

**CITY OF OCEAN CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2007**

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**CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - STATUTORY BASIS
DECEMBER 31, 2007**



F O R D - S C O T T

& A S S O C I A T E S , L L C .

C E R T I F I E D P U B L I C A C C O U N T A N T S

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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, 2007 and 2006 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, 2007, 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, 2007 and 2006 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, 2007.

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, 2007 and 2006 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, 2007 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2008 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 schedules of federal and 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 schedules of federal and 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 & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



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

June 30, 2008

**EXHIBIT - A
CURRENT FUND**

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
Assets			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 7,935,386.87	\$ 8,321,466.82
Collector	A-5	362,985.79	368,110.11
Change and Petty Cash Funds		<u>5,725.00</u>	<u>5,725.00</u>
		<u>8,304,097.66</u>	<u>8,695,301.93</u>
Other Receivables:			
Due from State of New Jersey		<u>3,776.82</u>	<u>4,953.94</u>
		<u>3,776.82</u>	<u>4,953.94</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	863,618.55	783,562.11
Tax Title Liens Receivable	A-8	1,201.55	1,196.55
Property Acquired for Taxes at Assessed Valuation		262,576.00	262,576.00
Rebate Receivable	A-4	11,947.00	-
Revenue Accounts Receivable		-	29,194.05
		<u>1,139,343.10</u>	<u>1,076,528.71</u>
Deferred Charges:			
Special Emergency Authorization 5 Years (40A:4-55) - Revaluation		824,000.00	1,030,000.00
Emergency Authorization		<u>190,000.00</u>	<u>102,489.97</u>
		<u>1,014,000.00</u>	<u>1,132,489.97</u>
		<u>10,461,217.58</u>	<u>10,909,274.55</u>
Federal and State Grant Fund:			
Cash	A-4	380,364.52	308,737.95
Grant Receivables	A-11	2,352,541.47	2,132,831.99
Due from Current Fund	A-4	<u>11,947.00</u>	<u>-</u>
		<u>2,744,852.99</u>	<u>2,441,569.94</u>
		<u>\$ 13,206,070.57</u>	<u>\$ 13,350,844.49</u>

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 137,764.32	\$ 344,098.31
Reserve for Encumbrances	A-3	855,954.39	851,114.67
Escrow - Blue Water Marina		33,059.76	33,059.76
Prepaid Taxes		1,398,029.67	1,424,397.36
Tax Overpayments		4,309.92	9,775.18
County Added Tax Payable		189,405.66	458,293.32
Special Emergency Note Payable		824,000.00	-
Due to Federal & State Grant Fund		11,947.00	-
Reserve for Garden State Trust Fund		420.30	420.30
Reserve for Revaluation		2,361.00	2,361.00
Reserve for Revaluation - 2006		378,502.71	854,570.15
Reserve for Tax Maps		15,817.50	15,817.50
Prepaid Beach Fees		21,430.00	5,415.00
Reserve for Street Permit Litigation		-	103,000.00
Reserve for Tax Appeals		30,000.00	30,000.00
Payroll Taxes Payable		78,650.99	135,714.92
Reserve for Health Insurance Claims		-	82,892.90
		<u>3,981,653.22</u>	<u>4,350,930.37</u>
Reserve for Receivables and Other Assets		1,139,343.10	1,076,528.71
Fund Balance	A-1	<u>5,340,221.26</u>	<u>5,481,815.47</u>
		<u>10,461,217.58</u>	<u>10,909,274.55</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	26,139.57	25,611.26
Appropriated Reserves	A-13	1,798,959.70	2,130,429.44
Encumbrances Payable		919,753.72	285,529.24
		<u>2,744,852.99</u>	<u>2,441,569.94</u>
		<u>\$ 13,206,070.57</u>	<u>\$ 13,350,844.49</u>

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

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	3,200,000.00	\$ 3,185,000.00
Miscellaneous Revenue Anticipated		15,502,199.16	14,561,462.27
Receipts from Delinquent Taxes		762,262.09	585,076.12
Receipts from Current Taxes		82,429,856.28	78,772,319.01
Non-Budget Revenue		260,389.06	315,221.89
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		312,747.84	394,103.39
Interfunds Returned		-	263.00
Cancellation of Tax Overpayments		1,731.36	463.75
Cancellation of Accounts Payable		-	7,521.68
Cancellation of Payroll Taxes Payable		-	7,772.59
Cancellation of Stale Dated Checks		21,872.85	2,794.84
Cancellation of Grant Reserves		-	5,028.53
Total Income		<u>102,491,058.64</u>	<u>97,837,027.07</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		25,192,650.00	24,228,159.52
Other Expenses		14,317,300.22	8,565,330.45
Deferred Charges & Statutory Expenditures		1,587,173.46	1,606,438.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		-	60,000.00
Other Expenses		6,966,888.13	11,026,766.53
Capital Improvements		579,748.12	820,000.00
Municipal Debt Service		6,840,244.39	6,408,358.17
Deferred Charges & Statutory Expenditures		358,489.97	50,000.00
County Taxes		22,596,416.51	21,049,633.69
County Added and Omitted Taxes		189,405.66	458,293.32
Local District School Tax		20,793,165.50	20,576,092.50
Special Improvement District Taxes		186,155.00	186,070.00
Rebate Receivable		11,947.00	-
Refund of Prior Year's Revenue		3,068.89	-
Total Expenditures		<u>99,622,652.85</u>	<u>95,035,142.18</u>

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

	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
Excess In Revenue		\$ 2,868,405.79	\$ 2,801,884.89
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		190,000.00	1,132,489.97
		<u>190,000.00</u>	<u>1,132,489.97</u>
Statutory Excess to Fund Balance		3,058,405.79	3,934,374.86
Fund Balance January 1	A	<u>5,481,815.47</u>	<u>4,732,440.61</u>
		8,540,221.26	8,666,815.47
Decreased by:			
Utilization as Anticipated Revenue		<u>3,200,000.00</u>	<u>3,185,000.00</u>
Fund Balance December 31	A	<u>\$ 5,340,221.26</u>	<u>\$ 5,481,815.47</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	\$ 3,200,000.00	\$ -	\$ 3,200,000.00	\$ -
	3,200,000.00	-	3,200,000.00	-
Miscellaneous Revenues:				
Licenses:				
Other	480,000.00		432,918.50	(47,081.50)
Fees and Permits	1,050,000.00		1,027,891.06	(22,108.94)
Fines and Costs:				
Municipal Court	690,000.00		745,576.83	55,576.83
Interest and Costs on Taxes	170,000.00		179,597.13	9,597.13
Parking Meters	1,910,000.00		2,106,477.61	196,477.61
Interest on Investments and Deposits	550,000.00		645,252.44	95,252.44
Beach Fees	2,850,000.00		2,926,763.93	76,763.93
Rental or Sale of City Material and Property	92,000.00		115,524.71	23,524.71
Airport Fees	192,000.00		166,058.61	(25,941.39)
Boat Ramp Fees	40,000.00		43,081.60	3,081.60
Aquatic and Fitness Center User Fees	620,000.00		653,400.97	33,400.97
Smoke Detector Inspection Fees	116,000.00		159,285.00	43,285.00
Emergency Medical Services	408,000.00		475,879.68	67,879.68
Legislative Initiative Municipal Block Grant	67,876.00		67,876.00	-
Consolidated Municipal Property Tax Relief Aid	47,826.00		47,826.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	2,358,298.00		2,358,298.00	-
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	397,000.00		529,935.00	132,935.00
Upper Township - Dispatching Services	172,949.00		172,949.00	-

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

	Ref.	Anticipated		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		\$ 143,000.00	\$ 25,000.00	\$ 118,000.00
Cool Cities Grant				
Drunk Driving Enforcement Fund		8,033.95		8,033.95
Community Development Block Grant		308,954.00		308,954.00
DMV Inspection Fees		6,462.00		6,462.00
Smart Future Planning			50,000.00	50,000.00
Body Armor Grant		8,249.81		8,249.81
FEMA		5,000.00		5,000.00
FAA Grant		13,084.00	13,084.35	1,184.65
FAA Grant		1,184.65		1,184.65
FEMA - Fire Equipment		91,899.00		91,899.00
FAA Grant		8,312.50		8,312.50
I Boat Grant		221,263.56		221,263.56
Solar Panel Grant		4,327.50		4,327.50
Clean Communities		49,354.55	4,963.40	54,317.95
Cape May County Mini Recycling Grant			3,000.00	3,000.00
Recycling Tonnage Grant			10,924.52	10,924.52
Share Grant			44,280.00	44,280.00
FAA - Snow Removal Building - 2007			439,024.00	439,024.00

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

Ref.	Budget	Anticipated		Realized	Excess or (Deficit)
			N.J.S. 40A:4-87		
Other Special Items:					
	\$ 568,663.00	\$	\$	568,663.00	\$ -
Lease Agreement - Ocean City Free Public Library Reserve for Debt Service, Capital Fund Balance & Arbitrage Reserve	125,000.00			125,000.00	-
Interlocal-Ocean City Tourism Development-Staffing Costs	25,000.00			25,000.00	-
Additional Beach Fee Revenue	375,000.00			375,000.00	-
Total Miscellaneous Revenues	14,269,279.82		590,276.27	15,502,199.16	642,643.07
Receipts from Delinquent Taxes	600,000.00		-	762,262.09	162,262.09
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	38,237,701.04			39,622,020.11	1,384,319.07
Total Amount to be Raised by Taxes for Support of Municipal Budget	38,237,701.04		-	39,622,020.11	1,384,319.07
Budget Totals	56,306,980.86		590,276.27	59,086,481.36	2,189,224.23
Non-Budget Revenues	56,306,980.86		590,276.27	59,346,870.42	2,449,613.29

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

Analysis of Realized Revenues**Allocation of Current Tax Collections:**

Revenues from Collections	\$ 82,429,856.28
Allocated to:	
School, County and Other Taxes	<u>44,007,836.17</u>
Balance for Support of Municipal Budget Appropriations	38,422,020.11
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>1,200,000.00</u>
Less:	
Reserve for Tax Appeals	
Amount for Support of Municipal Budget Appropriations	<u>\$ 39,622,020.11</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 762,262.09
Tax Title Lien Collections	<u>-</u>
	<u>\$ 762,262.09</u>

Analysis of Non-Budget Revenues:**Miscellaneous Revenue Not Anticipated:**

Plans and Specs	225.00
Recycling Rebates	5,004.90
City Clerk	331.50
Tax Collector	4,166.76
PILOT - United Methodist Homes	61,000.00
PILOT - Housing Authority	13,852.00
Block Party	3,895.43
Public Defender	5,200.00
Binocular Fees	721.70
Wilhelm Estate	6,020.32
Library	45,944.59
Sidewalk Permits	1,150.00
Storage and Towing Fees	30,733.64
Two Hundred Foot Information	1,840.00
Vending Machines	8,492.22
Administrative Fee	4,082.45
BAND - Reimbursements	6,240.00
NSF Check Fees	260.00
Unclaimed Funds	986.20
Premium on Sale of BAN's	25,870.00
Various Refunds and Reimbursements	1,373.16
Restitution	80.00
POPS 1st Night	17,351.48
Fire & EMS Services to Strathmere	14,250.00
OCPD Accreditation	1,000.00
Miscellaneous	<u>317.71</u>
	<u>\$ 260,389.06</u>

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" EXECUTIVE BRANCH:						
Mayors Office						
Salaries and Wages	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -
Other Expenses	4,100.00	4,100.00	4,005.77	20.00	74.23	
ADMINISTRATION DEPARTMENT:						
City Administrator						
Salaries and Wages	285,800.00	285,800.00	284,828.61		971.39	
Other Expenses	5,300.00	4,600.00	4,590.79		9.21	
Management of Information Systems						
Salaries and Wages	238,350.00	242,350.00	241,129.94		1,220.06	
Other Expenses	148,000.00	146,800.00	124,918.95	14,833.63	7,047.42	
Purchasing Division						
Salaries and Wages	207,950.00	202,850.00	202,296.17		553.83	
Other Expenses	8,600.00	8,100.00	7,049.45	782.30	268.25	
Emergency Management						
Salaries and Wages	5,000.00	5,000.00	5,000.00		-	
Other Expenses	35,000.00	32,000.00	22,621.49	8,872.65	505.86	
Personnel and Risk Management						
Salaries and Wages	530,375.00	509,875.00	509,398.07		476.93	
Other Expenses:						
Miscellaneous Other Expenses	92,000.00	92,000.00	81,746.35	9,929.43	324.22	
Economic Development & Environmental						
Salaries and Wages	86,700.00	71,700.00	71,207.28		492.72	
Other Expenses	2,000.00	2,000.00	1,579.73	99.00	321.27	
COMMUNITY SERVICE DEPARTMENT:						
Director's Office						
Salaries and Wages	257,350.00	261,850.00	261,385.02		464.98	
Other Expenses	1,500.00	1,500.00	870.62	600.00	29.38	
Public Relations						
Salaries and Wages	170,000.00	171,500.00	171,500.00		-	
Other Expenses	124,000.00	125,000.00	119,146.38	2,945.64	2,907.98	
Recreation Programs						
Salaries and Wages	495,500.00	495,500.00	494,204.79		1,295.21	
Other Expenses	24,000.00	24,000.00	23,060.21	930.00	9.79	
Recreation Operations						
Salaries and Wages	1,137,350.00	1,102,350.00	1,098,835.37		3,514.63	
Other Expenses	115,000.00	115,000.00	112,855.31	2,144.69	-	
Aquatic and Fitness Center						
Salaries and Wages	643,000.00	661,500.00	659,886.63		1,613.37	
Other Expenses	57,000.00	56,000.00	51,504.66	1,768.97	2,726.37	
Public Assistance						
Salaries and Wages	69,350.00	63,850.00	62,882.65		967.35	
Other Expenses	1,500.00	1,500.00	970.28		529.72	

See Accompanying Notes to Financial Statements - Statutory Basis

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

	Appropriations			Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Expended		Reserved	
				Encumbered	Reserved		
LAW DEPARTMENT:							
Legal Division							
Salaries and Wages	\$ 107,000.00	\$ 82,700.00	\$ 82,685.00	\$	\$ 15.00	\$	\$
Other Expenses	223,000.00	263,000.00	243,123.64	18,864.71	1,011.65		
FINANCIAL MANAGEMENT:							
Treasurers Office							
Other Expenses:							
Audit Services	35,000.00	35,000.00	35,000.00				
Miscellaneous Other Expenses	60,000.00	29,000.00	28,385.41		614.59		
Accounting Division							
Salaries and Wages	461,375.00	462,875.00	460,754.11		2,120.89		
Other Expenses	41,000.00	41,000.00	39,896.46	1,103.54	0.00		
Parking Regulation							
Salaries and Wages	185,000.00	185,000.00	185,000.00		12.96		
Other Expenses	26,000.00	26,000.00	25,592.04	395.00			
Property Assessment Division							
Salaries and Wages	208,750.00	200,750.00	200,505.77		244.23		
Other Expenses	10,000.00	9,000.00	8,523.57		476.43		
Beach Fee Regulation Division							
Salaries and Wages	325,000.00	317,800.00	317,665.77	724.71	134.23		
Other Expenses	48,000.00	43,500.00	42,005.90		769.39		
Tax Collection Division							
Salaries and Wages	225,250.00	218,750.00	217,780.35		969.65		
Other Expenses	7,000.00	6,500.00	5,380.50	905.87	213.63		
Revenue Collection							
Salaries and Wages	360,400.00	353,400.00	351,862.24		1,537.76		
Other Expenses	156,000.00	131,000.00	96,811.10	33,728.33	460.57		
LEGISLATIVE:							
City Clerk							
Salaries and Wages	219,000.00	217,000.00	216,097.10		902.90		
Other Expenses	50,000.00	38,000.00	27,339.21	7,200.02	3,460.77		
City Council							
Salaries and Wages	71,500.00	71,500.00	71,500.00				
Other Expenses	26,000.00	21,500.00	17,822.34	960.00	2,717.66		

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
PUBLIC SAFETY:						
Rescue Services Division						
Salaries and Wages	\$ 240,000.00	\$ 241,000.00	\$ 239,606.61	\$ 1,393.39	\$ 1,393.39	\$
Other Expenses	69,500.00	66,500.00	51,257.76	11,658.26	3,583.98	
Lifeguards Division						
Salaries and Wages	1,200,000.00	1,159,000.00	1,138,727.21	20,272.79	464.67	
Other Expenses	49,000.00	49,000.00	48,321.13	214.20		
Police Protection Division						
Salaries and Wages	6,427,400.00	6,503,400.00	6,499,882.19	3,517.81	2,066.73	
Other Expenses	358,000.00	338,000.00	286,355.42	49,577.85		
Fire Protection and Prevention						
Salaries and Wages	5,550,000.00	5,613,000.00	5,430,275.72	182,724.28	781.70	
Other Expenses	120,000.00	110,000.00	94,775.11	14,443.19		
PUBLIC WORKS DEPARTMENT:						
Public Works Administration						
Salaries and Wages	306,000.00	277,000.00	276,390.72	609.28	522.32	
Other Expenses	10,000.00	8,500.00	7,541.77	435.91		
City Wide Operations						
Other Expenses	270,000.00	300,000.00	263,679.29	35,017.45	1,303.26	
Operations						
Salaries and Wages	1,206,100.00	1,119,100.00	1,115,347.48	3,752.52	6,076.45	
Other Expenses	2,557,000.00	2,557,000.00	2,347,094.00	203,829.55		
Facility Maintenance						
Salaries and Wages	301,350.00	276,350.00	272,573.24	3,776.76	146.55	
Other Expenses	107,500.00	107,000.00	104,251.45	2,602.00		
Fleet Maintenance						
Salaries and Wages	340,000.00	335,000.00	334,332.20	667.80	2,022.02	
Other Expenses	93,000.00	98,000.00	89,864.36	6,113.62		
Field Operations & Engineering						
Salaries and Wages	991,750.00	991,750.00	990,892.94	857.06	677.64	
Other Expenses	57,000.00	44,000.00	41,056.97	2,265.39		

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

	Appropriations			Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification			Encumbered	Reserved	
DEPARTMENT OF COMMUNITY DEVELOPMENT:							
Community Development							
Salaries and Wages	\$ 1,107,450.00	\$ 1,113,450.00	\$ 1,112,305.82	\$	1,144.18	\$	
Other Expenses	26,000.00	26,000.00	21,612.62	2,927.11	1,460.27		
Planning Division							
Salaries and Wages	96,500.00	97,500.00	97,314.74	7,650.00	185.26		
Other Expenses	9,500.00	16,000.00	7,994.89		355.11		
Planning Board							
Other Expenses	57,500.00	79,500.00	71,912.71	1,917.45	5,669.84		
Zoning Board of Adjustment							
Other Expense	24,000.00	21,500.00	20,657.77		842.23		
Historical Commission							
Other Expenses	3,000.00	3,000.00	2,978.35		21.65		
Zoning Division							
Salaries and Wages	228,350.00	224,850.00	224,761.08		88.92		
Other Expenses	4,000.00	4,000.00	3,202.94		797.06		
Special Improvement District							
Other Expenses	22,000.00	22,000.00	21,383.39		616.61		
MUNICIPAL COURT:							
Municipal Court							
Salaries and Wages	522,350.00	508,350.00	507,772.66		577.34		
Other Expenses	44,000.00	35,000.00	28,022.16	3,401.90	3,575.94		
Public Defender							
Other Expenses	27,000.00	29,500.00	28,250.00		1,250.00		
UNIFORM CONSTRUCTION CODE:							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	542,500.00	529,000.00	527,502.83		1,497.17		
Other Expenses	33,000.00	16,500.00	10,362.59	5,266.20	871.21		
INSURANCE:							
General Liability	457,700.00	457,700.00	457,700.00		-		
Workers Compensation	1,210,300.00	1,185,300.00	1,184,114.64		1,185.36		
Employee Group Health	5,006,200.22	5,339,200.22	5,330,572.72	8,627.50	-		

See Accompanying Notes to Financial Statements - Statutory Basis

**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	530,000.00	565,000.00	544,842.63	20,157.37	-	-	
Street Lighting	345,000.00	340,000.00	310,280.18	29,719.82	-	-	
Telephone	220,000.00	212,000.00	190,551.94	14,954.84	6,493.22	-	
Water	560,000.00	595,000.00	570,313.61	24,686.39	-	-	
Fuel Oil	140,000.00	178,000.00	138,134.57	39,865.43	-	-	
Gasoline	265,000.00	258,000.00	250,135.05	7,864.95	-	-	
TOTAL OPERATIONS WITHIN "CAPS"	39,344,950.22	39,509,950.22	38,606,110.49	782,729.15	121,110.58	-	
Contingent	-	-	-	-	-	-	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	39,344,950.22	39,509,950.22	38,606,110.49	782,729.15	121,110.58	-	
Detail:							
Salaries and Wages	25,369,750.00	25,192,650.00	24,954,090.31	182,724.28	55,835.41	-	
Other Expenses	13,975,200.22	14,317,300.22	13,652,020.18	600,004.87	65,275.17	-	
DEFERRED CHARGES:							
None							
STATUTORY EXPENDITURES:							
Contributions to:							
Social Security System (O.A.S.I.)	1,215,000.00	1,240,000.00	1,238,278.34	-	1,721.66	-	
Consolidated Police and Firemen's Pension	7,287.46	7,287.46	7,287.46	-	-	-	
Police and Firemen's Retirement System	289,886.00	289,886.00	289,885.00	-	1.00	-	
Unemployment Compensation Insurance	50,000.00	50,000.00	48,413.47	-	1,586.53	-	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	1,562,173.46	1,587,173.46	1,583,864.27	-	3,309.19	-	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	40,907,123.68	41,097,123.68	40,189,974.76	782,729.15	124,419.77	-	

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library	\$ 3,554,145.00	\$ 3,554,145.00	\$		\$	
Other Expenses	163,799.78	163,799.78	154,432.22		9,367.56	
Group Health Insurance	1,493,430.60	1,493,430.60				
Police and Firemen's Retirement System	375,291.62	375,291.62				
Public Employee's Retirement System						
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	5,586,667.00	5,586,667.00	5,577,299.44	-	9,367.56	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Drunk Driving Enforcement Fund	8,033.95	8,033.95	8,033.95			
Municipal Alliance on Alcoholism & Drug Abuse	4,215.00	4,215.00	4,215.00			
Body Armor Program	8,249.81	8,249.81	8,249.81			
FEMA - Fire Equipment	91,899.00	91,899.00	91,899.00			
FEMA - Fire Equipment - Local	4,836.00	4,836.00	4,836.00			
Cool Cities Community Stewardship Program	25,000.00	25,000.00	25,000.00			
Cool Cities Community Stewardship Program - Match	4,380.00	4,380.00	4,380.00			
DMV Inspection Fines	6,462.00	6,462.00	6,462.00			
FAA Grant	13,084.00	26,168.35	26,168.35			
FAA Grant - Local	689.00	1,377.65	1,377.65			
FAA Grant	1,184.65	1,184.65	1,184.65			
FAA Grant - Local	62.35	62.35	62.35			
FEMA Grant	8,312.50	8,312.50	8,312.50			
FAA Grant - Local	437.50	437.50	437.50			
FEMA	5,000.00	5,000.00	5,000.00			
Clean Communities	49,354.55	54,317.95	54,317.95			
Share Grant - 2007	4,327.50	4,327.50	4,327.50			
Cape May County Mini Recycling Grant		3,000.00	3,000.00			
Recycling Tonnage Grant		10,924.52	10,924.52			
Share Grant - 2007		3,280.00	3,280.00			
Share Grant - 2007		41,000.00	41,000.00			
Share Grant - 2007 - Local		820.00	820.00			
I Boat Grant - State	221,263.56	221,263.56	221,263.56			
I Boat Grant - Local	24,584.84	24,584.84	24,584.84			
USDOT - FAA - Construction of Snow - Local		439,024.00	439,024.00			
USDOT - FAA - Construction of Snow - Local		23,106.00	23,106.00			
DCA Smart Future Planning		50,000.00	50,000.00			
Community Development Block Grant	308,954.00	308,954.00	308,954.00			
Matching Funds for Grants	40,000.00	11,005.35				11,005.35
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	800,950.21	1,391,226.48	1,380,221.13	-	-	11,005.35

See Accompanying Notes to Financial Statements - Statutory Basis

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

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification			Encumbered	Reserved	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 6,387,617.21	\$ 6,977,893.48	\$ 6,977,893.48	\$ 6,957,520.57	\$ -	\$ 9,367.56	\$ 11,005.35
Detail:							
Salaries and Wages			6,977,893.48	6,957,520.57	-	9,367.56	11,005.35
Other Expenses							
CAPITAL IMPROVEMENTS							
Capital Improvement Fund	210,000.00	210,000.00	210,000.00	210,000.00	-	-	-
Acquisition of:							
Public Safety/Lifeguard Equipment	40,000.00	40,000.00	40,000.00	39,894.63			105.37
Technology Equipment	120,000.00	120,000.00	120,000.00	65,833.62	50,189.39	3,976.99	
General Improvements: Street Lighting	15,000.00	15,000.00	15,000.00	12,069.08	670.69		2,260.23
Safety Equipment	75,000.00	75,000.00	75,000.00	31,748.56	22,365.16		20,886.28
NJ Transportation Trust Fund Authority Act	143,000.00	143,000.00	143,000.00	143,000.00			
TOTAL CAPITAL IMPROVEMENTS	603,000.00	603,000.00	603,000.00	502,545.89	73,225.24	3,976.99	23,251.88
DEBT SERVICE							
Payment of Bond Principal	4,610,000.00	4,610,000.00	4,610,000.00	4,610,000.00			
Interest on Bonds	1,904,000.00	1,904,000.00	1,904,000.00	1,903,840.00			160.00
Interest on Notes	285,750.00	285,750.00	285,750.00	285,750.00			
Green Trust Loan Program:							
Loan Repayments for Principal & Interest	51,000.00	51,000.00	51,000.00	40,654.39			10,345.61
TOTAL DEBT SERVICE	6,850,750.00	6,850,750.00	6,850,750.00	6,840,244.39	-	-	10,505.61

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
DEFERRED CHARGES EXCLUDED FROM "CAPS"						
Special Emergency Authorization - 5 Years	\$ 308,489.97	\$ 308,489.97	\$ 308,489.97	\$ -	\$ -	
Capital Ordinances #01-06	50,000.00	50,000.00	50,000.00	-	-	
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	<u>358,489.97</u>	<u>358,489.97</u>	<u>358,489.97</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>14,199,857.18</u>	<u>14,790,133.45</u>	<u>14,658,800.82</u>	<u>73,225.24</u>	<u>13,344.55</u>	<u>44,762.84</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>55,106,980.86</u>	<u>55,887,257.13</u>	<u>54,848,775.58</u>	<u>855,954.39</u>	<u>137,764.32</u>	<u>44,762.84</u>
Reserve for Uncollected Taxes	<u>1,200,000.00</u>	<u>1,200,000.00</u>	<u>1,200,000.00</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 56,306,980.86</u>	<u>\$ 57,087,257.13</u>	<u>\$ 56,048,775.58</u>	<u>\$ 855,954.39</u>	<u>\$ 137,764.32</u>	<u>\$ 44,762.84</u>
Adopted Budget	\$ 56,306,980.86					
Appropriation by N.J.S.A. 40A:4-87	590,276.27					
Emergency Authorization	190,000.00					
	<u>\$ 57,087,257.13</u>					
Reserve for Uncollected Taxes		\$ 1,200,000.00				
Federal and State Grants		1,523,221.13				
Deferred Charges		308,489.97				
Cash Disbursed		53,017,064.48				
		<u>\$ 56,048,775.58</u>				

EXHIBIT - B
TRUST FUND

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 11,393.98	\$ 4,491.59
		<u>11,393.98</u>	<u>4,491.59</u>
<u>Other Funds</u>			
Cash and Investments	B-2	3,054,769.70	2,973,019.49
		<u>3,054,769.70</u>	<u>2,973,019.49</u>
		<u>\$ 3,066,163.68</u>	<u>\$ 2,977,511.08</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, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 11,393.98	\$ 4,491.59
		<u>11,393.98</u>	<u>4,491.59</u>
<u>Other Funds</u>			
Reserve for Tax Premiums		35,722.99	32,325.93
Reserve for Recreation Dedicated Trust		19,219.26	16,198.91
Reserve for Tourism Development		206,166.77	183,782.83
Reserve for Law Enforcement Trust		2,001.08	3,531.80
Reserve for Terminal Leave		3,120.35	3,120.35
Reserve for P.O.A.A.		47,377.37	47,450.67
Reserve for Recycling		899.95	974.95
Reserve for Cash Performance Deposits		499,174.07	641,231.14
Reserve for Dedicated Fire Fees		2,017.87	6.97
Reserve for Lifeguard Pension		220,078.59	248,920.33
Reserve for Shade Tree		13,613.96	5,138.96
Reserve for COAH		1,810,302.55	1,602,458.45
Reserve for Merchant Fees		1,483.40	-
Reserve for Planning and Zoning		193,591.49	187,878.20
		<u>3,054,769.70</u>	<u>2,973,019.49</u>
		<u>\$ 3,066,163.68</u>	<u>\$ 2,977,511.08</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, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
Cash and Investments	C-2,C-3	\$ 5,849,136.27	\$ 4,626,726.58
Deferred Charges to Future Taxation:			
Funded	C-5	44,515,519.99	49,161,782.03
Unfunded	C-6	18,051,630.72	13,959,571.50
		<u>\$ 68,416,286.98</u>	<u>\$ 67,748,080.11</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 44,320,000.00	\$ 48,930,000.00
Bond Anticipation Notes Payable	C-9	9,576,000.00	2,350,000.00
Green Trust Loan Payable	C-8A	195,519.99	231,782.03
Installment Purchase Note Payable (Note 17)	C-7	4,500,000.00	4,500,000.00
Improvement Authorizations:			
Funded	C-7	1,357,551.27	2,771,524.83
Unfunded	C-7	4,826,246.34	5,069,330.52
Encumbrances Payable		2,553,191.67	3,615,159.34
Reserve for Arbitrage		121,736.93	30,976.11
Reserve for Debt Service		883,125.51	134,954.25
Reserve for Preliminary Expenses		19,341.00	36,989.00
Reserve for Capital Projects		-	25,000.00
Capital Improvement Fund	C-4	47,602.53	48,052.53
Fund Balance	C-1	15,971.74	4,311.50
		<u>\$ 68,416,286.98</u>	<u>\$ 67,748,080.11</u>

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

Balance December 31, 2006	<u>Ref.</u> C		\$	4,311.50
Increased By:				
Cancellation of Reserve for Preliminary Expenses		\$		8,500.00
Premiums Received Funded Improvement Authorizations				<u>3,160.24</u>
				<u>11,660.24</u>
				<u>15,971.74</u>
Decreased By:				
None				<u>-</u>
Balance December 31, 2007	C		\$	<u><u>15,971.74</u></u>

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Assets</u>			
Cash Trust I	E-1	\$ -	\$ -
Cash Trust II	E-1	-	-
		\$ -	\$ -
		\$ -	\$ -
 <u>Liabilities and Reserves</u>			
Reserve for Public Assistance		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -

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, 2007</u>	<u>Balance Dec. 31, 2006</u>
<u>General Fixed Assets</u>			
Land, Buildings and Improvements	\$	56,569,473.09	\$ 56,523,187.59
Vehicles		8,674,857.08	8,559,785.73
Machinery and Equipment		6,859,606.94	6,584,241.58
		<u>\$ 72,103,937.11</u>	<u>\$ 71,667,214.90</u>
<u>Investment in General Fixed Assets</u>			
Investment in General Fixed Assets	\$	72,103,937.11	\$ 71,667,214.90
		<u>\$ 72,103,937.11</u>	<u>\$ 71,667,214.90</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006

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, 2007 AND 2006
(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, 2007 AND 2006
(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, 2007 AND 2006
(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.

Category	Amount
School Tax Payable	\$ -
School Tax Deferred	10,517,929.50
	\$ 10,517,929.50

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(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, 2007 AND 2006
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Year 2005</u>
Issued:			
General:			
Bonds and Notes	\$ 58,591,519.99	\$ 56,011,782.03	\$ 47,155,610.88
Total Issued	<u>58,591,519.99</u>	<u>56,011,782.03</u>	<u>47,155,610.88</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:	<u>883,125.51</u>	<u>134,954.25</u>	<u>198,250.50</u>
Net Debt Issued	<u>57,708,394.48</u>	<u>55,876,827.78</u>	<u>46,957,360.38</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>3,975,630.72</u>	<u>7,109,571.50</u>	<u>12,111,321.50</u>
Total Authorized But Not Issued	<u>3,975,630.72</u>	<u>7,109,571.50</u>	<u>12,111,321.50</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 61,684,025.20</u>	<u>\$ 62,986,399.28</u>	<u>\$ 59,068,681.88</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 0.48%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 62,567,150.71	\$ 883,125.51	\$ 61,684,025.20
School Debt	<u>23,700,000.00</u>	<u>23,700,000.00</u>	<u>-</u>
	<u>\$ 86,267,150.71</u>	<u>\$ 24,583,125.51</u>	<u>\$ 61,684,025.20</u>

Net debt \$61,684,025.20 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$12,754,841,307 = 0.48%.

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

3-1/2% of Equalized Valuation Basis	\$ 446,419,445.75
Net Debt	<u>61,684,025.20</u>
Remaining Borrowing Power	<u>\$ 384,735,420.55</u>

The Chief Financial Officer should revise the Annual Debt Statement to reflect foregoing net debt information.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 2: LONG-TERM DEBT (CONTINUED)

Description of Bonds and Loans Payable

At December 31, 2007, bonds payable in the General Capital Fund consisted of the following individual issues:

\$12,980,000.00 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, 2007 is \$0.00.

\$13,500,000.00 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, 2007 is \$4,200,000.00.

\$17,000,000.00 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, 2007 is \$13,100,000.00.

\$9,325,000.00 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, 2007 is \$6,120,000.00.

\$21,000,000.00 General Improvement Bonds, dated January 15, 2006, due in annual installments beginning January 15, 2007 through, 2019, bearing interest at various rates from 3.25 to 4.00% per annum. The balance remaining as of December 31, 2007 is \$20,900,000.00.

\$172,500.00 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, 2007 is \$0.00.

\$95,000.00 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, 2007 is \$0.00.

\$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, 2007 is \$195,519.99.

Changes in Long-Term Debt

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

	<u>Outstanding</u> <u>12/31/06</u>		<u>Issues or</u> <u>Additions</u>		<u>Payments or</u> <u>Expenditures</u>		<u>Outstanding</u> <u>12/31/07</u>
General Capital Fund:							
Bonds Payable	\$ 48,930,000.00	\$	-	\$	4,610,000.00	\$	44,320,000.00
Loans Payable	231,782.03		-		36,262.04		195,519.99
Total All Funds	<u>\$ 49,161,782.03</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>4,646,262.04</u>	<u>\$</u>	<u>44,515,519.99</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(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
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	3,970,000.00	999,390.00	30,816.67	1,410.82
2013 - 2017	17,525,000.00	2,587,250.00	47,390.29	950.96
2018 - 2019	4,000,000.00	160,000.00		
	<u>\$ 44,320,000.00</u>	<u>\$ 9,446,650.00</u>	<u>\$ 195,519.99</u>	<u>\$ 13,958.69</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, 2007, the City estimates this liability to approximate \$4,799,615.89 based on 2007 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, 2007	Balance December 31, 2006
Prepaid Taxes - Cash Liability	\$ 1,398,029.67	\$ 1,424,397.36

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(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, 2007 AND 2006
(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 \$375,291.62 for 2007 and \$202,835.56 for 2006.

Three Year Trend Information for PERS

Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 375,291.62	100%	\$ -
12/31/06	202,835.56	100%	-
12/31/05	148,628.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was \$1,493,430.60 for 2007 and \$917,427.00 for 2006.

Three Year Trend Information for PFRS

Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 1,493,430.60	100%	\$ -
12/31/06	917,427.00	100%	-
12/31/05	708,520.00	100%	-

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(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, 2007, the carrying amount of the City's deposits was \$17,599,762.13 and the bank balance was \$18,554,685.73. Of the bank balance, \$376,501.12 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, 2007, 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, 2007 AND 2006
(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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	\$ 1.000	\$ 0.970	\$ 0.960
Apportionment of Tax Rate:			
Municipal	0.465	0.444	0.432
County	0.279	0.268	0.263
Local School	0.256	0.258	0.265

Assessed Valuation

2007	\$ 8,249,356,764
2006	8,014,307,303
2005	7,774,231,834

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2007	\$ 83,358,889	\$ 82,429,856	98.89%
2006	79,588,215	78,802,319	99.01%
2005	76,160,501	75,576,364	99.23%

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 8: PROPERTY TAXES (CONTINUED)

Delinquent Taxes and Tax Title Liens					
Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy	
2007	\$ 1,201.55	\$ 863,618.55	\$ 864,820.10	1.04%	
2006	1,196.55	783,562.11	784,758.66	0.99%	
2005	1,191.70	584,322.95	585,514.65	0.77%	

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
2007	\$ 262,576.00
2006	262,576.00
2005	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			
2007	\$ 5,340,221.26	\$ 2,390,004.00	44.75%
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%

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2007 are as follows:

	<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$	11,947.00	Federal and State Grant Fund	Current Fund
\$	<u>11,947.00</u>		

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, 2007:

	<u>Balance as of December 31, 2006</u>	<u>Additions</u>	<u>Balance as of December 31, 2007</u>
Land, Buildings & Improvements	\$ 56,523,187.59	\$ 46,285.50	\$ 56,569,473.09
Vehicles	8,559,785.73	115,071.35	8,674,857.08
Machinery & Equipments	<u>6,584,241.58</u>	<u>275,365.36</u>	<u>6,859,606.94</u>
Total	<u>\$ 71,667,214.90</u>	<u>\$ 436,722.21</u>	<u>\$ 72,103,937.11</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(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

Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2006	\$ 8,321,466.82	\$ 308,737.95
Increased By Receipts:		
Collector	\$ 83,460,000.00	\$
Due from State - Seniors and Veterans	204,073.00	
Federal and State Grants Receivable		509,462.44
Federal and State Grants Unappropriated		27,601.57
Miscellaneous Revenue Anticipated	13,844,754.43	
Miscellaneous Revenue Not Anticipated	255,322.32	
Matching Funds for Grants		63,130.69
Reserve for Health Insurance Claims	5,378,630.69	
Prepaid Beach Fees	21,430.00	
Special Emergency Note	824,000.00	
Due to Current Fund	11,947.00	
Cancellation of State Dated Checks	21,872.85	
Payroll Payable	44,590,025.42	
	<u>148,612,055.71</u>	<u>600,194.70</u>
	156,933,522.53	908,932.65

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2007 Appropriations	\$ 53,017,064.48	\$
2006 Appropriation Reserves	882,465.14	
Reserve for Encumbrances		285,529.34
Due to Current Fund		11,947.00
County Taxes	22,596,837.31	
County Added and Omitted Taxes	457,872.52	
Local District School Tax	20,793,165.50	
Special Improvement District Levy	186,155.00	
Payroll Payable	44,646,507.99	
Reserve for Revaluation	476,067.44	
Tax Overpayments	86,671.18	
Reserve for Street Permit Litigation	103,000.00	
Federal and State Grant Fund Expenditures		231,091.79
Rebate Receivable	11,947.00	
Matching Funds for Grants	63,130.69	
Premiums Transferred to Trust	11,600.00	
Residential Development Fees	204,127.82	
Reserve for Health Insurance Claims	5,461,523.59	
	<u>148,998,135.66</u>	
Balance December 31, 2007	\$ <u>7,935,386.87</u>	\$ <u>380,364.52</u>

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

Balance December 31, 2006	<u>Ref.</u> A		\$	368,110.11
Increased By Receipts:				
Taxes Receivable		\$ 81,548,361.48		
Interest and Cost on Taxes		179,597.13		
Interest on Investments		13,030.81		
Miscellaneous Revenue Not Anticipated		5,066.74		
Residential Development Fees		204,127.82		
Tax Overpayments		95,062.03		
Prepaid Taxes		1,398,029.67		
Tax Premium		<u>11,600.00</u>		
				<u>83,454,875.68</u>
				83,822,985.79
Decreased By Disbursements:				
Payment to Treasurer		<u>83,460,000.00</u>		
				<u>83,460,000.00</u>
Balance December 31, 2007	A		\$	<u><u>362,985.79</u></u>

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

Year	Balance Dec. 31, 2006	2007 Levy	Added Taxes	2006	2007	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2007
Prior	\$ 783,562.11	\$ -	\$ -	\$ -	\$ 762,262.09	\$ 20,104.97	\$ -	\$ 1,195.05
	783,562.11	-	-	-	762,262.09	20,104.97	-	1,195.05
2007		82,679,726.09	679,162.71	1,424,397.36	81,005,458.92	66,604.02	5.00	862,423.50
	\$ 783,562.11	\$ 82,679,726.09	\$ 679,162.71	\$ 1,424,397.36	\$ 81,767,721.01	\$ 86,708.99	\$ 5.00	\$ 863,618.55
Ref.	A							A

\$ 81,548,361.48 Cash Receipts
205,503.42 Senior Citizens and Veterans
13,856.11 Overpayments Applied
\$ 81,767,721.01

Analysis of 2007 Property Tax Levy

Tax Yield:
General Property Tax \$ 82,493,567.64
SID Levy 186,158.45
Added Taxes (54:4-63.1 et seq.) 679,162.71
\$ 83,358,888.80

Tax Levy:

Local District School Tax:
Levy \$ 21,035,859.00

County Taxes \$ 21,035,859.00
County Taxes Added and Omitted 22,596,416.51
SID Levy 189,405.66
Local Tax for Municipal Purposes 186,155.00
Add: Additional Tax Levied 38,237,701.04
1,113,351.59

\$ 39,351,052.63
\$ 83,358,888.80

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2006	<u>Ref.</u> A		\$	1,196.55
Increased By Receipts:				
Transfers from Taxes Receivable		\$		5.00
				5.00
				1,201.55
Decreased By:				
None				-
				-
Balance December 31, 2007	A		\$	1,201.55

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2006	Accrued In 2007	Collected	Balance Dec. 31, 2007
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Other	\$ -	\$ 432,918.50	\$ 432,918.50	\$ -
Fees and Permits	-	1,027,891.06	1,027,891.06	-
Municipal Court - Fines and Costs	29,194.05	716,382.78	745,576.83	-
Interest and Costs on Taxes	-	179,597.13	179,597.13	-
Parking	-	2,106,477.61	2,106,477.61	-
Interest on Investments	-	645,252.44	645,252.44	-
Beach Fees	-	3,301,763.93	3,301,763.93	-
Rental or Sale of Municipal Property	-	115,524.71	115,524.71	-
Airport Fees	-	166,058.61	166,058.61	-
Boat Ramp Fees	-	43,081.60	43,081.60	-
Aquatic and Fitness Center User Fees	-	653,400.97	653,400.97	-
Smoke Detector Inspection	-	159,285.00	159,285.00	-
Emergency Medical Services	-	475,879.68	475,879.68	-
Legislative Initiative Block Grant	-	67,876.00	67,876.00	-
Garden State Trust Fund	-	420.30	420.30	-
Energy Receipts Tax	-	2,358,298.00	2,358,298.00	-
Consolidated Municipal Property Tax Relief Aid	-	47,826.00	47,826.00	-
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

	Balance Dec. 31, 2006	Accrued In 2007	Collected	Balance Dec. 31, 2007
Uniform Construction Code Fees	\$ -	\$ 529,935.00	\$ 529,935.00	\$ -
Upper Township - Dispatching Service	-	172,949.00	172,949.00	-
Anticipation of Lease Agreement - Ocean City Free Public Library	-	568,663.00	568,663.00	-
Reserve for Debt Service, Capital Fund Balance and Reserve for Arbitrage	-	125,000.00	125,000.00	-
Interlocal - Ocean City Tourism Development - Staffing Costs	-	25,000.00	25,000.00	-
Miscellaneous Revenue Not Anticipated	-	260,389.06	260,389.06	-
TOTALS	\$ 29,194.05	\$ 14,273,992.38	\$ 14,303,186.43	\$ -
Ref.	A			A
Treasurer Cash		A-4	\$ 14,100,076.75	
Deferred Revenue		A	5,415.00	
Collector Cash		A-5	197,694.68	
			<u>\$ 14,303,186.43</u>	

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

	Balance Dec. 31, 2006	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages				
City Administrator	\$ 1,654.14	\$ 1,654.14	\$ 941.53	\$ 712.61
Management of Information Systems	1,914.45	1,914.45	1,914.45	-
Purchasing Division	336.12	336.12	336.12	-
Personnel and Risk Management	11,470.89	11,470.89		11,470.89
Director of Community Service	521.22	521.22	521.22	-
Public Relations	426.92	426.92		426.92
Recreation Programs	1,644.01	1,644.01	1,644.01	-
Recreation Operations	3,377.51	3,377.51		3,377.51
Aquatic and Fitness Center	9,477.23	9,477.23	9,477.23	-
Public Assistance	2,250.13	2,250.13	816.03	1,434.10
Accounting Division	3,419.66	3,419.66		3,419.66
Parking Regulation	93.29	93.29		93.29
Property Assessment	3,957.15	3,957.15	1,838.12	2,119.03
Beach Fee Regulation	370.44	370.44		370.44
Tax Collection	2,228.61	2,228.61	967.20	1,261.41
Revenue Collection	5,754.73	5,754.73	5,754.73	-
City Clerk	1,547.11	1,547.11	1,493.10	54.01
City Council	64.00	64.00		64.00
Rescue Services	1,391.48	1,391.48		1,391.48
Police Protection	33,300.43	33,300.43	33,000.43	300.00
Fire Protection	15,518.37	15,518.37	15,518.37	-
Public Works Administration	2,277.82	2,277.82		2,277.82
Public Works Operations	5,500.35	5,500.35	4,559.56	940.79
Engineering and Construction	2,513.49	2,513.49		2,513.49
Fleet Maintenance	3,271.79	3,271.79		3,271.79
Community Development				
- Administration	1,775.39	1,775.39	1,775.39	-
Planning Division	1,146.80	1,146.80	1,146.80	-
Zoning Division	1,774.92	1,774.92	1,450.00	324.92
Municipal Court	2,845.62	2,845.62	1,011.81	1,833.81
Construction Code	14,983.94	4,983.94		4,983.94
Other Expenses:				
Mayors Office	200.00	200.00	14.83	185.17
City Administrator	433.02	433.02	414.98	18.04
Management of Information Systems	43,227.44	43,227.44	28,644.65	14,582.79
Purchasing Division	1,573.04	1,573.04	961.41	611.63
Personnel and Risk Management				
Insurance	4,931.25	4,931.25	3,908.25	1,023.00
Miscellaneous Other Expenses	6,525.13	6,525.13	4,539.77	1,985.36
Director of Community Service	545.92	545.92		545.92
Public Relations	8,259.09	4,259.09	4,159.64	99.45
Recreation Programs	9,525.75	9,525.75	5,158.44	4,367.31
Recreation Operations	2,303.22	2,303.22	1,103.11	1,200.11
Aquatic and Fitness Center	5,338.10	5,338.10	4,372.60	965.50
Public Assistance	779.00	779.00	138.67	640.33
Legal	56,184.48	86,184.48	76,845.27	9,339.21

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

	Balance Dec. 31, 2006	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (Continued):				
Treasurer's Office				
Audit Services	\$ 39.00	\$ 39.00	\$	\$ 39.00
Miscellaneous Other Expenses	9,807.69	9,807.69		9,807.69
Parking Regulation	1,473.71	1,473.71	805.00	668.71
Property Assessment	1,162.61	1,162.61	21.00	1,141.61
Beach Fee Regulation	3,770.07	3,770.07	2,231.35	1,538.72
Tax Collection	1,085.27	1,085.27	675.50	409.77
Revenue Collection	8,310.48	8,310.48	1,130.70	7,179.78
City Clerk	6,162.46	6,162.46	2,034.47	4,127.99
City Council	5,435.09	1,935.09	1,000.00	935.09
Rescue Services	48,828.33	53,828.33	51,119.48	2,708.85
Lifeguards	704.38	704.38	552.82	151.56
Police Protection	63,016.43	63,016.43	61,010.03	2,006.40
Fire Protection	17,682.84	12,682.84	12,089.19	593.65
Public Works Administration	2,619.84	2,619.84	213.27	2,406.57
City Wide Operations	67,454.66	67,454.66	36,309.92	31,144.74
Public Works Operations	217,712.10	217,712.10	172,315.01	45,397.09
Engineering and Construction	4,695.22	4,695.22	605.89	4,089.33
Fleet Maintenance	9,551.01	4,051.01	2,932.89	1,118.12
Field Operations and Engineering	540.77	540.77		540.77
Community Development	5,210.35	5,210.35	75.61	5,134.74
Planning Division	1,904.36	1,904.36	70.00	1,834.36
Planning Board	46,120.82	46,120.82	15,814.02	30,306.80
Zoning Board	5,772.65	5,772.65	609.35	5,163.30
Historical Commission	1,123.46	1,123.46	73.80	1,049.66
Zoning Division	687.32	687.32		687.32
Municipal Court	5,809.58	5,809.58	3,144.67	2,664.91
Construction Code	20,787.28	13,787.28	11,284.47	2,502.81
Electricity	55,044.14	50,044.14	50,044.14	-
Street Lighting	27,419.74	32,419.74	32,239.18	180.56
Telephone	31,276.90	41,976.90	41,110.10	866.80
Water	69,154.84	69,154.84	69,154.84	-
Fuel Oil	13,026.86	21,826.86	21,793.04	33.82
Gasoline	30,225.50	10,725.50	10,232.99	492.51
Social Security System	1,978.68	1,978.68		1,978.68
Consolidated Police and				
Firemen's Pension	965.30	965.30		965.30
Unemployment Compensation	3,209.01	3,209.01	2,605.64	603.37
Police and Firemen's				
Retirement System	745.00	745.00		745.00
Public Employee's				
Retirement System	54.44	54.44		54.44

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

	<u>Balance Dec. 31, 2006</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Expenses (Continued):				
Insurance				
General Liability	\$ 37,365.01	\$ 37,365.01	\$	\$ 37,365.01
Employee Group Health	10,933.37	10,933.37	3,204.00	7,729.37
Technology Equipment	32,836.84	32,836.84	31,329.57	1,507.27
Public Safety/Life Guard Equipment	1,063.50	1,063.50		1,063.50
Public Safety Equipment	31,419.18	31,419.18	30,205.48	1,213.70
Equipment	14,122.76	14,122.76		14,122.76
General Improvements - Street Lighting	270.68	270.68		270.68
TOTALS	\$ 1,195,212.98	\$ 1,195,212.98	\$ 882,465.14	\$ 312,747.84
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 Dec. 31, 2006</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2007</u>
State:					
Beach Acquisition Grant	\$ 94,975.50				\$ 94,975.50
NJ State Police - Emergency Management	5,000.00	5,000.00	10,000.00		-
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		54,317.95	54,317.95		-
Municipal Stormwater Regulation	6,014.00		6,014.00		-
Share Grant - Solar Panels	37,500.00		37,500.00		-
Recycling Tonnage Grant		10,924.52	10,924.52		-
Cape May County Mini Recycling Grant		3,000.00	3,000.00		-
NJ Department of Transportation					
Division of Aeronautics					
Airport Safety Grant	19,000.00	1,184.65	20,184.65		-
Safe and Secure Communities	30,000.00	50,000.00	30,000.00		-
Smart Future Planning					
Transportation Trust Fund					
Year 2007 Grant		143,000.00			50,000.00
Year 2006 Grant	33,750.00				143,000.00
Year 2005 Grant	140,000.00		105,000.00		33,750.00
Aggressive Driving Program	55,000.00		42,135.17		35,000.00
Neighborhood Preservation Program	171,630.00				12,864.83
I Boat Grant		221,263.56			171,630.00
Cool Cities Grant		25,000.00			221,263.56
Share Grant		44,280.00	820.00		25,000.00
					43,460.00

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2006	<u>Anticipated</u> Revenues	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2007
Federal:					
FAA - Snow Removal Building	\$ 8,519.96	\$	2,249.00	\$	6,270.96
FAA - Snow Removal Building - 2007		439,024.00			439,024.00
FAA -Fuel Farm Expansion	7,441.30		1,170.00		6,271.30
FAA - Airport Seal Coat & Marking		8,312.50			8,312.50
Federal Road Aid Project	986,000.00			690,072.26	295,927.74
FEMA - Flood Mitigation	4,256.66				4,256.66
FEMA - Fire Equipment		91,899.00			-
US Department of Transportation - Pavement & Evaluation Study	85,130.00	26,168.35	35,911.00	13,084.35	62,303.00
CDBG	416,113.57	308,954.00	58,337.15		666,730.42
TOTALS	<u>\$ 2,132,831.99</u>	<u>\$ 1,432,328.53</u>	<u>\$ 509,462.44</u>	<u>\$ 703,156.61</u>	<u>\$ 2,352,541.47</u>
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, 2006</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2007</u>
State:				
Drunk Driving Enforcement Fund	\$ 8,033.95	\$ 6,669.96	\$ 8,033.95	\$ 6,669.96
Body Armor Fund	8,249.81	6,919.61	8,249.81	6,919.61
DMV Inspection Fines	5,000.00	4,012.00	6,462.00	2,550.00
Share Grant	4,327.50		4,327.50	-
State Police Emergency Management		10,000.00		10,000.00
Federal:				
None				
TOTALS	<u>\$ 25,611.26</u>	<u>\$ 27,601.57</u>	<u>\$ 27,073.26</u>	<u>\$ 26,139.57</u>
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, 2006	Budget Appropriations	Expended	Cancelled	Balance Dec. 31, 2007
State:					
Department of Transportation					
Year 2007 Grant	\$	\$ 143,000.00	\$	\$	\$ 143,000.00
Windcone		1,247.00	1,247.00		-
Municipal Alliance	12,986.21	4,215.00	6,385.20		10,816.01
Clean Communities	95,386.73	54,317.95	83,294.93		66,409.75
Beach Acquisition Grant	78,326.00				78,326.00
NJ Council on the Arts -					
Ocean City POPS	29,845.00				29,845.00
Body Armor	134.42	8,249.81	5,170.00		3,214.23
Aggressive Driving Program	50,500.00		38,044.65		12,455.35
Drunk Driving Enforcement	4,932.56	8,033.95	7,684.21		5,282.30
State Police Emergency Management	58.78	5,000.00	5,058.78		-
Solar Panel Share Grant	34,380.00	4,327.50	38,707.50		-
Cape May County Mini Recycling Grant		3,000.00	3,000.00		-
Shade Tree Grant	8,020.11				8,020.11
Recycling Tonnage Grant	22,548.75	10,924.52	6,893.00		26,580.27
Alcohol Education and					
Rehabilitation	1,090.91				1,090.91
DEP - Statewide					
Livable Communities	50,000.00				50,000.00
Municipal Stormwater Regulation	12,029.00		2,500.00		9,529.00
Cool Cities Community		29,380.00			29,380.00
DMV Inspection Fines	5,479.65	6,462.00	4,734.60		7,207.05
Share Grant - 2007		45,100.00			45,100.00
Smart Future Planning Grant		50,000.00			50,000.00
Neighborhood Preservation	244,755.69		137,402.93		107,352.76
I Boat		245,848.40			245,848.40
Federal:					
FAA Drainage		26,857.35	13,773.00	13,084.35	-
FAA Block Grant	1,800.00		1,657.06		142.94
US Department of Transportation					
FAA - Snow Removal Building	6,600.01				6,600.01
FAA - Snow Removal Building - 2007		462,130.00	460,131.23		1,998.77
FAA -Fuel Farm Expansion	6,599.97				6,599.97
FAA - Airport Seal Coat & Marking		8,750.00	4,250.00		4,500.00
FEMA	7,467.00				7,467.00
FEMA - Flood Mitigation	7,237.32				7,237.32
FEMA - Fire Equipment		96,735.00	96,390.21		344.79
Federal Aid Road Project	986,000.00			690,072.26	295,927.74
CDBG	464,251.33	308,954.00	234,521.31		538,684.02
TOTALS	\$ 2,130,429.44	\$ 1,522,532.48	\$ 1,150,845.61	\$ 703,156.61	\$ 1,798,959.70
Ref.	A		A-4		A
		Cash Disbursed	\$ 231,091.79		
		Encumbered	919,753.82		
			<u>\$ 1,150,845.61</u>		

CITY OF OCEAN CITY
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH

Balance December 31, 2006	<u>Ref.</u> B		\$ 4,491.59
Increased By Receipts:			
Dog Licenses Fees		\$ 17,439.50	
State License Fees		944.40	
		<hr/>	18,383.90
			<hr/>
			22,875.49
Decreased By Disbursements:			
State of New Jersey		944.40	
Animal Control Expenditures		10,537.11	
		<hr/>	11,481.51
Balance December 31, 2007	B		\$ <u><u>11,393.98</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2006	B		\$ 2,973,019.49
Increased By Receipts:			
Reserve for Tax Premiums & Liens		\$ 137,709.04	
Recreation Dedicated Trust		615,175.18	
P.O.A.A. Fees		5,980.00	
P.O.A.A. Interest		601.70	
Cash Performance Deposits		78,528.43	
Lifeguard Pension Contributions		45,375.62	
Lifeguard Pension Interest		7,992.34	
Fire Dedicated Fees		2,000.00	
Fire Dedicated Fees - Interest		10.90	
Shade Tree Commission		10,350.00	
Planning and Zoning		281,716.31	
Special Law Enforcement Trust		538.63	
Special Law Enforcement Trust - Interest		120.70	
Reserve for COAH		204,127.82	
Reserve for COAH - Interest		58,755.14	
Reserve for Merchant Fees		49,942.38	
Ocean City Tourism Development Commission		353,052.50	
Ocean City Tourism Development Commission - Interest		6,737.65	
		<hr/>	
			1,858,714.34
			<hr/>
			4,831,733.83
Decreased By Disbursements:			
Reserve for Tax Premiums & Liens		134,311.98	
Recreation Dedicated Trust		612,154.83	
P.O.A.A. Fees		6,655.00	
Cash Performance Deposits		220,585.50	
Reserve for Recycling		75.00	
Lifeguard Pension		82,209.70	
Shade Tree Commission		1,875.00	
Planning and Zoning		276,003.02	
Special Law Enforcement Trust		2,190.05	
Merchant Fees		48,458.98	
Reserve for COAH		55,038.86	
Ocean City Tourism Development Commission		337,406.21	
		<hr/>	
			1,776,964.13
			<hr/>
Balance December 31, 2007	B		\$ <u><u>3,054,769.70</u></u>

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

Balance December 31, 2006	<u>Ref.</u> B		\$	4,491.59
Increased By:				
Dog Licenses Fees Collected		\$		2,428.00
Miscellaneous Fees Collected				15,011.50
				17,439.50
				21,931.09
Decreased By:				
Animal Control Expenditures				10,537.11
				10,537.11
Balance December 31, 2007	B		\$	11,393.98

License Fees Collected

Year

2005	\$	2,136.00
2006		17,439.50
	\$	19,575.50

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

Balance December 31, 2006	<u>Ref.</u> C	\$ 4,626,726.58
Increased By Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$ 210,000.00	
Deferred Charges Unfunded	50,000.00	
DOT Grant Reimbursement	690,072.26	
Ocean City Library - HVAC	14,700.00	
United Methodist Homes - Paving Costs	106,000.00	
County Share of Drainage Improvements	62,399.00	
Reserve for Arbitrage	90,760.82	
County Joint Venture Funded Ordinances	376,142.00	
Bond Anticipation Notes	<u>9,576,000.00</u>	
		<u>11,176,074.08</u>
		15,802,800.66
Decreased By Disbursements:		
Improvement Authorizations	3,867,532.05	
Encumbrances Payable	3,609,784.34	
Reserve for Preliminary Expenses	1,348.00	
Payment of Notes	2,350,000.00	
Reserve for Debt Service	<u>125,000.00</u>	
		<u>9,953,664.39</u>
Balance December 31, 2007	C	\$ <u><u>5,849,136.27</u></u>

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

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2007
	Balance Dec. 31, 2006	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	
Fund Balance	\$ 4,311.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,971.74
Capital Improvement Fund	48,052.53		210,000.00			218,250.00	47,602.53
Reserve for Arbitrage	30,976.11		90,760.82				121,736.93
Reserve for Debt Service	134,954.25		873,171.26				883,125.51
Encumbrances	3,615,159.34			125,000.00			2,553,191.67
Reserve for Preliminary Expenses	36,989.00			3,609,784.34		16,300.00	19,341.00
Reserve for Capital Projects	25,000.00			1,348.00		25,000.00	-
Improvement Authorizations							
Ord.							
Number							
92-9 Beach Area Acquisition	(279,715.40)			400.00		63.80	(279,715.40)
00-19 Various General Improvements	463.80			3,447.94			0.00
99-01 : 00-20 Various General Improvements	3,447.94			(7,400.05)			0.00
00-01 Various Capital Improvements	187.15			27,489.57			7,587.20
00-03 Various Capital Improvements	55,541.39					25,000.00	3,051.82
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	39,167.57		48,247.00	9,608.79		9,085.00	68,720.78
01-09 Various Capital Improvements	775.00			775.00			-
01-23 : 02-27 Various Capital Improvements	12,023.97			9,638.91		2,185.06	(0.00)
02-06 Various Capital Improvements	21,676.70			14,066.70			7,610.00
02-24 Various Capital Improvements	115.77			(2,213.42)		715.77	1,613.42
03-02 Various Capital Improvements	1,149.01		1,753.00	2,709.19		700.82	(508.00)
03-28 Various Capital Improvements	89,880.77			69,371.70		18,039.64	2,469.43
04-02 : 04-22 Various Capital Improvements	51,119.83			4,643.75		16,042.25	30,433.83
04-09 Various Capital Improvements	(2,250.00)			(49,600.00)		49,600.00	(2,250.00)
04-16 Various Capital Improvements	438,846.54			196,686.47		52,704.69	189,455.38
04-23 Various Capital Improvements	65,000.00			49,400.00		15,600.00	-
04-30 Various Capital Improvements	311,522.62			262,718.37		47,631.75	1,172.50
05-08 Various Capital Improvements	221,460.88			108,970.55		29,552.40	82,937.93
05-15 Various Capital Improvements	(498,719.92)	791,000.00		205,268.38		45,773.25	41,238.45
05-25 Various Capital Improvements	1,282,450.28			575,297.85		110,795.45	596,356.98
05-40 Various Capital Improvements	(285,000.00)	285,000.00		522,864.82		127,712.06	24,867.46
06-03 Various Capital Improvements	(974,555.66)	1,650,000.00		1,505,386.24		140,525.85	530,587.91
06-32 Various Capital Improvements	176,500.00	2,000,000.00		332,801.29		1,849,053.51	536,395.20
07-04 Various Capital Improvements		2,500,000.00		25,000.00			-
07-07 Various Capital Improvements			376,142.00			10,000.00	366,142.00
07-36 Various Capital Improvements							
	\$ 4,626,726.58	\$ 7,226,000.00	\$ 1,600,074.08	\$ 3,867,532.05	\$ 3,736,132.34	\$ 2,810,526.91	\$ 5,849,136.27

Ref.

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

Balance December 31, 2006	<u>Ref.</u> C		\$	48,052.53
Increased By:				
Current Fund Budget Appropriation		\$ 210,000.00		
Cancellation of Reserve for Preliminary Expenses - Funded Completely from Capital Improvement Fund		<u>7,800.00</u>		
				<u>217,800.00</u>
				265,852.53
Decreased By:				
Improvement Authorizations Funded		<u>218,250.00</u>		
				<u>218,250.00</u>
Balance December 31, 2007	C		\$	<u><u>47,602.53</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2006	<u>Ref.</u> C		\$	49,161,782.03
Increased By:				
None		<u>-</u>		
				<u>-</u>
				49,161,782.03
Decreased By:				
Serial Bonds Paid		4,610,000.00		
Green Trust Loan Principal Paid		<u>36,262.04</u>		
				<u>4,646,262.04</u>
Balance December 31, 2007	C		\$	<u><u>44,515,519.99</u></u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2006	2007 Authorizations	Other	Balance Dec. 31, 2007	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	48,247.00		48,247.00	-			
03-02	Various Capital Improvements	3,650.00		1,753.20	1,896.80		508.00	1,388.80
03-28	Various Capital Improvements	8,000.00		2,717.65	5,282.35			5,282.35
04-02-04-22	Various Capital Improvements	2,250.00			2,250.00			2,250.00
04-09	Various Capital Improvements	2,250.00			2,250.00		2,250.00	
04-16	Various Capital Improvements	1,500.00		819.82	680.18			680.18
04-30	Various Capital Improvements	500.00		20.00	480.00			480.00
05-08	Various Capital Improvements	3,750.00			3,750.00			3,750.00
05-15	Various Capital Improvements	801,250.00		1,132.18	800,117.82	791,000.00	9,117.82	
05-25	Various Capital Improvements	5,000.00		0.93	4,999.07			4,999.07
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			
06-03	Various Capital Improvements	4,659,750.00			4,659,750.00	4,000,000.00		659,750.00
06-32	Various Capital Improvements	3,353,500.00			3,353,500.00	2,000,000.00		1,353,500.00
07-04	Various Capital Improvements		4,146,750.00		4,146,750.00	2,500,000.00		1,646,750.00
		\$ 13,959,571.50	\$ 4,146,750.00	\$ 54,690.78	\$ 18,051,630.72	\$ 9,576,000.00	\$ 4,791,591.22	\$ 3,684,039.50
Ref. C		C-7		C-10	C	C-9		
					Improvement Authorizations Unfunded		C-7	\$ 4,826,246.34
					Less:			
					Unexpended Proceeds of			
					Bond Anticipation Notes:			
					05-15	\$	50,356.27	
					06-03		24,867.46	
					06-32		530,587.91	
					07-04		536,395.20	
								1,142,206.84
								\$ 3,684,039.50

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2006		Capital Improvement Fund	2007 Authorizations		Paid or Charged	Balance December 31, 2007	
				Funded	Unfunded		Deferred Charges to Future Taxation	Other		Funded	Unfunded
92-9	Beach Area Acquisition	3/12/1992	\$ 577,158	\$ 5,209.10	\$ -			\$ -		\$ -	\$ 5,209.10
98-2 : 99-10	Various General Improvements	2/26/1998	2,748,000	463.80			(63.80)	400.00		-	-
99-01 : 00-20	Various General Improvements	2/11/1999	3,657,000	3,447.94				3,447.94		-	-
00-01	Various Capital Improvements	1/27/2001	2,238,000	187.15				(7,400.05)		7,587.20	
00-03	Various Capital Improvements	3/30/2001	525,000	55,541.39				52,489.57		3,051.82	
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	39,167.57	48,247.00			18,693.79		68,720.78	
01-09	Various Capital Improvements	6/28/2002	1,700,000	775.00				775.00		-	
01-23 : 02-27	Various Capital Improvements	9/13/2002	1,102,000	12,023.97			(2,185.06)	9,838.91		-	
02-06 : 03-19	Various Capital Improvements	2/28/2002	2,950,000	21,676.70				14,066.70		7,610.00	
02-24	Various Capital Improvements	8/22/2002	1,700,000	115.77			(715.77)	(2,213.42)		1,613.42	
03-02	Various Capital Improvements	1/30/2003	1,467,000	1,149.01	3,650.00		(0.20)	3,410.01		-	1,388.80
03-28	Various Capital Improvements	12/11/2003	1,220,000	89,880.77	8,000.00		(2,717.65)	87,411.34		2,469.43	5,282.35
04-02 : 04-22	Various Capital Improvements	3/11/2004	2,055,000	51,119.83	2,250.00			20,686.00		30,433.83	2,250.00
04-16	Various Capital Improvements	7/29/2004	3,570,000	438,846.54	1,500.00		(819.82)	249,391.16		189,455.38	680.18
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	311,522.62	500.00		(20.00)	310,350.12		1,172.50	480.00
05-08	Various Capital Improvements	3/22/2005	1,425,000	221,460.88	3,750.00			138,522.95		82,937.93	3,750.00
05-15	Various Capital Improvements	6/16/2005	1,475,000		302,530.08		(1,132.18)	251,041.63		50,356.27	
05-25	Various Capital Improvements	8/1/2005	4,700,000	1,282,450.28	5,000.00		(0.93)	686,093.30		596,356.98	4,999.07
06-03	Various Capital Improvements	2/23/2006	4,905,000	176,500.00	1,335,194.34			650,576.88		684,617.46	
06-32	Various Capital Improvements	11/30/2006	3,530,000		3,353,500.00			1,645,912.09		1,884,087.91	
07-04	Various Capital Improvements		4,365,000					2,181,854.80		-	2,183,145.20
07-07	Various Capital Improvements		25,000					25,000.00		-	
07-36	Various Capital Improvements		376,142					10,000.00		366,142.00	
				<u>\$ 2,771,524.83</u>	<u>\$ 5,069,330.52</u>	<u>\$ 619,392.00</u>	<u>\$ (7,851.02)</u>	<u>\$ 6,415,348.72</u>	<u>\$ 1,357,551.27</u>	<u>\$ 4,826,246.34</u>	<u>\$ C</u>

Ref.	Cash Disbursed	Encumbrances	C-2	C-1	C-6
	\$ 3,867,532.05	2,547,816.67		3,160.24	4,690.78
		<u>6,415,348.72</u>			<u>7,851.02</u>

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				Decreased	Balance Dec. 31, 2007
			Date	December 31, 2007 Amount	Interest Rate	Balance Dec. 31, 2006		
General Improvements	1/1/95	\$ 12,980,000		\$	6.000%	\$ 1,280,000.00	\$ -	
General Improvements	4/1/98	13,500,000	04/01/08	1,400,000	4.400%	5,600,000.00	4,200,000.00	
			04/01/09	1,400,000	4.500%			
			04/01/10	1,400,000	5.000%			
General Improvements	09/01/01	17,000,000	07/15/08	1,200,000	4.100%	14,200,000.00	13,100,000.00	
			07/15/09	1,300,000	4.100%			
			07/15/10	1,350,000	4.100%			
			07/15/11	1,375,000	4.100%			
			07/15/12	1,450,000	4.100%			
			07/15/13	1,525,000	4.200%			
			07/15/14	1,550,000	4.300%			
			07/15/15	1,650,000	4.400%			
			07/15/16	1,700,000	4.500%			
General Improvements	12/15/02	9,325,000	12/15/08	750,000	3.100%	6,850,000.00	6,120,000.00	
			12/15/09	800,000	3.250%			
			12/15/10	850,000	3.500%			
			12/15/11	900,000	3.600%			
			12/15/12	920,000	3.700%			
			12/15/13	950,000	3.800%			
			12/15/14	950,000	4.000%	730,000.00		

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				Balance Dec. 31, 2006	Decreased	Balance Dec. 31, 2007
			Date	Amount	Interest Rate	Amount			
General Improvements	1/15/2006	\$ 21,000,000	1/15/2008	\$ 1,400,000	3.25%	\$ 21,000,000.00	\$ 100,000.00	\$ 20,900,000.00	
			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. \$ 48,930,000.00	\$ 4,610,000.00	\$ 44,320,000.00	
						C		C	

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding				Balance Dec. 31, 2007	
			Date	December 31, 2007 Amount	Interest Rate	Balance Dec. 31, 2006		Decreased
Acquisition of 59th Street Fishing Pier	1987	\$ 172,500		\$	2.000%	\$ 5,310.20	\$ 5,310.20	\$ -
Development of Memorial Park	1988	95,000			2.000%	3,053.91	3,053.91	-
Beach Area Acquisition	1994	277,576	2008	28,458.67	2.000%	223,417.92	27,897.93	195,519.99
			2009	29,030.69				
			2010	29,614.21				
			2011	30,209.46				
			2012	30,816.67				
			2013	31,436.08				
			2014	15,954.21				
					Ref.	\$ 231,782.03	\$ 36,262.04	\$ 195,519.99

**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, 2006	Increased	Decreased	Balance Dec. 31, 2007
06-03	Various Capital Improvements	7/20/2006	7/20/2006	7/20/2007	4.500%	\$ 2,350,000.00	\$ 2,350,000.00	\$ 2,350,000.00	\$ -
06-03	Various Capital Improvements	7/20/2006	7/18/2007	7/18/2008	4.000%		2,350,000.00		2,350,000.00
05-15	Various Capital Improvements	3/15/2007	3/15/2007	3/14/2008	4.000%		791,000.00		791,000.00
05-40	Various Capital Improvements	3/15/2007	3/15/2007	3/14/2008	4.000%		285,000.00		285,000.00
06-03	Various Capital Improvements	3/15/2007	3/15/2007	3/14/2008	4.000%		1,000,000.00		1,000,000.00
06-32	Various Capital Improvements	3/15/2007	3/15/2007	3/14/2008	4.000%		1,000,000.00		1,000,000.00
06-03	Various Capital Improvements	7/18/2007	7/18/2007	7/18/2008	4.000%		650,000.00		650,000.00
06-32	Various Capital Improvements	7/18/2007	7/18/2007	7/18/2008	4.000%		1,000,000.00		1,000,000.00
07-04	Various Capital Improvements	7/18/2007	7/18/2007	7/18/2008	4.000%		2,500,000.00		2,500,000.00
						\$ 2,350,000.00	\$ 9,576,000.00	\$ 2,350,000.00	\$ 9,576,000.00
						C			C
						Ref.			

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

Ord. Number	Improvement Description	Balance Dec. 31, 2006	2007 Authorizations	Bonds, Notes or Grants Issued	Funded by Budget Appropriation	Other	Balance Dec. 31, 2007
9-92	Beach Area Acquisition	\$ 284,924.50	\$	\$			\$ 284,924.50
01-03: 03-29	Various Capital Improvements	48,247.00			48,247.00		1,896.80
03-02: 04-07: 04-21	Various Capital Improvements	3,650.00			1,753.00	0.20	5,282.35
03-28	Various Capital Improvements	8,000.00				2,717.65	2,250.00
04-02: 04-22	Various Capital Improvements	2,250.00					2,250.00
04-09	Various Capital Improvements	2,250.00					680.18
04-16	Various Capital Improvements	1,500.00				819.82	480.00
04-30	Various Capital Improvements	500.00				20.00	3,750.00
05-08	Various Capital Improvements	3,750.00					9,117.82
05-15	Various Capital Improvements	801,250.00		791,000.00		1,132.18	4,999.07
05-25	Various Capital Improvements	5,000.00					-
05-40	Various Capital Improvements	285,000.00		285,000.00			659,750.00
06-03	Various Capital Improvements	2,309,750.00		1,650,000.00			1,353,500.00
06-32	Various Capital Improvements	3,353,500.00		2,000,000.00			1,646,750.00
07-04	Various Capital Improvements		4,146,750.00	2,500,000.00			
		\$ 7,109,571.50	\$ 4,146,750.00	\$ 7,226,000.00	\$ 50,000.00	\$ 4,690.78	\$ 3,975,630.72
	Ref.	C					C

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

	Ref.	Trust Fund I	Trust Fund II
Balance December 31, 2006	E	\$ -	\$ -
Increased By Receipts:			
State Aid for Public Assistance		\$ 278,553.73	
Other Receipts		111,083.71	389,637.44
		-	389,637.44
Decreased By Disbursements:			
Public Assistance			369,153.31
SSI Payments			20,484.13
		-	389,637.44
Balance December 31, 2007	E	\$ -	\$ -

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

	Ref.	Trust Fund I	Trust Fund II
Balance December 31, 2007	E-1	\$ -	\$ -
Increased By Receipts:			
Cash Receipts Record		\$ 36,268.87	36,268.87
			36,268.87
Decreased By Disbursements:			
Cash Disbursement Record		36,268.87	36,268.87
Balance January 31, 2008	E-2	\$ -	\$ -
Reconciliation January 31, 2008			
Balance on Deposit per Statement:			
PNC Bank			-
Book Balance		\$ -	\$ -

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	\$		\$ 278,553.73
Refunds			26,065.92
Supplemental Security Income:			
Client Refund			20,484.13
Interim Assistance			64,533.66
 Total Revenues (PATF)		<u>-</u>	<u>389,637.44</u>
 Due to Current Fund			-
 Total Receipts (PATF)	\$	<u>-</u>	<u>\$ 389,637.44</u>

SCHEDULE OF EXPENDITURES

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Current Year Assistance (State Matching):			
Maintenance Payments	\$		\$ 139,951.50
Shelter / Housing			6,676.00
Utilities			3,385.41
Transportation			5,988.90
Temporary Rent			177,009.00
Rent			33,326.50
Other			2,816.00
Total Reported		<u>-</u>	<u>369,153.31</u>
 SSI Payments:			
Reimbursements to Client			20,484.13
 Due to Current Fund			-
 Total Disbursements (PATF)	\$	<u>-</u>	<u>\$ 389,637.44</u>

**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2007**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2007, and have issued our report thereon dated June 30, 2008. 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, 2008.

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



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

June 30, 2008

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:

- Tennis Camp Instructors
- Purchase of Uniforms and Sportswear
- Lease of City Owned Beach Parcels
- Supply of Various Janitorial Products
- Supply and Installation of Vending Machines
- Furnishing and Installation of Leased Coin Operated Binocular Viewers
- Supply and Delivery of Lumber and Piling
- Supply and Delivery of Nails and Bolts
- Replacement of City Hall Boilers
- Supply and Delivery of Parking Meters Housings and Electronic Mechanisms
- Supply and Delivery of Traffic Signs and Traffic Paint
- Maintenance and Care of City Owned Grounds and Garden Plots
- Acquisition of One Model Year 2007 Mini Packer
- Reconstruction of the 5th Street and Atlantic Avenue Parking Lot
- Demolition and Disposal of City Owned Buildings
- Reconstruction of the 7th Street and Central Avenue Parking Lot
- 2007 and 2008 Fourth of July Fireworks Show
- Cultural Center and Library HVAC Modifications
- Supply and Delivery of Street Signs and Supplies
- Construction of Tennis Service Building and Restrooms Facility
- Renovations to 8th Street Community Center
- Ocean City Municipal Solar Energy Power Project
- Acquisition of Seven Model Year 2008 Rear Loading Compactor Trash Trucks
- Installation of Piling
- Acquisition of One Model Year 2007 or Newer One-Man Refuse Collection System Vehicle
- Supply and Installation of New Water Efficient Sprinkler System
- Construction of ADA Pedestrian Improvements
- Installation of Shade Trees as Related to the 2006 Cool Cities Grant
- Supply and Delivery of Sand Fence and Post
- Redesign, Develop, and Implement City of Ocean City's OCNJ.US Website
- Acquisition of One Model Year 2008 or Newer 6 Yard Compacting Trash Truck
- Acquisition of One Model Year 2007 or Newer Backhoe
- Supply of Decorative Street Lights 9th – 11th Street on Boardwalk

CITY OF OCEAN CITY

GENERAL COMMENTS (CONTINUED)

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 2007.

This Resolution shall take effect January 1, 2007.

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>
2007	5
2006	5
2005	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 2007 and 2008 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

Finding #1:

It has been determined that an employee in the City's Fire Department was overpaid.

Criteria:

The Collective Bargaining Agreement with the FMBA, Local 27 requires that employees be compensated in accordance with the Fair Labor Standards Act (FLSA). One of the FLSA provisions is that a covered employee who works at least 144 hours in an 18 day cycle will earn additional hours for compensation, up to 9.75 hours per each 18 day cycle. FLSA hours are prorated if at least 125 hours are worked in the cycle. If an employee works less than 125 hours in the 18 day cycle, no FLSA hours are earned.

Condition:

The employee responsible for keeping Fire Department time records credited himself for FLSA hours, when in fact the time records show he did not work the required hours of a given 18 day cycle.

Cause:

Fire Department Summary Payroll Sheets were reviewed every pay period, but the detailed time sheets showing actual sick and vacation time taken by employees were not.

Effect:

The employee in question has been overpaid for several years.

Recommendation:

That Internal Control Procedures be implemented for FLSA Pay, where detailed time records in the Fire Department be reviewed by someone other than the Fire Department Pay Master.

Ford, Scott & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS



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

June 30, 2008

CITY OF OCEAN CITY
PART III
FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2007

CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant I.D. Number	Grant Period From	Grant Period To	Program Receipts	Program Expenditures
U.S. Department of Housing and Urban Development Community Development Block Grant	14.219	N/A	Open	Open	\$ 58,337.15	\$ 234,521.31
U.S. Department of Transportation FAA Snow Removal Building	20.106	N/A	Open	Open	2,249.00	460,131.23
FAA Snow Removal Building - 2007	20.106	N/A	Open	Open	1,170.00	1,657.06
FAA Fuel Farm Expansion	20.106	N/A	Open	Open	35,911.00	13,773.00
FAA Block Grant	20.106	N/A	Open	Open	4,250.00	4,250.00
Airport Drainage	20.106	N/A	Open	Open		
Pavement Study	20.106	N/A	Open	Open		
Airport Seal Coat & Marking	20.106	N/A	Open	Open		
U.S. Department of Homeland Security FEMA - Fire Equipment	97.036	N/A	Open	Open	91,899.00	96,390.21
Total Federal Awards					<u>\$ 189,566.15</u>	<u>\$ 810,722.81</u>

**CITY OF OCEAN CITY
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

State Funding Department	Program	State Account Number	Grant Period		Program Receipts	Program Expenditures	Cumulative Expenditures
			From	To			
Department of Community Affairs	Neighborhood Preservation Program	8020-100-022-8020-092-F301-6020	Open	Open	\$	\$ 137,402.93	\$ 137,402.93
Department of Environmental Protection	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Open	Open	10,924.52	6,893.00	8,205.88
	Clean Communities	4900-765-042-4900-004-V42Y-6020	Open	Open	54,317.95	83,294.93	92,006.32
	Storm Water Management	100-042-4840-091-057500	Open	Open	6,014.00	2,500.00	2,500.00
Department of Treasury	Municipal Alliance Program	475-995120-60	Open	Open		6,385.20	10,525.20
Department of Transportation	Trust Fund						
	2005 Grant	6320-048-078-6320	Open	Open	105,000.00		135,000.00
	Enforcement	6400-100-078-6400	Open	Open	6,669.96	7,684.21	23,270.04
	Windcone	6070-100-078-6070	1/1/07	12/31/07		1,247.00	1,247.00
Department of Law and Public Safety	Safe and Secure Communities	1020-100-066-1020-232-YCJS-6120	1/1/2007	12/31/2007	30,000.00		75,000.00
	DMV Inspection Fines	6400-100-078-6400	Open	Open	4,012.00	4,734.60	14,314.35
	Body Armor Grant	1020-718-066-1020-001-01-YCJS-6120	Open	Open	6,919.61	5,170.00	10,986.25
	Aggressive Driver Program	N/A	Open	Open	42,135.17	38,044.65	42,544.65
	Emergency Management	1200-100-066-1200-726-YEMR-6120	Open	Open	10,000.00	5,058.78	15,618.98
Department of Economic Assistance	Public Assistance	7550-150-158010-60	1/1/07	12/31/07	278,553.73	369,153.31	369,153.31
	SSI and Other Receipts	7550-150-158010-60	1/1/07	12/31/07	111,083.71	20,484.13	20,484.13
Total State Assistance					<u>665,630.65</u>	<u>688,052.74</u>	<u>958,259.04</u>

See Accompanying Notes to Schedules of Federal and State Awards

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2007

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	\$ 810,722.81	\$ 298,415.30	\$ 41,707.50	\$ 1,150,845.61
Public Assistance Fund	-	389,637.44	-	389,637.44
Total Financial Assistance	<u>\$ 810,722.81</u>	<u>\$ 688,052.74</u>	<u>\$ 41,707.50</u>	<u>\$ 1,540,483.05</u>

Note 4: Relationship to State Financial Reports

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



FORD - SCOTT

& ASSOCIATES, L.L.C.

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**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, 2007. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and 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 federal or 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 federal and state programs for the year ended December 31, 2007.

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 federal and 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 federal or 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 federal or 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 federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or 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 federal or 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 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 & Associates, L.L.C.
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Leon P. Costello
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No. 393

June 30, 2008

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2007

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? **NONE REPORTED**

Non-Compliance material to Financial Statements – Statutory Basis noted? **NO**

Federal Awards

Internal control over major programs:

- 1) Material Weakness identified? **NO**
- 2) Reportable conditions 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, dated June 30, 2008.**

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133? **NO**

Identification of major programs: **20.106 FAA Snow Removal Building - 2007**

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, 2007
(CONTINUED)

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

State Awards

Internal control over major programs:

- | | |
|---|----------------------|
| 3) Material Weakness identified? | NO |
| 4) 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.
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Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	NO
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Identification of major programs: 7550-150-158010-60 8020-100-022-8020-092-F301-6020	Public Assistance Neighborhood Preservation Program
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Dollar threshold used to distinguish between Type A and Type B Programs:	\$300,000
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Auditee qualified as low-risk Auditee?	YES
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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: Our audit disclosed no material Findings or Questioned Costs.

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

STATUS OF PRIOR YEAR FINDINGS

There were no prior year Findings or Questioned Costs.