CITY OF OCEAN CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2016

CITY OF OCEAN CITY
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CITY OF OCEAN CITY

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

DECEMBER 31, 2016

FORD-SCOTT
& ASSOCIATES, L.L.C.
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Ocean City, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Ocean City on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Ocean City as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ocean City basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The accompanying Schedules of Expenditures of Federal Awards and State Assistance are presented for the purpose of additional analysis as required by OMB Uniform Guidance and NJ OMB 15-08 and are not a required part of the financial statements. The schedules of Expenditures of Federal Awards and State Assistance as required by OMB Circular Uniform Guidance and NJ OMB 15-08 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of Expenditures of Federal Awards and State Assistance as required by OMB Uniform Guidance and NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017 on our consideration of the City of Ocean City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ocean City's internal control over financial reporting and compliance.

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

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

June 9, 2017

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EXHIBIT - A
CURRENT FUND

Exhibit A
Sheet 1

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

ASSETS		2016	2015
Regular Fund:			
Cash:			
Cash Treasurer	$	10,525,851.81	13,028,817.54
Cash - Collector		270,048.70	537,268.54
Cash - Change		2,825.00	2,825.00
Total Cash		10,798,725.51	13,568,911.08
Other Receivables:			
Due from State - Chapter 20 P.L. 1971		216.51	466.51
Total Other Receivables		216.51	466.51
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable		680,873.91	691,033.10
Tax Title and Other Liens		1,429.93	1,785.51
Property Acquired for Taxes - at Assessed Valuation		262,576.00	262,576.00
Total Receivables and Other Assets		944,879.84	955,394.61
Deferred Charges:			
Emergency Appropriation		250,000.00	50,000.00
Special Emergency Appropriation		-	450,000.00
Total Deferred Charges		250,000.00	500,000.00
Total Regular Fund		11,993,821.86	15,024,772.20
Federal and State Grant Fund:			
Cash		25,296.81	242,276.96
Federal and State Grants Receivable		2,616,048.37	2,230,793.90
Total Federal and State Grant Fund		2,641,345.18	2,473,070.86
Total Current Fund	$	14,635,167.04	17,497,843.06

See accompanying Notes to Financial Statements - Regulatory Basis

Exhibit A
Sheet 2

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

		2016	2015
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	$	812,114.96	1,611,927.97
Reserve for Encumbrances		980,688.13	1,315,567.60
Accounts Payable		3,675.00	14,075.01
Prepaid Taxes		2,548,837.95	2,435,364.50
Overpaid Taxes		29,621.63	35,795.34
County Added Tax Payable		184,608.13	220,631.07
Escrow - Blue Water Marina		33,059.76	33,059.76
Prepaid Beach Fees		70,935.00	66,280.00
Reserve for Excess Funds - Due to FEMA		-	667,429.31
Reserve for Tax Appeals		-	100,000.00
Payroll Taxes Payable		2,495.00	6,479.40
Reserve for Health Insurance Claims		585.64	158,643.36
Reserve for Special Emergency - Sandy		23,243.62	51,241.16
Special Emergency Note Payable		-	450,000.00
		4,689,864.82	7,166,494.48
Reserve for Receivables and Other Assets		944,879.84	955,394.61
Fund Balance		6,359,077.20	6,902,883.11
Total Regular Fund		11,993,821.86	15,024,772.20
Federal and State Grant Fund:			
Unappropriated Reserves		7,000.00	9,909.10
Appropriated Reserves		1,030,166.36	2,122,807.73
Due to General Capital Fund		700,000.00	-
Encumbrances Payable		904,178.82	340,354.03
Total Federal and State Grant Fund		2,641,345.18	2,473,070.86
Total Current Fund	$	14,635,167.04	17,497,843.06

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2016	2015
Revenue and Other Income Realized		
Fund Balance	$ 3,650,000.00	3,350,000.00
Miscellaneous Revenue Anticipated	19,576,254.81	19,823,621.92
Receipts from Delinquent Taxes	695,058.98	861,204.29
Receipts from Current Taxes	103,883,886.67	101,270,335.38
Non Budget Revenue	426,811.94	551,409.79
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,096,956.25	1,454,510.34
Prior Year Revenue	-	9,844.04
Cancellation of:		
Prior Year Accounts Payable	14,075.01	-
Reserve for Tax Appeals	100,000.00	100,000.00
Total Income	129,443,043.66	127,420,925.76
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	29,161,383.00	29,310,811.00
Other Expenses	19,207,115.39	18,832,383.39
Deferred Charges & Statutory Expenditures	6,173,208.00	5,817,084.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	256,126.10	222,789.00
Other Expenses	4,856,890.65	5,535,457.38
Capital Improvements	1,150,000.00	1,100,000.00
Debt Service	11,237,462.25	10,548,859.70
Deferred Charges	2,524,500.00	945,000.00
Local District School Tax	24,672,784.00	24,619,359.00
County Tax	26,909,536.29	26,155,927.22
County Share of Added Tax	184,608.13	220,631.07
Other:		
Special Improvement District Taxes	183,447.94	183,448.00
Payroll Deductions Payable	69,787.82	-
Prior Year Seniors & Veterans Deductions	-	6,108.90
Total Expenditures	126,586,849.57	123,497,858.66
Excess/(Deficit) in Revenue	2,856,194.09	3,923,067.10

See accompanying Notes to Financial Statements - Regulatory Basis

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

		2016	2015
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year			
Emergency Appropriation		250,000.00	50,000.00
Total Adjustments		250,000.00	50,000.00
Statutory Excess to Fund Balance		3,106,194.09	3,973,067.10
Fund Balance January 1		6,902,883.11	6,279,816.01
		10,009,077.20	10,252,883.11
Decreased by:			
Utilization as Anticipated Revenue		3,650,000.00	3,350,000.00
Fund Balance December 31	$	6,359,077.20	6,902,883.11

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Fund Balance Anticipated	$ 3,650,000.00		3,650,000.00	-
Total Fund Balance Anticipated	3,650,000.00	-	3,650,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	425,000.00		410,109.83	(14,890.17)
Fees and Permits	1,000,000.00		1,016,688.13	16,688.13
Fines and Costs:				
Municipal Court	400,000.00		402,173.07	2,173.07
Interest and Costs on Taxes	200,000.00		181,389.82	(18,610.18)
Interest Earned on Investments	12,000.00		86,603.32	74,603.32
Parking Meters	2,900,000.00		3,162,848.74	262,848.74
Beach Fees	4,100,000.00		4,115,639.79	15,639.79
Rental or Sale of City Material & Property	190,000.00		148,632.93	(41,367.07)
Airport Fees	150,000.00		141,615.33	(8,384.67)
Boat Ramp Fees	32,000.00		33,232.68	1,232.68
Aquatic & Fitness Center User Fees	1,045,000.00		1,096,263.45	51,263.45
Smoke Detector Inspection	190,000.00		195,535.00	5,535.00
Emergency Medical Services	650,000.00		678,179.27	28,179.27
Total Section A: Local Revenues	11,294,000.00	-	11,668,911.36	374,911.36
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	2,146,048.00		2,146,048.00	-
Total Section B: State Aid Without Offsetting Appropriations	2,146,048.00	-	2,146,048.00	-

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	1,100,000.00		1,085,340.00	(14,660.00)
Total Section C: Uniform Construction Code Fees	1,100,000.00	-	1,085,340.00	(14,660.00)
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Upper Township - Dispatching Service	227,245.00		227,245.00	-
Total Section D: Interlocal Municipal Service Agreements	227,245.00	-	227,245.00	-
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	27,463.59		27,463.59	-
Drunk Driving Enforcement Fund	9,909.10		9,909.10	-
NJDHTS - Holiday Crackdown	5,000.00		5,000.00	-
NJ Solid Waste Administration - Bonus Grant	10,470.50		10,470.50	-
CDBG - DR: Prepare Area Plan		50,000.00	50,000.00	-
CDBG - DR: Prepare Codes & Ordinances		20,000.00	20,000.00	-
CDBG - DR: Design Development		50,000.00	50,000.00	-
CDBG - DR: Develop Floodplain		50,000.00	50,000.00	-
CDBG - DR: Permit & Application Fee		25,000.00	25,000.00	-
Body Armor Grant		5,151.52	5,151.52	-
Body Worn Camera Assistance Program		9,500.00	9,500.00	-
Clean Communities Program		109,075.74	109,075.74	-
Airport Obstruction Removal Grant		69,480.00	69,480.00	-
NJ DOT Transportation Trust Fund	175,000.00		175,000.00	-
Cape May County Open Space Grant	200,000.00		200,000.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	427,843.19	388,207.26	816,050.45	-

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Section G: Other Special Items				
Reserves for Debt Service & Capital Fund Balance	2,604,500.00		2,604,500.00	-
OC Library - Contracted Services	241,217.00		241,217.00	-
OC Library - Return to Taxpayers	347,666.00		347,666.00	-
Hurricane Sandy Reimbursements	405,000.00		439,277.00	34,277.00
Total Section G: Other Special Items	3,598,383.00	-	3,632,660.00	34,277.00
Total Miscellaneous Revenues:	18,793,519.19	388,207.26	19,576,254.81	394,528.36
Receipts from Delinquent Taxes	750,000.00		695,058.98	(54,941.02)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	48,008,642.34		49,088,437.31	1,079,794.97
Library Tax	3,879,130.00		3,879,130.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	51,887,772.34	-	52,967,567.31	1,079,794.97
Budget Totals	75,081,291.53	388,207.26	76,888,881.10	1,419,382.31
Non- Budget Revenues:				
Other Non- Budget Revenues:			426,811.94	426,811.94
	$ 75,081,291.53	388,207.26	77,315,693.04	1,846,194.25

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		$ 103,883,886.67
Less: Reserve for Tax Appeals Pending		
Net Revenue from Collections		103,883,886.67
Allocated to:		
School, County and Other Taxes		52,066,319.36
Balance for Support of Municipal Budget Appropriations		51,817,567.31
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		1,150,000.00
Amount for Support of Municipal Budget Appropriations		52,967,567.31
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	695,058.98	
Tax Title Lien Collections	-	
Total Receipts from Delinquent Taxes		$ 695,058.98

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Storage & Towing Fees	$ 17,690.41	
Tax Collector	6,063.90	
200 Foot Information	2,340.00	
City Clerk	286.99	
Public Defender Fees	4,650.00	
Bench Donations	42,250.00	
Trademark Fees	725.00	
Binocular Fees	755.17	
Plans & Specs	3,885.00	
Wilhelm Trust	10,800.00	
DMV Inspection Fines	7,987.31	
Restitution	4,846.00	
American Recycling	4,078.10	
Other Rebates	32,196.11	
PILOT - United Methodist Homes	78,030.00	
Reimbursements from OC Free Library	59,701.65	
Various Rental, Licenses & Leases	12,212.90	
Unclaimed Funds	14,290.94	
Sidewalk Café Permits	1,200.00	
Fire Reports	5.00	
Reimbursement for Services - Margate	12,000.00	
Tax Maps	999.44	
Returned Check Fees	20.00	
Coastal Zone Management Program	15,000.00	
Strathmere EMS Interlocal	4,960.00	
Senior & Veterans Admin Fee	2,495.00	
FEMA Reimbursements	78,585.16	
Various Refunds & Reimbursements	6,562.16	
Miscellaneous	2,195.70	
Total Miscellaneous Revenue Not Anticipated:		$ 426,811.94

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
EXECUTIVE BRANCH						
Mayor's Office						
Other Expenses	$ 2,475.00	2,475.00	1,552.78		922.22	
ADMINISTRATION						
City Administrator						
Salaries and Wages	319,000.00	333,000.00	329,139.51		3,860.49	
Other Expenses	2,000.00	2,000.00	1,174.07	205.00	620.93	
Engineering & Project Management						
Salaries and Wages	574,000.00	499,000.00	490,085.76		8,914.24	
Other Expenses	30,450.00	30,450.00	12,452.98	1,057.00	16,940.02	
Human Resources						
Salaries and Wages	591,000.00	577,450.00	505,952.54		71,497.46	
Other Expenses	144,900.00	154,900.00	136,618.72	16,567.18	1,714.10	
Purchasing Division						
Salaries and Wages	265,000.00	265,000.00	264,386.09		613.91	
Other Expenses	6,540.00	8,340.00	4,786.69	120.00	3,433.31	
Information Technology						
Salaries and Wages	271,000.00	269,000.00	266,823.98		2,176.02	
Other Expenses	247,850.00	247,850.00	193,721.75	26,583.18	27,545.07	
Emergency Management						
Salaries and Wages	15,000.00	15,000.00	15,000.00		-	
Other Expenses	17,000.00	17,000.00	16,534.03		465.97	
Planning & Zoning						
Salaries and Wages	360,000.00	392,000.00	389,634.89		2,365.11	
Other Expenses	60,650.00	50,650.00	47,875.84	672.00	2,102.16	
Planning Board						
Other Expenses	17,450.00	25,450.00	22,549.62		2,900.38	
Zoning Board of Adjustment						
Other Expenses	6,700.00	14,700.00	7,530.40		7,169.60	

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
COMMUNITY SERVICE DEPARTMENT						
Public Relations & Information						
Salaries and Wages	939,000.00	949,000.00	924,448.95	20,000.00	4,551.05	
Other Expenses	192,340.00	194,840.00	191,673.89	1,578.95	1,587.16	
Aquatic and Fitness Center						
Salaries and Wages	1,084,000.00	1,064,000.00	1,043,987.40		20,012.60	
Other Expenses	81,250.00	84,250.00	78,425.29	4,994.19	830.52	
Recreation & Leisure Programs						
Salaries and Wages	344,000.00	344,000.00	336,991.77		7,008.23	
Other Expenses	20,900.00	20,900.00	20,863.25	7.52	29.23	
Music Pier Operations						
Salaries and Wages	460,000.00	476,000.00	471,659.12		4,340.88	
Other Expenses	31,800.00	32,800.00	30,836.90	1,714.04	249.06	
Municipal Code & Licensing						
Salaries and Wages	296,000.00	296,000.00	289,286.96		6,713.04	
Other Expenses	17,900.00	17,900.00	13,185.14	2,514.80	2,200.06	
Administartion						
Salaries and Wages	403,000.00	403,000.00	402,805.41		194.59	
Other Expenses	20,000.00	20,000.00	15,860.03	182.24	3,957.73	
Neighborhood & Social Services						
Salaries and Wages	95,000.00	97,000.00	96,130.62		869.38	
Other Expenses	1,450.00	1,450.00	1,417.01		32.99	
Historical Commission						
Other Expenses	3,000.00	3,000.00	800.74		2,199.26	
PUBLIC WORKS						
Facility Maintenance						
Salaries and Wages	1,073,000.00	1,048,000.00	1,031,552.58		16,447.42	
Other Expenses	238,700.00	258,700.00	196,449.47	8,261.25	53,989.28	
Environmental Operations						
Salaries and Wages	1,130,000.00	1,141,000.00	1,138,747.43		2,252.57	
Other Expenses						
Miscellaneous Other Expenses	79,600.00	79,600.00	46,134.27	7,303.27	26,162.46	
Trash & Recycling	2,651,827.00	2,651,827.00	2,289,194.63	309,358.32	53,274.05	
Field Operations						
Salaries and Wages	1,277,000.00	1,217,000.00	1,191,736.19		25,263.81	
Other Expenses:	79,900.00	73,600.00	65,448.72	5,711.91	2,439.37	
Fleet Maintenance						
Salaries and Wages	339,000.00	339,000.00	334,028.61		4,971.39	
Other Expenses	238,000.00	255,000.00	240,753.46	9,745.22	4,501.32	

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF LAW						
Legal Division						
Salaries and Wages	150,000.00	150,000.00	149,840.28		159.72	
Other Expenses	225,100.00	245,100.00	202,970.34	21,202.32	20,927.34	
Public Defender						
Other Expenses	43,000.00	43,000.00	37,873.06	4,012.50	1,114.44	
STATUTORY OFFICES						
City Clerk's Office						
Salaries and Wages	204,000.00	202,500.00	201,133.15		1,366.85	
Other Expenses	65,850.00	70,850.00	63,127.39	4,406.85	3,315.76	
City Council						
Salaries and Wages	73,600.00	73,850.00	73,828.44		21.56	
Other Expenses	12,450.00	11,450.00	10,450.62	405.00	594.38	
Municipal Court						
Salaries and Wages	560,000.00	550,000.00	534,351.39		15,648.61	
Other Expenses	33,150.00	33,150.00	25,165.50	2,436.69	5,547.81	
DEPARTMENT OF FINANCIAL MANAGEMENT						
Treasurer's Office						
Other Expenses						
Audit Services	38,000.00	38,000.00	35,648.00	2,352.00	-	
Other Agencies Expenses	167,400.00	167,400.00	142,149.86	3,500.00	21,750.14	
Accounting Division						
Salaries and Wages	375,000.00	391,200.00	390,352.07		847.93	
Other Expenses	6,200.00	6,200.00	4,667.37	1,532.63	-	
Office of Parking Regulation						
Salaries and Wages	225,000.00	220,000.00	219,584.82		415.18	
Other Expenses	215,200.00	215,200.00	186,904.17	14,548.36	13,747.47	
Property Assessment Division						
Salaries and Wages	298,000.00	298,000.00	294,958.00		3,042.00	
Other Expenses	37,550.00	17,550.00	4,114.71		13,435.29	
Beach Fee Regulation Division						
Salaries and Wages	355,000.00	329,000.00	328,748.48		251.52	
Other Expenses	60,100.00	56,100.00	51,322.41	3,752.88	1,024.71	
Tax Collector Division						
Salaries and Wages	204,000.00	176,000.00	173,877.15		2,122.85	
Other Expenses	11,900.00	11,900.00	9,610.86		2,289.14	
Revenue Collection						
Salaries and Wages	390,000.00	385,000.00	373,859.12		11,140.88	
Other Expenses	158,950.00	158,950.00	115,652.99	26,666.44	16,630.57	

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF POLICE						
Police Protection Division						
Salaries and Wages	7,410,783.00	7,476,783.00	7,470,003.89		6,779.11	
Other Expenses						
Miscellaneous Other Expenses	192,000.00	210,871.44	197,476.02	12,954.50	440.92	
Purchase of Vehicles	90,000.00	71,128.56	70,928.56	200.00	-	
DEPARTMENT OF FIRE						
Rescue Services Division						
Salaries and Wages	300,000.00	300,000.00	298,001.05		1,998.95	
Other Expenses	89,200.00	89,200.00	62,751.00	16,063.12	10,385.88	
Lifeguards Division						
Salaries and Wages	1,420,000.00	1,418,600.00	1,418,564.87		35.13	
Other Expenses	62,900.00	60,900.00	59,613.82		1,286.18	
Fire Protection & Prevention						
Salaries and Wages	6,625,000.00	6,615,000.00	6,589,837.30		25,162.70	
Other Expenses	200,900.00	200,900.00	177,167.51	23,495.49	237.00	
INSURANCE						
General Liability	677,469.00	677,469.00	662,079.00		15,390.00	
Workers Compensation Insurance	1,526,871.00	1,526,871.00	1,526,871.00		-	
Employee Group Health	7,172,510.00	7,172,510.00	7,170,529.22	1,980.78	0.00	
Health Benefits Waiver						
Salaries and Wages	215,000.00	215,000.00	215,000.00		-	
OTHER:						
City Wide Operations						
Finance - Other Expenses	485,800.00	522,800.00	431,415.42	33,674.08	57,710.50	
City Wide Operations						
Public Works - Other Expenses	473,500.00	493,500.00	421,783.37	70,366.22	1,350.41	
Special Improvement District						
Other Expenses	22,000.00	22,000.00	21,383.39		-	616.61
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	638,000.00	636,000.00	635,468.46		531.54	
Other Expenses	29,050.00	36,050.00	15,960.59	10,611.85	9,477.56	

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
UNCLASSIFIED						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	700,000.00	700,000.00	641,792.55	58,207.45	-	
Street Lighting	384,000.00	384,000.00	365,948.36	18,051.64	-	
Telephone	271,000.00	271,000.00	262,645.72	7,455.27	899.01	
Water	948,000.00	948,000.00	845,684.27	102,315.73	-	
Fuel Oil	200,000.00	200,000.00	132,663.65	63,934.92	3,401.43	
Gasoline	298,000.00	298,000.00	166,118.13	59,985.34	71,896.53	
TOTAL OPERATIONS WITHIN "CAPS"	48,369,115.00	48,369,115.00	46,648,114.82	980,688.13	739,695.44	616.61
Contingent					-	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	48,369,115.00	48,369,115.00	46,648,114.82	980,688.13	739,695.44	616.61
Detail:						
Salaries and Wages	29,278,383.00	29,161,383.00	28,889,806.28	20,000.00	251,576.72	-
Other Expenses	19,090,732.00	19,207,732.00	17,758,308.54	960,688.13	488,118.72	616.61
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	1,464,685.00	1,464,685.00	1,464,685.00		-	
Social Security System (O.A.S.I.)	1,445,000.00	1,445,000.00	1,430,674.95		14,325.05	
Police and Firemen's Retirement System	2,973,523.00	2,973,523.00	2,973,523.00		-	
Unemployment Compensation Insurance	125,000.00	125,000.00	89,241.17		35,758.83	
Lifeguard Pension	150,000.00	150,000.00	150,000.00		-	
Defined Contribution Retirement Program	15,000.00	15,000.00	12,981.48		2,018.52	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	6,173,208.00	6,173,208.00	6,121,105.60	-	52,102.40	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	54,542,323.00	54,542,323.00	52,769,220.42	980,688.13	791,797.84	616.61

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance:						
Employee Group Health	122,490.00	122,490.00	118,927.88		3,562.12	
Maintenance of Free Public Library						
Other Expenses	3,879,130.00	3,879,130.00	3,879,130.00		-	
Interlocal Municipal Service Agreements						
Police Dispatching - Upper Township						
Salaries and Wages	241,217.00	241,217.00	241,217.00		-	
	4,242,837.00	4,242,837.00	4,239,274.88	-	3,562.12	-
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance on Alcoholism and Drug Abuse					-	
Local Share	3,658.80	3,658.80	3,658.80		-	
Recycling Tonnage Grant	27,463.59	27,463.59	27,463.59		-	
Drunk Driving Enforcement Fund	9,909.10	9,909.10	9,909.10		-	
NJDHTS - Holiday Crackdown	5,000.00	5,000.00	5,000.00		-	
NJ Solid Waste Administration - Bonus Grant	10,470.50	10,470.50	10,470.50		-	
NJ Solid Waste Administration - Bonus Grant - Match	10,470.50	10,470.50	10,470.50		-	
CDBG - DR: Prepare Area Plan		50,000.00	50,000.00		-	
CDBG - DR: Prepare Codes & Ordinances		20,000.00	20,000.00		-	
CDBG - DR: Design Development		50,000.00	50,000.00		-	
CDBG - DR: Develop Floodplain		50,000.00	50,000.00		-	
CDBG - DR: Permit & Application Fee		25,000.00	25,000.00		-	
Body Armor Grant		5,151.52	5,151.52		-	
Body Worn Camera Assistance Program		9,500.00	9,500.00		-	
Clean Communities Program		109,075.74	109,075.74		-	
Airport Obstruction Removal Grant		69,480.00	69,480.00		-	
Airport Obstruction Removal Grant - Match		23,245.00	23,245.00		-	
NJ DOT Transportation Trust Fund	175,000.00	175,000.00	175,000.00		-	
Cape May County Open Space Grant	200,000.00	200,000.00	200,000.00		-	
Matching Funds for Grants	40,000.00	16,755.00			16,755.00	
Total Public and Private Programs Off-Set by Revenues	481,972.49	870,179.75	853,424.75	-	16,755.00	-
Total Operations - Excluded from "CAPS"	4,724,809.49	5,113,016.75	5,092,699.63	-	20,317.12	-
Detail:						
Salaries and Wages	256,126.10	256,126.10	256,126.10	-	-	-
Other Expenses	4,468,683.39	4,856,890.65	4,836,573.53	-	20,317.12	-

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	900,000.00	900,000.00	900,000.00		-	
Down Payment on Improvements		250,000.00	250,000.00		-	
Total Capital Improvements	900,000.00	1,150,000.00	1,150,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	8,745,000.00	8,745,000.00	8,745,000.00			-
Interest on Bonds	1,666,050.00	1,666,050.00	1,666,050.00			-
Interest on Notes	789,900.00	789,900.00	787,703.21			2,196.79
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	38,709.04	38,709.04	38,709.04			-
Total Debt Service	11,239,659.04	11,239,659.04	11,237,462.25	-	-	2,196.79
(E) Deferred Charges						
Emergency Authorizations	50,000.00	50,000.00	50,000.00		-	
Special Emergency Authorizations - 5 years	450,000.00	450,000.00	450,000.00		-	
Unfunded Ordinance 12-21 & 13-02	2,024,500.00	2,024,500.00	2,024,500.00		-	
Total Deferred Charges	2,524,500.00	2,524,500.00	2,524,500.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	19,388,968.53	20,027,175.79	20,004,661.88	-	20,317.12	2,196.79
SUBTOTAL GENERAL APPROPRIATIONS	73,931,291.53	74,569,498.79	72,773,882.30	980,688.13	812,114.96	2,813.40
(M) Reserve for Uncollected Taxes	1,150,000.00	1,150,000.00	1,150,000.00		-	-
TOTAL GENERAL APPROPRIATIONS	$ 75,081,291.53	75,719,498.79	73,923,882.30	980,688.13	812,114.96	2,813.40

Budget	75,081,291.53	Cancelled	2,813.40
Appropriations by 40A:4-87	388,207.26	Overexpended	-
Emergency Appropriations	250,000.00		
	75,719,498.79		2,813.40

Reserve for Uncollected Taxes	1,150,000.00
Federal and State Grants	853,424.75
Deferred Charges	500,000.00
Disbursements	71,420,457.55
	73,923,882.30

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - B
TRUST FUND

Exhibit B

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

		2016	2015
ASSETS			
DOG TRUST FUND			
Cash	$	9,594.38	682.87
		9,594.38	682.87
OTHER TRUST FUND			
Cash and Investments		5,946,767.69	5,152,626.49
		5,946,767.69	5,152,626.49
		5,956,362.07	5,153,309.36
LIABILITIES, RESERVES AND FUND BALANCE			
DOG TRUST FUND			
Reserve for Dog Fund Expenditures		9,590.78	682.87
Due to State of New Jersey		3.60	-
		9,594.38	682.87
OTHER TRUST FUND			
Reserve for:			
Tax Premiums		416,781.73	417,217.37
Dedicated Recreation Trust		241,737.44	191,834.15
Tourism Development		172,334.15	170,055.72
Law Enforcement Trust		20,851.87	26,510.88
Parking Offenses Adjudication Act		26,228.62	29,862.14
Cash Performance Deposits		790,109.76	542,156.57
Dedicated Fire Fees		846.12	954.32
Lifeguard Pension		7,274.64	7,629.02
Shade Trees		1,642.99	4,653.65
COAH		4,065,544.01	3,511,270.93
Merchant Fees		11,662.68	8,018.80
Planning & Zoning Escrow		191,753.68	242,462.94
		5,946,767.69	5,152,626.49
	$	5,956,362.07	5,153,309.36

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

Exhibit C

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

	Ref.	2016	2015
ASSETS			
Cash		$ 58,287,883.66	16,813,618.16
Deferred Charges to Future Taxation -			
Funded		81,037,030.28	51,011,062.52
Unfunded		43,977,660.00	50,086,135.00
Interfunds and Receivables			
Due from Grant Fund		700,000.00	-
		184,002,573.94	117,910,815.68
LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrances Payable		15,943,835.03	8,600,208.31
Bond Anticipation Notes Payable		61,650,000.00	40,150,000.00
Serial Bonds Payable		80,575,000.00	50,520,000.00
Green Trust Loan Payable		462,030.28	491,062.52
Improvement Authorizations:			
Funded		143,549.52	440,514.31
Unfunded		21,079,143.03	11,699,423.76
Reserve for Debt Service		2,737,759.01	4,318,858.71
Reserve for Preliminary Expenses		17,566.00	17,566.00
Capital Improvement Fund		107,537.53	361,012.53
Fund Balance		1,286,153.54	1,312,169.54
		$ 184,002,573.94	117,910,815.68

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

2015	9,936,135.00
2016	13,377,660.00

See accompanying Notes to Financial Statements - Regulatory Basis

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	Ref.		2016	2015
Beginning Balance January 1		$	1,312,169.54	1,083,414.11
Increased by:				
Premium on Sale of Bonds & BANS			553,984.00	560,191.00
Airport Hanger Association Contributions				68,564.43
Decreased by:				
Cancelled Due from County				-
Anticipated as Current Fund Revenue			580,000.00	400,000.00
Ending Balance December 31		$	1,286,153.54	1,312,169.54

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
PUBLIC ASSISTANCE FUND

Exhibit D

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

		2016	2015
ASSETS			
Cash	$	-	-
TOTAL ASSETS		-	-
LIABILITIES, RESERVES AND FUND BALANCE			
Reserve for Public Assistance		-	-
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	$	-	-

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

Exhibit E

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
General Fixed Assets:		
Land	$ 159,449,238.65	$ 159,426,171.25
Vehicles	11,022,729.21	10,105,191.46
Machinery and Equipment	9,099,010.87	8,809,408.52
Total General Fixed Assets	$ 179,570,978.73	$ 178,340,771.23
Investment in General Fixed Assets	$ 179,570,978.73	$ 178,340,771.23

See accompanying Notes to Financial Statements - Regulatory Basis

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Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

The City of Ocean City is an island community located at the northern tip of Cape May County in the State of New Jersey. The population according to the 2010 census is 11,701.

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

Component Units

The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. If the provisions of GASB 14 and GASB 39 had been complied with, the other entity's financial statements would have to be either blended or discretely presented with the financial statements of the City of Ocean City, the primary government. The City maintains a Special Improvement District, a Free Public Library and a Housing Authority.

Ocean City Business and Neighborhood Development Association
Special Improvement District
854 Asbury Avenue
Ocean City, NJ 08226

Ocean City Free Public Library
1735 Simpson Avenue
Ocean City NJ, 08226

Ocean City Housing Authority
200 4th Street
Ocean City, NJ 08226

The annual financial report may be inspected directly at the office of the component unit during regular business hours.

Basis of Presentation, Fund Accounting

The financial statement of the City of Ocean City contain all funds and account group in accordance with the "Requirements of Audit" as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 reserve was created.

General Capital Funds

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

Budgets and Budgetary Accounting

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

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

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

Cash and Investments

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

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

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

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and federal banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units. Generally, the City considers all investments that mature in one year or less to be cash equivalents.

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

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 the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions. Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available.

No depreciation on general fixed assets is recorded in the financial statements.

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

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

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Charges

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

Appropriation Reserves

Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation reserves are not established under GAAP.

Fund Balance

Fund balance included in the Current Fund represents the amount available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash, except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants is realized as revenue when anticipated as such in the City's budget. Other amounts that are due the City, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when the actual expenditures financed by the grant are made.

Property Tax Revenues

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

School Taxes

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

	12/31/2016	12/31/2015
Balance of Tax	$ 12,394,363.50	$ 12,278,420.50
Deferred	12,394,363.50	12,278,420.50
Tax Payable	$ -	$ -

County Taxes

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

Reserve for Uncollected Taxes

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

Expenditures

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

Compensated Absences and Post-Employment Benefits

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, and establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the City's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "Irrevocable Split-Interest Agreements" This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "Pension issues – an amendment of GASB Statements No. 67, No.68, and No. 73". This statement, which is effective for fiscal periods beginning after June 15, 2016, may have an effect on the City's financial reporting.

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

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of $1,150,000.00 and $1,150,000.00. To balance the budget, the municipality is required to show a budgeted fund balance.

Note 2: BUDGETARY INFORMATION – Continued

The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was $3,380,000.00 and $3,650,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2016 and 2015 calendar years:

Budget Category	2016	2015
Current Fund:		
Engineering & Project Management		
Salaries and Wages	$ 75,000.00	
Human Resources		
Salaries and Wages		(72,000.00)
Treasurer's Office		
Other Expenses		(25,000.00)
Planning & Zoning		
Salaries and Wages	32,000.00	
Beach Fee Regulation		
Salaries and Wages	(26,000.00)	(15,000.00)
Clean Communities Program		95,414.36
Facility Maintenance		
Salaries and Wages	(25,000.00)	
Field Operations		
Salaries and Wages	(60,000.00)	
Social Security System (O.A.S.I.)		28,750.00
Fleet Maintenance		
Other Expenses		90,000.00
Tax Collector		
Salaries and Wages	(28,000.00)	
Community Development Block Grant		283,074.00
Police Protection Division		
Salaries and Wages	66,000.00	(25,000.00)
City Wide Operations		
Finance - Other Expenses	37,000.00	70,000.00
Community Operations - Other Expenses		70,000.00
Employee Group Health		(50,000.00)
Down Payment on Improvement	250,000.00	

Note 2: BUDGETARY INFORMATION - Continued

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2016 and 2015, the following budget insertions were approved:

Budget Category	2016	2015
Body Worn Camera Assistance Program	$ 9,500.00	$ -
Clean Communities Program	109,075.74	95,414.36
Body Armor Grant	5,151.52	5,383.26
Airport Obstruction Removal Grant	69,480.00	-
CDBG- DR: Prepare Area Plan	50,000.00	
CDBG-DR: Prepare Codes & Ordinances	20,000.00	
CDBG- DR: Design Development	50,000.00	
CDBG- DR: Develop Floodplain	50,000.00	
CDBG- DR: Permit & Application Fee	25,000.00	-
Emergency Management Grant		10,000.00
Community Development Block Grant		283,074.00
DCA - Disabled Recreation		16,997.00
ANJEC Open Space Stewardship Program		1,500.00
	$ 388,207.26	$ 412,368.62

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity approved a special emergency appropriation in 2012 for $3,625,000.00. The emergency was due to Hurricane Sandy. The unfunded balance as of December 31, 2016 and 2015 was $0.00 and $450,000.00 respectively.

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2016 and 2015, $0 of the municipality's bank balance of $76,148,188.15 and $36,490,221.54 was exposed to custodial credit risk.

Note 4: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2016 and 2015:

	Balance 12/31/2014	Additions	Adjustments/ Deletions	Balance 12/31/2015
Land & Improvements	$ 159,405,317.25	20,854.00		159,426,171.25
Vehicles	8,762,513.66	1,488,329.80	145,652.00	10,105,191.46
Machinery & Equipment	8,647,671.39	170,953.13	9,216.00	8,809,408.52
	$ 176,815,502.30	1,680,136.93	154,868.00	178,340,771.23

	Balance 12/31/2015	Additions	Adjustments/ Deletions	Balance 12/31/2016
Land & Improvements	$ 159,426,171.25	23,067.40		159,449,238.65
Vehicles	10,105,191.46	1,290,422.03	372,884.28	11,022,729.21
Machinery & Equipment	8,809,408.52	293,393.35	3,791.00	9,099,010.87
	$ 178,340,771.23	1,606,882.78	376,675.28	179,570,978.73

Note 5: SHORT-TERM FINANCING

Short-term debt provides for financing of governmental activities and capital projects. The following is a summary of changes in short-term debt for the years ended December 31, 2016 and 2015:

	Current Fund	General Capital Fund	Total
Balance December 31, 2014	$ 1,395,000.00	$ 27,525,000.00	$ 28,920,000.00
Increases	-	40,150,000.00	40,150,000.00
Decreases	(945,000.00)	(27,525,000.00)	(28,470,000.00)
Balance December 31, 2015	$ 450,000.00	$ 40,150,000.00	$ 40,600,000.00

On June 18, 2015, the City issued a Bond Anticipation Note in the Amount of $28,950,000.00, bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note will mature June 17, 2016.

On December 3, 2015, the City issued a Bond Anticipation Note in the Amount of $11,200,000.00 bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note will mature December 2, 2016.

Note 5: SHORT-TERM FINANCING - Continued

	Current Fund	General Capital Fund	Total
Balance December 31, 2015	$ 450,000.00	$ 40,150,000.00	$ 40,600,000.00
Increases		61,650,000.00	61,650,000.00
Decreases	(450,000.00)	(40,150,000.00)	(40,600,000.00)
Balance December 31, 2016	$ -	$ 61,650,000.00	$ 61,650,000.00

On June 16, 2016, the City issued a Bond Anticipation Note in the Amount of $31,050,000.00, bearing interest at a rate of 1.50% per annum to fund various General Capital Ordinances. The Note will mature January 16, 2017.

On June 16, 2016, the City issued a Bond Anticipation Note in the Amount of $15,000,000.00 bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note will mature June 15, 2017.

On December 1, 2016, the City issued a Bond Anticipation Note in the Amount of $15,600,000.00 bearing interest at a rate of 2.50% per annum to fund various General Capital Ordinances. The Note will mature November 30, 2017.

Note 6: LONG-TERM DEBT

Summary of Municipal Debt

	Year 2016	Year 2015	Year 2014
Issued:			
General:			
Bonds and Notes	$ 142,687,030.28	$ 91,161,062.52	$ 86,974,522.69
Total Issued	142,687,030.28	91,161,062.52	86,974,522.69
Less:			
Funds Held Temporarily to pay Bonds and Notes	2,737,759.01	4,318,858.71	1,784,006.35
Net Debt	139,949,271.27	86,842,203.81	85,190,516.34
Authorized But Not Issued:			
General:			
Bonds and Notes	13,377,660.00	9,936,135.00	5,379,150.00
Total Authorized But Not Issued	13,377,660.00	9,936,135.00	5,379,150.00
Net Bonds and Notes Issued and Authorized But Not Issued	$ 153,326,931.27	$ 96,778,338.81	$ 90,569,666.34

Note 6: LONG-TERM DEBT - Continued

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.045%.

	Gross Debt	Deductions	Net Debt
Local School Debt	$ 13,961,000.00	$ 13,961,000.00	$ -
General Debt	156,064,690.28	33,787,759.01	122,276,931.27
	$ 170,025,690.28	$ 47,748,759.01	$ 122,276,931.27

Net debt $122,276,931.27 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, $11,702,959,624.67= 1.045%.

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

3-1/2% of Equalized Valuation Basis	$ 409,603,586.86
Net Debt	122,276,931.27
Remaining Borrowing Power	$ 287,326,655.59

Description of Bonds and Loans Payable

At December 31, 2016, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

$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 3.75 to 4.00% per annum. This issue was refunded in 2014 for the amounts callable after January 15, 2016. The balance remaining as of December 31, 2016 is $0.00.

$14,500,000.00 General Improvements Bonds dated July 15, 2008, due in annual installments beginning July 15, 2010 through July 15, 2020, bearing interest at various rates from 4.00 to 5.25% per annum. The balance remaining as of December 31, 2016 is $7,100,000.00.

$13,800,000.00 General Improvement Bonds dated August 15, 2010, due in annual installments through August 15, 2019, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2016 is $5,700,000.00.

$7,800,000.00 Refunding Bonds, dated November 9, 2010, due in annual installments through September 1, 2016, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2016 is $0.00.

$9,900,000.00 General Improvements Bonds dated December 20, 2012, due in annual installments through December 15, 2024, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2016 is $7,200,000.00.

$17,900,000.00 General Improvements Bonds dated August 12, 2014, due in annual installments through September 1, 2026, bearing interest at various rates from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2016 is $16,000,000.00.

Note 6: LONG-TERM DEBT – Continued

$5,885,000.00 Refunding Bonds, dated December 16, 2014, due in annual installments January 15, 2019, bearing interest at various rates from 2.00% to 5.00% per annum. The balance remaining as of December 31, 2016 is $5,775,000.00.

$38,800,000.00 General Improvement Bonds dated December 1, 2016, due in annual installments through November 15, 2018, bearing interest at various rates from 1.00% to 4.00% per annum. The balance remaining as of December 31, 2016 is $38,800,000.00.

$200,000 Green Trust Loan dated 2011, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2016 is $141,747.83

$200,000 Green Trust Loan (A) dated 2011, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2016 is $141,747.83.

$222,500 Green Trust Loan dated 2012, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2016 is $178,534.62.

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

		Outstanding 12/31/14	Issues or Additions	Payments or Expenditures	Outstanding 12/31/15	Amounts Due Within One Year
General Capital Fund:						
Bonds Payable	$	58,930,000.00		8,410,000.00	50,520,000.00	8,745,000.00
Loans Payable		519,522.69		28,460.17	491,062.52	29,032.24
Compensated Absences Pay.		5,110,062.69		297,997.05	4,812,065.64	
Total General Capital Fund		64,559,585.38	-	8,736,457.22	55,823,128.16	8,774,032.24
Total All Funds	$	64,559,585.38	-	8,736,457.22	55,823,128.16	8,774,032.24

		Outstanding 12/31/15	Issues or Additions	Payments or Expenditures	Outstanding 12/31/16	Amounts Due Within One Year
General Capital Fund:						
Bonds Payable	$	50,520,000.00	38,800,000.00	8,745,000.00	80,575,000.00	9,640,000.00
Loans Payable		491,062.52		29,032.24	462,030.28	29,615.77
Compensated Absences Pay.		4,812,065.64		117,819.56	4,694,246.08	
Total General Capital Fund		55,823,128.16	38,800,000.00	8,891,851.80	85,731,276.36	9,669,615.77
Total All Funds	$	55,823,128.16	38,800,000.00	8,891,851.80	85,731,276.36	9,669,615.77

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

Year Ending	General Capital Fund		Green Trust Loans	
December 31	Principal	Interest	Principal	Interest
2017	9,640,000.00	2,336,318.06	29,615.77	9,093.27
2018	10,120,000.00	2,032,837.50	30,211.05	8,497.99
2019	10,515,000.00	1,642,312.50	30,818.28	7,890.76
2020	7,100,000.00	1,280,437.50	31,437.74	7,271.30
2021	5,200,000.00	1,025,937.50	32,069.64	6,639.40
2022-2026	29,600,000.00	2,873,750.00	170,280.25	23,264.91
2027-2031	8,400,000.00	178,500.00	137,597.55	6,201.03
	-	-		
	$ 80,575,000.00	11,370,093.06	462,030.28	$ 68,858.66

Note 7: COMPENSATED ABSENCES

The City has permitted employees to accrue unused vacation, personal, and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. The City estimates this liability to approximate $4,694,246.08 and $4,812,065.64, as of December 31, 2016 and 2015 respectively, based on current pay rates and compensated absence balances.

NOTE 8: DEFERRED COMPENSATION ACCOUNT

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

Mass Mutual Financial Group
Nationwide Retirement System (PEBSCO)

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of $24,672,784.00 and $24,619,359.00 have been raised for the 2016 and 2015 calendar years and remitted to the school district.

Note 10: TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2016	Balance December 31, 2015
Prepaid Taxes - Cash Liability	$ 2,548,837.95	$ 2,435,364.50

Note 11: PENSION PLANS

Plan Descriptions

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

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

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

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

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Currently the member contribution rate is 7.20% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Currently, Members contribute at a rate of 10.0% of base salary.

For the Public Employees' Retirement System, the City's contribution was $1,464,685.00 for 2016 and $1,355,417.00 for 2015 and $1,181,316.00 for 2014.

Three-Year Trend Information for PERS

Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/16	$ 1,464,685.00	100%	-
12/31/15	1,355,417.00	100%	-
12/31/14	1,181,316.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was $2,973,523.00 for 2016, $2,797,917 for 2015 and $2,642,366.00 for 2014.

Three-Year Trend Information for PFRS

Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/16	$ 2,973,523.00	100%	-
12/31/15	2,797,917.00	100%	-
12/31/14	2,642,366.00	100%	-

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was $12,981.48 for 2016 and $10,236.87 for 2015.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2016, 2015 and 2014 was $150,000.00, $135,000.00 and $115,000.00. The City's trust for the Lifeguard Pension at December 31, 2015 was $7,629.02. The benefits paid by the trust for the year ended December 31, 2016, 2015 and 2014 were $206,454.45, $203,024.73 and $233,321.21.

Note 11: PENSION PLANS - Continued

Significant Legislation

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

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

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

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

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

Note 11: PENSION PLANS - Continued

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

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

Note 12: PENSION LIABILITIES

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

The following represents the municipality's pension liabilities as June 30, 2016:

Public Employees' Retirement System

The Municipality has a liability of $51,056,402.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.017238807090%, which would be an increase of 1.19% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of $5,373,383.00. At December 31, 2016, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ 949,494.00	
Changes of assumptions	10,576,159.00	
Changes in proportion	1,853,858.00	
Net difference between projected and actual earnings on pension plan investments	1,946,827.00	
Total	$ 15,326,338.00	-

Note 12: PENSION LIABILITIES- Continued

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

Year ended June 30,		
2017	$	3,468,445.83
2018		3,468,445.83
2019		3,965,146.11
2020		3,318,166.74
2021		1,106,133.48
Total	$	15,326,338.00

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

Note 12: PENSION LIABILITIES- Continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Note 12: PENSION LIABILITIES- Continued

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Municipality's proportionate share of the net pension liability	$ 61,186,183.21	51,056,402.00	42,702,368.58

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of $70,367,199.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Municipality's proportion would be 0.36836532190%, which would be an increase of 0.70% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality would have recognized pension expense of $7,675,591.00. At December 31, 2016, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience		$ (461,267.00)
Changes of assumptions	9,745,435.00	
Changes in proportion	568,220.00	
Net difference between projected and actual earnings on pension plan investments	4,930,488.00	
Total	$ 15,244,143.00	$ (461,267.00)

Note 12: PENSION LIABILITIES- Continued

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

Year ended June 30,		
2017	$	3,574,929.38
2018		3,574,929.38
2019		4,744,987.08
2020		2,779,719.43
2021		109,310.74
Total	$	14,783,876.00

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges

Note 12: PENSION LIABILITIES- Continued

of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Note 12: PENSION LIABILITIES- Continued

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
District's proportionate share of the net pension liability	$ 89,454,773.93	70,367,199.00	54,808,681.23

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2016 State special funding situation net pension liability amount of $1,604,141,087.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense of $204,886,666.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.36836532190% for 2016. The net pension liability amount allocated to the Municipality was $5,909,099.00. For the fiscal year ending June 30, 2016 State special funding situation pension expense of $754,731.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

Note 13: PROPERTY TAXES

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

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

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

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

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

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

Note 14: ECONOMIC DEPENDENCY

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

Note 15: FUND BALANCES APPROPRIATED

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

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2016	$ 6,359,077.20	$ 3,380,000.00	53.15%
	2015	6,902,883.11	3,650,000.00	52.88%
	2014	6,279,816.01	3,350,000.00	53.35%
	2013	5,811,666.28	2,886,000.00	49.66%
	2012	4,638,160.96	3,043,750.00	65.62%

Note 16: FEDERAL AND STATE GRANTS

In the normal course of operations, the City participates in a number of federal and state grant programs. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions relevant to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

Note 17: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance
The City maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2015 and 2014, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Note 18: LITIGATION

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

Note 19: POST- RETIREMENT BENEFITS

The City offers medical, prescription drug, dental and vision coverage to eligible retirees and their dependents. This Benefit is administered directly by the City.

The actuarial valuation report was based on 260 active employees and 141 retirees. The actuarial determined valuation of these benefits has been reviewed for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Note 19: POST- RETIREMENT BENEFITS - Continued

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

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

In the January 1, 2015 actuarial valuation, the projected unit credit cost method was used for all participants. The discount rate utilized is 4.5%.

Other Post-Employment Benefit Costs and Obligations

In the January 1, 2015 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2016 was projected as follows:

		12/31/2016
Normal Cost	$	2,920,000
Amortization of Unfunded Liability		6,990,000
Interest & Amortization on Normal Cost		440,000
Total ARC	$	10,350,000

The following reflects the components of the 2015 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2015 actuarial valuation and actual OPEB payments made or accrued during 2016:

		12/31/2016
Net OPEB Obligation - Beginning of Year	$	13,010,000
Interest on net OPEB		250,000
Adjustment to ARC		(330,000)
Annual OPEB Cost		10,350,000
OPEB Payments		2,890,000
Increase in Net OPEB Obligation		7,380,000
Net OPEB Obligation - End of Year	$	20,390,000

Note 19: POST- RETIREMENT BENEFITS - Continued

Required Supplementary Information:

		12/31/2016
Actuarial Value of Plan Assets	$	-
Actuarial Accrued Liability (AAL)		118,970,000
Total Unfunded AAL (UAAL)		118,970,000
Funded ratio		0.00%
Covered payroll	$	22,310,000
UAAL as a % of Covered Payroll		533%

Note 20: SUBSEQUENT EVENTS

On June 6, 2017, the City went to bid for a $25,000,000 Bond Anticipation with a net interest cost of 1.0620% for a previously issued note to fund various General Capital Ordinances.

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and June 9, 2017 the date the financial statements were available for issuance for possible disclosure and recognition in the financial statement and no additional items, except as noted above, were noted for disclosure.

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SUPPLEMENTARY INFORMATION

CURRENT FUND
SCHEDULE OF CASH - TREASURER

		Current Fund		Grant Fund	
Balance December 31, 2015	$		13,028,817.54		242,276.96
Increased by Receipts:					
Tax Collector		104,655,125.67			
Homestead Rebates		356,229.38			
Senior & Vets Deductions		123,750.00			
Revenue Accounts Receivable		18,939,346.48			
Reserve for Payroll Taxes Payable		49,989,562.49			
Reserve for Health Insurance Claims		8,883,719.82			
Prepaid Beach Tags		70,935.00			
Due to General Capital Fund				700,000.00	
Matching Funds for Grants				37,374.30	
Federal and State Unappropriated				7,000.00	
Federal and State Receivables				420,886.88	
			183,018,668.84		1,165,261.18
			196,047,486.38		1,407,538.14
Decreased by Disbursements:					
Current Year Appropriation		71,420,457.55			
Prior Year Appropriations		1,826,864.32			
County Taxes		26,909,536.29			
County Added Taxes		220,631.07			
Local District School Taxes		24,672,784.00			
Special Improvement District Taxes		183,447.94			
Payroll Taxes Payable		50,063,334.71			
Reserve for Health Insurance Claims		9,041,777.54			
Reserve for Special Emergency - Sandy		27,997.54			
Refund of FEMA Proceeds		667,429.31			
Special Emergency Note		450,000.00			
Matching Funds Due to Grant Fund		37,374.30			
Federal and State Disbursements				1,382,241.33	
			185,521,634.57		1,382,241.33
Balance December 31, 2016	$		10,525,851.81		25,296.81

Exhibit A - 5

CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2015		$ 537,268.54
Increased by Receipts:		
Prepaid Taxes	2,548,837.95	
Taxes Receivable	101,628,056.43	
Revenue Accounts Receivable	181,389.82	
Tax Overpayments	29,621.63	
		104,387,905.83
		104,925,174.37
Payments to Treasurer		104,655,125.67
Balance December 31, 2016		$ 270,048.70

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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash 2015	Collections by Cash 2016	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2016
2015	$ 691,033.10				695,058.98	(4,031.10)		5.22
	691,033.10	-	-	-	695,058.98	(4,031.10)	-	5.22
2016		103,919,965.05	707,932.06	2,435,364.50	101,448,522.17	63,122.69	19.06	680,868.69
	$ 691,033.10	103,919,965.05	707,932.06	2,435,364.50	102,143,581.15	59,091.59	19.06	680,873.91

101,628,056.43	Cash Receipts
356,229.38	Homestead Rebates
35,795.34	Overpayments Applied
123,500.00	Senior Citizens and Veterans
102,143,581.15	

Analysis of Current Year Tax Levy

Tax Yield:		
General Property Tax	103,919,965.05	
Added Taxes (54:4-63.1 et. Seq.)	707,932.06	
		104,627,897.11
Tax Levy:		
General County Taxes	25,726,741.66	
County Open Space Taxes	1,182,794.63	
County Added and Omitted Taxes	184,608.13	
Total County Taxes		27,094,144.42
Local School District Tax		24,788,727.00
Special Improvement District Tax		183,447.94
Local Tax for Municipal Purposes	51,887,772.34	
Add: Additional Tax Levied	673,805.41	
		52,561,577.75
		104,627,897.11

CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS

Balance December 31, 2015		$ 1,785.51
Increased by:		
Transfers from Taxes Receivable	19.06	
		19.06
		1,804.57
Decreased by:		
Cancelled	374.64	
		374.64
Balance December 31, 2016		$ 1,429.93

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2015	Accrued in 2016	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2016
Licenses:					
Other	$	410,109.83		410,109.83	-
Fees and Permits		1,016,688.13		1,016,688.13	-
Fines and Costs:					
Municipal Court		402,173.07		402,173.07	-
Interest and Costs on Taxes		181,389.82	181,389.82		-
Interest Earned on Investments		86,603.32		86,603.32	-
Parking Meters		3,162,848.74		3,162,848.74	-
Beach Fees		4,115,639.79		4,115,639.79	-
Rental or Sale of City Material and Property		148,632.93		148,632.93	-
Airport Fees		141,615.33		141,615.33	-
Boat Ramp Fees		33,232.68		33,232.68	-
Aquatic and Fitness Center User Fees		1,096,263.45		1,096,263.45	-
Smoke Detector Inspection Fees		195,535.00		195,535.00	-
Emergency Medical Services		678,179.27		678,179.27	-
Energy Receipts Tax		2,146,048.00		2,146,048.00	-
Uniform Construction Code Fees		1,085,340.00		1,085,340.00	-
Upper Township - Dispatching Services		227,245.00		227,245.00	-
Reserves for Debt Service, Capital Fund Balance & Arbitrage Reserve		2,604,500.00		2,604,500.00	-
OC Library - Contracted Services		241,217.00		241,217.00	-
OC Library - Return to Taxpayers		347,666.00		347,666.00	-
Hurricane Sandy Reimbursements		439,277.00		439,277.00	-
Miscellaneous Revenue Not Anticipated		426,811.94		426,811.94	-
	$ -	19,187,016.30	181,389.82	19,005,626.48	-

Cash Received	18,939,346.48
Prepaid Applied	66,280.00
	19,005,626.48

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
EXECUTIVE BRANCH				
Mayor's Office				
Other Expenses	$ 132.04	132.04	100.00	32.04
ADMINISTRATION DEPARTMENT				
City Administrator				
Salaries and Wages	2,642.64	2,642.64		2,642.64
Other Expenses	981.29	981.29	475.00	506.29
Information Technology				
Salaries and Wages	1,755.22	1,644.39		1,644.39
Other Expenses	10,165.56	10,276.39	10,276.39	-
Purchasing Division				
Salaries and Wages	22,191.95	22,191.95	1,227.12	20,964.83
Other Expenses	301.62	301.62	250.00	51.62
Emergency Management				
Salaries and Wages	-	-		-
Other Expenses	50.88	50.88		50.88
Human Resources				
Salaries and Wages	216,262.34	239,595.70	227,077.64	12,518.06
Other Expenses	35,562.68	35,562.68	15,666.94	19,895.74
Neighborhood & Social Services				
Salaries and Wages	1,544.01	1,544.01	1,544.01	-
Other Expenses	1,171.31	1,171.31	522.03	649.28
Public Relations				
Salaries and Wages	99,036.91	99,036.91	26,455.37	72,581.54
Other Expenses	5,756.82	5,756.82	3,697.24	2,059.58

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
COMMUNITY SERVICE DEPARTMENT				
Administration				
Salaries and Wages	22,880.51	22,880.51	571.11	22,309.40
Other Expenses	585.38	585.38		585.38
Engineering and Project Management				
Salaries and Wages	1,025.89	1,025.89	1,025.89	-
Other Expenses	22,706.61	22,706.61	235.55	22,471.06
Recreation & Leisure Programs				
Salaries and Wages	15,230.86	15,230.86	1,878.57	13,352.29
Other Expenses	2,234.56	2,234.56	172.97	2,061.59
Planning Board				
Other Expenses	5,207.10	5,207.10	474.24	4,732.86
Zoning Board of Adjustment				
Other Expenses	7,641.47	7,641.47	27.88	7,613.59
Historical Commission				
Other Expenses	2,631.31	2,631.31	591.64	2,039.67
Music Pier Operations				
Salaries and Wages	9,377.05	9,377.05		9,377.05
Other Expenses	16,193.80	16,193.80	8,223.98	7,969.82
Aquatic and Fitness Center				
Salaries and Wages	32,355.93	32,355.93	32,355.93	-
Other Expenses	5,071.44	5,071.44	2,490.25	2,581.19
Facility Maintenance				
Salaries and Wages	20,244.88	20,244.88		20,244.88
Other Expenses	44,522.04	44,522.04	44,475.00	47.04
Environmental Operations				
Salaries and Wages	1,801.31	1,801.31	1,801.31	-
Other Expenses				
Miscellaneous Other Expenses	27,475.06	27,475.06	1,770.00	25,705.06
Trash & Recycling	278,518.31	278,518.31	166,253.23	112,265.08

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Field Operations				
Salaries and Wages	13,608.43	13,608.43	5,583.18	8,025.25
Other Expenses	3,626.88	3,626.88	405.00	3,221.88
Fleet Maintenance				
Salaries and Wages	2,588.51	2,588.51		2,588.51
Other Expenses	45,259.44	45,259.44	40,939.26	4,320.18
Municipal Code and licensing				
Salaries and Wages	6,894.63	6,894.63	6,894.63	-
Other Expenses	23,557.58	23,557.58	5,506.64	18,050.94
LAW DEPARTMENT				
Legal Division				
Salaries and Wages	775.60	775.60		775.60
Other Expenses	57,578.25	57,178.25	32,202.43	24,975.82
Public Defender				
Other Expenses	2,811.99	3,211.99	3,176.76	35.23
FINANCIAL MANAGEMENT				
Treasurer's Office				
Audit Services	2,434.50	2,434.50		2,434.50
Other Expenses	15,080.00	15,080.00		15,080.00
Accounting Division				
Salaries and Wages	39,712.95	39,712.95		39,712.95
Other Expenses	3,171.88	3,171.88	864.00	2,307.88
Parking Regulation				
Salaries and Wages	473.36	473.36		473.36
Other Expenses	27,423.78	27,423.78	9,153.65	18,270.13
Property Assessment Division				
Salaries and Wages	19,996.76	19,996.76	1,443.56	18,553.20
Other Expenses	16,244.21	16,244.21	5,094.95	11,149.26
Beach Fee Regulation Division				
Salaries and Wages	10,691.07	10,691.07		10,691.07
Other Expenses	1,233.80	1,233.80		1,233.80

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
Tax Collection Division				
Salaries and Wages	23,778.97	23,778.97	9,135.67	14,643.30
Other Expenses	1,510.82	1,510.82		1,510.82
Revenue Collection				
Salaries and Wages	24,395.09	24,395.09	11,900.85	12,494.24
Other Expenses	43,953.69	43,953.69	1,416.11	42,537.58
STATUTORY OFFICES				
City Clerk				
Salaries and Wages	6,067.78	6,067.78	838.68	5,229.10
Other Expenses	44,370.70	44,370.70	41,086.03	3,284.67
City Council				
Salaries and Wages	662.00	662.00		662.00
Other Expenses	4,336.58	4,336.58	1,394.00	2,942.58
Municipal Court				
Salaries and Wages	38,818.11	38,818.11	1,700.00	37,118.11
Other Expenses	12,853.87	12,853.87	1,348.78	11,505.09
DEPARTMENT OF FIRE				
Rescue Services Division				
Salaries and Wages	4,060.83	4,060.83		4,060.83
Other Expenses	13,533.17	13,533.17	6,803.23	6,729.94
Lifeguards Division				
Salaries and Wages	11,875.04	11,875.04		11,875.04
Other Expenses	801.66	801.66		801.66
Fire Protection and Prevention		-		
Salaries and Wages	71,759.51	71,759.51		71,759.51
Other Expenses	7,019.27	7,019.27	6,333.09	686.18

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
DEPARTMENT OF POLICE				
Police Protection Division				
Salaries and Wages	59,114.29	59,114.29	5,146.57	53,967.72
Miscellaneous Other Expenses	6,206.07	6,206.07	4,039.01	2,167.06
Purchase of Vehicles	10,681.60	10,681.60	10,556.86	124.74
OTHER				
City Wide Operations				
Finance - Other Expenses	40,429.21	40,429.21	40,244.48	184.73
City Wide Operations				
Community Operations - Other Expenses	73,194.08	73,194.08	67,487.50	5,706.58
UNIFORM CONSTRUCTION CODE				
State Uniform Construction Code				
Construction Official				
Salaries and Wages	9,843.53	9,843.53	1,073.16	8,770.37
Other Expenses	3,316.25	3,316.25	3,006.00	310.25
INSURANCE				
General Liability	4,792.32	4,792.32		4,792.32
Workers Compensation	21,684.10	21,684.10	21,684.10	-
Employee Group Health	780,579.49	780,579.49	724,623.61	55,955.88
Health Benefit Waiver - Salaries & Wages	23,333.36	-		-
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	42,623.32	57,623.32	57,571.32	52.00
Street Lighting	24,405.09	31,405.09	31,405.09	-
Telephone	1,134.92	11,634.92	4,340.53	7,294.39
Water	11,292.90	81,292.90	61,745.21	19,547.69
Fuel Oil	40,769.77	40,769.77	18,789.87	21,979.90
Gasoline	185,736.76	83,236.76	13,330.19	69,906.57

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charges	Balance Lapsed
STATUTORY EXPENDITURES				
Contributions to				
Social Security System (O.A.S.I.)	48.72	48.72		48.72
Unemployment Compensation Insurance	34,330.17	34,330.17	17,872.90	16,457.27
Defined Contribution Retirement Program	4,763.13	4,763.13	4,763.13	-
OPERATIONS EXCLUDED FROM "CAPS"				
INSURANCE				
Employee Group Health		-		-
Matching Funds for Grants	32,997.00	32,997.00		32,997.00
All Other Accounts - No Change		-		-
	$ 2,927,495.57	2,927,495.57	1,830,539.32	1,096,956.25

Cash Disbursed	1,826,864.32
Accounts Payable	3,675.00
	1,830,539.32

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2015		
School Tax Payable	$ -	
School Tax Deferred	12,278,420.50	
		$ 12,278,420.50
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017		24,788,727.00
		37,067,147.50
Decreased by:		
Payments		24,672,784.00
Balance December 31, 2016		
School Tax Payable	-	
School Tax Deferred	12,394,363.50	
		12,394,363.50
Current Year Liability for Local School District School Tax:		
Tax Paid		24,672,784.00
Tax Payable Ending		-
		24,672,784.00
Less: Tax Payable Beginning		-
Amount charged to Current Year Operations		$ 24,672,784.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Balance Dec. 31, 2016
FEDERAL GRANTS:				
Airport Layout	$ 4,512.00			4,512.00
CDBG	7,980.00		6,625.00	1,355.00
Community Development Block Grant 14/15	238,528.00		84,716.41	153,811.59
Community Development Block Grant 15/16	283,074.00			283,074.00
CDBG - DR: Prepare Area Plan		50,000.00		50,000.00
CDBG - DR: Prepare Codes & Ordinances		20,000.00		20,000.00
CDBG - DR: Design Development		50,000.00		50,000.00
CDBG - DR: Develop Floodplain		50,000.00		50,000.00
CDBG - DR: Permit & Application Fee		25,000.00		25,000.00
Body Armor Replacement Fund		5,151.52	5,151.52	-
US Homeland Security - Port Security Grant	8,107.76			8,107.76
Total Federal	542,201.76	200,151.52	96,492.93	645,860.35
STATE GRANTS:				
NJ Department of State - Cooperative Marketing Grant	0.50			0.50
Recycling Tonnage Grant		27,463.59	27,463.59	-
NJDHTS - Holiday Crackdown		5,000.00		5,000.00
NJ Solid Waste Administration - Bonus Grant		10,470.50	10,470.00	0.50
Drive Sober or get Pulled Over	1,336.23			1,336.23
City Wide Pedestrian Grant	4,717.75			4,717.75
Drive Sober or get Pulled Over - 2013 Holiday Crackdown	1,532.30			1,532.30
Distracted Driver Crackdown - 2014	2,613.15			2,613.15
Drive Sober Crackdown - 2014	1,309.85			1,309.85
Drive Sober Holiday Crackdown - 2014	2,017.50			2,017.50

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Balance Dec. 31, 2016
STATE GRANTS: (CONTINUED)				
Pedestrian Education & Enforcement	919.00			919.00
Post Sandy Grant	26,500.00			26,500.00
NJ Historic Trust Sandy Relief - City Hall Renovations	230,000.00			230,000.00
NJ Historic Trust Sandy Relief - Life Saving Station	143,031.00			143,031.00
NJ Historic Trust Sandy Relief - Transportation Center	501,000.00			501,000.00
Post Sandy Planning Grant	8,982.50		8,982.50	-
DCA - Disabled Recreation - Grant	16,997.00		3,337.81	13,659.19
Body Worn Camera Assistance Program		9,500.00	9,500.00	-
Clean Communities Program		109,075.74	109,075.74	-
Airport Obstruction Removal Grant		69,480.00		69,480.00
Transportation Trust Fund				
Year 2012 - Simpson Avenue	180,000.00			180,000.00
Year 2014 - Bay to West 31st - 33rd	172,000.00			172,000.00
Year - 2016 - Pleasure - West - 16th		175,000.00	131,250.00	43,750.00
NJ Council of the Arts - POPS	15,000.00			15,000.00
DCA Historic Preservation Grant - Life Saving Station	379,135.36		22,814.31	356,321.05
Total State	1,687,092.14	405,989.83	322,893.95	1,770,188.02
OTHER GRANTS:				
Cape May County Open Space Grant		200,000.00		200,000.00
ANJEC Open Space Stewardship Program	500.00		500.00	-
American Water Company - Green Streets - Biowales	1,000.00		1,000.00	-
Total Other	1,500.00	200,000.00	1,500.00	200,000.00
	$ 2,230,793.90	806,141.35	420,886.88	2,616,048.37

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2015					
	Appropriated	Reserve for Encumbrances	2016 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2016
FEDERAL GRANTS:						
FAA - Airport Layout	$ 4,750.00					4,750.00
US DOJ - JAG Edward Byrne Memorial	507.54					507.54
Body Armor Replacement Fund	3,454.79			3,454.79		-
Community Development Block Grant 14/15	239,265.09	3,231.98		237,247.07	5,250.00	-
Community Development Block Grant 15/16	283,074.00			112,503.15	170,570.85	-
Community Development Block Grant	7,600.00					7,600.00
CDBG - DR: Prepare Area Plan			50,000.00		50,000.00	-
CDBG - DR: Prepare Codes & Ordinances			20,000.00		20,000.00	-
CDBG - DR: Design Development			50,000.00		50,000.00	-
CDBG - DR: Develop Floodplain			50,000.00		50,000.00	-
CDBG - DR: Permit & Application Fee			25,000.00		25,000.00	-
Body Armor Grant			5,151.52	4,473.68	677.84	0.00
FEMA - NJ State Police - EMS	20,020.64			6,946.93		13,073.71
US Homeland Security - Port Security Grant	8,107.76					8,107.76
Total Federal	566,779.82	3,231.98	200,151.52	364,625.62	371,498.69	34,039.01
STATE GRANTS:						
Clean Communities	60,201.58	28,349.02	109,075.74	104,879.61	40,593.30	52,153.43
NJ Council on the Arts - Ocean City POPS	15,000.00					15,000.00
Drunk Driving Enforcement	2,255.93	240.00	9,909.10	3,543.77		8,861.26
City Wide Pedestrian Grant	616.01					616.01
Recycling Tonnage Grant	6,719.97	20,739.30	27,463.59	29,996.49	23,804.55	1,121.82
Alcohol Education and Rehabilitation	90.91					90.91
Pedestrian Education & Enforcement	1,772.85					1,772.85

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2015					
	Appropriated	Reserve for Encumbrances	2016 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2016
STATE GRANTS: (CONTINUED)						
NJ DOT - Bay to West:31st-33rd	172,000.00					172,000.00
NJ DOT - Simpson Avenue 2012	180,000.00					180,000.00
NJ DOT - Pleasure - West - 16th - 2016			175,000.00	175,000.00		-
Body Worn Camera Assistance Program			9,500.00			9,500.00
Airport Obstruction Removal Grant			69,480.00			69,480.00
Airport Obstruction Removal Grant - Match			23,245.00			23,245.00
Cooperative Marketing Grant	17,021.16					17,021.16
Drive Sober Holiday Crackdown - 2013	4,400.00					4,400.00
Distracted Driver Crackdown - 2013	1,064.65					1,064.65
Drive Sober Holiday Crackdown - 2014	2,611.20					2,611.20
Drive Sober Holiday Crackdown - 2014	2,141.90					2,141.90
NJDHTS - Holiday Crackdown			5,000.00			5,000.00
NJ Solid Waste Administration - Bonus Grant			10,470.50	10,470.50		-
NJ Solid Waste Administration - Bonus Grant - Match			10,470.50	10,470.50		-
DCA Historic Preservation Grant - Life Saving Station	387,206.90	32,058.73		16,682.70	402,582.93	-
Sustainable Jersey 2012	0.10					0.10
Sustainable Jersey 2014	-	2,000.00		2,000.00		-
Sustainable Land Use Planning Project	25.00					25.00
Ocean City Free Public Library - Police Grant	0.57					0.57
NJ Historic Trust Sandy Relief - City Hall Renovations	-	230,000.00		230,000.00		-
NJ Historic Trust Sandy Relief - Life Saving Station	143,031.00					143,031.00
NJ Historic Trust Sandy Relief - Transportation Center	469,000.00	14,075.00		417,975.65	65,099.35	(0.00)
Post Sandy Planning Grant	18,432.50					18,432.50
Post Sandy Planning Grant	27,000.00					27,000.00
DCA - Disabled Recreation - Grant	16,997.00					16,997.00
DCA - Disabled Recreation - Match	7,003.00			2,752.69	600.00	3,650.31
Ocean City Pedestrian Safety Grant 2012	910.68					910.68
Total State	1,535,502.91	327,462.05	449,614.43	1,003,771.91	532,680.13	776,127.35
OTHER GRANTS:						
Municipal Alliance			3,658.80	3,658.80		-
ANJEC Open Space Stewardship Program	525.00			525.00		-
Cape May County Open Space Grant			200,000.00			200,000.00
USTA - Hurricane Sandy Relief Program	20,000.00					20,000.00
American Water Company - Green Streets - Biowales	-	9,660.00		9,660.00		-
Total Other	20,525.00	9,660.00	203,658.80	13,843.80	-	220,000.00
	$ 2,122,807.73	340,354.03	853,424.75	1,382,241.33	904,178.82	1,030,166.36

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

Purpose		Balance Dec. 31, 2015	Transferred To 2016 Appropriations	Received	Balance Dec. 31, 2016
FEDERAL GRANTS:					
FEMA - OEM Grant	$			7,000.00	7,000.00
Total Federal		-	-	7,000.00	7,000.00
STATE GRANTS:					
Drunk Driving Enforcement Fund		9,909.10	9,909.10		-
Total State		9,909.10	9,909.10	-	-
	$	9,909.10	9,909.10	7,000.00	7,000.00

Exhibit B - 1

TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER

Balance December 31, 2015		$ 682.87
Increased by:		
Cash Receipts for;		
Dog Licenses Collected	2,268.00	
Dog Park	13,555.00	
Due to State of NJ	786.00	
Interest on Investments	3.92	
		16,612.92
		17,295.79
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	2,144.41	
Dog Park	4,774.60	
Due to State of New Jersey	782.40	
		7,701.41
Balance December 31, 2016		$ 9,594.38

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2015		$	5,152,626.49
Increased by:			
Cash Receipts for Other Reserves:			
Interest on Investments	8,151.62		
Employee Withholdings	56,100.07		
Budget Appropriations	200,000.00		
Other Receipts	3,251,629.85		
			3,515,881.54
			8,668,508.03
Decreased by:			
Cash Disbursed for Other Reserves	2,721,740.34		
			2,721,740.34
Balance December 31, 2016		$	5,946,767.69

TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2015		$ 682.87
Increased by:		
Dog Park Fees	13,555.00	
Dog License Fees Collected	2,268.00	
Interest on Investments	3.92	
		15,826.92
		16,509.79
Decreased by:		
Dog Park	4,774.60	
Dog Licensing Supplies	2,144.41	
		6,919.01
Balance December 31, 2016		$ 9,590.78

Fess Collected	2015	16,795.00
	2014	17,883.50
		34,678.50

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

Balance December 31, 2015		$ -
Increased by:		
Cash Receipts	786.00	
		786.00
		786.00
Decreased by:		
Cash Disbursed	782.40	
		782.40
Balance December 31, 2016		$ 3.60

TRUST FUND
SCHEDULE OF OTHER RESERVES

Title	Balance Dec. 31, 2015	Interest on Investments	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2016
Tax Premiums	$ 417,217.37				462,164.04	462,599.68	416,781.73
Dedicated Recreation Trust	191,834.15				768,265.24	718,361.95	241,737.44
Tourism Development	170,055.72				725,083.38	722,804.95	172,334.15
Law Enforcement Trust	26,510.88				808.98	6,467.99	20,851.87
Parking Offenses Adjudication Act	29,862.14	12.06			2,443.00	6,088.58	26,228.62
Cash Performance Deposits	542,156.57	1,052.14			388,125.26	141,224.21	790,109.76
Dedicated Fire Fees	954.32				3,170.00	3,278.20	846.12
Lifeguard Pension	7,629.02		56,100.07	150,000.00		206,454.45	7,274.64
Shade Trees	4,653.65	2.24			2,800.00	5,812.90	1,642.99
COAH	3,511,270.93	7,085.18			591,620.50	44,432.60	4,065,544.01
Merchant Fees	8,018.80			50,000.00	100,284.00	146,640.12	11,662.68
Planning & Zoning Escrow	242,462.94				206,865.45	257,574.71	191,753.68
	$ 5,152,626.49	8,151.62	56,100.07	200,000.00	3,251,629.85	2,721,740.34	5,946,767.69

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2015		$ 16,813,618.16
Increased by:		
Bond Anticipation Notes	61,650,000.00	
Bonds Issued	38,800,000.00	
Current Fund Appropriations:		
Deferred Charges Unfunded	2,024,500.00	
Capital Improvement Fund	1,150,000.00	
Premium on Sales of Bonds & Notes	553,984.00	
Reserve for Debt Service:		
Flood Insurance Reimbursements	18,762.11	
Placemaking Project Parklet Area	2,500.00	
FEMA - Sandy	279,173.84	
Gill Marina Note Interest	33,114.35	
Bulkhead Tax Lien	109,850.00	
		104,621,884.30
		121,435,502.46
Decreased by:		
Improvement Authorizations	11,942,910.49	
Encumbrances	8,600,208.31	
Bond Anticipation Notes	39,300,000.00	
Due from Grant Fund	700,000.00	
Anticipated as Current Revenue:		
Fund Balance	580,000.00	
Reserve for Debt Service	2,024,500.00	
		63,147,618.80
Balance December 31, 2016		$ 58,287,883.66

GENERAL CAPITAL FUND
ANALYSIS OF CASH

		Balance Dec. 31, 2015	Receipts: Miscellaneous	Receipts: Debt Issued	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance Dec. 31, 2016
Fund Balance		$ 1,312,169.54	553,984.00			580,000.00			1,286,153.54
Capital Improvement Fund		361,012.53	1,150,000.00				1,403,475.00		107,537.53
Reserve for Debt Service		4,318,858.71	443,400.30			2,024,500.00			2,737,759.01
Cash Reserved to Pay BAN's				31,050,000.00					31,050,000.00
Encumbrances Payable		8,600,208.31				8,600,208.31		15,943,835.03	15,943,835.03
Due from Grant Fund						700,000.00			(700,000.00)
Reserve for Preliminary Expenses		17,566.00							17,566.00
Improvement Authorizations:									
10-13	Acquisition of Property	5,607.94			-		3,545.00		2,062.94
11-06	Various Capital Improvements	28,001.86			28,001.86				-
11-07	Various Capital Improvements	49.27			49.27				0.00
11-15	Land Acquisition	21,522.74			8,468.74				13,054.00
11-25	Various Capital Improvements	119,525.04			63,778.86		46,622.38		9,123.80
12-02	Various Capital Improvements	62,600.01			36,868.83		25,731.18		(0.00)
12-08	Various Capital Improvements	80,351.95			(680.74)		680.74		80,351.95
12-09	COAH Funds	5,216.08			5,216.08				-
12-13	Beach Fill	-			(1,056.00)		1,056.00		-
12-15	Bellevue Demolition	8,355.85							8,355.85
12-21	Hurricane Sandy Repairs	274,438.28	99,000.00		187,346.79		180,069.74		6,021.75
13-02	Various Improvements	1,054,337.49	25,500.00		317,984.82		746,633.44		15,219.23
13-04	Various Improvements	297,496.99			159,225.17		227,983.03		(89,711.21)
13-20	Various Improvements	127,500.00		300,000.00	-		450,000.00		(22,500.00)
13-21	Various Improvements	19.10			(166.90)		186.00		-
14-05	Various Improvements	(552,270.90)		1,300,000.00	202,664.89		362,414.74		182,649.47
14-13	Various Improvements	(6,936.55)			(8,923.55)		7,927.25		(5,940.25)
14-14	Various Improvements	12,526.99			10,380.17		2,146.82		(0.00)
14-33	Various Improvements	24,015.74		1,000,000.00	1,035,724.14		9,894.46		(21,602.86)
14-42	Skateboard Park	(12,500.00)			(431.31)		431.31		(12,500.00)
15-04	Lagoon & Back Bay Dredging	-			(821,394.15)		812,034.15		9,360.00
15-09	Various Improvements	652,974.00		3,000,000.00	2,477,589.22		1,192,195.82		(16,811.04)
15-17	Various Improvements	(104,028.81)		1,050,000.00	271,372.36		342,063.57		332,535.26
15-29	Roads & Drainage	105,000.00		1,900,000.00	2,056,999.39		20,735.61		(72,735.00)
16-01	Various Improvements			14,000,000.00	5,429,443.25		10,124,576.86	875,225.00	(678,795.11)
16-10	Acquisition of Property			450,000.00	481,821.12		1,560.00	25,000.00	(8,381.12)
16-19	Various Improvements			9,000,000.00	2,628.18		1,385,346.93	503,250.00	8,115,274.89
		$ 16,813,618.16	2,271,884.30	63,050,000.00	11,942,910.49	11,904,708.31	17,347,310.03	17,347,310.03	58,287,883.66

Exhibit C - 4

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015		$ 361,012.53
Increased by:		
Budget Appropriation	1,150,000.00	
		1,150,000.00
		1,511,012.53
Decreased by:		
Improvement Authorizations	1,403,475.00	
		1,403,475.00
Balance December 31, 2016		$ 107,537.53

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

Balance December 31, 2015		$ 51,011,062.52
Increased by:		
Bonds Issued	38,800,000.00	
		38,800,000.00
		89,811,062.52
Decreased by:		
Serial Bonds Paid & Refunded	8,745,000.00	
Greet Trust Loans Paid	29,032.24	
		8,774,032.24
Balance December 31, 2016		$ 81,037,030.28

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

Ord #	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Raised in 2016 Budget	Permanent Debt Issued	Reserve to Pay BAN's	Balance Dec. 31, 2016	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
05-33	Acquisition of Land	$ 4,500,000.00			4,500,000.00		-			
12-02	Various Capital Improvements	700,000.00			700,000.00		-			
12-21	Hurricane Sandy Repairs	999,000.00		999,000.00			-			
13-02	Various Improvements	1,025,500.00		1,025,500.00			-			
13-04	Various Improvements	5,498,600.00			5,400,000.00		98,600.00		89,711.21	8,888.79
13-20	Various Improvements	4,322,500.00			4,000,000.00		322,500.00	300,000.00	22,500.00	
14-05	Various Improvements	8,853,050.00			8,500,000.00		353,050.00	300,000.00		53,050.00
14-13	Various Improvements	1,809,750.00			1,800,000.00		9,750.00		5,940.25	3,809.75
14-15	10th Street Marina	2,600,000.00					2,600,000.00	2,600,000.00		
14-21	Schilling Property - 19th & Boardwalk	500,000.00			150,000.00	350,000.00	-			
14-33	Various Improvements	1,363,250.00			1,300,000.00		63,250.00		21,602.86	41,647.14
14-35	Refunding Bond Ordinance	20,000.00					20,000.00			20,000.00
14-42	Skateboard Park	712,500.00			200,000.00	500,000.00	12,500.00		12,500.00	-
15-04	Lagoon & Back Bay Dredging	4,750,000.00			4,750,000.00		-			-
15-09	Various Improvements	7,878,635.00			6,000,000.00		1,878,635.00	1,000,000.00	16,811.04	861,823.96
15-17	Various Improvements	2,558,350.00			1,500,000.00		1,058,350.00	1,050,000.00		8,350.00
15-29	Roads & Drainage	1,995,000.00					1,995,000.00	1,900,000.00	72,735.00	22,265.00
16-01	Various Improvements		16,629,275.00				16,629,275.00	14,000,000.00	678,795.11	1,950,479.89
16-10	Acquisition of Property		475,000.00				475,000.00	450,000.00	8,381.12	16,618.88
16-19	Various Improvements		18,461,750.00				18,461,750.00	9,000,000.00		9,461,750.00
		$ 50,086,135.00	35,566,025.00	2,024,500.00	38,800,000.00	850,000.00	43,977,660.00	30,600,000.00	928,976.59	12,448,683.41

Improvement Authorizations Unfunded		21,079,143.03
Less:		
Unexpended Proceeds of Bond Anticipation Notes Issued:		
Ord. Number		
14-05	(182,649.47)	
15-17	(332,535.26)	
16-19	(8,115,274.89)	
		(8,630,459.62)
		12,448,683.41

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015 Funded	Balance December 31, 2015 Unfunded	Authorizations: Capital Improvement Fund	Authorizations: Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2016 Funded	Balance December 31, 2016 Unfunded
10-13	Acquisition of Property	3/25/2010	958,500	$ 5,607.94				3,545.00	2,062.94	
11-06	Various Capital Improvements	3/24/2011	4,353,000	28,001.86				28,001.86	-	
11-07	Various Capital Improvements	3/24/2011	320,000	49.27				49.27	0.00	
11-15	Land Acquisition	4/28/2011	2,275,000	21,522.74				8,468.74	13,054.00	
11-25	Various Capital Improvements	10/25/2011	2,867,000	119,525.04				110,401.24	9,123.80	
12-02	Various Capital Improvements	3/8/2012	6,050,000		62,600.01			62,600.01		(0.00)
12-08	Various Capital Improvements	5/24/2012	1,440,000	80,351.95					80,351.95	
12-09	COAH Funds	5/24/2012	2,650,000	5,216.08				5,216.08	-	
12-15	Bellevue Demolition	10/11/2012	165,000	8,355.85					8,355.85	
12-21	Hurricane Sandy Repairs	12/27/2012	2,420,000		373,438.28			367,416.53	6,021.75	-
13-02	Various Improvements	2/14/2013	5,290,000	54,337.49	1,025,500.00			1,064,618.26	15,219.23	-
13-04	Various Improvements	2/28/2013	5,788,000		396,096.99			387,208.20		8,888.79
13-20	Various Improvements	7/11/2013	4,550,000		450,000.00			450,000.00		-
13-21	Various Improvements	7/11/2013	125,000	19.10				19.10	-	
14-05	Various Improvements	2/27/2014	9,319,000		800,779.10			565,079.63		235,699.47
14-13	Various Improvements	6/12/2014	1,905,000		2,813.45			(996.30)		3,809.75
14-14	Various Improvements	6/12/2014	160,000	12,526.99				12,526.99	-	
14-33	Various Improvements	9/25/2014	1,435,000	-	1,087,265.74			1,045,618.60	-	41,647.14
14-35	Refunding Bond Ordinance	10/9/2014	20,000		20,000.00					20,000.00
15-04	Lagoon & Back Bay Dredging	2/12/2015	5,000,000					(9,360.00)	9,360.00	-
15-09	Various Improvements	3/26/2015	8,293,300		4,531,609.00			3,669,785.04		861,823.96
15-17	Various Improvements	7/23/2015	2,693,000		954,321.19			613,435.93	-	340,885.26
15-29	Roads & Drainage	12/17/2015	2,100,000	105,000.00	1,995,000.00			2,077,735.00	-	22,265.00
16-01	Various Improvements	2/25/2016	17,504,500			875,225.00	16,629,275.00	15,554,020.11	-	1,950,479.89
16-10	Acquisition of Property	5/12/2016	500,000			25,000.00	475,000.00	483,381.12		16,618.88
16-19	Various Improvements	8/11/2016	18,965,000			503,250.00	18,461,750.00	1,387,975.11		17,577,024.89
				$ 440,514.31	11,699,423.76	1,403,475.00	35,566,025.00	27,886,745.52	143,549.52	21,079,143.03

Cash Disbursed	11,942,910.49
Current Year Encumbrances	15,943,835.03
	27,886,745.52

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016 Date	Amount	Interest Rate	Balance Dec. 31, 2015	Issued	Decreased	Balance Dec. 31, 2016
General Improvements	1/15/2006	21,000,000				$ 1,900,000.00		1,900,000.00	-
General Improvements	7/15/2008	14,500,000	7/15/2017	1,600,000.00	5.000%	8,600,000.00		1,500,000.00	7,100,000.00
			7/15/2018	1,700,000.00	5.250%				
			7/15/2019	1,800,000.00	4.000%				
			7/15/2020	2,000,000.00	4.125%				
General Improvements	8/15/2010	13,800,000	8/15/2017	1,900,000.00	3.000%	7,550,000.00		1,850,000.00	5,700,000.00
			8/15/2018	1,900,000.00	3.000%				
			8/15/2019	1,900,000.00	4.000%				
Refunding Bonds	11/9/2010	7,800,000				1,645,000.00		1,645,000.00	-
General Improvements	12/20/2012	9,900,000	12/15/2017	900,000.00	4.000%	8,050,000.00		850,000.00	7,200,000.00
			12/15/2018	900,000.00	4.000%				
			12/15/2019	900,000.00	4.000%				
			12/15/2020	900,000.00	4.000%				
			12/15/2021	900,000.00	3.000%				
			12/15/2022	900,000.00	4.000%				
			12/15/2023	900,000.00	3.000%				
			12/15/2024	900,000.00	3.000%				
General Improvements	8/12/2014	17,900,000	9/1/2017	1,200,000.00	2.000%	17,000,000.00		1,000,000.00	16,000,000.00
			9/1/2018	1,300,000.00	2.000%				
			9/1/2019	1,500,000.00	2.000%				
			9/1/2020	1,600,000.00	2.000%				
			9/1/2021	1,600,000.00	2.000%				
			9/1/2022	1,600,000.00	2.000%				
			9/1/2023	1,800,000.00	3.000%				
			9/1/2024	1,800,000.00	3.000%				
			9/1/2025	1,800,000.00	3.000%				
			9/1/2026	1,800,000.00	3.000%				

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016 Date	Amount	Interest Rate	Balance Dec. 31, 2015	Issued	Decreased	Balance Dec. 31, 2016
Refunding Bonds	12/16/2014	5,885,000	1/15/2017	1,940,000.00	3.000%	5,775,000.00			5,775,000.00
			1/15/2018	1,920,000.00	4.000%				
			1/15/2019	1,915,000.00	5.000%				
General Improvements	12/1/2016	38,800,000	11/15/2017	2,100,000.00	4.000%		38,800,000.00		38,800,000.00
			11/15/2018	2,400,000.00	4.000%				
			11/15/2019	2,500,000.00	4.000%				
			11/15/2020	2,600,000.00	4.000%				
			11/15/2021	2,700,000.00	4.000%				
			11/15/2022	2,800,000.00	2.250%				
			11/15/2023	3,400,000.00	2.000%				
			11/15/2024	3,750,000.00	2.000%				
			11/15/2025	3,950,000.00	2.125%				
			11/15/2026	4,200,000.00	2.250%				
			11/15/2027	4,200,000.00	2.250%				
			11/15/2028	4,200,000.00	1.000%				
						$ 50,520,000.00	38,800,000.00	8,745,000.00	80,575,000.00

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016 Date	Amount	Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
Multi Park - ADA 0508-07-056	3/19/2010	200,000	2017	9,649.69	2.000%	$ 151,207.39	9,459.56	141,747.83
			2018	9,843.65				
			2019	10,041.50				
			2020	10,243.34				
			2021	10,449.23				
			2022	10,659.26				
			2023	10,873.51				
			2024	11,092.07				
			2025	11,315.02				
			2026	11,542.45				
			2027	11,774.46				
			2028	12,011.11				
			2029	12,252.54				
Multi Park - ADA 0508-07-056 (A)	3/19/2010	200,000	2017	9,649.69	2.000%	151,207.39	9,459.56	141,747.83
			2018	9,843.65				
			2019	10,041.50				
			2020	10,243.34				
			2021	10,449.23				
			2022	10,659.26				
			2023	10,873.51				
			2024	11,092.07				
			2025	11,315.02				
			2026	11,542.45				
			2027	11,774.46				
			2028	12,011.11				
			2029	12,252.54				

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016 Date	Amount	Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
4th Street Life Saving Station	3/23/2012	222,500	2017	10,316.39	2.000%	188,647.74	10,113.12	178,534.62
			2018	10,523.75				
			2019	10,735.28				
			2020	10,951.06				
			2021	11,171.18				
			2022	11,395.72				
			2023	11,624.77				
			2024	11,858.43				
			2025	12,096.78				
			2026	12,339.93				
			2027	12,587.96				
			2028	12,840.98				
			2029	13,099.09				
			2030	13,362.38				
			2031	13,630.92				
					$	491,062.52	29,032.24	462,030.28

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Land Acquisition	05-33	12/3/2014	12/3/2015	12/2/2016	2.0000%	$ 4,500,000.00		4,500,000.00	-
Various Capital Improvements	12-02	6/23/2011	6/18/2015	6/17/2016	2.0000%	700,000.00		700,000.00	-
Various Capital Improvements	12-02	6/23/2011	6/16/2016	1/6/2017	1.5000%	-	700,000.00		700,000.00
Hurricane Sandy Repairs	12-21	6/21/2013	6/18/2015	6/17/2016	2.0000%	900,000.00		900,000.00	-
Various Improvements	13-02	6/21/2013	6/18/2015	6/17/2016	2.0000%	1,000,000.00		1,000,000.00	-
Various Improvements	13-04	6/21/2013	6/18/2015	6/17/2016	2.0000%	5,400,000.00		5,400,000.00	-
Various Improvements	13-04	6/21/2013	6/16/2016	1/6/2017	1.5000%	-	5,400,000.00		5,400,000.00
Various Improvements	13-20	6/19/2014	6/16/2016	1/6/2017	1.5000%	-	4,000,000.00		4,000,000.00
Various Improvements	13-20	6/19/2014	6/18/2015	6/17/2016	2.0000%	4,000,000.00		4,000,000.00	-
Various Improvements	13-20	12/1/2016	12/1/2016	11/30/2017	2.5000%		300,000.00		300,000.00
Various Improvements	14-05	6/19/2014	6/16/2016	1/6/2017	1.5000%	-	8,500,000.00		8,500,000.00
Various Improvements	14-05	6/19/2014	6/18/2015	6/17/2016	2.0000%	7,500,000.00		7,500,000.00	-
Various Improvements	14-05	12/1/2016	12/1/2016	11/30/2017	2.5000%		300,000.00		300,000.00
Various Improvements	14-13	12/3/2014	12/3/2015	12/2/2016	2.0000%	1,800,000.00		1,800,000.00	-
Marina Revelopment Area	14-15	12/3/2014	12/1/2016	11/30/2017	1.2378%	-	2,600,000.00		2,600,000.00
Marina Revelopment Area	14-15	12/3/2014	12/3/2015	12/2/2016	1.1499%	2,600,000.00		2,600,000.00	-
Acquisition of Land	14-21	12/3/2014	12/3/2015	12/2/2016	2.0000%	500,000.00		500,000.00	-
Various Improvements	14-33	12/3/2014	6/16/2016	1/6/2017	1.5000%	-	1,000,000.00		1,000,000.00
Various Improvements	14-33	12/3/2014	12/3/2015	12/2/2016	2.0000%	300,000.00		300,000.00	-
Skateboard Park	14-42	6/18/2015	6/18/2015	6/17/2016	2.0000%	700,000.00		700,000.00	-
Skateboard Park	14-42	6/18/2015	6/16/2016	1/6/2017	1.5000%		700,000.00		700,000.00
Lagoon & Back Bay Dredging	15-04	6/18/2015	6/18/2015	6/17/2016	2.0000%	4,750,000.00		4,750,000.00	-
Lagoon & Back Bay Dredging	15-04	6/18/2015	6/16/2016	1/6/2017	1.5000%		4,750,000.00		4,750,000.00
Various Improvements	15-09	6/18/2015	6/18/2015	6/17/2016	2.0000%	4,000,000.00		4,000,000.00	-
Various Improvements	15-09	6/18/2015	6/16/2016	1/6/2017	1.5000%		6,000,000.00		6,000,000.00
Various Improvements	15-09	12/1/2016	12/1/2016	11/30/2017	2.5000%		1,000,000.00		1,000,000.00
Various Improvements	15-17	12/3/2015	12/3/2015	12/2/2016	2.0000%	1,500,000.00		1,500,000.00	-
Various Improvements	15-17	12/3/2015	6/16/2016	6/15/2017	2.0000%		650,000.00		650,000.00
Various Improvements	15-17	12/1/2016	12/1/2016	11/30/2017	2.5000%		400,000.00		400,000.00
Roads & Drainage	15-29	6/16/2016	6/16/2016	6/15/2017	2.0000%		1,900,000.00		1,900,000.00
Various Improvements	16-01	6/16/2016	6/16/2016	6/15/2017	2.0000%		12,000,000.00		12,000,000.00
Various Improvements	16-01	12/1/2016	12/1/2016	11/30/2017	2.5000%		2,000,000.00		2,000,000.00
Acquisition of Property	16-10	6/16/2016	6/16/2016	6/15/2017	2.0000%		450,000.00		450,000.00
Various Improvements	16-19	12/1/2016	12/1/2016	11/30/2017	2.5000%		9,000,000.00		9,000,000.00
						$ 40,150,000.00	61,650,000.00	40,150,000.00	61,650,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Other	Balance Dec. 31, 2016
12-21	Hurricane Sandy Repairs	$ 99,000.00			99,000.00	-
13-02	Various Improvements	25,500.00			25,500.00	-
13-04	Various Improvements	98,600.00				98,600.00
13-20	Various Improvements	322,500.00		300,000.00		22,500.00
14-05	Variious Improvements	1,353,050.00		1,300,000.00		53,050.00
14-13	Variious Improvements	9,750.00				9,750.00
14-33	Various Improvements	1,063,250.00		1,000,000.00		63,250.00
14-35	Refunding Bond Ordinance	20,000.00				20,000.00
14-42	Skateboard Park	12,500.00				12,500.00
15-09	Various Improvements	3,878,635.00		3,000,000.00		878,635.00
15-17	Various Improvements	1,058,350.00		1,050,000.00		8,350.00
15-29	Roads & Drainage	1,995,000.00		1,900,000.00		95,000.00
16-01	Various Improvements		16,629,275.00	14,000,000.00		2,629,275.00
16-10	Acquisition of Property		475,000.00	450,000.00		25,000.00
16-19	Various Improvements		18,461,750.00	9,000,000.00		9,461,750.00
		$ 9,936,135.00	35,566,025.00	32,000,000.00	124,500.00	13,377,660.00

PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH

	Trust Fund I		Trust Fund II	
Balance December 31, 2015	$	-		-
Increased by:				
State Aid for Public Assistance	-		140,041.96	
SSI Receipts	-		32,373.25	
		-		172,415.21
		-		172,415.21
Decreased by:				
Public Assistance	-		172,415.21	
		-		172,415.21
Balance December 31, 2016	$	-		-

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

	Trust Fund I		Trust Fund II	
Balance December 31, 2016	$	-		-
Increased by:				
Cash Receipts			22,872.92	
		-		22,872.92
Decreased by:				
Cash Disbursements			22,872.92	
		-		22,872.92
Balance January 31, 2017	$	-		-

Exhibit D - 3

PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES

		Trust Fund I	Trust Fund II
State Aid Payments	$		140,041.96
Supplemental Security Income:			
Client Refund			32,373.25
Total Revenues (PATF)	$	-	172,415.21

Exhibit D - 4

PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF EXPENDITURES

		Trust Fund I	Trust Fund II
Current Year Assistance (State Matching):			
Maintenance Payments	$		53,243.74
Burial			2,770.00
Temporary Rent			100,732.00
Shelter			6,350.00
Transportation			482.50
Rent			3,472.00
Security Deposits			4,110.00
Storage			255.00
Other			999.97
Total Expenditures (PATF)	$	-	172,415.21

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CITY OF OCEAN CITY
PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2016

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226
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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Ocean City, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2017, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Ocean City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

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

June 9, 2017

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2015 the bid threshold is $40,000.

The governing body of the City of Ocean City has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in a violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

Lease of City owned beach parcels
Ocean City Welcome Center Modifications
Supply & Delivery of Stainless Steel Screws
Lagoon Outfall Drainage Improvements
2016 Road Improvement Program-Phase I
Concession Licenses for the sale of food, ice cream and beverage related products
Supply & Delivery of Sand Fence & Post and Post & Rail Fence Materials
Installation of Artificial Turf at Carey Field
Transportation Center Restoration-Phase III
Supply & Delivery of Lumber and Piling
Fabrication and Supply of Welded Aluminum Railing
Supply & Delivery of Lifeguard Uniforms
Code Improvements to 1501 West Avenue
Acquisition & Installation of Track Surface at Carey Field
Boardwalk Reconstruction from 8th Street to 10th Street
Acquisition & Installation of Two Power Loading Cot Fastener Systems
Ocean City Dredge Material Disposal
Site 83 Confined Disposal Facility Dredged Material Removal
2016 Road Improvement Program-Phase II
2016 Bayside Center CDBG Renovations Phase I & II
Construction of 29th Street Firehouse
2016 Back Bay Dredging
2017-2019 Firework Shows
2016 Traffic Signal Improvements at Various Locations
2016 Road Improvement Program-Phase III
Supply of I-5 Soil Aggregate
Acquisition of 43,000 GVW Dump Truck
Citywide Custodial Services
Renovations to the Ocean City Lifesavings Station
2016 Bulkhead Improvements at Various Locations
Timber ADA Ramp Improvements at Various Locations
2016 Improvements to Various Recreational Court Facilities
Two 2017 or Newer Class 3 SRW 4WD Pickup Trucks

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 2016.

This Resolution shall take effect January 1, 2016.

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:

Year	Number
2016	6
2015	6
2014	6

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

Verification of Delinquent Taxes and Other Charges

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

Type	Number Mailed
Payments of 2016 and 2017 Taxes	5
Delinquent Taxes	5
Total	10

CITY OF OCEAN CITY

Comparison of Tax Levies and Collections Currently

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

Year	Tax Levy	Currently Cash Collections	Percentage of Collections
2016 $	104,627,897.11	103,883,886.67	99.29%
2015	102,163,205.50	101,370,335.38	99.22%
2014	99,578,715.26	98,672,979.09	99.09%
2013	95,863,852.78	94,937,906.55	99.03%
2012	95,770,896.84	93,780,434.70	97.92%

Comparative Schedule of Tax Rate Information

	2016	2015	2014	2013	2012
Tax Rate $	0.907	0.895	0.882	0.842	0.783
Apportionment of Tax Rate:					
Municipal	0.454	0.444	0.436	0.421	0.390
County	0.236	0.233	0.225	0.206	0.193
Local School	0.217	0.218	0.221	0.215	0.200
Assessed Valuation	11,437,322,724	11,296,513,298	11,181,508,929	11,316,442,065	12,171,789,847

Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2016 $	1,429.93	680,873.91	682,303.84	0.69%
2015	1,766.69	691,033.10	692,799.79	0.70%
2014	1,766.69	855,902.30	857,668.99	0.90%
2013	1,748.18	800,887.11	802,635.29	0.83%
2012	1,730.51	1,161,734.44	1,163,464.95	1.23%

Deposit of Municipal Funds

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

> "All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either
>
> a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
> b. be deposited to the credit of the local unit in its designated legal depository."

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

FINDINGS AND RECOMMENDATIONS

None

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

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

June 9, 2017

CITY OF OCEAN CITY

PART III

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED

DECEMBER 31, 2016

Schedule 1

CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal FAIN Number	Grant Period From	Grant Period To	Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures Source Pass Through	Budgetary Expenditures Source Direct	Budgetary Expenditures Total	(MEMO) Passed Through to Sub-Recipients
FEDERAL:										
Federal Emergency Management Agency										
Hurricane Sandy	97.036	4264DRNJP00	2012	Open	4,851,294.00	$ 797,036.00	367,416.53		367,416.53	-
FEMA - NJ State Police - EMS	97.044	4086DRNJP00	2015	Open	17,000.00	7,000.00	6,946.93		6,946.93	-
Total Federal Emergency Management Agency						804,036.00	374,363.46	-	374,363.46	-
U.S. Department of Justice										
Body Armor Replacement	16.607	N/A	2016	Open	8,606.31	5,151.52	8,606.31		8,606.31	-
Total Federal Department of Justice						5,151.52	8,606.31	-	8,606.31	-
Housing and Urban Development										
Community Development Block Grant - 14/15	14.218	B-14-MC-34-0130	2014	Open	298,159.00	91,341.41	242,497.07		242,497.07	-
Community Development Block Grant - 15/16	14.218	B-15-MC-34-0130	2015	Open	283,074.00		283,074.00		283,074.00	-
CDBG - DR: Prepare Area Plan	14.218	B-16-MC-34-0130	2016	Open	50,000.00		50,000.00		50,000.00	-
CDBG - DR: Prepare Codes & Ordinances	14.218	B-16-MC-34-0130	2016	Open	20,000.00		20,000.00		20,000.00	-
CDBG - DR: Design Development	14.218	B-16-MC-34-0130	2016	Open	50,000.00		50,000.00		50,000.00	-
CDBG - DR: Develop Floodplain	14.218	B-16-MC-34-0130	2016	Open	50,000.00		50,000.00		50,000.00	-
CDBG - DR: Permit & Application Fee	14.218	B-16-MC-34-0130	2016	Open	25,000.00		25,000.00		25,000.00	
Total Housing and Urban Development						91,341.41	720,571.07	-	720,571.07	-
Total Federal Assistance						$ 900,528.93	1,103,540.84	-	1,103,540.84	-

See Accompanying Notes to Schedule of Federal Awards State Financial Assistance

CITY OF OCEAN CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

State Grantor Department Program Title / Name	Grant Award Number	Grant Period From	Grant Period To	Program or Award Amount	Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Cumulative Expenditures
STATE OF NEW JERSEY							
NJ Department of Environmental Protection							
Clean Communities	4900-765-042-4900-004	1/1/2016	Open	$ 109,075.74	$ 109,075.74	85,271.33	60,201.58
Clean Communities	4900-765-042-4900-004	1/1/2015	Open	95,414.36		60,201.58	95,414.36
Recycling Tonnage	4900-752-042-4900-001	1/1/2016	Open	27,463.59	27,463.59	26,341.77	26,341.77
Recycling Tonnage	4900-752-042-4900-001	1/1/2015	Open	35,101.23		27,459.27	35,101.23
Solid Waste Bonus Grant	4900-752-042-4900-001	1/1/2016	Open	20,941.00	20,940.50	20,941.00	20,941.00
NJ Department of Community Affairs							
DCA Historic Preservation Grant - Life Saving Station	8049-584-022-8049-001-F000-6120	1/1/2016	Open	750,000.00	22,814.31	419,265.63	750,000.00
NJ Historic Trust Sandy Relief - City Hall Renovations	8049-584-022-8049-001-F000-6120	1/1/2016	Open	230,000.00		230,000.00	230,000.00
NJ Historic Trust Sandy Relief - Transportation Center	8049-584-022-8049-001-F000-6120	1/1/2015	Open	501,000.00		483,075.00	501,000.00
DCA - Disabled Recreation - Grant	N/A	1/1/2015	Open	24,000.00	3,337.81	3,352.69	3,352.69
Post Sandy Planning Grant	N/A	1/1/2015	Open	26,500.00	8,982.50		8,067.50
NJ Department of Health							
Sustainable NJ	N/A	1/1/2015	Open	2,000.00		2,000.00	2,000.00
NJ Division of Law and Public Safety							
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	1/1/2016	Open	9,909.10		3,543.77	3,543.77
Body Worn Camera Grant	N/A	1/1/2016	Open	9,500.00	9,500.00		-
NJ Department of Transportation							
NJ DOT - Pleasure - West - 16th - 2016	6320-480-078-6320	1/1/2016	Open	175,000.00	131,250.00	175,000.00	175,000.00
Department of Economic Assistance							
Public Assistance	7550-150-158010-60	01/01/2016	12/31/2016	172,415.21		172,415.21	172,415.21
Total State Assistance					$ 333,364.45	1,708,867.25	

See Accompanying Notes to Schedule of Federal Awards State Financial Assistance

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

Note 1: General

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

Note 2: Basis of Accounting

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

Note 3: Relationship to General-Purpose Financial Statements

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

		Federal	State	Other	Total
Grant Fund	$	736,124.31	1,536,452.04	13,843.80	2,286,420.15
General Capital Fund		367,416.53			367,416.53
Public Assistance Fund			172,415.21		172,415.21
Total Financial Assistance	$	1,103,540.84	1,708,867.25	13,843.80	2,826,251.89

Note 4: Relationship to Federal & State Financial Reports

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR UNIFORM GUIDANCE & NJ OMB 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Ocean City's compliance with the types of compliance requirements described in the *OMB Circular Uniform Guidance Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of Ocean City's major federal and state programs for the year ended December 31, 2016. Ocean City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal and State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Ocean City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations and* NJ OMB 15-08. Those standards, OMB Circular Uniform Guidance and NJ OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Ocean City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Ocean City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Ocean City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the City of Ocean City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Ocean City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ocean City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Assistance as Required by OMB Uniform Guidance and NJ OMB 15-08

We have audited the financial statements of the various funds and account group of the City of Ocean City as of and for the year ended December 31, 2016, and have issued our report thereon dated June 9, 2017, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Ocean City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of Federal Awards and State Assistance are presented for purposes of additional analysis as required by OMB Circular Uniform Guidance and NJ OMB 15-08, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal Awards and State Assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

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

June 9, 2017

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2016

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Adverse GAAP Opinion** **Unmodified Regulatory Basis Opinion**
Internal control over financial reporting:	
1) Material Weakness identified?	**NO**
2) Significant Deficiencies?	**NONE REPORTED**
Non-Compliance material to Financial Statements – Regulatory Basis noted?	**NO**

State Awards

Internal control over major programs:	
1) Material Weakness identified?	**NO**
2) Significant Deficiencies identified?	**NONE REPORTED**
Type of auditor's report issued on compliance for major programs:	**Unmodified Opinion**
Any audit findings disclosed that are required to be reported in accordance with NJ OMB 15-08?	**NO**
Identification of major programs:	
8049-584-022	**NJ DCA Historic Preservation**
Dollar threshold used to distinguish between Type A and Type B Programs:	**$750,000**
Auditee qualified as low-risk Auditee?	**NO**

Federal Awards

Internal control over major programs:

3) Material Weakness identified?	**NO**
4) Significant Deficiencies identified?	**NONE REPORTED**
Type of auditor's report issued on compliance for major programs:	**Unmodified Opinion**
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	**NO**
Identification of major programs:	
14.218	**Community Development Block Grant**
Dollar threshold used to distinguish between Type A and Type B Programs:	**$750,000**
Auditee qualified as low-risk Auditee?	**NO**

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

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

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

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

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.