

**CITY OF OCEAN CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2006**

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CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - STATUTORY BASIS
DECEMBER 31, 2006

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the City of Ocean City, State of New Jersey (the “City”), as of December 31, 2006 and 2005 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2006, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the City’s management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with 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 and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the City, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City’s policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the City, as of December 31, 2006 and 2005 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2006.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2006 and 2005 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2006 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2007 on our consideration of the City's internal control structure over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of state awards are presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements of the City. The supplemental schedules and the schedule of state awards as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

June 30, 2007

**EXHIBIT - A
CURRENT FUND**

CITY OF OCEAN CITY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 8,321,466.82	\$ 7,887,512.39
Collector	A-5	368,110.11	316,864.60
Change and Petty Cash Funds		<u>5,725.00</u>	<u>4,725.00</u>
		<u>8,695,301.93</u>	<u>8,209,101.99</u>
Other Receivables:			
Due from State of New Jersey		<u>4,953.94</u>	<u>6,029.33</u>
		<u>4,953.94</u>	<u>6,029.33</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	783,562.11	584,322.95
Tax Title Liens Receivable	A-8	1,196.55	1,191.70
Property Acquired for Taxes at Assessed Valuation		262,576.00	262,576.00
Revenue Accounts Receivable		29,194.05	20,815.55
Interfunds:			
Due from Animal Control Fund		-	263.00
		<u>1,076,528.71</u>	<u>869,169.20</u>
Deferred Charges:			
Special Emergency Authorization 5 Years (40A:4-55) - Revaluation Emergency Authorization		1,030,000.00	-
		<u>102,489.97</u>	<u>-</u>
		<u>1,132,489.97</u>	<u>-</u>
		<u>10,909,274.55</u>	<u>9,084,300.52</u>
Federal and State Grant Fund:			
Cash	A-4	308,737.95	57,218.74
Grant Receivables	A-11	2,132,831.99	2,791,520.28
		<u>2,441,569.94</u>	<u>2,848,739.02</u>
		<u>\$ 13,350,844.49</u>	<u>\$ 11,933,039.54</u>

CITY OF OCEAN CITY
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 344,098.31	\$ 736,656.51
Reserve for Encumbrances	A-3	851,114.67	821,916.68
Accounts Payable		-	7,521.68
Escrow - Blue Water Marina		33,059.76	33,059.76
Prepaid Taxes		1,424,397.36	1,374,408.51
Tax Overpayments		9,775.18	13,892.88
County Added Tax Payable		458,293.32	374,556.51
Reserve for Garden State Trust Fund		420.30	420.30
Reserve for Revaluation		2,361.00	2,361.00
Reserve for Revaluation - 2006		854,570.15	-
Reserve for Tax Maps		15,817.50	15,817.50
Prepaid Beach Fees		5,415.00	-
Reserve for Street Permit Litigation		103,000.00	-
Reserve for Tax Appeals		30,000.00	-
Payroll Taxes Payable		135,714.92	13,654.36
Reserve for Health Insurance Claims		82,892.90	88,425.02
		<u>4,350,930.37</u>	<u>3,482,690.71</u>
Reserve for Receivables and Other Assets		1,076,528.71	869,169.20
Fund Balance	A-1	<u>5,481,815.47</u>	<u>4,732,440.61</u>
		<u>10,909,274.55</u>	<u>9,084,300.52</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	25,611.26	30,068.82
Appropriated Reserves	A-13	2,130,429.44	2,497,666.39
Encumbrances Payable		285,529.24	321,003.81
		<u>2,441,569.94</u>	<u>2,848,739.02</u>
		<u>\$ 13,350,844.49</u>	<u>\$ 11,933,039.54</u>

CITY OF OCEAN CITY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2006</u>	<u>Year 2005</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	3,185,000.00	\$ 3,430,000.00
Miscellaneous Revenue Anticipated		14,561,462.27	14,993,950.66
Receipts from Delinquent Taxes		585,076.12	570,448.25
Receipts from Current Taxes		78,772,319.01	75,576,363.56
Non-Budget Revenue		315,221.89	259,989.29
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		394,103.39	183,383.95
Interfunds Returned		263.00	875.50
Cancellation of Tax Overpayments		463.75	-
Cancellation of Accounts Payable		7,521.68	4,256.99
Cancellation of Payroll Taxes Payable		7,772.59	36,226.38
Cancellation of Stale Dated Checks		2,794.84	-
Cancellation of Grant Reserves		5,028.53	111,124.73
Total Income		<u>97,837,027.07</u>	<u>95,166,619.31</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		24,228,159.52	23,108,100.00
Other Expenses		8,565,330.45	7,076,700.00
Deferred Charges & Statutory Expenditures		1,606,438.00	1,531,998.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		60,000.00	60,000.00
Other Expenses		11,026,766.53	9,829,493.16
Capital Improvements		820,000.00	1,945,200.29
Municipal Debt Service		6,408,358.17	6,206,990.50
Deferred Charges & Statutory Expenditures		50,000.00	315,034.68
County Taxes		21,049,633.69	20,354,733.38
County Added and Omitted Taxes		458,293.32	374,556.51
Local District School Tax		20,576,092.50	21,025,584.50
Special Improvement District Taxes		186,070.00	164,366.00
Refund of Prior Year's Revenue		-	844.42
Total Expenditures		<u>95,035,142.18</u>	<u>91,993,601.44</u>

CITY OF OCEAN CITY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2006</u>	<u>Year 2005</u>
Excess In Revenue		\$ 2,801,884.89	\$ 3,173,017.87
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		1,132,489.97	-
		<u>1,132,489.97</u>	<u>-</u>
Statutory Excess to Fund Balance		3,934,374.86	3,173,017.87
Fund Balance January 1	A	<u>4,732,440.61</u>	<u>4,989,422.74</u>
		8,666,815.47	8,162,440.61
Decreased by:			
Utilization as Anticipated Revenue		<u>3,185,000.00</u>	<u>3,430,000.00</u>
Fund Balance December 31	A	<u>\$ 5,481,815.47</u>	<u>\$ 4,732,440.61</u>

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 3,185,000.00	\$	\$ 3,185,000.00	\$ -
		<u>3,185,000.00</u>	<u>-</u>	<u>3,185,000.00</u>	<u>-</u>
Miscellaneous Revenues:					
Licenses:					
Other		500,000.00		480,023.50	(19,976.50)
Fees and Permits		900,000.00		963,105.00	63,105.00
Fines and Costs:					
Municipal Court		650,000.00		699,719.88	49,719.88
Interest and Costs on Taxes		130,000.00		172,321.79	42,321.79
Parking Meters		1,750,000.00		1,810,291.62	60,291.62
Interest on Investments and Deposits		240,000.00		861,129.90	621,129.90
Beach Fees		2,800,000.00		2,894,648.00	94,648.00
Rental or Sale of City Material and Property		80,000.00		92,465.04	12,465.04
Airport Fees		145,000.00		192,897.46	47,897.46
Boat Ramp Fees		40,000.00		41,274.53	1,274.53
Aquatic and Fitness Center User Fees		590,000.00		620,706.49	30,706.49
Smoke Detector Inspection Fees		110,000.00		116,345.00	6,345.00
Emergency Medical Services		320,000.00		408,494.63	88,494.63
Legislative Initiative Municipal Block Grant		67,876.00		67,876.00	-
Consolidated Municipal Property Tax Relief Aid		30,623.00		30,623.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		2,327,675.00		2,327,675.00	-
Supplemental Energy Receipts Tax		24,122.00		24,122.00	-
Garden State Trust Fund		420.30		420.30	-
Municipal Homeland Security Assistance		70,000.00		70,000.00	-
Uniform Construction Code Fees		1,000,000.00		745,098.60	(254,901.40)
Upper Township - Dispatching Services		163,357.00		163,357.00	-

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (Continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
NJ Transportation Trust Fund		\$ 275,000.00	\$	\$ 275,000.00	\$ -
Recycling Tonnage Grant		8,084.87		8,084.87	-
Drunk Driving Enforcement Fund		10,997.21		10,997.21	-
Alcohol Education and Rehabilitation Fund		200.00		200.00	-
Safe and Secure Communities Program		60,000.00		60,000.00	-
Community Development Block Grant		309,603.00		309,603.00	-
DMV Inspection Fees		5,774.83		5,774.83	-
Municipal Stormwater Grant		12,029.00		12,029.00	-
Body Armor Grant		5,721.20		5,721.20	-
NJ State Police - Emergency Management		10,000.00		10,000.00	-
Enhanced 911 General Assistance		25,282.00		25,282.00	-
Child Traffic Safety Program		14,000.00		14,000.00	-
At Scene Fatal Accident		14,765.00		14,765.00	-
Clean Communities			41,423.90	41,423.90	-
Cape May County Mini Recycling Grant			2,000.00	2,000.00	-
Recycling Tonnage Grant			9,497.52	9,497.52	-
Neighborhood Preservation Program			125,000.00	125,000.00	-
Aggressive Driving Program			55,000.00	55,000.00	-

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Other Special Items:					
Lease Agreement - Ocean City Free Public Library		\$ 496,000.00	\$	\$ 494,489.00	\$ (1,511.00)
Reserve for Debt Service, Capital Fund Balance					
& Arbitrage Reserve		175,000.00		175,000.00	-
Interlocal-Ocean City Tourism Development-Staffing Costs		25,000.00		25,000.00	-
Additional Parking Revenue		100,000.00		100,000.00	-
Total Miscellaneous Revenues	A-1	<u>13,486,530.41</u>	<u>232,921.42</u>	<u>14,561,462.27</u>	<u>842,010.44</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>525,000.00</u>		<u>585,076.12</u>	<u>60,076.12</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		35,424,752.70		37,727,850.00	2,303,097.30
Total Amount to be Raised by Taxes for Support					
of Municipal Budget		<u>35,424,752.70</u>	<u>-</u>	<u>37,727,850.00</u>	<u>2,303,097.30</u>
Budget Totals		<u>52,621,283.11</u>	<u>232,921.42</u>	<u>56,059,388.39</u>	<u>3,205,183.86</u>
Non-Budget Revenues				<u>315,221.89</u>	<u>315,221.89</u>
		<u>\$ 52,621,283.11</u>	<u>\$ 232,921.42</u>	<u>\$ 56,374,610.28</u>	<u>\$ 3,520,405.75</u>

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$	78,802,319.01
Allocated to:		
School, County and Other Taxes		<u>42,244,469.01</u>
Balance for Support of Municipal Budget Appropriations		36,557,850.00
Add: Appropriation		
"Reserve for Uncollected Taxes"		<u>1,200,000.00</u>
Less:		
Reserve for Tax Appeals		30,000.00
Amount for Support of Municipal Budget Appropriations	\$	<u><u>37,727,850.00</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	585,076.12
Tax Title Lien Collections		<u>-</u>
	\$	<u><u>585,076.12</u></u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Plans and Specs	3,375.00	
Planning & Zoning	3,360.00	
Bench Donations	5,200.00	
Trademark Fees	825.00	
Tax Collector	3,153.17	
PILOT - United Methodist Homes	57,927.00	
City Clerk	287.50	
Block Party	10,000.00	
Public Defender	4,700.00	
Binocular Fees	1,379.60	
Wilhelm Estate	11,290.08	
Library	45,102.30	
Sidewalk Permits	700.00	
Storage and Towing Fees	40,197.10	
Two Hundred Foot Information	2,300.00	
Vending Machines	8,049.96	
Administrative Fee	4,331.62	
BAND - Reimbursements	6,240.00	
NSF Check Fees	330.00	
Unclaimed Funds	2,207.59	
Premium on Sale of BAN	12,455.00	
Heating Rebate	12,220.00	
Various Refunds and Reimbursements	3,984.77	
NJAW Refund	1,029.67	
Restitution	150.00	
Ocean City POPS	30,560.17	
May 2006 Extended Polling Hours	10,000.00	
2005 Hurricane Katrina Reimbursement	27,466.80	
Miscellaneous	<u>6,399.56</u>	
	\$	<u><u>315,221.89</u></u>

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
EXECUTIVE BRANCH:						
Mayors Office						
Salaries and Wages	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00		\$ -	\$
Other Expenses	4,000.00	4,200.00	4,000.00		200.00	
ADMINISTRATION DEPARTMENT:						
City Administrator						
Salaries and Wages	372,000.00	372,000.00	370,345.86		1,654.14	
Other Expenses	5,500.00	6,000.00	5,566.98	414.98	18.04	
Management of Information Systems						
Salaries and Wages	231,000.00	231,000.00	229,085.55		1,914.45	
Other Expenses	124,000.00	127,500.00	84,272.56	40,719.03	2,508.41	
Purchasing Division						
Salaries and Wages	194,000.00	187,000.00	186,663.88		336.12	
Other Expenses	8,000.00	9,300.00	7,726.96	739.86	833.18	
Personnel and Risk Management						
Salaries and Wages	369,000.00	369,000.00	357,529.11		11,470.89	
Other Expenses:						
Insurance	24,000.00	24,000.00	19,068.75	4,182.00	749.25	
Miscellaneous Other Expenses	70,000.00	78,500.00	71,974.87	5,652.17	872.96	
COMMUNITY SERVICE DEPARTMENT:						
Director's Office						
Salaries and Wages	246,000.00	250,500.00	249,978.78		521.22	
Other Expenses	1,500.00	1,500.00	954.08		545.92	
Public Relations						
Salaries and Wages	174,000.00	169,000.00	168,573.08		426.92	
Other Expenses	103,000.00	102,000.00	93,740.91	2,376.91	5,882.18	
Recreation Programs						
Salaries and Wages	565,000.00	565,000.00	563,355.99		1,644.01	
Other Expenses	25,500.00	30,500.00	20,974.25	8,696.14	829.61	
Recreation Operations						
Salaries and Wages	1,054,000.00	1,041,000.00	1,037,622.49		3,377.51	
Other Expenses	105,000.00	105,500.00	103,196.78	103.11	2,200.11	
Aquatic and Fitness Center						
Salaries and Wages	625,000.00	615,000.00	605,522.77		9,477.23	
Other Expenses	43,000.00	53,600.00	48,261.90	4,290.00	1,048.10	
Public Assistance						
Salaries and Wages	70,000.00	68,500.00	66,249.87		2,250.13	
Other Expenses	1,500.00	1,500.00	721.00	640.33	138.67	

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
LAW DEPARTMENT:						
Legal Division						
Salaries and Wages	\$ 102,000.00	\$ 102,000.00	\$ 102,000.00	\$ -	\$ -	
Other Expenses	150,000.00	290,000.00	233,815.52	56,184.48	-	
FINANCIAL MANAGEMENT:						
Treasurers Office						
Other Expenses:						
Audit Services	33,000.00	33,000.00	32,961.00		39.00	
Miscellaneous Other Expenses	60,000.00	70,000.00	60,192.31	7,500.00	2,307.69	
Accounting Division						
Salaries and Wages	415,000.00	457,000.00	453,580.34		3,419.66	
Other Expenses	7,000.00	7,000.00	7,000.00		-	
Parking Regulation						
Salaries and Wages	170,000.00	169,500.00	169,406.71		93.29	
Other Expenses	21,000.00	21,000.00	19,526.29	1,470.00	3.71	
Property Assessment Division						
Salaries and Wages	210,000.00	206,000.00	202,042.85		3,957.15	
Other Expenses	10,000.00	11,200.00	10,037.39		1,162.61	
Revaluation		1,030,000.00	1,030,000.00		-	
Beach Fee Regulation Division						
Salaries and Wages	315,000.00	282,500.00	282,129.56		370.44	
Other Expenses	45,000.00	47,500.00	43,729.93	2,816.38	953.69	
Tax Collection Division						
Salaries and Wages	241,000.00	215,000.00	212,771.39		2,228.61	
Other Expenses	6,000.00	6,000.00	4,914.73	675.50	409.77	
Revenue Collection						
Salaries and Wages	370,000.00	335,000.00	329,245.27		5,754.73	
Other Expenses	106,000.00	156,930.45	148,619.97	8,007.17	303.31	
LEGISLATIVE:						
City Clerk						
Salaries and Wages	201,000.00	201,500.00	199,952.89		1,547.11	
Other Expenses	68,000.00	65,000.00	58,837.54	502.36	5,660.10	
City Council						
Salaries and Wages	70,500.00	70,500.00	70,436.00		64.00	
Other Expenses	25,000.00	22,000.00	16,564.91	1,125.00	4,310.09	

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY:						
Rescue Services Division						
Salaries and Wages	\$ 227,000.00	\$ 230,000.00	\$ 228,608.52	\$	\$ 1,391.48	\$
Other Expenses	70,000.00	104,000.00	55,171.67	48,625.33	203.00	
Lifeguards Division						
Salaries and Wages	1,095,000.00	1,113,159.52	1,113,159.52		-	
Other Expenses	46,000.00	47,000.00	46,295.62		704.38	
Police Protection Division						
Salaries and Wages	6,287,000.00	6,237,000.00	6,203,699.57		33,300.43	
Other Expenses	317,000.00	322,400.00	259,383.57	60,697.37	2,319.06	
Fire Protection and Prevention						
Salaries and Wages	5,310,000.00	5,345,000.00	5,329,481.63		15,518.37	
Other Expenses	115,000.00	115,000.00	97,317.16	9,289.48	8,393.36	
PUBLIC WORKS DEPARTMENT:						
Public Works Administration						
Salaries and Wages	744,000.00	794,000.00	791,722.18		2,277.82	
Other Expenses	18,000.00	25,500.00	22,880.16	243.11	2,376.73	
City Wide Operations						
Other Expenses	507,500.00	606,500.00	539,045.34	51,899.94	15,554.72	
Operations						
Salaries and Wages	1,197,000.00	1,136,000.00	1,130,499.65		5,500.35	
Other Expenses	2,334,000.00	2,287,000.00	2,069,287.90	206,076.26	11,635.84	
Engineering and Construction						
Salaries and Wages	324,000.00	276,000.00	273,486.51		2,513.49	
Other Expenses	91,000.00	86,000.00	81,304.78	995.10	3,700.12	
Fleet Maintenance						
Salaries and Wages	320,000.00	320,000.00	316,728.21		3,271.79	
Other Expenses	95,500.00	95,500.00	85,948.99	2,894.95	6,656.06	
Field Operations & Engineering						
Salaries and Wages	955,000.00	960,000.00	960,000.00		-	
Other Expenses	37,000.00	37,500.00	36,959.23		540.77	

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF COMMUNITY DEVELOPMENT:						
Community Development						
Salaries and Wages	\$ 594,000.00	\$ 592,000.00	\$ 590,224.61	\$	\$ 1,775.39	\$
Other Expenses	25,000.00	30,700.00	25,489.65	424.93	4,785.42	
Planning Division						
Salaries and Wages	185,500.00	158,500.00	157,353.20		1,146.80	
Other Expenses	6,500.00	6,500.00	4,595.64	432.00	1,472.36	
Planning Board						
Other Expenses	58,000.00	93,000.00	46,879.18	19,373.55	26,747.27	
Zoning Board of Adjustment						
Other Expense	24,000.00	24,000.00	18,227.35		5,772.65	
Historical Commission						
Other Expenses	5,500.00	2,500.00	1,376.54		1,123.46	
Zoning Division						
Salaries and Wages	235,000.00	117,000.00	115,225.08		1,774.92	
Other Expenses	2,800.00	2,800.00	2,112.68	192.00	495.32	
Special Improvement District						
Other Expenses	22,000.00	22,000.00	22,000.00		-	
MUNICIPAL COURT:						
Municipal Court						
Salaries and Wages	500,000.00	489,000.00	486,154.38		2,845.62	
Other Expenses	41,000.00	41,000.00	35,190.42	3,053.46	2,756.12	
Public Defender						
Other Expenses	27,000.00	27,000.00	27,000.00		-	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	557,000.00	533,500.00	518,516.06		14,983.94	
Other Expenses	147,700.00	147,700.00	126,912.72	13,237.59	7,549.69	

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	\$ 514,000.00	\$ 553,000.00	\$ 497,955.86	\$ 55,044.14	\$ -	\$ -
Street Lighting	326,000.00	344,000.00	316,580.26	27,419.74	-	-
Telephone	271,000.00	233,000.00	201,723.10	31,276.90	-	-
Water	643,000.00	583,000.00	513,845.16	69,154.84	-	-
Fuel Oil	160,000.00	145,000.00	131,973.14	9,069.32	3,957.54	-
Gasoline	215,000.00	280,000.00	249,774.50	26,181.68	4,043.82	-
TOTAL OPERATIONS WITHIN "CAPS"	31,710,500.00	32,793,489.97	31,733,240.76	781,677.11	278,572.10	-
Contingent	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	31,710,500.00	32,793,489.97	31,733,240.76	781,677.11	278,572.10	-
Detail:						
Salaries and Wages	24,545,000.00	24,228,159.52	24,091,351.51	-	136,808.01	-
Other Expenses	7,165,500.00	8,565,330.45	7,641,889.25	781,677.11	141,764.09	-
DEFERRED CHARGES:						
None						
STATUTORY EXPENDITURES:						
Contributions to:						
Public Employees' Retirement System	84,110.00	84,110.00	84,110.00	-	-	-
Social Security System (O.A.S.I.)	1,180,000.00	1,193,000.00	1,191,021.32	-	1,978.68	-
Consolidated Police and Firemen's Pension	1,000.00	1,000.00	34.70	-	965.30	-
Police and Firemen's Retirement System	276,828.00	276,828.00	276,828.00	-	-	-
Unemployment Compensation Insurance	50,000.00	51,500.00	48,290.99	2,605.64	603.37	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	1,591,938.00	1,606,438.00	1,600,285.01	2,605.64	3,547.35	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	33,302,438.00	34,399,927.97	33,333,525.77	784,282.75	282,119.45	-

**CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Expended			(Overexpended)
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library						
Other Expenses	\$ 3,090,561.00	\$ 3,090,561.00	\$ 3,090,561.00		\$ -	\$ -
Police and Firemen's Retirement System	918,172.00	918,172.00	917,427.00		745.00	
Public Employee's Retirement System	202,890.00	202,890.00	202,835.56		54.44	
Insurance						
General Liability	442,255.00	442,255.00	404,889.99		37,365.01	
Workers Compensation	1,154,370.00	1,154,370.00	1,154,370.00		-	
Employee Group Health	4,550,000.00	4,550,000.00	4,539,066.63	3,325.00	7,608.37	
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	10,358,248.00	10,358,248.00	10,309,150.18	3,325.00	45,772.82	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Safe and Secure Communities Program						
Salaries and Wages	60,000.00	60,000.00	60,000.00		-	
Other Expenses	15,000.00	15,000.00	15,000.00		-	
Drunk Driving Enforcement Fund	10,997.21	10,997.21	10,997.21		-	
Municipal Alliance on Alcoholism & Drug Abuse	4,140.00	4,140.00	4,140.00		-	
NJ State Police - Emergency Management	10,000.00	10,000.00	10,000.00		-	
Recycling Tonnage	8,084.87	8,084.87	8,084.87		-	
Body Armor Program	5,721.20	5,721.20	5,721.20		-	
Municipal Stormwater Grant	12,029.00	12,029.00	12,029.00		-	
DMV Inspection Fines	5,774.83	5,774.83	5,774.83		-	
Child Traffic Safety Program	14,000.00	14,000.00	14,000.00		-	
Enhanced 911 General Assistance	25,282.00	25,282.00	25,282.00		-	
Clean Communities		41,423.90	41,423.90		-	
Cape May County Mini Recycling Grant		2,000.00	2,000.00		-	
Recycling Tonnage Grant		9,497.52	9,497.52		-	
Neighborhood Preservation Program		130,000.00	130,000.00		-	
Aggressive Driving Program		55,000.00	55,000.00		-	
Alcohol Education Rehabilitation Program	200.00	200.00	200.00		-	
At Scene Fatal Accident	14,765.00	14,765.00	14,765.00		-	

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Community Development Block Grant	\$ 309,603.00	\$ 309,603.00	\$ 309,603.00	\$ -	\$ -	\$ -
Matching Funds for Grants	18,000.00	13,000.00				13,000.00
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>513,597.11</u>	<u>746,518.53</u>	<u>733,518.53</u>	<u>-</u>	<u>-</u>	<u>13,000.00</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>10,871,845.11</u>	<u>11,104,766.53</u>	<u>11,042,668.71</u>	<u>3,325.00</u>	<u>45,772.82</u>	<u>13,000.00</u>
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00	-	-	-
Other Expenses	10,811,845.11	11,044,766.53	10,982,668.71	3,325.00	45,772.82	13,000.00
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	275,000.00	310,000.00	310,000.00		-	
Acquisition of:						
Public Safety/Lifeguard Equipment	45,000.00	45,000.00	43,936.50	949.80	113.70	
Technology Equipment	90,000.00	90,000.00	57,163.16	31,430.72	1,406.12	
Public Safety Equipment	70,000.00	70,000.00	38,580.82	31,126.40	292.78	
Equipment	15,000.00	15,000.00	877.24		14,122.76	
General Improvements: Street Lighting	15,000.00	15,000.00	14,729.32		270.68	
NJ Transportation Trust Fund Authority Act	275,000.00	275,000.00	275,000.00		-	
TOTAL CAPITAL IMPROVEMENTS	<u>785,000.00</u>	<u>820,000.00</u>	<u>740,287.04</u>	<u>63,506.92</u>	<u>16,206.04</u>	<u>-</u>
DEBT SERVICE						
Payment of Bond Principal	4,350,000.00	4,350,000.00	4,350,000.00			-
Interest on Bonds	1,689,000.00	1,689,000.00	1,687,668.51			1,331.49
Interest on Notes	322,000.00	322,000.00	321,566.66			433.34
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	51,000.00	51,000.00	49,123.00			1,877.00
TOTAL DEBT SERVICE	<u>6,412,000.00</u>	<u>6,412,000.00</u>	<u>6,408,358.17</u>	<u>-</u>	<u>-</u>	<u>3,641.83</u>

CITY OF OCEAN CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEFERRED CHARGES EXCLUDED FROM "CAPS"						
Capital Ordinances #01-06	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00		\$ -	\$ -
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	50,000.00	50,000.00	50,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	18,118,845.11	18,386,766.53	18,241,313.92	66,831.92	61,978.86	16,641.83
SUBTOTAL GENERAL APPROPRIATIONS	51,421,283.11	52,786,694.50	51,574,839.69	851,114.67	344,098.31	16,641.83
Reserve for Uncollected Taxes	1,200,000.00	1,200,000.00	1,200,000.00		-	
TOTAL GENERAL APPROPRIATIONS	\$ 52,621,283.11	\$ 53,986,694.50	\$ 52,774,839.69	\$ 851,114.67	\$ 344,098.31	\$ 16,641.83
Adopted Budget		\$ 52,621,283.11				
Appropriation by N.J.S.A. 40A:4-87		232,921.42				
Emergency Authorization		102,489.97				
Special Emergency Authorization 40A:4-53		1,030,000.00				
		\$ 53,986,694.50				
Reserve for Uncollected Taxes			\$ 1,200,000.00			
Federal and State Grants			1,008,518.53			
Reserve for Revaluation			1,030,000.00			
Cash Disbursed			49,536,321.16			
			\$ 52,774,839.69			

**EXHIBIT - B
TRUST FUND**

CITY OF OCEAN CITY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 4,491.59	\$ 5,105.50
		<u>4,491.59</u>	<u>5,105.50</u>
<u>Other Funds</u>			
Cash and Investments	B-2	2,973,019.49	2,653,586.99
		<u>2,973,019.49</u>	<u>2,653,586.99</u>
		<u>\$ 2,977,511.08</u>	<u>\$ 2,658,692.49</u>

CITY OF OCEAN CITY
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 4,491.59	\$ 4,842.50
Due to Current Fund		-	263.00
		<u>4,491.59</u>	<u>5,105.50</u>
<u>Other Funds</u>			
Reserve for Tax Premiums		32,325.93	18,328.99
Reserve for Recreation Dedicated Trust		16,198.91	24,397.77
Reserve for Tourism Development		183,782.83	104,730.44
Reserve for Law Enforcement Trust		3,531.80	2,014.70
Reserve for Terminal Leave		3,120.35	3,120.35
Reserve for P.O.A.A.		47,450.67	45,317.98
Reserve for Recycling		974.95	974.95
Reserve for Cash Performance Deposits		641,231.14	588,366.52
Reserve for Dedicated Fire Fees		6.97	6.73
Reserve for Lifeguard Pension		248,920.33	273,695.00
Reserve for Shade Tree		5,138.96	9,365.46
Reserve or COAH		1,602,458.45	1,366,092.84
Reserve for Planning and Zoning		187,878.20	217,175.26
		<u>2,973,019.49</u>	<u>2,653,586.99</u>
		<u>\$ 2,977,511.08</u>	<u>\$ 2,658,692.49</u>

EXHIBIT - C
GENERAL CAPITAL FUND

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
Cash and Investments	C-2,C-3	\$ 4,626,726.58	\$ 3,558,140.90
Deferred Charges to Future Taxation:			
Funded	C-5	49,161,782.03	32,555,610.88
Unfunded	C-6	13,959,571.50	26,711,321.50
		<u>\$ 67,748,080.11</u>	<u>\$ 62,825,073.28</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 48,930,000.00	\$ 32,280,000.00
Bond Anticipation Notes Payable	C-9	2,350,000.00	14,600,000.00
Green Trust Loan Payable	C-8A	231,782.03	275,610.88
Installment Purchase Note Payable (Note 17)	C-7	4,500,000.00	-
Improvement Authorizations:			
Funded	C-7	2,771,524.83	878,890.39
Unfunded	C-7	5,069,330.52	12,300,804.07
Encumbrances Payable		3,615,159.34	2,046,932.97
Reserve for Arbitrage		30,976.11	28,481.44
Reserve for Debt Service		134,954.25	198,250.50
Reserve for Preliminary Expenses		36,989.00	36,989.00
Reserve for Capital Projects		25,000.00	-
Capital Improvement Fund	C-4	48,052.53	174,802.53
Fund Balance	C-1	4,311.50	4,311.50
		<u>\$ 67,748,080.11</u>	<u>\$ 62,825,073.28</u>

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

Balance December 31, 2005	<u>Ref.</u> C		\$	4,311.50
Increased By:				
Funded Improvement Authorizations Cancelled		\$		-
				-
				4,311.50
Decreased By:				
None				-
				-
Balance December 31, 2006	C		\$	4,311.50

EXHIBIT - D
PUBLIC ASSISTANCE FUND

CITY OF OCEAN CITY
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>Assets</u>			
Cash Trust I	E-1	\$ -	\$ -
Cash Trust II	E-1	-	-
		<u> </u>	<u> </u>
		<u>\$ -</u>	<u>\$ -</u>
 <u>Liabilities and Reserves</u>			
Reserve for Public Assistance		\$ -	\$ -
		<u> </u>	<u> </u>
		<u>\$ -</u>	<u>\$ -</u>

EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

CITY OF OCEAN CITY
GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2005</u>
<u>General Fixed Assets</u>			
Land, Buildings and Improvements	\$	56,523,187.59	\$ 56,491,680.58
Vehicles		8,559,785.73	8,307,770.94
Machinery and Equipment		6,584,241.58	6,116,614.97
		<u>\$ 71,667,214.90</u>	<u>\$ 70,916,066.49</u>
 <u>Investment in General Fixed Assets</u>			
Investment in General Fixed Assets	\$	71,667,214.90	\$ 70,916,066.49
		<u>\$ 71,667,214.90</u>	<u>\$ 70,916,066.49</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

The City of Ocean City is an island community located at the northern tip of Cape May County in the State of New Jersey. The population according to the 2000 census is 15,378.

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

Component Units

The City of Ocean City contains no component units as defined in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. Had there been any component units the provisions of GASB 14 would require that the other entity’s financial statements would have to be either blended or discretely presented with the financial statements – statutory basis of the City of Ocean City, the primary government.

Basis of Presentation, Fund Accounting

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

Current Fund

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

Trust Funds

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Capital Funds

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

Budgets and Budgetary Accounting

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

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

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

Cash and Investments

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

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

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

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

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

All certificates of deposit are recorded as cash regardless of date of maturity.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfunds

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

Inventories of Supplies

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

General Fixed Assets

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

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. 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 – statutory basis.

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

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

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments by returning 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 municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

Deferred Charges

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriation Reserves

Appropriation Reserves covering unexpended appropriation balance 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.

Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

Fund Balance

Fund Balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash except for certain amounts that 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 actual expenditures financed by the grant are made.

Property Tax Revenues

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

School Taxes

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

<u>Category</u>	<u>Amount</u>
School Tax Payable	\$ -
School Tax Deferred	10,275,236.00
	<u>\$ 10,275,236.00</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

County Taxes

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

Reserve for Uncollected Taxes

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

Expenditures

Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis; interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long – term debt, which is recognized when due.

Compensated Absences and Post – Employment Benefits

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year</u> <u>2006</u>	<u>Year</u> <u>2005</u>	<u>Year</u> <u>2004</u>
Issued:			
General:			
Bonds and Notes	\$ 56,011,782.03	\$ 47,155,610.88	\$ 51,168,576.14
Total Issued	<u>56,011,782.03</u>	<u>47,155,610.88</u>	<u>51,168,576.14</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:	<u>134,954.25</u>	<u>198,250.50</u>	<u>197,349.00</u>
Net Debt Issued	<u>55,876,827.78</u>	<u>46,957,360.38</u>	<u>50,971,227.14</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>7,109,571.50</u>	<u>12,111,321.50</u>	<u>1,911,806.18</u>
Total Authorized But Not Issued	<u>7,109,571.50</u>	<u>12,111,321.50</u>	<u>1,911,806.18</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 62,986,399.28</u>	<u>\$ 59,068,681.88</u>	<u>\$ 52,883,033.32</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 0.56%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 63,121,353.53	\$ 134,954.25	\$ 62,986,399.28
School Debt	<u>24,730,000.00</u>	<u>24,730,000.00</u>	<u>-</u>
	<u>\$ 87,851,353.53</u>	<u>\$ 24,864,954.25</u>	<u>\$ 62,986,399.28</u>

Net debt \$62,986,399.28 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$11,339,845,773 = 0.56%.

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

3-1/2% of Equalized Valuation Basis	\$ 396,894,602.06
Net Debt	<u>62,986,399.28</u>
Remaining Borrowing Power	<u>\$ 333,908,202.78</u>

The foregoing net debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 2: LONG-TERM DEBT (CONTINUED)

Description of Bonds and Loans Payable

At December 31, 2006, bonds payable in the General Capital Fund consisted of the following individual issues:

\$12,980,000 General Improvement Bonds dated January 1, 1995, due in annual installments through January 1, 2007, bearing interest at 6.00% per annum. The balance remaining as of December 31, 2006 is \$1,280,000.00.

\$13,500,000 General Improvement Bonds dated April 1, 1998, due in annual installments through April 1, 2010, bearing interest at variable rates from 4.30% to 5.00% per annum. The balance remaining as of December 31, 2006 is \$5,600,000.00.

\$17,000,000 General Improvement Bonds, dated September 1, 2001, due in annual installments beginning July 15, 2004 through, 2016, bearing interest at various rates from 4.10 to 4.50% per annum. The balance remaining as of December 31, 2006 is \$14,200,000.00.

\$9,325,000 General Improvement Bonds dated December 15, 2002, due in annual installments through, 2014, bearing interest at various rates from 3.00 to 4.00% per annum. The balance remaining as of December 31, 2006 is \$6,850,000.00.

\$21,000,000 General Improvement Bonds, dated January 15, 2006, due in annual installments beginning January 15, 2007 through, 2019, bearing interest at various rates from 3.25 to 4.00% per annum. The balance remaining as of December 31, 2006 is \$21,000,000.00.

\$172,500 Green Trust Loan dated 1987, due in semi-annual installments through 2007, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2006 is \$5,310.20.

\$95,000 Green Trust Loan dated 1988, due in semi-annual installments through 2007, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2006 is \$3,053.91.

\$277,576 Green Trust Loan dated 1994, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2006 is \$223,417.92.

Changes in Long-Term Debt

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

	<u>Outstanding</u> <u>12/31/05</u>		<u>Issues or</u> <u>Additions</u>		<u>Payments or</u> <u>Expenditures</u>		<u>Outstanding</u> <u>12/31/06</u>
General Capital Fund:							
Bonds Payable	\$ 32,280,000.00	\$	21,000,000.00	\$	4,350,000.00	\$	48,930,000.00
Loans Payable	275,610.88				43,828.85		231,782.03
Total All Funds	<u>\$ 32,555,610.88</u>	<u>\$</u>	<u>21,000,000.00</u>	<u>\$</u>	<u>4,393,828.85</u>	<u>\$</u>	<u>49,161,782.03</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 2: LONG-TERM DEBT (CONTINUED)

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

Year Ending December 31	Serial Bonds		Green Trust Loans	
	Principal	Interest	Principal	Interest
2007	\$ 4,610,000.00	\$ 1,903,840.00	\$ 36,262.04	\$ 4,413.56
2008	4,750,000.00	1,711,765.00	28,458.67	3,768.81
2009	5,000,000.00	1,523,815.00	29,030.69	3,196.79
2010	5,200,000.00	1,320,265.00	29,614.21	2,613.28
2011	3,875,000.00	1,144,165.00	30,209.46	2,018.03
2012 - 2016	19,495,000.00	3,386,640.00	78,206.96	2,361.78
2017 - 2019	6,000,000.00	360,000.00		
	<u>\$ 48,930,000.00</u>	<u>\$ 11,350,490.00</u>	<u>\$ 231,782.03</u>	<u>\$ 18,372.25</u>

NOTE 3: 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 operations 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. At December 31, 2006, the City estimates this liability to approximate \$5,072,555.00 based on 2006 pay rates and compensated absence balances.

NOTE 4: 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:

The Hartford Life Insurance Company
 Nationwide Retirement System (PEBSCO)

NOTE 5: TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2006	Balance December 31, 2005
Prepaid Taxes - Cash Liability	\$ 1,424,397.36	\$ 1,374,408.51

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 6: RETIREMENT PLANS

Plan Descriptions

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

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

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Vesting and Benefit Provisions

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

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 6: RETIREMENT PLANS (CONTINUED)

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.0% of base salary effective January 1, 2000. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

For the Public Employees' Retirement System, the City's contribution was \$202,835.56 for 2006 and \$148,628.00 for 2005.

Three Year Trend Information for PERS

Funding Year		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
12/31/06	\$	202,835.56	100%	\$	-
12/31/05		148,628.00	100%		-
12/31/04		75,204.00	100%		-

For the Police and Firemen's Retirement System, the City's contribution was \$917,427.00 for 2006 and \$708,520.00 for 2005.

Three Year Trend Information for PFRS

Funding Year		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
12/31/06	\$	917,427.00	100%	\$	-
12/31/05		708,520.00	100%		-
12/31/04		422,457.80	100%		-

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 7: CASH AND INVESTMENTS

Cash

Operating cash, in the form of checking, savings and money market savings accounts, is held in the City's name by several commercial banking institutions. At December 31, 2006, the carrying amount of the City's deposits was \$16,608,277.54 and the bank balance was \$17,602,641.30. Of the bank balance, \$361,226.56 was insured with Federal Deposit Insurance Corporation.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the City's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the City would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2006, all of the City's deposits were insured by either FDIC or the Governmental Unit Deposit Protection Act (GUDPA), and accordingly, not exposed to custodial credit risk. The City does not have a policy for custodial credit risk other than its requirement to only utilize GUDPA institutions.

Investments

Pursuant to the Enabling Act, the funds of the City may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the City may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

NOTE 8: PROPERTY TAXES

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

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

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

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 8: PROPERTY TAXES (CONTINUED)

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

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparative Schedule of Tax Rates

	2006	2005	2004
Tax Rate	\$ 0.970	\$ 0.960	\$ 0.970
Apportionment of Tax Rate:			
Municipal	0.444	0.432	0.416
County	0.268	0.263	0.269
Local School	0.258	0.265	0.285

Assessed Valuation

2006	\$ 8,014,307,303
2005	7,774,231,834
2004	7,549,955,663

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2006	\$ 79,588,215	\$ 78,802,319	99.01%
2005	76,160,501	75,576,364	99.23%
2004	74,703,309	74,117,876	99.22%

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 8: PROPERTY TAXES (CONTINUED)

Delinquent Taxes and Tax Title Liens				
Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2006	\$ 1,196.55	\$ 783,562.11	\$ 784,758.66	0.99%
2005	1,191.70	584,322.95	585,514.65	0.77%
2004	1,186.90	570,291.24	571,478.14	0.76%

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year	Amount
2006	\$ 262,576.00
2005	262,576.00
2004	262,576.00

NOTE 9: ECONOMIC DEPENDENCY

The City of Ocean City is not economically dependent on any one funding agency within the City or the State of New Jersey.

NOTE 10: 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:

Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2006 \$ 5,481,815.47	\$ 3,200,000.00	58.37%
	2005 4,732,440.61	3,185,000.00	67.30%
	2004 4,989,422.74	3,430,000.00	68.75%
	2003 4,418,673.33	3,175,000.00	71.85%
	2002 4,316,826.66	3,200,000.00	74.13%

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2006 are as follows:

	Amount	Due To	Due From
\$		None	
\$	-		

NOTE 12: BUDGETARY DATA

Annually, City Council adopts the annual appropriation budgets for the Current Fund and the Capital Improvement Plan. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The City Council approves the transfers by Resolution. Budgetary transfers during the year were not significant.

NOTE 13: FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 14: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2006:

	Balance as of December 31, 2005	Additions	Balance as of December 31, 2006
Land, Buildings & Improvements	\$ 56,491,680.58	\$ 31,507.01	\$ 56,523,187.59
Vehicles	8,307,770.94	252,014.79	8,559,785.73
Machinery & Equipments	6,116,614.97	467,626.61	6,584,241.58
Total	\$ 70,916,066.49	\$ 751,148.41	\$ 71,667,214.90

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2006 AND 2005
(CONTINUED)

NOTE 15: 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.

NOTE 16: LITIGATION

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

NOTE 17: INSTALLMENT PURCHASE NOTE

On February 17, 2006 the City issued an Installment Purchase Note in the amount of \$4,500,000 with a stated interest rate of 4%. The issuance of this note financed the purchase of land as authorized by City Bond Ordinance 05-33. The note is held by the seller of the land. The terms of the note require the City to pay interest quarterly until maturity on February 17, 2026. This note is however, subject to extraordinary mandatory redemption prior to maturity within one year of the death of the holder.

SUPPLEMENTARY INFORMATION

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2005	A	\$ 7,887,512.39	\$ 57,218.74
Increased By Receipts:			
Collector		\$ 79,650,000.00	\$
Due from State - Seniors and Veterans		216,580.82	
Federal and State Grants Receivable			1,041,282.15
Federal and State Grants Unappropriated			35,818.07
Miscellaneous Revenue Anticipated		13,389,705.11	
Miscellaneous Revenue Not Anticipated		307,909.41	
Matching Funds for Grants			24,140.00
Reserve for Health Insurance Claims		4,533,493.34	
Due from Animal Control Fund		263.00	
Change Funds		29,906.57	
Prepaid Beach Fees		5,415.00	
Reserve for Street Permit Litigation		103,000.00	
Cancelled Grants Due to Current Fund		2,720.39	
Cancellation of Payroll Taxes Payable		7,772.59	
Cancellation of State Dated Checks		2,794.84	
Payroll Payable		37,801,710.77	
		<hr/>	<hr/>
		136,051,271.84	1,101,240.22
		<hr/>	<hr/>
		143,938,784.23	1,158,458.96

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Decreased By Disbursements:			
2006 Appropriations	\$	49,536,321.16	\$
2005 Appropriation Reserves		1,164,469.80	\$
Reserve for Encumbrances			321,003.81
Cancelled Grants Due to Current Fund			2,720.39
County Taxes		21,049,633.69	
County Added and Omitted Taxes		374,556.51	
Local District School Tax		20,576,092.50	
Special Improvement District Levy		186,070.00	
Payroll Payable		37,671,878.32	
Reserve for Revaluation - 2006		175,429.85	
Tax Overpayments		61,150.33	
Federal and State Grant Fund Expenditures			525,996.81
Matching Funds for Grants		24,140.00	
Premiums Transferred to Trust		32,800.00	
Residential Development Fees		194,843.22	
Change Funds		30,906.57	
Reserve for Health Insurance Claims		4,539,025.46	
		<u>135,617,317.41</u>	<u>849,721.01</u>
Balance December 31, 2006	A	\$ <u><u>8,321,466.82</u></u>	\$ <u><u>308,737.95</u></u>

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2005	<u>Ref.</u> A		\$ 316,864.60
Increased By Receipts:			
Taxes Receivable		\$ 77,785,579.04	
Interest and Cost on Taxes		172,321.79	
Interest on Investments		15,056.84	
Miscellaneous Revenue Not Anticipated		7,312.48	
Residential Development Fees		194,843.22	
Tax Overpayments		68,934.78	
Prepaid Taxes		1,424,397.36	
Tax Premium		<u>32,800.00</u>	
			<u>79,701,245.51</u>
			80,018,110.11
Decreased By Disbursements:			
Payment to Treasurer		79,650,000.00	
			<u>79,650,000.00</u>
Balance December 31, 2006	A		\$ <u><u>368,110.11</u></u>

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2006 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance
	Dec. 31, 2005			2005	2006			Dec. 31, 2006
2005	\$ 584,322.95	\$ -	\$ -	\$ -	\$ 585,076.12	\$ (753.17)	\$ -	\$ -
	584,322.95	-	-	-	585,076.12	(753.17)	-	-
2006		77,929,135.70	1,659,079.34	1,374,408.51	77,427,910.50	2,329.07	4.85	783,562.11
	\$ 584,322.95	\$ 77,929,135.70	\$ 1,659,079.34	\$ 1,374,408.51	\$ 78,012,986.62	\$ 1,575.90	\$ 4.85	\$ 783,562.11
Ref.	A							A

\$ 77,785,579.04 Cash Receipts
 215,505.43 Senior Citizens and Veterans
 11,902.15 Overpayments Applied
\$ 78,012,986.62

Analysis of 2006 Property Tax Levy

Tax Yield:

General Property Tax

SID Levy

Added Taxes (54:4-63.1 et seq.)

\$ 77,738,780.84
 190,354.86
1,659,079.34

\$ 79,588,215.04

Tax Levy:

Local District School Tax:

Levy

\$ 20,550,472.00

\$ 20,550,472.00

County Taxes

County Taxes Added and Omitted

SID Levy

Local Tax for Municipal Purposes

Add: Additional Tax Levied

35,424,752.70
1,918,993.33

21,049,633.69
 458,293.32
 186,070.00

37,343,746.03

\$ 79,588,215.04

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2005	<u>Ref.</u> A		\$	1,191.70
Increased By Receipts:				
Transfers from Taxes Receivable		\$		4.85
				4.85
				1,196.55
Decreased By:				
None				-
Balance December 31, 2006	A		\$	1,196.55

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2005	Accrued In 2006	Collected	Balance Dec. 31, 2006
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Other	\$ -	\$ 480,023.50	\$ 480,023.50	\$ -
Fees and Permits	-	963,105.00	963,105.00	-
Municipal Court - Fines and Costs	20,815.55	708,098.38	699,719.88	29,194.05
Interest and Costs on Taxes	-	172,321.79	172,321.79	-
Parking Meters	-	1,910,291.62	1,910,291.62	-
Interest on Investments	-	861,129.90	861,129.90	-
Beach Fees	-	2,894,648.00	2,894,648.00	-
Rental or Sale of Municipal Property	-	92,465.04	92,465.04	-
Airport Fees	-	192,897.46	192,897.46	-
Boat Ramp Fees	-	41,274.53	41,274.53	-
Aquatic and Fitness Center User Fees	-	620,706.49	620,706.49	-
Smoke Detector Inspection	-	116,345.00	116,345.00	-
Emergency Medical Services	-	408,494.63	408,494.63	-
Legislative Initiative Block Grant	-	67,876.00	67,876.00	-
Garden State Trust Fund	-	420.30	420.30	-
Energy Receipts Tax	-	2,327,675.00	2,327,675.00	-
Consolidated Municipal Property Tax Relief Aid	-	30,623.00	30,623.00	-
Homeland Security Aid	-	70,000.00	70,000.00	-
Supplemental Energy Receipts Tax	-	24,122.00	24,122.00	-

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2005</u>	<u>Accrued In 2006</u>	<u>Collected</u>	<u>Balance Dec. 31, 2006</u>
Uniform Construction Code Fees	\$ -	\$ 745,098.60	\$ 745,098.60	\$ -
Upper Township - Dispatching Service	-	163,357.00	163,357.00	-
Anticipation of Lease Agreement - Ocean City Free Public Library	-	494,489.00	494,489.00	-
Reserve for Debt Service, Capital Fund Balance and Reserve for Arbitrage	-	175,000.00	175,000.00	-
Interlocal - Ocean City Tourism Development - Staffing Costs	-	25,000.00	25,000.00	-
Miscellaneous Revenue Not Anticipated	-	315,221.89	315,221.89	-
TOTALS	<u>\$ 20,815.55</u>	<u>\$ 13,900,684.13</u>	<u>\$ 13,892,305.63</u>	<u>\$ 29,194.05</u>
Ref.	A			A
		A-4	\$ 13,697,614.52	
		A-5	194,691.11	
			<u>\$ 13,892,305.63</u>	

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2005	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages				
Mayors Office	\$ 100.00	\$ 100.00	\$	\$ 100.00
City Administrator	2,123.90	2,123.90	730.54	1,393.36
Management of Information Systems	1,196.39	1,196.39	1,078.06	118.33
Purchasing Division	966.76	966.76		966.76
Personnel and Risk Management	47,545.56	47,545.56	47,545.56	-
Director of Community Service	2.07	2.07	2.07	-
Community Development	4,710.68	4,710.68		4,710.68
Recreation Programs	38,505.11	38,505.11	33,505.11	5,000.00
Recreation Operations	2,853.28	2,853.28	2,853.28	-
Aquatic and Fitness Center	3,549.80	3,549.80	3,549.80	-
Public Assistance	1,224.11	1,224.11	1,039.65	184.46
Legal Division	205.00	205.00		205.00
Accounting Division	2,110.00	2,110.00	2,110.00	-
Parking Regulation	1,677.99	1,677.99		1,677.99
Property Assessment	1,922.83	1,922.83	1,117.02	805.81
Beach Fee Regulation	476.51	476.51		476.51
Tax Collection	5,132.68	5,132.68	718.12	4,414.56
Revenue Collection	15,459.84	15,459.84	4,473.40	10,986.44
City Clerk	1,411.89	1,411.89	489.68	922.21
City Council	350.00	350.00		350.00
Rescue Services	5,857.70	5,857.70		5,857.70
Lifeguards	1,315.93	1,315.93		1,315.93
Police Protection	74,996.86	74,996.86	73,840.74	1,156.12
Fire Protection	17,879.63	17,879.63	11,702.00	6,177.63
Public Works Administration	2,323.87	2,323.87	429.04	1,894.83
Public Works Operations	12,473.90	12,473.90	2,306.49	10,167.41
Engineering and Construction	15,339.67	15,339.67		15,339.67
Fleet Maintenance	3,563.18	3,563.18		3,563.18
Field Operations and Engineering	9,932.06	9,932.06		9,932.06
Community Development - Administration	343.16	343.16	343.16	-
Planning Division	1,475.24	1,475.24		1,475.24
Zoning Division	11,090.77	11,090.77		11,090.77
Construction Code	13,312.05	13,312.05	2,601.36	10,710.69
Municipal Court	4,124.14	4,124.14	891.79	3,232.35
Other Expenses:				
Mayors Office	4,045.87	4,045.87	1,704.57	2,341.30
City Administrator	2,973.59	973.59		973.59
Management of Information Systems	24,459.14	24,459.14	16,206.29	8,252.85
Purchasing Division	3,164.44	3,164.44	1,973.42	1,191.02
Personnel and Risk Management				
Miscellaneous Other Expenses	5,319.35	7,819.35	6,064.75	1,754.60
Director of Community Service	189.50	189.50		189.50
Community Development	15,184.37	15,184.37	2,470.27	12,714.10
Recreation Programs	3,806.05	3,806.05	1,181.36	2,624.69
Recreation Operations	3,488.98	3,488.98	802.90	2,686.08
Aquatic and Fitness Center	1,831.18	1,831.18	1,574.90	256.28
Public Assistance	1,085.10	1,085.10		1,085.10
Legal	51,429.23	51,429.23	38,482.81	12,946.42
Accounting Division	1,767.23	1,767.23	960.78	806.45

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2005	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (Continued):				
Parking Regulation	\$ 414.24	\$ 414.24	\$	\$ 414.24
Property Assessment	846.18	846.18	829.19	16.99
Beach Fee Regulation	3,774.16	1,774.16		1,774.16
Tax Collection	1,568.50	1,568.50	355.29	1,213.21
Revenue Collection	8,191.13	8,191.13	2,474.16	5,716.97
City Clerk	24,672.87	24,672.87	2,408.29	22,264.58
City Council	3,356.38	3,356.38	1,710.00	1,646.38
Rescue Services	9,797.21	9,797.21	2,285.82	7,511.39
Lifeguards	1,906.29	1,906.29	223.80	1,682.49
Police Protection	75,730.90	75,730.90	64,422.60	11,308.30
Fire Protection	24,939.37	24,939.37	16,022.14	8,917.23
Public Works Administration	2,806.99	2,806.99	2,803.60	3.39
City Wide Operations	68,820.30	68,820.30	67,121.55	1,698.75
Public Works Operations	218,450.60	205,950.60	170,966.11	34,984.49
Engineering and Construction	3,635.16	3,635.16	1,801.90	1,833.26
Fleet Maintenance	17,973.11	17,973.11	11,496.25	6,476.86
Field Operations and Engineering	432.03	432.03	52.80	379.23
Community Development - Administration	4,227.69	4,227.69	1,469.31	2,758.38
Planning Division	4,221.56	4,221.56	796.44	3,425.12
Planning Board	41,534.49	41,534.49	6,240.00	35,294.49
Zoning Board	1,983.45	1,983.45	1,983.45	-
Historical Commission	7,745.82	7,745.82	265.27	7,480.55
Zoning Division	50.63	50.63		50.63
Special Improvement District	17,000.00	17,000.00	17,000.00	-
Construction Code	51,601.85	51,601.85	49,808.38	1,793.47
Electricity	88,955.79	88,955.79	83,383.90	5,571.89
Street Lighting	54,029.22	54,029.22	54,029.22	-
Telephone	16,851.62	16,851.62	14,431.01	2,420.61
Water	61,301.87	61,301.87	61,301.87	-
Fuel Oil	23,894.61	23,894.61	22,936.97	957.64
Gasoline	31,304.08	31,304.08	19,837.91	11,466.17
Social Security System	18,023.47	3,023.47		3,023.47
Consolidated Police and Firemen's Pensio	946.89	946.89		946.89
Unemployment Compensation	6,332.82	6,332.82		6,332.82
Municipal Court	9,809.59	9,809.59	2,344.09	7,465.50
Police and Firemen's Retirement System	0.60	0.60		0.60
Public Employee's Retirement System	0.20	0.20		0.20
Insurance	184,493.46	213,493.46	178,528.56	34,964.90
Technology Equipment	42,391.00	42,391.00	42,391.00	-
Public Safety Equipment	260.47	260.47		260.47
TOTALS	\$ 1,558,573.19	\$ 1,558,573.19	\$ 1,164,469.80	\$ 394,103.39
Ref.	A		A-4	A-1

CITY OF OCEAN CITY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
State:					
Beach Acquisition Grant	\$ 94,975.50	\$	\$	\$	\$ 94,975.50
NJ State Police - Emergency Management	-	10,000.00	5,000.00		5,000.00
Enhanced 911 Assistance	-	25,282.00	25,282.00		-
At Scene Fatal Accident	-	14,765.00	14,650.93	114.07	-
Alcohol Education and Rehabilitation	453.51			453.51	-
NJ Council on the Arts - Ocean City POPS	30,501.00				30,501.00
Green Communities Challenge Grant	2,000.00				2,000.00
Clean Communities	-	41,423.90	41,423.90		-
Municipal Stormwater Regulation	3,007.00	12,029.00	9,022.00		6,014.00
Share Grant	37,500.00				37,500.00
Child Traffic Safety Program	-	14,000.00	13,873.74	126.26	-
Cape May County Mini Recycling Grant	-	2,000.00	1,801.80	198.20	-
NJ Department of Transportation					
Division of Aeronautics					
Airport Safety Grant	19,000.00				19,000.00
Safe and Secure Communities	30,000.00	60,000.00	60,000.00		30,000.00
DOT Bike Path	35,000.00		35,000.00		-
Transportation Trust Fund					
Year 2006 Grant	-	135,000.00	101,250.00		33,750.00
Year 2005 Grant	140,000.00	140,000.00		140,000.00	140,000.00
Aggressive Driving Program	-	55,000.00			55,000.00
Neighborhood Preservation - Home	30,530.00		30,530.00		-
Neighborhood Preservation Program	320,863.00	125,000.00	49,233.00	225,000.00	171,630.00

CITY OF OCEAN CITY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2005</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2006</u>
Federal:					
FAA Block	\$ 435.73	\$	\$ 435.73	\$	\$ -
FAA Block - 2003	77,161.62		31,607.62	45,554.00	-
FAA - Snow Removal Building	28,761.96		20,242.00		8,519.96
FAA -Fuel Farm Expansion	17,978.30		10,537.00		7,441.30
Federal Road Aid Project	986,000.00				986,000.00
FEMA - Flood Mitigation	4,256.66				4,256.66
Secure our Schools Grant	14,663.00		14,600.00	63.00	-
FAA Rehabilitation Drainage System	150,000.00			150,000.00	-
US Department of Transportation - Pavement & Evaluation Study	123,266.00		38,136.00		85,130.00
CDBG	645,167.00	309,603.00	538,656.43		416,113.57
TOTALS	\$ 2,791,520.28	\$ 944,102.90	\$ 1,041,282.15	\$ 561,509.04	\$ 2,132,831.99
Ref.	A				A

CITY OF OCEAN CITY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Purpose</u>	<u>Balance Dec. 31, 2005</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2006</u>
State:					
Drunk Driving Enforcement Fund	\$ 7,997.21	\$ 11,033.95	\$ 10,997.21	\$	\$ 8,033.95
Municipal Alliance	2,015.00			2,015.00	-
Recycling Tonnage Grant	8,084.87	9,497.52	17,582.39		-
Alcohol Education and Rehabilitation	200.00		200.00		-
Body Armor Fund	5,721.20	8,249.81	5,721.20		8,249.81
DMV Inspection Fines	5,774.83	5,000.00	5,774.83		5,000.00
Share Grant	-	4,327.50			4,327.50
Federal:					
Local Law Enforcement Block Grant	275.71	17.43		293.14	-
TOTALS	\$ 30,068.82	\$ 38,126.21	\$ 40,275.63	\$ 2,308.14	\$ 25,611.26
Ref.	A				A

**CITY OF OCEAN CITY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

Purpose	Balance Dec. 31, 2005	Budget Appropriations	Expended	Cancelled	Balance Dec. 31, 2006
State:					
Department of Transportation					
Year 2006 Grant	\$ -	\$ 135,000.00	\$ 135,000.00		\$ -
Year 2005 Grant	140,000.00	140,000.00	140,000.00	140,000.00	-
Municipal Alliance	12,986.21	4,140.00	4,140.00		12,986.21
Clean Communities	62,674.22	41,423.90	8,711.39		95,386.73
Beach Acquisition Grant	77,926.00		(400.00)		78,326.00
NJ Council on the Arts - Ocean City POPS	29,845.00				29,845.00
Body Armor	229.47	5,721.20	5,816.25		134.42
Aggressive Driving Program	-	55,000.00	4,500.00		50,500.00
Drunk Driving Enforcement	9,521.18	10,997.21	15,585.83		4,932.56
State Police Emergency Management	618.98	10,000.00	10,560.20		58.78
Green Communities	3,000.00				3,000.00
Share Grant	75,000.00				75,000.00
Child Traffic Safety Program	-	14,000.00	13,873.84	126.16	-
Cape May County Mini Recycling Grant	-	2,000.00	1,801.80	198.20	-
Shade Tree Grant	4,980.11		(40.00)		5,020.11
Recycling Tonnage Grant	6,279.24	17,582.39	1,312.88		22,548.75
Alcohol Education and Rehabilitation	890.91	200.00			1,090.91
Enhanced 911 Assistance	-	25,282.00	25,282.00		-
DEP - Statewide Livable Communities	50,000.00				50,000.00
Municipal Stormwater Regulation	-	12,029.00			12,029.00
Domestic Violence Response Team	1,483.00			1,483.00	-
DMV Inspection Fines	9,284.57	5,774.83	9,579.75		5,479.65
At Scene Fatal Accident	-	14,765.00	14,650.93	114.07	-
NJ Department of Transportation Division of Aeronautics Airport Safety Grant	20,000.00		20,000.00		-
Safe and Secure Communities	-	75,000.00	75,000.00		-
Neighborhood Preservation	340,030.69	130,000.00	275.00	225,000.00	244,755.69
Federal:					
FAA Drainage	89,154.42			89,154.42	-
FAA Block Grant	119,785.84		9,832.26	108,153.58	1,800.00
US Department of Transportation FAA - Snow Removal Building	6,600.01				6,600.01
FAA -Fuel Farm Expansion	6,599.97				6,599.97
FEMA	7,467.00				7,467.00
FEMA - Flood Mitigation	11,980.66		4,743.34		7,237.32
Americorp Grant	600.00		600.00		-
Federal Aid Road Project	986,000.00		40,620.00		945,380.00
CDBG	424,728.91	309,603.00	270,080.58		464,251.33
TOTALS	\$ 2,497,666.39	\$ 1,008,518.53	\$ 811,526.05	\$ 564,229.43	\$ 2,130,429.44
Ref.	A		A-4		A
		Cash Disbursed	\$ 525,996.81		
		Encumbered	285,529.24		
			<u>\$ 811,526.05</u>		

CITY OF OCEAN CITY
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH

Balance December 31, 2005	<u>Ref.</u> B		\$ 5,105.50
Increased By Receipts:			
Dog Licenses Fees		\$ 2,538.00	
State License Fees		835.80	
			3,373.80
			8,479.30
Decreased By Disbursements:			
State of New Jersey		835.80	
Animal Control Expenditures		2,888.91	
Due to Current Fund		263.00	
			3,987.71
Balance December 31, 2006	B		\$ 4,491.59

CITY OF OCEAN CITY
TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2005	B		\$ 2,653,586.99
Increased By Receipts:			
Reserve for Tax Premiums		\$ 107,743.72	
Recreation Dedicated Trust		608,544.69	
P.O.A.A. Fees		5,962.00	
P.O.A.A. Interest		470.69	
Cash Performance Deposits		161,886.44	
Lifeguard Pension Contributions		53,291.72	
Lifeguard Pension Interest		8,847.48	
Fire Dedicated Fees - Interest		0.24	
Shade Tree Commission		9,596.08	
Planning and Zoning		348,291.33	
Special Law Enforcement Trust		1,793.32	
Special Law Enforcement Trust - Interest		118.78	
Reserve for COAH		194,843.22	
Reserve for COAH - Interest		54,401.18	
Ocean City Tourism Development Commission		328,200.00	
Ocean City Tourism Development Commission - Interest		3,957.13	
		<hr/>	<hr/>
			1,887,948.02
			4,541,535.01
Decreased By Disbursements:			
Reserve for Tax Premiums		93,746.78	
Recreation Dedicated Trust		616,743.55	
P.O.A.A. Fees		4,300.00	
Cash Performance Deposits		109,021.82	
Lifeguard Pension		86,913.87	
Shade Tree Commission		13,822.58	
Planning and Zoning		377,588.39	
Special Law Enforcement Trust		395.00	
Reserve for COAH		12,878.79	
Ocean City Tourism Development Commission		253,104.74	
		<hr/>	<hr/>
			1,568,515.52
Balance December 31, 2006	B		\$ <u><u>2,973,019.49</u></u>

CITY OF OCEAN CITY
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2005	<u>Ref.</u> B		\$	4,842.50
Increased By:				
Dog Licenses Fees Collected		\$		2,136.00
Miscellaneous Fees Collected				402.00
				<u>2,538.00</u>
				7,380.50
Decreased By:				
Animal Control Expenditures				2,888.91
				<u>2,888.91</u>
Balance December 31, 2006	B		\$	<u><u>4,491.59</u></u>

License Fees Collected	<u>Year</u>			
	2004	\$		2,357.00
	2005			2,208.50
		\$		<u><u>4,565.50</u></u>

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2005	<u>Ref.</u> C		\$ 3,558,140.90
Increased By Receipts:			
Budget Appropriation:			
Capital Improvement Fund		\$ 310,000.00	
Deferred Charges Unfunded		50,000.00	
Track Reimbursement from Board of Education		73,115.75	
Radio Upgrade Reimbursement from Upper Township		38,588.00	
Reserve for Arbitrage		2,494.67	
County Joint Venture Funded Ordinance		928,920.00	
Reserve for Capital Projects		25,000.00	
Bond Proceeds		21,000,000.00	
Bond Anticipation Notes		<u>2,350,000.00</u>	
			<u>24,778,118.42</u>
			28,336,259.32
Decreased By Disbursements:			
Improvement Authorizations		8,934,532.74	
Payment of Notes		14,600,000.00	
Reserve for Debt Service		<u>175,000.00</u>	
			<u>23,709,532.74</u>
Balance December 31, 2006	C		\$ <u><u>4,626,726.58</u></u>

**CITY OF OCEAN CITY
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2005	Receipts			Disbursements		Transfers		Balance Dec. 31, 2006
		Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 4,311.50	\$	\$	\$	\$	\$	\$	\$	\$ 4,311.50
Capital Improvement Fund	174,802.53			310,000.00			436,750.00		48,052.53
Reserve for Arbitrage	28,481.44			2,494.67					30,976.11
Reserve for Debt Service	198,250.50			111,703.75		175,000.00			134,954.25
Encumbrances	2,046,932.97					2,046,932.97		3,615,159.34	3,615,159.34
Reserve for Preliminary Expenses	36,989.00								36,989.00
Reserve for Capital Projects	-			25,000.00					25,000.00
Improvement Authorizations									
Ord. Number									
92-9 Beach Area Acquisition	(279,715.40)								(279,715.40)
97-22 Various General Improvements	3,717.60				3,717.60				-
00-19 Various General Improvements	463.80								463.80
99-01 : 00-20 Various General Improvements	10,227.98				3,375.04		3,405.00		3,447.94
99-17:02-05 Acquisition of Real Property	23,362.19				20,343.49		3,018.70		0.00
00-01 Various Capital Improvements	187.15				(8,354.47)		8,354.47		187.15
00-03 Various Capital Improvements	55,541.39				(10,083.93)		10,083.93		55,541.39
00-13 : 01-10 Various Capital Improvements	155.00								155.00
01-01 Various Capital Improvements	40.61								40.61
01-03: 03-29 Various Capital Improvements	71,582.57			950.00	16,365.00		17,000.00		39,167.57
01-06 Acquisition of Property	(49,050.00)			49,050.00					-
01-09 Various Capital Improvements	775.00								775.00
01-21 Various Capital Improvements	3,100.90				3,100.90				-
01-23 : 02-27 Various Capital Improvements	20,272.43				765.73		7,482.73		12,023.97
01-33 Various Capital Improvements	1,092.54				1,092.54				-
02-06 Various Capital Improvements	26,008.34				(2,473.36)		6,805.00		21,676.70
02-24 Various Capital Improvements	3,157.89				828.70		2,213.42		115.77
03-02 Various Capital Improvements	(11,461.51)	1,390,000.00			17,930.68	1,357,000.00	2,458.80		1,149.01
03-25 Various Capital Improvements	-	5,035,000.00				5,035,000.00			-
03-28 Various Capital Improvements	(1,632.67)	1,151,000.00			22,431.92	1,015,000.00	22,054.64		89,880.77
04-02: 04-22 Various Capital Improvements	477,833.59	1,950,000.00			562,171.51	1,770,000.00	44,542.25		51,119.83
04-09 Various Capital Improvements	(37,500.00)	235,250.00			(83,200.00)	200,000.00	83,200.00		(2,250.00)
04-14 Various Capital Improvements	520,455.00				343,399.86		177,055.14		-
04-16 Various Capital Improvements	115,733.12	3,390,000.00			30,036.09	3,000,000.00	36,850.49		438,846.54
04-23 Various Capital Improvements	65,000.00								65,000.00
04-25 Various Capital Improvements	(750.00)	213,750.00				213,000.00			-
04-30 Various Capital Improvements	131,950.18	1,225,000.00			40,929.19	1,000,000.00	4,498.37		311,522.62
05-08 Various Capital Improvements	224,262.16	1,350,000.00			196,360.88	710,000.00	446,440.40		221,460.88
05-15 Various Capital Improvements	73,750.00	600,000.00			624,279.06		548,190.86		(498,719.92)
05-25 Various Capital Improvements	(380,186.90)	4,460,000.00			1,843,572.90	300,000.00	653,789.92		1,282,450.28
05-33 Acquisition of Land			4,500,000.00		4,500,000.00				-
05-40 Various Capital Improvements	-				300,000.00			15,000.00	(285,000.00)
06-03 Various Capital Improvements	-		2,350,000.00		2,277,699.29		1,292,106.37	245,250.00	(974,555.66)
06-13 Various Capital Improvements	-			928,920.00	683,311.15		245,608.85		-
06-32 Various Capital Improvements	-							176,500.00	176,500.00
	\$ 3,558,140.90	\$ 21,000,000.00	\$ 6,850,000.00	\$ 1,428,118.42	\$ 11,387,599.77	\$ 16,821,932.97	\$ 4,051,909.34	\$ 4,051,909.34	\$ 4,626,726.58
Ref. C									C

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2005	<u>Ref.</u> C		\$	174,802.53
Increased By:				
Current Fund Budget Appropriation		\$ 310,000.00		
				310,000.00
				484,802.53
Decreased By:				
Improvement Authorizations Funded		436,750.00		
				436,750.00
Balance December 31, 2006	C		\$	48,052.53

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2005	<u>Ref.</u> C		\$	32,555,610.88
Increased By:				
Bond Proceeds		\$ 21,000,000.00		
				21,000,000.00
				53,555,610.88
Decreased By:				
Serial Bonds Paid		4,350,000.00		
Green Trust Loan Principal Paid		43,828.85		
				4,393,828.85
Balance December 31, 2006	C		\$	49,161,782.03

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

Ord. Number	Improvement Description	Balance Dec. 31, 2005	2006 Authorizations	Bonds & Loans Issued	Other	Balance Dec. 31, 2006	Analysis of Balance		
							Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
92-9	Beach Area Acquisition	\$ 284,924.50	\$	\$	\$	\$ 284,924.50	\$	\$ 279,715.40	\$ 5,209.10
01-03	Various Capital Improvements	49,197.00			950.00	48,247.00			48,247.00
01-06	Acquisition of Property	49,050.00			49,050.00	-			-
03-02	Various Capital Improvements	1,393,650.00		1,390,000.00		3,650.00			3,650.00
03-25	Various Capital Improvements	5,035,000.00		5,035,000.00		-			-
03-28	Various Capital Improvements	1,159,000.00		1,151,000.00		8,000.00			8,000.00
04-02: 04-22	Various Capital Improvements	1,952,250.00		1,950,000.00		2,250.00			2,250.00
04-09	Various Capital Improvements	237,500.00		235,250.00		2,250.00		2,250.00	-
04-16	Various Capital Improvements	3,391,500.00		3,390,000.00		1,500.00			1,500.00
04-25	Various Capital Improvements	213,750.00		213,750.00		-			-
04-30	Various Capital Improvements	1,225,500.00		1,225,000.00		500.00			500.00
05-08	Various Capital Improvements	1,353,750.00		1,350,000.00		3,750.00			3,750.00
05-15	Various Capital Improvements	1,401,250.00		600,000.00		801,250.00		498,719.92	302,530.08
05-25	Various Capital Improvements	4,465,000.00		4,460,000.00		5,000.00			5,000.00
05-33	Acquisition of Land	4,500,000.00				4,500,000.00		4,500,000.00	-
05-40	Various Capital Improvements	-	285,000.00			285,000.00		285,000.00	-
06-03	Various Capital Improvements	-	4,659,750.00			4,659,750.00	2,350,000.00	974,555.66	1,335,194.34
06-13	Various Capital Improvements	-	928,920.00		928,920.00	-			-
06-32	Various Capital Improvements	-	3,353,500.00			3,353,500.00			3,353,500.00
		<u>\$ 26,711,321.50</u>	<u>\$ 9,227,170.00</u>	<u>\$ 21,000,000.00</u>	<u>\$ 978,920.00</u>	<u>\$ 13,959,571.50</u>	<u>\$ 2,350,000.00</u>	<u>\$ 6,540,240.98</u>	<u>\$ 5,069,330.52</u>
Ref.		C		C-7					C
						Improvement Authorizations Unfunded			\$ 5,069,330.52
						Less:			
						Unexpended Proceeds of			
						Bond Anticipation Notes:			
						None	\$		
									-
									<u>\$ 5,069,330.52</u>

**CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2005		2006 Authorizations			Paid or Charged	Balance December 31, 2006	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation	Other		Funded	Unfunded
92-9	Beach Area Acquisition	3/12/1992	\$ 577,158	\$ -	\$ 5,209.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,209.10
97-22	Various General Improvements	7/10/1997	940,000	3,717.60	-	-	-	3,717.60	-	-	-
98-2 : 99-10	Various General Improvements	2/26/1998	2,748,000	463.80	-	-	-	-	463.80	-	-
99-01 : 00-20	Various General Improvements	2/11/1999	3,657,000	10,227.98	-	-	-	6,780.04	3,447.94	-	-
99-17 : 02-05	Acquisition of Real Property	8/26/1999	6,800,000	23,362.19	-	-	-	23,362.19	-	-	-
00-01	Various Capital Improvements	1/27/2001	2,238,000	187.15	-	-	-	-	187.15	-	-
00-03	Various Capital Improvements	3/30/2001	525,000	55,541.39	-	-	-	-	55,541.39	-	-
00-13 : 01-10	Various Capital Improvements	7/27/2001	1,145,000	155.00	-	-	-	-	155.00	-	-
01-01	Various Capital Improvements	2/8/2002	790,000	40.61	-	-	-	-	40.61	-	-
01-03: 03-29	Various Capital Improvements	2/8/2002	240,000	71,582.57	49,197.00	-	-	33,365.00	39,167.57	48,247.00	-
01-09	Various Capital Improvements	6/28/2002	1,700,000	775.00	-	-	-	-	775.00	-	-
01-21 : 02-01	Various Capital Improvements	8/30/2002	218,500	3,100.90	-	-	-	3,100.90	-	-	-
01-23 : 02-27	Various Capital Improvements	9/13/2002	1,102,000	20,272.43	-	-	-	8,248.46	12,023.97	-	-
01-33	Various Capital Improvements	11/15/2001	220,020	1,092.54	-	-	-	1,092.54	-	-	-
02-06: 03-19	Various Capital Improvements	2/28/2002	2,950,000	26,008.34	-	-	-	4,331.64	21,676.70	-	-
02-24	Various Capital Improvements	8/22/2002	1,700,000	3,157.89	-	-	-	3,042.12	115.77	-	-
03-02	Various Capital Improvements	1/30/2003	1,467,000	-	25,188.49	-	-	20,389.48	1,149.01	3,650.00	-
03-28	Various Capital Improvements	12/11/2003	1,220,000	-	142,367.33	-	-	44,486.56	89,880.77	8,000.00	-
04-02: 04-22	Various Capital Improvements	3/11/2004	2,055,000	-	660,083.59	-	-	606,713.76	51,119.83	2,250.00	-
04-14	Various Capital Improvements	6/24/2004	588,000	520,455.00	-	-	-	520,455.00	-	-	-
04-16	Various Capital Improvements	7/29/2004	3,570,000	-	507,233.12	-	-	66,886.58	438,846.54	1,500.00	-
04-23	Various Capital Improvements	10/14/2004	65,000	65,000.00	-	-	-	-	65,000.00	-	-
04-30	Various Capital Improvements	1/13/2005	1,290,000	-	357,450.18	-	-	45,427.56	311,522.62	500.00	-
05-08	Various Capital Improvements	3/22/2005	1,425,000	-	868,012.16	-	-	642,801.28	221,460.88	3,750.00	-
05-15	Various Capital Improvements	6/16/2005	1,475,000	73,750.00	1,401,250.00	-	-	1,172,469.92	-	302,530.08	-
05-25	Various Capital Improvements	8/11/2005	4,700,000	-	3,784,813.10	-	-	2,497,362.82	1,282,450.28	5,000.00	-
05-33	Acquisition of Land	11/22/2005	4,500,000	-	4,500,000.00	-	-	4,500,000.00	-	-	-
05-40	Various Capital Improvements	1/12/2006	300,000	-	-	15,000.00	285,000.00	300,000.00	-	-	-
06-03	Various Capital Improvements	2/23/2006	4,905,000	-	-	245,250.00	4,659,750.00	3,569,805.66	-	1,335,194.34	-
06-13	Various Capital Improvements	6/15/2006	928,920	-	-	-	-	928,920.00	-	-	-
06-32	Various Capital Improvements	11/30/2006	3,530,000	-	-	176,500.00	3,353,500.00	-	176,500.00	3,353,500.00	-
				\$ 878,890.39	\$ 12,300,804.07	\$ 436,750.00	\$ 8,298,250.00	\$ 928,920.00	\$ 15,002,759.11	\$ 2,771,524.83	\$ 5,069,330.52
Ref.				C	C				C	C	
							Cash Disbursed	C-2	\$ 8,934,532.74		
							Installment Purchase				
							Note Issued	C	4,500,000.00		
							Net Encumbrances	C	1,568,226.37		
									\$ 10,502,759.11		

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2005	Increased	Decreased	Balance Dec. 31, 2006
			December 31, 2006 Date	Amount					
General Improvements	1/1/95	\$ 12,980,000	1/1/2007	\$ 1,280,000	6.000%	\$ 2,580,000.00	\$	\$ 1,300,000.00	\$ 1,280,000.00
General Improvements	4/1/98	13,500,000	4/1/2007	1,400,000	4.350%	6,950,000.00		1,350,000.00	5,600,000.00
			4/1/2008	1,400,000	4.400%				
			4/1/2009	1,400,000	4.500%				
			4/1/2010	1,400,000	5.000%				
General Improvements	9/1/2001	17,000,000	7/15/2007	1,100,000	4.100%	15,200,000.00		1,000,000.00	14,200,000.00
			7/15/2008	1,200,000	4.100%				
			7/15/2009	1,300,000	4.100%				
			7/15/2010	1,350,000	4.100%				
			7/15/2011	1,375,000	4.100%				
			7/15/2012	1,450,000	4.100%				
			7/15/2013	1,525,000	4.200%				
			7/15/2014	1,550,000	4.300%				
			7/15/2015	1,650,000	4.400%				
			7/15/2016	1,700,000	4.500%				
General Improvements	12/15/2002	9,325,000	12/15/2007	730,000	3.000%	7,550,000.00		700,000.00	6,850,000.00
			12/15/2008	750,000	3.100%				
			12/15/2009	800,000	3.250%				
			12/15/2010	850,000	3.500%				
			12/15/2011	900,000	3.600%				
			12/15/2012	920,000	3.700%				
			12/15/2013	950,000	3.800%				
			12/15/2014	950,000	4.000%				

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2005	Increased	Decreased	Balance Dec. 31, 2006
			Date	Amount					
General Improvements	1/15/2006	\$ 21,000,000	1/15/2007	100,000	3.25%	\$ -	\$ 21,000,000.00	\$	\$ 21,000,000.00
			1/15/2008	1,400,000	3.25%				
			1/15/2009	1,500,000	3.50%				
			1/15/2010	1,600,000	3.50%				
			1/15/2011	1,600,000	3.50%				
			1/15/2012	1,600,000	3.50%				
			1/15/2013	1,600,000	3.75%				
			1/15/2014	1,800,000	4.00%				
			1/15/2015	1,900,000	4.00%				
			1/15/2016	1,900,000	4.00%				
			1/15/2017	2,000,000	4.00%				
			1/15/2018	2,000,000	4.00%				
			1/15/2019	2,000,000	4.00%				
Ref. \$						\$ 32,280,000.00	\$ 21,000,000.00	\$ 4,350,000.00	\$ 48,930,000.00
						C			C

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2006</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2005</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2006</u>
			<u>Date</u>	<u>Amount</u>				
Acquisition of 59th Street Fishing Pier	1987	\$ 172,500	2007	\$ 5,310.20	2.000%	\$ 15,773.39	\$ 10,463.19	\$ 5,310.20
Development of Memorial Park	1988	95,000	2007	3,053.91	2.000%	9,071.35	6,017.44	3,053.91
Beach Area Acquisition	1994	277,576	2007	27,897.93	2.000%	250,766.14	27,348.22	223,417.92
			2008	28,458.67				
			2009	29,030.69				
			2010	29,614.21				
			2011	30,209.46				
			2012	30,816.67				
			2013	31,436.08				
			2014	15,954.21				
						\$ <u>275,610.88</u>	\$ <u>43,828.85</u>	\$ <u>231,782.03</u>
Ref.						C	C	C

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

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2005	Increased	Decreased	Balance Dec. 31, 2006
03-02	Various Capital Improvements	5/9/2003	10/21/2005	2/21/2006	3.700%	\$ 1,357,000.00	\$	\$ 1,357,000.00	\$ -
03-25	Various Capital Improvements	5/3/2004	10/21/2005	2/21/2006	3.700%	5,035,000.00		5,035,000.00	-
03-28	Various Capital Improvements	5/3/2004	10/21/2005	2/21/2006	3.700%	1,015,000.00		1,015,000.00	-
04-02: 04-22	Various Capital Improvements	5/3/2004	10/21/2005	2/21/2006	3.700%	1,770,000.00		1,770,000.00	-
04-09	Various Capital Improvements	10/29/2004	10/21/2005	2/21/2006	3.700%	200,000.00		200,000.00	-
04-16	Various Capital Improvements	10/29/2004	10/21/2005	2/21/2006	3.700%	3,000,000.00		3,000,000.00	-
04-25	Various Capital Improvements	10/21/2005	10/21/2005	2/21/2006	3.700%	213,000.00		213,000.00	-
04-30	Various Capital Improvements	10/21/2005	10/21/2005	2/21/2006	3.700%	1,000,000.00		1,000,000.00	-
05-08	Various Capital Improvements	10/21/2005	10/21/2005	2/21/2006	3.700%	710,000.00		710,000.00	-
05-25	Various Capital Improvements	10/21/2005	10/21/2005	2/21/2006	3.700%	300,000.00		300,000.00	-
06-03	Various Capital Improvements	7/20/2006	7/20/2006	7/20/2007	4.500%	-	2,350,000.00		2,350,000.00
						\$ <u>14,600,000.00</u>	\$ <u>2,350,000.00</u>	\$ <u>14,600,000.00</u>	\$ <u>2,350,000.00</u>
Ref.						C			C

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2005	2006 Authorizations	Bonds, Notes or Grants Issued	Funded by Budget Appropriation	Other	Balance Dec. 31, 2006
9-92	Beach Area Acquisition	\$ 284,924.50	\$	\$	\$	\$	\$ 284,924.50
01-03: 03-29	Various Capital Improvements	49,197.00			950.00		48,247.00
01-06	Acquisition of Property	49,050.00			49,050.00		-
03-02: 04-07: 04-21	Various Capital Improvements	36,650.00		33,000.00			3,650.00
03-28	Various Capital Improvements	144,000.00		136,000.00			8,000.00
04-02: 04-22	Various Capital Improvements	182,250.00		180,000.00			2,250.00
04-09	Various Capital Improvements	37,500.00		35,250.00			2,250.00
04-16	Various Capital Improvements	391,500.00		390,000.00			1,500.00
04-25	Various Capital Improvements	750.00		750.00			-
04-30	Various Capital Improvements	225,500.00		225,000.00			500.00
05-08	Various Capital Improvements	643,750.00		640,000.00			3,750.00
05-15	Various Capital Improvements	1,401,250.00		600,000.00			801,250.00
05-25	Various Capital Improvements	4,165,000.00		4,160,000.00			5,000.00
05-33	Acquisition of Land	4,500,000.00		4,500,000.00			-
05-40	Various Capital Improvements	-	285,000.00				285,000.00
06-03	Various Capital Improvements	-	4,659,750.00	2,350,000.00			2,309,750.00
06-13	Various Capital Improvements	-	928,920.00			928,920.00	-
06-32	Various Capital Improvements	-	3,353,500.00				3,353,500.00
		<u>\$ 12,111,321.50</u>	<u>\$ 9,227,170.00</u>	<u>\$ 13,250,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 928,920.00</u>	<u>\$ 7,109,571.50</u>
Ref.	C						C

CITY OF OCEAN CITY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

Ref.	Trust Fund I	Trust Fund II
Balance December 31, 2005	\$ -	\$ -
Increased By Receipts:		
State Aid for Public Assistance	\$ -	\$ 239,026.44
Other Receipts	-	62,959.93
	<u>-</u>	<u>301,986.37</u>
	-	<u>301,986.37</u>
Decreased By Disbursements:		
Public Assistance	-	294,488.94
SSI Payments	-	7,497.43
	<u>-</u>	<u>301,986.37</u>
Balance December 31, 2006	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Balance December 31, 2006	E-1	\$ -	\$ -
Increased By Receipts:			
Cash Receipts Record		\$ _____	\$ 29,765.93
		-	29,765.93
		-	<u>29,765.93</u>
Decreased By Disbursements:			
Cash Disbursement Record			29,765.93
		-	29,765.93
		-	<u>29,765.93</u>
Balance January 31, 2007	E-2	\$ <u>-</u>	\$ <u>-</u>
Reconciliation January 31, 2007			
Balance on Deposit per Statement:			
PNC Bank			-
Book Balance		\$ <u>-</u>	\$ <u>-</u>

CITY OF OCEAN CITY
PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$		\$ 239,026.44
Refunds			1,700.00
Supplemental Security Income:			
Client Refund			7,497.43
Interim Assistance			53,762.50
Total Revenues (PATF)		<u>-</u>	<u>301,986.37</u>
Due to Current Fund			-
Total Receipts (PATF)	\$	<u>-</u>	<u>\$ 301,986.37</u>

SCHEDULE OF EXPENDITURES

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Current Year Assistance (State Matching):			
Maintenance Payments	\$		\$ 109,981.00
Shelter / Housing			7,596.95
Utilities			1,000.29
Transportation			4,366.90
Temporary Rent			135,203.46
Rent			35,184.24
Other			1,156.10
Total Reported		<u>-</u>	<u>294,488.94</u>
SSI Payments:			
Reimbursements to Client			7,497.43
Due to Current Fund			-
Total Disbursements (PATF)	\$	<u>-</u>	<u>\$ 301,986.37</u>

**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2006**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS – STATUTORY BASIS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements – statutory basis of the City of Ocean City, State of New Jersey (the “City”), as of and for the year ended December 31, 2006, and have issued our report thereon dated June 30, 2007. Our report disclosed that, as described in Note 1 to the financial statements, the 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, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division, such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the City's management in a separate letter dated June 30, 2007.

This report is intended solely for the information and use of management, the City Council, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

June 30, 2007

CITY OF OCEAN CITY
GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2005 the bid threshold is \$29,000.

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:

- Baseball Camp Instructors
- Basketball Camp Instructors
- Field Hockey Camp Instructors
- Soccer Camp Instructors
- Lacrosse Camp Instructors
- Tennis Camp Instructors
- Supply of Sports Equipment
- Purchase of Uniforms and Sportswear
- Acquisition and Installation of Emergency Vehicle Lights
- Acquisition of Two Model Year 2006 Pickup Trucks
- Acquisition of a Crew Cab Pickup with Lift Gate
- Supply and Installation of Vending Machines
- Football Camp Instructors
- Wrestling Camp Instructors
- Supply of Lumber and Piling
- Towing and Lockout Services
- Supply and Delivery of Nails and Bolts
- Headley Building Restoration
- Supply of Janitorial Paper Products
- Supply of Janitorial Trash Can Liners
- Installation of New Traffic Signal at 6th and West
- Dredging of Various Bay Front Locations
- Supply and Delivery of 100 Low Lead Aviation Fuel
- Reconstruction of Streets and Alleys
- Digital Recording Production Service
- Reconstruction of West Avenue from 6th through 8th Streets and 15th through 17th Streets
- Reconstruction of Haven Avenue from 20th through 24th Streets
- Tennessee Avenue Soccer Complex Phase II
- Civic Center Floor Replacement
- Civic Center HVAC Replacement
- Supply & Delivery of Sand Fence and Posts
- Traffic Signal Upgrade at 5th and Atlantic Avenues

CITY OF OCEAN CITY

GENERAL COMMENTS (CONTINUED)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Continued)

Hybrid Reassessment of all Real Property
Boat Ramp Project
Bulkhead Reconstruction of Verde & Pitcaipan
South End Paving Project

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 2006.

This Resolution shall take effect January 1, 2006.

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

Delinquent Taxes and Tax Title Liens

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

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

<u>Year</u>	<u>Number</u>
2006	5
2005	5
2004	5

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.

CITY OF OCEAN CITY

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2006 and 2007 Taxes	25
Delinquent Taxes	25
Total	<u>50</u>

Deposit of Municipal Funds

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

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

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

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

CITY OF OCEAN CITY

FINDINGS AND RECOMMENDATIONS

NONE

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

June 30, 2007

CITY OF OCEAN CITY
PART III
STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2006

CITY OF OCEAN CITY
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

State Funding Department	Program	State Account Number	Grant Period		Program Receipts	Program Expenditures
			From	To		
Department of Community Affairs	Neighborhood Preservation Program	8020-100-022-8020-086-FHNP-6120	Open		\$ 49,233.00	\$ 275.00
		8020-100-022-8020-092-F301-6020	Open		30,530.00	-
Department of State	Council on Arts Ocean City POPS	2530-100-074-2530-032-S003-6130	Open		-	(400.00)
Department of Environmental Protection	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Open		9,497.52	1,312.88
	Clean Communities	4900-765-042-4900-004-V42Y-6020	Open		41,423.90	8,711.39
	Shade Tree	4900-765-042-4900-004-V42Y-6020	Open		-	(40.00)
	Storm Water Management	100-042-4840-091-057500	Open		9,022.00	-
Department of Treasury	Municipal Alliance Program	475-995120-60	Open		-	4,140.00
Department of Transportation	Trust Fund					
	2005 Grant	6320-048-078-6320	Open		101,250.00	135,000.00
	2006 Grant	6320-048-078-6320	Open		-	140,000.00
	Bike Path	6320-480-078-6320	Open		35,000.00	-
	Drunk Driving Enforcement	6400-100-078-6400	Open		11,033.95	15,585.83
Department of Law and Public Safety	Safe and Secure Communities	1020-100-066-1020-232-YCJS-6120	1/1/2006	12/31/2006	60,000.00	75,000.00
	DMV Inspection Fines	6400-100-078-6400	Open		5,000.00	9,579.75
	Fatal Accident Scene	N/A	Open		14,650.93	14,650.93
	Body Armor Grant	1020-718-066-1020-001-01-YCJS-6120	Open		8,249.81	5,816.25
	Aggressive Driver Program	N/A	Open		-	4,500.00
	Enhanced 911 Assistance	N/A	Open		25,282.00	25,282.00
	Child Traffic Safety	1160-100-066-1160-127-YHTS-6010	Open		13,873.74	13,873.84
	Emergency Management	1200-100-066-1200-726-YEMR-6120	Open		5,000.00	10,560.20
Department of Economic Assistance	Public Assistance	7550-150-158010-60	1/1/06	12/31/06	239,026.44	294,488.94
	SSI and Other Receipts	7550-150-158010-60	1/1/06	12/31/06	62,959.93	7,497.43
Total State Assistance					\$ <u>721,033.22</u>	\$ <u>765,834.44</u>

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2006

Note 1: General

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

Note 2: Basis of Accounting

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

Note 3: Relationship to General-Purpose Financial Statements

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

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 345,876.18	\$ 463,848.07	\$ 1,801.80	\$ 811,526.05
Public Assistance Fund	-	301,986.37	-	301,986.37
Total Financial Assistance	<u>\$ 345,876.18</u>	<u>\$ 765,834.44</u>	<u>\$ 1,801.80</u>	<u>\$ 1,113,512.42</u>

Note 4: Relationship to State Financial Reports

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the compliance of the City of Ocean City, State of New Jersey (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and New Jersey OMB Circular 04-04* that are applicable to each of its major state programs for the year ended December 31, 2006. The City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations and New Jersey OMB 04-04* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards, OMB A-133 and OMB 04-04 and State of New Jersey prescribed audit requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City's governing body, and the Division and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ford, Scott, Seidenburg & Kennedy, L.L.C.
FORD, SCOTT, SEIDENBURG & KENNEDY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

June 30, 2007

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2006

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Statutory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- | | |
|---|-----------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiencies identified that are not considered to be a Material Weakness? | NO |

Non-Compliance material to Financial Statements – Statutory Basis noted?	NO
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CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(CONTINUED)

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

Federal Awards

NOT APPLICABLE

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(CONTINUED)

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

State Awards

Internal control over major programs:

- | | |
|---|----------------------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiencies identified that are not considered to be a Material Weakness? | NONE REPORTED |

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

An Unqualified 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 04-04?

NO

Identification of major programs:

6320-048-078-6320
6320-048-078-6320

DOT Trust Fund – 2005 Grant
DOT Trust Fund – 2006 Grant

Dollar threshold used to distinguish between Type A and Type B Programs:

\$300,000

Auditee qualified as low-risk Auditee?

YES

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(CONTINUED)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

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

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS

Federal: Not Applicable

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

STATUS OF PRIOR YEAR FINDINGS

There were no prior year Findings or Questioned Costs.