Low and moderate income housing	44,039.97
Public Housing Entity	189,578.95
	<u>\$ 635,184.86</u>

**CITY OF OCEAN CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Note 22: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2023 and June 28, 2024 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**

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**CITY OF OCEAN CITY**  
**SINGLE AUDIT SECTION**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2023**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

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**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER**  
**MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Ocean City, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2024, 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.

### **Report 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) as a basis for designing 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.

## **Report on 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

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

June 28, 2024



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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**INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER**  
**COMPLIANCE REQUIRED BY THE 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***

***Opinion on Each Major State Program***

We have audited the City of Ocean City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of Ocean City's major state programs for the year ended December 31, 2023. The City of Ocean City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 state programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

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; the audit requirements of 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. Our responsibilities under those standards, OMB Circular Uniform Guidance and NJ OMB 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of this report.

We are required to be independent of City of Ocean City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of City Ocean City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Ocean City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Ocean City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Ocean City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Ocean City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of City of Ocean City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

### ***Report on 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 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

June 28, 2024

**CITY OF OCEAN CITY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2023**

State Grantor Department Program Title / Name	Grant Award Number	Grant Period From	Grant Period 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	4900-765-042-004	1/1/23	Complete	\$ 105,576.25	105,576.25	2,602.28	2,602.28
Clean Communities	4900-765-042-004	1/1/22	Complete	94,127.84		52,377.50	94,127.84
NJ Cooperative Wetlands Protection Program	N/A	1/1/20	Complete	25,000.00		1,032.39	25,000.00
Recycling Tonnage	4910-100-042-224	1/1/23	Complete	30,592.16	30,592.16	5,255.78	5,255.78
Recycling Tonnage	4910-100-042-224	1/1/22	Complete	30,918.29		19,443.62	30,918.29
Community Energy Planning Grant	2014-71D-082-2014-022-6140	1/1/22	12/31/22	10,000.00			-
Stormwater Assistance	4850-100-042-099	1/1/23	Complete	25,000.00	15,000.00		
ANJEC Open Space Stewardship	N/A	6/1/22	6/1/23	436.62		38.28	38.28
NJ Department of Treasury							
Clean Energy EV Charging Stations	2008-100-082-009	1/1/22	12/31/22	150,000.00	150,000.00		150,000.00
NJ Department of Judiciary							
Alcohol Education Rehabilitation Fund	9735-760-098-001	1/1/15	Complete	957.51			866.60
NJ Division of Law and Public Safety							
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/23	Complete	7,104.63	7,104.63	490.98	490.98
Drunk Driving Enforcement Fund	6400-100-078-6400	1/1/20	Complete	4,000.00		564.85	4,000.00
Body Armor Replacement	1020-718-066-001	1/1/23	Complete	4,152.77	4,152.77	4,152.77	4,152.77
Bullet Proof Vest Grant		1/1/23	Complete	10,584.00	10,584.00	4,237.11	4,237.11
NJ Body Worn Camera	1020-100-066-495	1/1/21	Complete	130,432.00	26,086.40		95,866.44
NJ Department of Transportation							
Transportation Trust Fund	6320-078-480	1/1/21	Complete	175,000.00	131,250.00		
Airport Fuel Farm	N/A	1/1/19	Complete	285,898.80			35,469.94
NJ DOT - 12th Street	6320-078-480	1/1/18	Complete	190,000.00	47,500.00		
NJ DOT - West Ave 15th-18th Streets	6320-078-480	1/1/23	Complete	170,085.00			-
NJ DOT - West Ave North to 9th Street	6320-078-480	1/1/23	Complete	180,000.00	135,000.00	180,000.00	180,000.00
NJ DOT - Lagoon Dredging	6320-078-480	1/1/23	Complete	1,743,013.14		1,743,013.14	1,743,013.14
NJ DOT - Set Aside program	6320-078-480	1/1/23	Complete	580,000.00			-
NJ DOT 2024 - West 9th - 11th Streets	6320-078-480	1/1/23	Complete	203,316.00			-
NJ Department of Human Services							
Opioid Settlement Funds	N/A	1/1/23	Complete	103,661.94	103,661.94	24,842.82	24,842.82
NJ Department of Community Affairs							
Recreation for Handicapped	8050-022-100-035	1/1/23	Complete	20,647.31	9,516.39	9,516.39	9,516.39
<b>Total State Assistance</b>					<b>\$ 776,024.54</b>	<b>2,047,567.91</b>	<b>2,410,398.66</b>

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, 2023**

**Note 1: General**

The accompanying schedule of expenditures of federal awards and state financial assistance includes federal and state award activity 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 of accounting. 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>Total</u>
Grant Fund	\$ 565,841.66	2,047,567.91	2,613,409.57
General Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Financial Assistance	\$ <u>565,841.66</u>	<u>2,047,567.91</u>	<u>2,613,409.57</u>

**Note 4: Relationship to Federal Financial Reports**

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

**CITY OF OCEAN CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING DECEMBER 31, 2023**

**Exhibit K-6**

***Section I – Summary of Auditor’s Results***

**Financial Statements**

Type of auditor’s report issued: Adverse under GAAP, Modified under  
Regulatory Basis

Internal control over financial reporting:

1) Material weakness identified? No

2) Significant deficiencies identified? None reported

Noncompliance material to basic financial statements noted? No

**Federal Awards – Not applicable**

Internal control over major programs:

1) Material weakness identified?

2) Significant deficiencies identified?

Type of auditor’s report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported  
In accordance with section .510(a) of Uniform Guidance?

Identification of major programs:

<b><u>Assistance Listing Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
	None

Dollar threshold used to distinguish between type A and type B \$750,000

programs: Auditee qualified as low-risk auditee? Not Applicable



**CITY OF OCEAN CITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDING DECEMBER 31, 2023  
 (CONTINUED)**

Exhibit K-6

***Section I – Summary of Auditor’s Results (Continued)***

**State Awards**

Dollar threshold used to distinguish between type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	No
Internal Control over major programs:	
1) Material weaknesses identified?	No
2) Significant deficiencies identified?	None reported
Type of auditor’s report issued on compliance for major programs:	An Unmodified Opinion was issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?	No

Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
6320-078-480	NJ DOT Municipal Aid Formula

***Section II - Financial Statement Findings***

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

**CITY OF OCEAN CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING DECEMBER 31, 2023  
(CONTINUED)**

**Exhibit K-6**

***Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs***

**FEDERAL AWARDS**

Not applicable.

**STATE AWARDS**

Our audit disclosed no matters to be reported.

**Exhibit K-7**

***SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT***

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). And New Jersey OMB's Circular 15-08.

**Financial Statement Findings**

No matters were reported.

**Federal:**

No matters were reported.

**State:**

No matters were reports.

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2022	\$ 17,820,155.33	4,390,916.17
Increased by Receipts:		
Tax Collector	138,450,000.00	
Senior & Vets Deductions	73,000.00	
Revenue Accounts Receivable	24,595,966.30	
Reserve for Payroll Taxes Payable	60,070,728.55	
Reserve for Health Insurance Claims	8,681,687.62	
Prepaid Beach Tags	252,240.00	
Change Funds Returned	30,550.00	
Reserve for Municipal Property Tax Relief	223,844.54	-
Matching Funds for Grants		16,941.10
Federal and State Unappropriated		4,851.19
Federal and State Receivables		1,147,497.45
	232,378,017.01	1,169,289.74
	250,198,172.34	5,560,205.91
Decreased by Disbursements:		
Current Year Appropriation	93,372,950.47	
Prior Year Appropriations	1,553,384.45	
Accounts Payable		
County Taxes	40,810,198.58	
County Added Taxes	489,898.08	
Local District School Taxes	24,704,759.00	
Special Improvement District Taxes	184,358.00	
Due to Trust Other Fund - COAH	2,067,799.80	
Tax Sale Premiums	42,700.00	
Payroll Taxes Payable	60,115,645.74	
Reserve for Health Insurance Claims	8,544,026.39	
Change Funds Created	31,200.00	
Refund of Tax Overpayments	83,875.26	
Matching Funds Due to Grant Fund	16,941.10	
Federal and State Disbursements		2,083,867.87
	232,017,736.87	2,083,867.87
Balance December 31, 2023	\$ 18,180,435.47	3,476,338.04

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

Balance December 31, 2022		\$ 315,786.21
Increased by Receipts:		
Prepaid Taxes	3,747,772.54	
Taxes Receivable	132,209,341.75	
Revenue Accounts Receivable	191,058.90	
COAH Fees due to Trust Other Fund	2,067,799.80	
Tax Sale Premiums	42,700.00	
Tax Overpayments	83,218.64	
	<hr/>	<u>138,341,891.63</u>
		138,657,677.84
Payments to Treasurer		<u>138,450,000.00</u>
Balance December 31, 2023		\$ <u><u>207,677.84</u></u>

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

Year	Balance Dec. 31, 2022	Current Year Levy	Added Taxes	Collections by Cash		Overpayments Applied	Canceled	Transferred To Tax Title Lien	Balance Dec. 31, 2023
				2022	2023				
2022	\$ 661,250.31		750.00		661,965.54	20.95	13.82		0.00
			750.00	-	661,965.54	20.95	13.82		0.00
2023		134,691,227.32	1,318,717.20	3,581,884.80	131,620,376.21		9,655.10	1,471.58	796,556.83
	\$ 661,250.31	134,691,227.32	1,319,467.20	3,581,884.80	132,282,341.75	20.95	9,668.92	1,471.58	796,556.83

Cash Receipts  
Senior Citizens and Veterans

132,209,341.75
73,000.00
<u>132,282,341.75</u>

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax	134,492,481.84
Special Improvement District Tax	184,358.00
Penalty	14,387.48
Added Taxes (54:4-63.1 et. Seq.)	<u>1,318,717.20</u>

136,009,944.52

Tax Levy:

General County Taxes	38,940,330.96
County Open Space Taxes	1,869,867.62
County Added and Omitted Taxes	<u>399,740.44</u>
Total County Taxes	41,209,939.02

Local School District Tax

Special Improvement District Tax

Local Tax for Municipal Purposes  
Add: Additional Tax Levied

24,953,479.00
184,358.00
68,470,989.44
<u>1,191,179.06</u>
<u>69,662,168.50</u>
<u>136,009,944.52</u>

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

Balance December 31, 2022		\$	7,500.60
Increased by:			
Transfers from Taxes Receivable			1,471.58
Interest and Costs Accrued by Sale			-
			1,471.58
			8,972.18
Decreased by:			
Collections			-
Cancelled			-
			-
Balance December 31, 2023		\$	8,972.18



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

	Balance December 31, 2022 Encumbered	Reserved	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>OPERATIONS WITHIN "CAPS" EXECUTIVE BRANCH</b>					
Mayor's Office					
Salaries and Wages	42.00	53.56	245.56	89.94	155.62
Other Expenses					
<b>ADMINISTRATION DEPARTMENT</b>					
City Administrator					
Salaries and Wages	5,000.00	49.70	5,049.70		5,049.70
Other Expenses					
Human Resources					
Salaries and Wages		4,947.62	4,947.62	380.85	4,566.77
Other Expenses	21,534.93	34,019.90	55,554.83	31,536.18	24,018.65
Purchasing Division					
Salaries and Wages					
Other Expenses	328.00	3,126.84	3,454.84	2,655.16	799.68
Emergency Management					
Salaries and Wages					
Other Expenses	307.08	3,038.87	3,345.95	1,870.92	1,475.03
<b>COMMUNITY SERVICE DEPARTMENT</b>					
Public Relations					
Salaries and Wages		264.91	364.91	362.95	1.96
Other Expenses	6,591.42	9,430.01	7,071.43	6,776.69	294.74



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

	Balance December 31, 2022 Encumbered	Reserved	Balance After Transfers	Paid or Charged	Balance Lapsed
Aquatic and Fitness Center					
Salaries and Wages		54,886.38	54,886.38	38,380.12	16,506.26
Other Expenses	3,069.49	314.49	6,083.98	5,375.06	708.92
Recreation & Leisure Programs					
Salaries and Wages		15,662.09	15,662.09	11,602.91	4,059.18
Other Expenses	235.90	1,763.11	1,999.01	909.49	1,089.52
Music Pier Operations					
Salaries and Wages		53.68	453.68	420.00	33.68
Other Expenses	3,989.00	1,935.94	5,924.94	2,492.39	3,432.55
Neighborhood & Social Services					
Salaries and Wages		7,830.97	7,830.97	37.54	7,793.43
Other Expenses		3,493.69	3,493.69	579.80	2,913.89
<b>DEPARTMENT OF OPERATIONS &amp; ENGINEERING</b>					
Administration					
Salaries and Wages		1,535.43	1,535.43	1,535.43	
Other Expenses	3,214.85	2,283.77	5,498.62	687.25	4,811.37
Engineering and Project Management					
Salaries and Wages		4,531.03	4,531.03	4,113.82	417.21
Other Expenses	30,457.82	53,560.73	84,018.55	24,723.35	59,295.20
Municipal Code and licensing					
Salaries and Wages		14,832.61	14,832.61	57.53	14,775.08
Other Expenses	1,848.00	31,487.62	33,335.62	3,638.25	29,697.37
Planning Board					
Other Expenses	730.00	10,487.30	2,217.30	42.00	2,175.30
Zoning Board of Adjustment					
Other Expenses	450.00	11,434.00	11,884.00	252.50	11,631.50
Facility Maintenance					
Salaries and Wages		23,934.59	23,934.59	3,925.17	20,009.42
Other Expenses	5,443.00	21,204.97	26,647.97	26,647.97	
Environmental Operations					
Salaries and Wages		55,329.85	55,329.85	8,861.90	46,467.95
Other Expenses					
Miscellaneous Other Expenses					
Trash & Recycling		4,878.46	4,878.46		4,878.46
Field Operations		342,252.08	378,131.51	163,452.55	214,678.96
Salaries and Wages		12,042.12	12,042.12	6,949.03	5,093.09
Other Expenses	250.00	33,203.80	23,453.80	19,065.13	4,388.67

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

	Balance December 31, 2022 Encumbered	Reserved	Balance After Transfers	Paid or Charged	Balance Lapsed
Fleet Maintenance					
Salaries and Wages		261.56	261.56	261.56	
Other Expenses	11,000.00	20,295.14	31,295.14	24,490.29	6,804.85
<b>LAW DEPARTMENT</b>					
Legal Division					
Salaries and Wages					
Other Expenses	134,080.50	28,868.54	187,949.04	173,957.70	13,991.34
Public Defender					
Other Expenses	4,467.74		4,467.74	3,434.06	1,033.68
<b>STATUTORY OFFICES</b>					
City Clerk					
Salaries and Wages					
Other Expenses	832.00	16,917.38	17,749.38	1,611.26	16,138.12
City Council					
Salaries and Wages					
Other Expenses	6,910.00	1,893.14	8,803.14	540.00	8,263.14
Municipal Court					
Salaries and Wages					
Other Expenses	2,295.99	14,010.29	16,306.28	1,491.75	14,814.53
<b>FINANCIAL MANAGEMENT</b>					
Treasurer's Office					
Audit Services	1,300.00		1,300.00		1,300.00
Other Expenses	3,000.00	13,558.11	16,558.11	11,165.24	5,392.87
Accounting Division					
Other Expenses	1,016.00	3,087.26	4,103.26	1,016.00	3,087.26
Parking Regulation					
Salaries and Wages		399.39	399.39		399.39
Other Expenses	8,116.34	22,799.11	30,915.45	6,647.14	24,268.31
Property Assessment Division					
Salaries and Wages		7,301.22	7,301.22	3,688.10	3,613.12
Other Expenses	22,365.99	58,121.22	80,487.21	22,866.35	57,620.86
Beach Fee Regulation Division					
Salaries and Wages					
Other Expenses	14,053.40	7,890.50	21,943.90	2,075.43	19,868.47

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

	Balance December 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbered	Reserved		
Tax Collection Division				
Salaries and Wages	1,797.00	19,311.94	2,051.30	2,260.64
Other Expenses		951.10	2,748.10	
Revenue Collection				
Salaries and Wages		3,754.25	3,754.25	
Other Expenses	10,602.93	1,641.01	10,677.53	1,566.41
<b>DEPARTMENT OF POLICE</b>				
Police Protection Division				
Salaries and Wages		2,932.40	52,432.40	271.56
Miscellaneous Other Expenses	47,648.18	27,454.38	73,860.13	1,242.43
Purchase of Vehicles	113,718.50	606.00	114,314.88	9.62
Information Technology				
Salaries and Wages		2,316.43		2,316.43
Other Expenses		24,212.38	24,147.68	64.70
<b>DEPARTMENT OF FIRE</b>				
Rescue Services Division				
Other Expenses	27,447.84	1,565.74	19,961.43	9,052.15
Lifeguards Division				
Salaries and Wages				
Other Expenses	11,955.96	702.90	12,454.83	204.03
Fire Protection and Prevention				
Salaries and Wages				
Other Expenses	10,066.41	43,232.81	35,236.34	62.88
<b>INSURANCE</b>				
General Liability				
Workers Compensation		16,500.88	3,000.88	
Employee Group Health				
<b>OTHER</b>				
City Wide Operations				
Finance - Other Expenses	23,425.58	3,480.37	13,362.22	13,543.73
City Wide Operations				
Operations & Engineering - Other Expenses	182,594.26	91,559.51	193,285.08	39,718.69
<b>UNIFORM CONSTRUCTION CODE</b>				
State Uniform Construction Code				
Construction Official				
Salaries and Wages				
Other Expenses	24,644.00	22,889.24	13,381.25	25,151.99

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

Balance December 31, 2022			
School Tax Payable	\$	-	
School Tax Deferred		<u>12,228,019.50</u>	\$ 12,228,019.50
Increased by:			
Levy - School Year July 1, 2023 to June 30, 2024			<u>24,953,479.00</u>
			37,181,498.50
Decreased by:			
Payments			<u>24,704,759.00</u>
Balance December 31, 2023			
School Tax Payable		-	
School Tax Deferred		<u>12,476,739.50</u>	<u>12,476,739.50</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			24,704,759.00
Tax Payable Ending			<u>-</u>
			24,704,759.00
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u>\$ 24,704,759.00</u>

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

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Transfer from Unappropriated	Balance Dec. 31, 2023
<b>FEDERAL GRANTS:</b>					
FAA - Airport Lighting Obstruction Phase I - 18/19	\$ 7,890.08				7,890.08
FAA Cares Coronavirus Response Grant ( ACRGP)	9,000.00				9,000.00
FAA Cares Act Airport Grant	20,000.00				20,000.00
FAA Seal Runway 6/24 Pavement Surface	371,164.00		31,032.62		340,131.38
Community Development Block Grant 18/19	147,686.20				147,686.20
Community Development Block Grant 19/20	36,570.15				36,570.15
Community Development Block Grant 20/21	135,509.63		704.84		134,804.79
Community Development Block Grant 21/22	265,340.76		2,636.37		262,704.39
Community Development Block Grant 22/23	277,154.00		46,687.95		230,466.05
Community Development Block Grant 23/24		273,151.00			273,151.00
FEMA - NJOEM Cape May County Elevation Project 18-19	1,675,564.57		327,249.55		1,348,315.02
FAA Airport Rescue Grant	22,000.00				22,000.00
USDOT FAA Airport Erosion Control Phase II	88,083.24				88,083.24
USDOT FAA Airport Erosion Control Phase III	27,656.01				27,656.01
USDOT FAA Airport Seal Runway, Taxiway & Terminal	14,247.07		9,652.14		4,594.93
USDOT FAA Airport Seal Runway, Taxiway & Terminal '23		126,957.00			126,957.00
USDOT FAA Light Obstruction Phase II	56,906.27				56,906.27
USDOT Airport Fuel Farm	285,898.80				285,898.80
CV Coronavirus Aid, Relief and Economic Security Act 20-21	193,972.11		957.44		193,014.67
American Rescue		400,000.00			400,000.00
<b>Total Federal</b>	<b>3,634,642.89</b>	<b>800,108.00</b>	<b>418,920.91</b>	<b>-</b>	<b>4,015,829.98</b>

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

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Transfer from Unappropriated	Balance Dec. 31, 2023
<b>STATE GRANTS:</b>					
NJ DOT - 2019 West Avenue 26th - 32nd	60,000.00				60,000.00
NJ DOT - 12th Street	47,500.00		47,500.00		-
NJ DOT - 2021 West 18th - 26th	175,000.00		131,250.00		43,750.00
NJ DOT 2020 - Asbury Avenue	46,250.00				46,250.00
NJ DOT- West Ave 15th-18th Streets		170,085.00			170,085.00
NJ DOT- West Ave North to 9th Street		180,000.00	135,000.00		45,000.00
NJ DOT - Lagoon Dredging		1,743,013.14			1,743,013.14
NJ DOT - Set Aside program		580,000.00			580,000.00
NJ DOT 2024 - West 9th - 11th Streets		203,316.00			203,316.00
NJ DEP - Electric Vehicle Charging Grant	5,000.00				5,000.00
Body Armor Grant		4,152.77		4,152.77	
Bullet Proof Vest		10,584.00	5,488.00	5,096.00	
Clean Communities Program		105,576.25	105,576.25		
Body Worn Camera Assistance Program	130,432.00		26,086.40		104,345.60
Drunk Driving Enforcement Fund		7,104.63	7,104.63		
Recycling Tonnage Grant		30,592.16	30,592.16		
ANJEC Open Space Stewardship	146.62				146.62
NJ Water Resource Planning- Stormwater Assistance		25,000.00	15,000.00		10,000.00
Opioid Settlement Fund		103,661.94	40,462.71	63,199.23	
NJ 2015 Recreation Opportunity (ROID)		20,647.31	9,516.39		11,130.92
NJ Clean Energy EV Charging Stations	150,000.00		150,000.00		-
<b>Total State</b>	<b>614,328.62</b>	<b>3,183,733.20</b>	<b>703,576.54</b>	<b>72,448.00</b>	<b>3,022,037.28</b>
<b>OTHER GRANTS:</b>					
Reeve Foundation- Accessible Beach Mats		25,000.00	25,000.00		-
<b>Total Other</b>		<b>25,000.00</b>	<b>25,000.00</b>	<b>-</b>	<b>-</b>
<b>\$</b>	<b>4,248,971.51</b>	<b>4,008,841.20</b>	<b>1,147,497.45</b>	<b>72,448.00</b>	<b>7,037,867.26</b>

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

	Balance December 31, 2022		Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2023
	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	189,956.05					189,956.05
Community Development Block Grant 18/19	79,246.80	12,428.00			12,428.00	79,246.80
Community Development Block Grant 19/20	36,633.94					36,633.94
Community Development Block Grant 20/21	171,648.65					171,648.65
Community Development Block Grant 21/22	196,149.50	28,859.10		9,018.02		215,990.58
Community Development Block Grant 22/23	252,154.00	25,000.00		52,719.55		213,360.70
Community Development Block Grant 23/24			273,151.00	3,336.52		228,799.00
Bullet Proof Vest Partnership	3,336.52					0.00
USDOT FAA Airport Erosion Control Phase II	84,223.50	5,842.02			5,842.02	84,223.50
USDOT FAA Airport Erosion Control Phase III	40,648.43	33,648.90		1,533.19		40,648.43
USDOT FAA Light Obstruction Phase II	30,833.00	2,947.64			2,947.64	30,833.00
USDOT FAA - Airport Lighting Obstruction Phase I - 18/19		1,155.48			1,155.48	
USDOT FAA - Seal Runway, Taxiway & Terminal		19,692.70		15,097.78		
USDOT FAA - Seal Runway, Taxiway & Terminal			141,064.00		139,789.00	1,275.00
FAA Cares Act Airport Grant	17,893.42			17,893.42		
FAA Airport Rescue Grant	22,000.00					22,000.00
FAA Cares Coronavirus Response Grant ( ACRGP)	9,000.00					9,000.00
FAA Seal Runway Pavement Surface	38,163.00	370,166.00		325,395.90	81,458.10	1,475.00
CV Coronavirus Aid, Relief and Economic Security Act	194,163.81			1,891.49		192,272.32
Coronavirus State and Local Fiscal Recovery Funds	36,542.52	504,134.91		279,731.08	244,852.21	16,094.14
Coronavirus State and Local Fiscal Recovery Funds			400,000.00			400,000.00
FEEMA - NJOEM Cape May County Elevation Project 18-19	1,567,774.56	50,000.00		312,649.55		1,305,125.01
FEEMA - OEM Grant	7,000.00					7,000.00
FEEMA - NJ State Police - EMS	7,597.73					7,597.73
<b>Total Federal</b>	<b>2,992,565.43</b>	<b>1,053,874.75</b>	<b>814,215.00</b>	<b>1,019,266.50</b>	<b>580,608.83</b>	<b>3,260,779.85</b>

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

	Balance December 31, 2022		Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances				
<b>STATE GRANTS:</b>						
Clean Communities 2023			105,576.25		2,602.28	102,973.97
Clean Communities 2021		24,535.74		24,535.74		
Clean Communities 2022	52,377.50	41,750.34		92,122.62	2,005.22	0.00
Drunk Driving Enforcement 20-21	564.85		7,104.63	1,055.83		6,613.65
Recycling Tonnage Grant 23			30,592.16	5,255.78		25,336.38
Recycling Tonnage Grant 22	19,443.62	11,474.67		30,918.29		
Recycling Tonnage Grant 21		468.73		468.73		
Alcohol Education and Rehabilitation	90.91					90.91
Body Armor Replacement Fund			4,152.77	4,152.77		
Bullet Proof Vest			10,584.00	4,237.11		6,346.89
Body Worm Camera Assistance Program 2022	34,565.56	6,071.00		6,071.00		34,565.56
N.J. Transportation Trust Fund Authority Act 2021	175,000.00					175,000.00
NJ DOT - Airport Fuel Farm	250,428.86					250,428.86
NJ DOT- West Ave 15th-18th Streets			170,085.00		180,000.00	170,085.00
NJ DOT- West Ave North to 9th Street			180,000.00		1,060,522.74	(0.00)
NJ DOT - Lagoon Dredging			1,743,013.14	682,490.40		580,000.00
NJ DOT - Set Aside program			580,000.00			203,316.00
NJ DOT 2024 - West 9th - 11th Streets	1,032.39	460.71		1,061.51	431.59	0.00
NJ Cooperative Wetlands Restoration			25,000.00			25,000.00
NJ Water Resource Planning- Stormwater Assistance			103,661.94	24,842.82		78,819.12
Opioid Settlement Fund	436.62			38.28		398.34
ANJEC Open Space Stewardship			20,647.31	9,516.39		11,130.92
NJ 2015 Recreation Opportunity (ROID)	10,000.00					10,000.00
Community Energy Planning Grant						
NJ Clean Energy EV Charging Stations		150,000.00		150,000.00		
<b>Total State</b>	<u>543,940.31</u>	<u>234,761.19</u>	<u>3,183,733.20</u>	<u>1,036,767.27</u>	<u>1,245,561.83</u>	<u>1,680,105.60</u>
<b>OTHER GRANTS:</b>						
Municipal Alliance	2,406.00		2,834.10	2,834.10		2,406.00
Christopher & Dana Reeve Foundation- Accessible Beach Mats			25,000.00	25,000.00		-
<b>Total Other</b>	<u>2,406.00</u>	<u>-</u>	<u>27,834.10</u>	<u>27,834.10</u>	<u>-</u>	<u>2,406.00</u>
<b>\$</b>	<u>3,538,911.74</u>	<u>1,288,635.94</u>	<u>4,025,782.30</u>	<u>2,083,867.87</u>	<u>1,826,170.66</u>	<u>4,943,291.45</u>



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

<u>Purpose</u>	Balance Dec. 31, 2022	Transferred to Budget	Received	Balance Dec. 31, 2023
<b>FEDERAL GRANTS:</b>				
Coronavirus Stimulus Funds	\$ 3,739,892.00			3,739,892.00
Total Federal	<u>3,739,892.00</u>	<u>-</u>	<u>-</u>	<u>3,739,892.00</u>
<b>STATE GRANTS:</b>				
Bullet Proof Vest	5,096.00	5,096.00		
Body Armor Fund	4,152.77	4,152.77	4,851.19	4,851.19
Total State	<u>9,248.77</u>	<u>9,248.77</u>	<u>4,851.19</u>	<u>4,851.19</u>
<b>OTHER GRANTS:</b>				
Opioid Settlement Fund	63,199.23	63,199.23		
Total Other	<u>63,199.23</u>	<u>63,199.23</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,812,340.00</u>	<u>72,448.00</u>	<u>4,851.19</u>	<u>3,744,743.19</u>

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

Balance December 31, 2022	\$	46,003.37
Increased by:		
Cash Receipts for;		
Dog Licenses Collected		
Municipal Portion	2,657.40	
Dog Park	8,035.00	
Interest on Investments	134.23	
	10,826.63	
		56,830.00
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	4,311.95	
Dog Park	2,040.00	
Due to Current	134.34	
	6,486.29	
Balance December 31, 2023	\$	50,343.71

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

Balance December 31, 2022		\$ 12,217,058.17
Increased by:		
Cash Receipts for Trust Reserves:	5,767,943.73	
	<u>5,767,943.73</u>	<u>5,767,943.73</u>
		17,985,001.90
Decreased by:		
Cash Disbursed for Trust Reserves	3,134,952.06	
Encumbrances Payable	1,929,735.98	
	<u>5,064,688.04</u>	<u>5,064,688.04</u>
Balance December 31, 2023		\$ <u><u>12,920,313.86</u></u>

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

Balance December 31, 2022	\$	46,003.37
Increased by:		
Dog License Fees Collected - Municipal	2,657.40	
Dog Park Fees	8,035.00	
Interest on Investments - Due Current	134.23	
		10,826.63
		56,830.00
Decreased by:		
Dog Park	2,040.00	
Dog Licensing Supplies	4,311.95	
Interest on Investments - Due Current	134.34	
		6,486.29
Balance December 31, 2023	\$	50,343.71

License Fees Collected	Year	Amount
	2022	12,605.80
	2021	15,162.34
		27,768.14

**TRUST FUND  
SCHEDULE OF OTHER RESERVES**

Title	Balance	Cash Receipts	Cash	Encumbrance	Balance
	Dec. 31, 2022		Disbursed		Dec. 31, 2023
Tax Premiums	\$ 302,900.00	42,700.00	188,900.00		156,700.00
Tax Title Lien Redemption	24,397.99	145,587.63	168,983.17		1,002.45
Dedicated Recreation Trust	46,152.69	1,421,342.97	1,134,991.64	72,313.76	260,190.26
OC Tourism Development	349,994.13	620,046.19	664,691.17		305,349.15
Law Enforcement Trust	37,116.33	1,841.65	2,550.00		36,407.98
Parking Offenses Adjudication Act	33,454.89	2,427.88	87.82		35,794.95
Cash Performance Deposits	989,734.41	441,040.65	410,703.79		1,020,071.27
Dedicated Fire Penalties	16,251.61	6,785.25	5,792.42		17,244.44
Lifeguard Pension	28,706.05	377,015.43	329,696.51		76,024.97
Shade Trees	14,022.97	3,539.15	39.02		17,523.10
COAH	7,216,202.96	2,431,954.12		15,665.25	9,632,491.83
Merchant Fees	12,233.27	28,012.85	22,340.65	1,659.35	16,246.12
Planning & Zoning Developer's Escrow	204,870.81	245,649.96	206,175.87		244,344.90
	<u>\$ 9,276,038.11</u>	<u>5,767,943.73</u>	<u>3,134,952.06</u>	<u>89,638.36</u>	<u>11,819,391.42</u>

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

Balance December 31, 2022		\$ 24,923,490.44
Increased by:		
Bond Anticipation Notes	25,000,000.00	
Current Fund Appropriations:		
Deferred Charges Unfunded	130,000.00	
Capital Improvement Fund	1,400,000.00	
Reserve for Construction of Airport Terminal	34,309.57	
Reserve for Debt Service:		
FEMA - Sandy	2,620,214.71	
10th Street Wharf Interest	83,489.97	
Premium on Notes	418,500.00	
		29,686,514.25
		54,610,004.69
Decreased by:		
Improvement Authorizations	8,113,748.96	
Encumbrances	14,013,467.69	
Bond Anticipation Notes	130,000.00	
Due Current Fund	2,164,928.20	
		24,422,144.85
Balance December 31, 2023		\$ <u><u>30,187,859.84</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2022		Receipts		Disbursements		Transfers		Balance Dec. 31, 2023
	Dec. 31, 2022	Miscellaneous	Notes Issued	Improvement Authorizations	Miscellaneous	From	To		
								Miscellaneous	
Fund Balance	\$ 850,851.24								850,851.24
Capital Improvement Fund	2,096,402.53	1,400,000.00				2,032,950.00			1,463,452.53
Reserve for Debt Service	2,196,733.13	3,122,204.68			2,164,928.20				3,154,009.61
Encumbrances Payable	16,280,706.04				14,013,467.69				10,707,589.80
Due from Current Fund	-						8,443,456.73		-
Reserve for Construction of Airport Terminal	1,001,849.32	34,309.57							1,036,158.89
<b>Improvement Authorizations:</b>									
13-04 Various Improvements	10,204.49			7,129.95		3,074.30			0.24
14-05 Various Improvements	0.60			0.60					0.10
15-09 Various Improvements	0.10								0.10
15-17 Various Improvements	57,591.32			57,591.22				1,147.46	1,147.25
15-29 Roads & Drainage	0.21							45.50	45.50
16-01 Various Improvements	(0.00)								92.30
16-10 Acquisition of Property	92.30					51,602.00		1,912.53	30,752.50
16-19 Various Improvements	82,354.50								1,942.28
17-01 Various Improvements	29.75								0.00
17-09 Various Improvements	2,041.96			401.38		1,640.58			0.00
18-02 Various Improvements	131,053.43			135,506.78		11,021.65			(15,475.00)
18-08 Various Improvements	(11,003.58)					11,723.92			(22,727.50)
19-07 Various Improvements	1,250,767.65			32,770.96		54,063.25			1,163,933.44
19-08 Affordable Housing	46,057.00								46,057.00
19-09 Lagoon & Backbay Dredging	85,912.57					85,912.57			0.00
19-18 Various Improvements	2,837,250.00			2,870,602.35		3,397.65			(36,750.00)
19-19 Acquisition of Property	(5,000.00)								(5,000.00)
20-02 Acquisition of Property - 1600 Haven	(17,750.00)								(17,750.00)
20-04 Acquisition of Property - 1600 Haven/Simpson	(23,000.00)								(23,000.00)
20-11 Various Improvements	999,991.42					233,263.89			766,727.53
20-16 Public Safety Building - Design	126,000.00			171,000.00					(45,000.00)
20-17 Capital Ordinance - Vehicle & Equipment	12,148.72			6,993.02					5,155.70
20-18 Acquisition of Property - 1600 Haven/Simpson	(37,250.00)								(37,250.00)
20-19 Acquisition of Property - 109 16th St	-								-
20-20 Acquisition of Property - 1600 Haven Ave	(2,000.00)								(2,000.00)
21-18 FEIMA Elevation Project - Ocean Aire Condos	(3,035,661.37)					2,347,854.67			(3,035,661.37)
21-22 Various Improvements	(1,657,632.29)		10,000,000.00			978,000.00			5,994,513.04
22-03 Acquisition of Property - 109 16th Street, 1600 Haven	1,419,152.00								441,152.00
22-04 Acquisition of Property - 1600 BI Haven/Simpson	43,100.00								43,100.00
22-11 Various Capital Improvements	182,497.40			1,127,625.09		2,158,318.31			2,196,554.00
23-16 Various Improvements				3,417,969.61		1,971,769.69			5,798,210.70
23-23 Various Improvements				286,158.00		531,814.25			(272,972.25)
	<u>\$ 24,923,490.44</u>	<u>4,556,514.25</u>	<u>25,000,000.00</u>	<u>8,113,748.96</u>	<u>16,178,395.89</u>	<u>10,479,512.01</u>	<u>10,479,512.01</u>	<u>10,479,512.01</u>	<u>30,187,859.84</u>

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

Balance December 31, 2022		\$ 2,096,402.53
Increased by:		
Budget Appropriation	1,400,000.00	
	1,400,000.00	1,400,000.00
		3,496,402.53
Decreased by:		
Improvement Authorizations	2,032,950.00	
	2,032,950.00	2,032,950.00
Balance December 31, 2023		\$ <u><u>1,463,452.53</u></u>



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

Balance December 31, 2022		\$ 148,495,163.56
Increased by:		
None	-	
		-
		148,495,163.56
Decreased by:		
Serial Bonds Paid & Refunded	13,790,000.00	
Greet Trust Loans Paid	33,371.79	
		13,823,371.79
Balance December 31, 2023		\$ <u><u>134,671,791.77</u></u>



**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2022		Capital Improvement Fund	Deferred Charges to Future Taxation	Paid or Charged	Encumbrance	Encumbrance Canceled	Balance December 31, 2023	
				Funded	Unfunded						Funded	Unfunded
13-04	Various Improvements	2/28/2013	5,788,000	\$ 10,204.49				7,129.95	3,074.30		0.24	
14-05	Various Improvements	2/27/2014	9,319,000	0.60			0.60				(0.00)	
15-09	Various Improvements	3/26/2015	8,293,300	0.10							0.10	
15-17	Various Improvements	8/13/2015	2,683,000	57,591.32			57,591.22			1,147.25	0.10	
15-29	Various Improvements	12/17/2015	2,100,000	0.21						45.50	92.30	
16-01	Various Improvements	2/25/2016	17,504,500	(0.00)							45.50	
16-10	Acquisition of Property	5/12/2016	500,000	92.30							92.30	
16-19	Various Improvements	8/11/2016	18,965,000	82,354.50							30,752.50	
17-01	Various Improvements	2/23/2017	12,182,500	29.75							1,942.28	
17-09	Various Improvements	5/23/2017	18,466,000	2,041.96							1,640.58	
18-02	Various Improvements	2/22/2018	5,700,500	131,053.43	15,475.00			135,506.78			(0.00)	
18-08	Various Improvements	7/12/2018	10,250,000	26,496.42							(0.00)	
19-07	Various Improvements	3/14/2019	7,914,200	1,250,767.65	18,490.00			32,770.96			1,163,933.44	14,772.50
19-08	Affordable Housing	3/14/2019	6,650,000	46,057.00							46,057.00	18,490.00
19-09	Lagoon & Backbay Dredging	6/27/2019	9,000,000	85,912.57							(0.00)	
19-18	Various Improvements	10/24/2019	6,565,000	2,837,250.00	36,750.00			2,870,602.35			0.00	
20-11	Various Improvements	6/25/2020	15,959,000	999,991.42	61,050.00						766,727.53	61,050.00
20-16	Public Safety Building - Design	11/19/2020	1,100,000	171,000.00				171,000.00				
20-17	Capital Ordinance - Vehicle & Equipment	11/19/2020	645,000	12,148.72				6,983.02			5,155.70	
21-18	FEMA Elevation Project - Ocean Aire Condos	5/27/2021	3,070,000	34,338.63								34,338.63
21-22	Various Improvements	9/9/2021	18,428,500	8,349,442.71					2,347,854.67		6,001,588.04	
22-03	Acquisition of Property - 109 16th Street, 1600 Haven	3/24/2022	3,150,000	1,419,152.00					978,000.00		441,152.00	
22-04	Acquisition of Property - 1600 BI Haven/Simpson	3/24/2022	3,110,000	50,000.00							50,000.00	
22-11	Various Capital Improvements	8/11/2022	10,945,000	5,580,247.40							2,294,304.00	
23-16	Various Improvements	5/25/2023	29,759,000			1,487,950.00	28,271,050.00	1,127,625.09	2,158,318.31		2,294,304.00	
23-23	Various Improvements	9/28/2023	10,900,000			545,000.00	10,355,000.00	3,417,969.61	1,971,769.69		24,369,260.70	
				\$ 5,515,496.02	15,762,442.16	2,032,950.00	38,626,050.00	8,113,748.96	8,443,456.73	3,105.28	2,015,854.15	43,366,983.62

**GENERAL CAPITAL FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE**

Balance December 31, 2022	\$ 16,280,706.04
Increased by:	
Encumbered	<u>8,443,456.73</u>
	24,724,162.77
Decreased by:	
Payments	14,013,467.69
Canceled to Improvement Authorizations	<u>3,105.28</u>
	<u>14,016,572.97</u>
Balance December 31, 2023	\$ <u><u>10,707,589.80</u></u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
			Outstanding December 31, 2023	Date					
General Improvements	12/20/2012	9,900,000	900,000.00	12/15/2024	3.000% \$	1,800,000.00		900,000.00	900,000.00
General Improvements	8/12/2014	17,900,000	1,800,000.00	9/1/2024	3.000%	7,200,000.00		1,800,000.00	5,400,000.00
			1,800,000.00	9/1/2026	3.000%				
General Improvements	12/1/2016	38,800,000	3,750,000.00	11/15/2024	2.000%	23,700,000.00		3,400,000.00	20,300,000.00
			3,950,000.00	11/15/2025	2.125%				
			4,200,000.00	11/15/2026	2.250%				
			4,200,000.00	11/15/2027	2.250%				
			4,200,000.00	11/15/2028	1.000%				
General Improvements	10/10/2019	82,000,000	5,330,000.00	9/15/2024	4.000%	69,700,000.00		4,920,000.00	64,780,000.00
			5,740,000.00	9/15/2025	4.000%				
			6,150,000.00	9/15/2026	4.000%				
			6,150,000.00	9/15/2027	3.000%				
			6,560,000.00	9/15/2028	3.000%				
			6,560,000.00	9/15/2029	3.000%				
			6,560,000.00	9/15/2030	3.000%				
			6,970,000.00	9/15/2031	3.000%				
			7,380,000.00	9/15/2032	2.250%				
			7,380,000.00	9/15/2033	2.250%				
General Improvements - Housing	10/20/2020	6,650,000	385,000.00	10/15/2024	4.000%	5,950,000.00		350,000.00	5,600,000.00
			385,000.00	10/15/2025	4.000%				
			420,000.00	10/15/2026	4.000%				
			420,000.00	10/15/2027	4.000%				
			420,000.00	10/15/2028	2.000%				
			420,000.00	10/15/2029	2.000%				
			420,000.00	10/15/2030	2.000%				
			420,000.00	10/15/2031	2.000%				
			490,000.00	10/15/2032	2.000%				
			560,000.00	10/15/2033	2.000%				
			595,000.00	10/15/2034	2.000%				
			665,000.00	10/15/2035	2.000%				
General Improvements	10/20/2020	44,050,000	2,470,000.00	10/15/2024	4.000%	39,870,000.00		2,420,000.00	37,450,000.00
			2,640,000.00	10/15/2025	4.000%				
			2,640,000.00	10/15/2026	4.000%				
			2,860,000.00	10/15/2027	4.000%				
			2,860,000.00	10/15/2028	2.000%				
			3,080,000.00	10/15/2029	2.000%				
			3,080,000.00	10/15/2030	2.000%				
			3,300,000.00	10/15/2031	2.000%				
			3,300,000.00	10/15/2032	2.000%				
			3,520,000.00	10/15/2033	2.000%				
			3,740,000.00	10/15/2034	2.000%				
			3,960,000.00	10/15/2035	2.000%				
						\$ 148,220,000.00	-	13,790,000.00	134,430,000.00



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

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
14-15	Marina Redevelopment Area	12/3/2014	11/3/2023	11/4/2024	5.4000%	\$ 1,820,000.00			1,690,000.00
20-16	Public Safety Building - Design	10/18/2022	10/17/2023	10/16/2024	5.0000%	1,000,000.00		130,000.00	1,000,000.00
20-18	Acquisition of Property - 1600 Haven/Simpson	10/18/2022	10/17/2023	10/16/2024	5.0000%	300,000.00			300,000.00
20-19	Acquisition of Property - 109 16th St	10/18/2022	10/17/2023	10/16/2024	5.0000%	95,000.00			95,000.00
20-20	Acquisition of Property - 1600 Haven Ave	10/18/2022	10/17/2023	10/16/2024	5.0000%	150,000.00			150,000.00
21-22	Various Improvements	10/18/2022	10/17/2023	10/16/2024	5.0000%	7,500,000.00			7,500,000.00
21-22	Various Improvements	10/17/2023	10/17/2023	10/16/2024	5.0000%		10,000,000.00		10,000,000.00
22-03	Acquisition of Property - 109 16th Street, 1600 Haven	10/18/2022	10/17/2023	10/16/2024	5.0000%	3,000,000.00			3,000,000.00
22-04	Acquisition of Property - 1600 Bl Haven/Simpson	10/18/2022	10/17/2023	10/16/2024	5.0000%	2,955,000.00			2,955,000.00
22-11	Various Capital Improvements	10/18/2022	10/17/2023	10/16/2024	5.0000%	5,000,000.00			5,000,000.00
22-11	Various Capital Improvements	10/17/2023	10/17/2023	10/16/2024	5.0000%		5,300,000.00		5,300,000.00
23-16	Various Improvements	10/17/2023	10/17/2023	10/16/2024	5.0000%		9,700,000.00		9,700,000.00
						\$ 21,820,000.00	25,000,000.00	130,000.00	46,690,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	Authorizations	Debt Issued	Balance Dec. 31, 2023
18-02	Various Improvements	\$ 15,475.00			15,475.00
18-08	Various Improvements	37,500.00			37,500.00
19-07	Various Improvements	18,490.00			18,490.00
19-18	Various Improvements	36,750.00			36,750.00
19-19	Acquisition of Property	5,000.00			5,000.00
20-02	Acquisition of Property - 1600 Haven	17,750.00			17,750.00
20-04	Acquisition of Property - 1600 Haven/Simpson	23,000.00			23,000.00
20-11	Various Improvements	61,050.00			61,050.00
20-16	Public Safety Building - Design	45,000.00			45,000.00
20-18	Acquisition of Property - 1600 Haven/Simpson	37,250.00			37,250.00
20-20	Acquisition of Property - 1600 Haven Ave	2,000.00			2,000.00
21-18	FEMA Elevation Project - Ocean Aire Condos	3,070,000.00			3,070,000.00
21-22	Various Improvements	10,007,075.00		10,000,000.00	7,075.00
22-04	Acquisition of Property - 1600 BI Haven/Simpson	6,900.00			6,900.00
22-11	Various Capital Improvements	5,397,750.00		5,300,000.00	97,750.00
23-16	Various Improvements		28,271,050.00	9,700,000.00	18,571,050.00
23-23	Various Improvements		10,355,000.00		10,355,000.00
		<u>\$ 18,780,990.00</u>	<u>38,626,050.00</u>	<u>25,000,000.00</u>	<u>32,407,040.00</u>



**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 therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2020, pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$44,000 with the appointment of a qualified purchasing agent. The City of Ocean City adopted the bid threshold of \$44,000.

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:

Site Remediation	Supply and Delivery of Uniforms & Sportswear
Recreational Boys Lacrosse Camp Program	Seal Taxiways & Terminal Apron Pavement Phase II
Towing & Lockout Services	Supply & Delivery of Lumber & Piling
Emergency Medical Billing Services	Improvements to Music Pier Substructure
Tennessee Avenue Boat Ramp & Bulkhead	NJDOT Municipal Aid West Avenue North 9 <sup>th</sup> Street
Downtown Street Light Improvements	Modernization of City Hall Hydraulic Passenger Elevator
Back Bay Mechanical Dredging	Lease of Coin Operated Binocular Viewing Machines
Supply & Delivery of Concrete Materials	46 <sup>th</sup> Street Firehouse Garage Slab Replacement
Merion Park Phase II Drainage Improvements	Community Center HVAC Modifications
Supply & Delivery Police & Fire Uniforms	Various Road Improvements
Installation, Removal & Storage of City Owned Holiday Decorations	

**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 2023.

This Resolution shall take effect January 1, 2023.

**CITY OF OCEAN CITY**

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

**Comparison of Tax Levies and Collections Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2023 \$	136,009,944.52	135,202,261.01	99.41%
2022	128,370,432.58	127,695,932.38	99.47%
2021	123,064,468.35	122,471,203.92	99.52%
2020	118,111,234.08	117,294,503.68	99.31%
2019	115,295,158.66	114,452,165.12	99.27%

**Comparative Schedule of Tax Rate Information**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	\$ 1.071	1.029	1.005	0.978	0.967
Apportionment of Tax Rate:					
Municipal	0.546	0.521	0.510	0.498	0.496
County	0.326	0.309	0.280	0.265	0.255
Local School	0.199	0.199	0.215	0.215	0.216
Assessed Valuation	12,557,654,700	12,297,544,300	12,122,593,100	11,933,162,400	11,825,766,800

**Delinquent Taxes and Tax Title Liens**

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2023 \$	8,972.18	796,556.83	805,529.01	0.59%
2022	7,500.60	661,250.21	668,750.81	0.54%
2021	5,299.96	587,799.43	593,099.39	0.50%
2020	4,616.53	787,838.35	792,454.88	0.69%
2019	3,951.47	797,349.17	801,300.64	0.71%

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:

**CITY OF OCEAN CITY**

<b><u>Year</u></b>	<b><u>Number</u></b>
2023	20
2022	20
2021	15

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.

**Uniform Construction Code**

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

**Deposit of Municipal Funds**

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

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

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

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

**FINDINGS AND RECOMMENDATIONS**

None.

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

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

June 28, 2024