

**CITY OF OCEAN CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2013**

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**CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
DECEMBER 31, 2013**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 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 Circular A-133 and NJ OMB 04-04 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 A-133 and NJ OMB 04-04 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 A-133 and NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2014 on our consideration of the City of Ocean City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ocean City's internal control over financial reporting and compliance.

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

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

July 15, 2014

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 9,813,999.99	11,747,455.34
Cash - Collector	402,611.13	471,672.35
Cash - Change	5,640.00	5,375.00
Total Cash	<u>10,222,251.12</u>	<u>12,224,502.69</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	800,887.11	1,161,734.44
Tax Title and Other Liens	1,748.18	1,730.51
Property Acquired for Taxes - at Assessed Valuation	262,576.00	262,576.00
Demolition Lien Receivable	86,808.70	314,271.00
Total Receivables and Other Assets	<u>1,152,019.99</u>	<u>1,740,311.95</u>
Deferred Charges:		
Special Emergency Appropriation	1,860,000.00	3,625,000.00
Total Deferred Charges	<u>1,860,000.00</u>	<u>3,625,000.00</u>
Total Regular Fund	<u>13,234,271.11</u>	<u>17,589,814.64</u>
Federal and State Grant Fund:		
Cash	345,792.11	633,306.52
Federal and State Grants Receivable	1,341,656.58	2,197,393.87
Total Federal and State Grant Fund	<u>1,687,448.69</u>	<u>2,830,700.39</u>
Total Current Fund	<u>\$ 14,921,719.80</u>	<u>20,420,515.03</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,028,082.66	1,246,516.45
Reserve for Encumbrances	995,735.52	988,090.46
Accounts Payable	23,025.00	32,021.65
Prepaid Taxes	1,943,324.22	1,857,721.75
Overpaid Taxes	4,558.04	20,277.62
County Added Tax Payable	95,753.21	69,433.94
Due to State:		
Chapter 20 P.L. 1971	873.89	709.65
Escrow - Blue Water Marina	33,059.76	33,059.76
Reserve for Revaluation	-	2,361.00
Reserve for Revaluation - 2006	-	85,191.68
Reserve for Tax Maps	-	15,817.50
Prepaid Beach Fees	60,585.00	24,290.00
Reserve for Tax Appeals	100,000.00	100,000.00
Payroll Taxes Payable	81,609.70	259,980.30
Reserve for Health Insurance Claims	17,109.43	62,754.61
Reserve for Special Emergency - Sandy	26,868.41	2,788,115.36
Special Emergency Note Payable	1,860,000.00	3,625,000.00
	<u>6,270,584.84</u>	<u>11,211,341.73</u>
Reserve for Receivables and Other Assets	1,152,019.99	1,740,311.95
Fund Balance	<u>5,811,666.28</u>	<u>4,638,160.96</u>
Total Regular Fund	<u>13,234,271.11</u>	<u>17,589,814.64</u>
Federal and State Grant Fund:		
Unappropriated Reserves	74,426.82	29,952.16
Appropriated Reserves	1,174,401.59	2,649,185.90
Encumbrances Payable	<u>438,620.28</u>	<u>151,562.33</u>
Total Federal and State Grant Fund	<u>1,687,448.69</u>	<u>2,830,700.39</u>
Total Current Fund	<u>\$ 14,921,719.80</u>	<u>20,420,515.03</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 3,043,750.00	2,500,000.00
Miscellaneous Revenue Anticipated	21,146,447.83	18,493,031.98
Receipts from Delinquent Taxes	1,114,520.39	987,567.59
Receipts from Current Taxes	94,937,906.55	93,680,434.70
Non Budget Revenue	438,837.75	543,873.71
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,155,561.98	821,048.08
Additional FEMA Receipts	443,567.20	-
Cancellation of:		
Accounts Payable	3,330.76	466.68
Reserve for Tax Appeals	-	150,000.00
Grants	72,644.12	-
Reserve for Revaluation	2,361.00	-
Reserve for Tax Maps	15,817.50	-
Reserve for Revaluation - 2006	84,466.68	-
Total Income	122,459,211.76	117,176,422.74
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	27,718,911.00	27,162,880.00
Other Expenses	17,468,255.39	17,535,403.39
Deferred Charges & Statutory Expenditures	5,834,323.16	5,646,150.07
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	222,789.00	214,220.00
Other Expenses	4,210,231.37	5,983,663.75
Capital Improvements	725,000.00	4,535,000.00
Debt Service	12,358,517.91	9,769,798.30
Deferred Charges	1,951,900.00	-
Local District School Tax	24,277,078.00	24,263,230.00
County Tax	23,191,466.26	23,329,224.54
County Share of Added Tax	95,753.21	69,433.94
Refund of Prior Year's Revenue		
Other:		
Special Improvement District Taxes	183,958.54	184,207.00
Prior Year Seniors & Veterans Deductions	3,772.60	2,281.42
Reissue Prior Year's Checks	-	377.72
Total Expenditures	118,241,956.44	118,695,870.13
Excess/(Deficit) in Revenue	4,217,255.32	(1,519,447.39)

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,**

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Special Emergency Appropriation	-	3,625,000.00
Total Adjustments	-	3,625,000.00
Statutory Excess to Fund Balance	4,217,255.32	2,105,552.61
Fund Balance January 1	4,638,160.96	5,032,608.35
	8,855,416.28	7,138,160.96
Decreased by:		
Utilization as Anticipated Revenue	3,043,750.00	2,500,000.00
Fund Balance December 31	\$ 5,811,666.28	4,638,160.96

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 3,043,750.00		3,043,750.00	-
Total Fund Balance Anticipated	<u>3,043,750.00</u>	<u>-</u>	<u>3,043,750.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	410,000.00		449,018.53	39,018.53
Fees and Permits	875,000.00		1,044,662.06	169,662.06
Fines and Costs:				-
Municipal Court	785,000.00		632,572.27	(152,427.73)
Interest and Costs on Taxes	245,000.00		337,203.46	92,203.46
Interest Earned on Investments	8,000.00		5,445.76	(2,554.24)
Parking Meters	2,400,000.00		2,386,354.96	(13,645.04)
Beach Fees	3,950,000.00		3,901,460.79	(48,539.21)
Rental or Sale of City Material & Property	190,000.00		170,299.78	(19,700.22)
Airport Fees	145,000.00		139,847.08	(5,152.92)
Boat Ramp Fees	30,000.00		32,074.69	2,074.69
Aquatic & Fitness Center User Fees	1,000,000.00		1,064,289.53	64,289.53
Smoke Detector Inspection	175,000.00		181,460.00	6,460.00
Emergency Medical Services	580,000.00		712,551.85	132,551.85
Total Section A: Local Revenues	<u>10,793,000.00</u>	<u>-</u>	<u>11,057,240.76</u>	<u>264,240.76</u>
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	<u>2,146,048.00</u>	<u>-</u>	<u>2,146,048.00</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	650,000.00		1,094,472.00	444,472.00
Total Section C: Uniform Construction Code Fees	<u>650,000.00</u>	<u>-</u>	<u>1,094,472.00</u>	<u>444,472.00</u>
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Upper Township - Dispatching Service	222,789.00		222,789.00	-
Total Section D: Interlocal Municipal Service Agreements	<u>222,789.00</u>	<u>-</u>	<u>222,789.00</u>	<u>-</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	2,673.97		2,673.97	-
Drunk Driving Enforcement Fund	6,458.13		6,458.13	-
NJ Department of State - Cooperative Marketing Grant	11,550.00		11,550.00	-
NJSP Emergency Management	10,000.00		10,000.00	-
Bullet Proof Vest Partnership	10,820.06		10,820.06	-
Green Streets - Biowales	10,000.00		10,000.00	-
Clean Communities Program		83,700.91	83,700.91	-
DOT Safe Streets Grant		100,000.00	100,000.00	-
Drive Sober or get Pulled Over		4,400.00	4,400.00	-
City Wide Pedestrian Grant		15,000.00	15,000.00	-
Emergency Management Grant		10,000.00	10,000.00	-
USTA - Hurricane Sandy Relief Program		20,000.00	20,000.00	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	<u>51,502.16</u>	<u>233,100.91</u>	<u>284,603.07</u>	<u>-</u>

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**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Reserves for Debt Service & Capital Fund Balance	3,724,325.00		3,724,325.00	-
Ocean City Tourism Development - Contribution for Staffing Costs	25,000.00		25,000.00	-
OC Library - Contracted Services	209,019.00		209,019.00	-
Parking Meters - Additional Revenue	400,000.00		400,000.00	-
OC Library - Return to Taxpayers	1,140,951.00		1,140,951.00	-
Hurricane Sandy Reimbursements		842,000.00	842,000.00	-
Total Section G: Other Special Items	<u>5,499,295.00</u>	<u>842,000.00</u>	<u>6,341,295.00</u>	<u>-</u>
Total Miscellaneous Revenues:	<u>19,362,634.16</u>	<u>1,075,100.91</u>	<u>21,146,447.83</u>	<u>708,712.76</u>
Receipts from Delinquent Taxes	<u>950,000.00</u>		<u>1,114,520.39</u>	<u>164,520.39</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	43,672,664.48		44,691,255.54	1,018,591.06
Library Tax	3,878,901.00		3,878,901.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>47,551,565.48</u>	<u>-</u>	<u>48,570,156.54</u>	<u>1,018,591.06</u>
Budget Totals	<u>70,907,949.64</u>	<u>1,075,100.91</u>	<u>73,874,874.76</u>	<u>1,891,824.21</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:			438,837.75	438,837.75
	<u>\$ 70,907,949.64</u>	<u>1,075,100.91</u>	<u>74,313,712.51</u>	<u>2,330,661.96</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	94,937,906.55
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Less: Reserve for Tax Appeals Pending		100,000.00
		100,000.00

Net Revenue from Collections		94,837,906.55
------------------------------	--	---------------

Allocated to:

School, County and Other Taxes		47,752,750.01
		47,752,750.01

Balance for Support of Municipal Budget Appropriations		47,085,156.54
--	--	---------------

Increased by:

Appropriation "Reserved for Uncollected Taxes"		1,485,000.00
		1,485,000.00

Amount for Support of Municipal Budget Appropriations		48,570,156.54
		48,570,156.54

Receipts from Delinquent Taxes:

Delinquent Tax Collection		1,114,520.39
---------------------------	--	--------------

Tax Title Lien Collections		-
		-

Total Receipts from Delinquent Taxes	\$	1,114,520.39
		1,114,520.39

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

PILOT - United Methodist Homes	\$ 72,150.00
Reimbursements from OC Free Library	55,159.17
Reimbursements from Upper Twp EMS	52,968.87
Demolition Lien	62,462.30
PILOT - OC Housing Authority	30,606.91
Tax Collector	28,054.70
Storage & Towing Fees	21,630.00
Other Rebates	16,842.57
Various Refunds & Reimbursements	14,809.34
Reimbursement for Services - Margate	12,000.00
Plans & Specs	11,080.00
Premium on Special Emergency Note Sale	8,388.60
Various Rental & Leases (AT&T Antenna)	6,000.00
Public Defender Fees	5,325.00
Band Accounting Services	4,992.00
Miscellaneous	4,917.12
Wilhelm Trust	4,452.55
200 Foot Information	4,420.00
Escrow Related	4,025.00
DMV Inspection Fines	3,700.00
Defensive Driving	3,234.00
Senior & Veterans Admin Fee	3,007.70
Restitution	2,750.85
Bench Donations	1,300.00
Sidewalk Café Permits	1,200.00
Trademark Fees	1,075.00
Binocular Fees	836.34
Police Reports	569.23
Beach Patrol Clothing Reimbursements	379.00
City Clerk	294.40
Returned Check Fees	120.00
Fire Reports	87.10

Total Miscellaneous Revenue Not Anticipated:

\$ 438,837.75

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
EXECUTIVE BRANCH						
Mayor's Office						
Other Expenses	\$ 3,000.00	3,000.00	1,171.33	50.00	1,778.67	
ADMINISTRATION						
City Administrator						
Salaries and Wages	245,000.00	245,000.00	244,645.96		354.04	
Other Expenses	2,000.00	2,000.00	552.66	50.00	1,397.34	
Information Technology						
Salaries and Wages	310,000.00	310,000.00	309,950.22		49.78	
Other Expenses	186,000.00	186,000.00	173,434.17	446.62	12,119.21	
Purchasing Division						
Salaries and Wages	263,000.00	263,000.00	262,962.68		37.32	
Other Expenses	7,000.00	7,000.00	5,814.25	193.36	992.39	
Emergency Management						
Salaries and Wages	18,000.00	18,000.00	18,000.00		-	
Other Expenses	14,500.00	14,500.00	14,492.93		7.07	
Human Resources						
Salaries and Wages	377,000.00	377,000.00	289,832.73		87,167.27	
Other Expenses	130,140.00	130,140.00	(19,023.16)	81,269.53	67,893.63	
Engineering & Project Management						
Salaries and Wages	198,000.00	200,100.00	200,064.05		35.95	
Other Expenses	72,500.00	71,100.00	40,439.43	30,607.63	52.94	
Economic Development & Environmental						
Salaries and Wages	21,000.00	21,000.00	20,977.04		22.96	
Other Expenses	3,000.00	3,000.00	135.00		2,865.00	

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
COMMUNITY SERVICE DEPARTMENT						
Director's Office						
Salaries and Wages	316,000.00	306,000.00	300,406.96		5,593.04	
Other Expenses	1,400.00	1,400.00	82.63		1,317.37	
Public Relations						
Salaries and Wages	155,000.00	159,700.00	159,687.65		12.35	
Other Expenses	136,000.00	131,300.00	121,213.28	50.00	10,036.72	
Recreation Programs						
Salaries and Wages	650,000.00	657,000.00	655,428.02		1,571.98	
Other Expenses	22,800.00	22,800.00	21,699.36	135.81	964.83	
Recreation Operations						
Salaries and Wages	482,000.00	462,000.00	460,559.61		1,440.39	
Other Expenses	35,000.00	35,000.00	31,325.00		3,675.00	
Aquatic and Fitness Center						
Salaries and Wages	972,000.00	1,027,000.00	1,024,671.53		2,328.47	
Other Expenses	101,000.00	101,000.00	97,173.68	176.00	3,650.32	
Public Assistance						
Salaries and Wages	91,000.00	91,000.00	88,104.01		2,895.99	
Other Expenses	2,000.00	2,000.00	1,251.86		748.14	
Municipal Code & Licensing						
Salaries and Wages	412,000.00	412,000.00	401,060.62		10,939.38	
Other Expenses	18,400.00	18,400.00	17,636.40	103.00	660.60	
DEPARTMENT OF LAW						
Legal Division						
Salaries and Wages	148,000.00	148,000.00	147,545.94		454.06	
Other Expenses	264,000.00	264,000.00	188,063.50	58,444.00	17,492.50	

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF FINANCIAL MANAGEMENT						
Treasurer's Office						
Other Expenses						
Audit Services	36,000.00	36,000.00	35,100.00		900.00	
Miscellaneous Other Expenses	85,000.00	85,000.00	85,000.00		-	
Accounting Division						
Salaries and Wages	425,000.00	400,000.00	389,342.26		10,657.74	
Other Expenses	5,200.00	5,200.00	3,665.40	193.45	1,341.15	
Office of Parking Regulation						
Salaries and Wages	210,000.00	210,000.00	203,416.91		6,583.09	
Other Expenses	201,200.00	201,200.00	149,905.54	4,003.83	47,290.63	
Property Assessment Division						
Salaries and Wages	292,000.00	292,000.00	286,258.87		5,741.13	
Other Expenses	99,650.00	84,650.00	13,879.58	35,770.00	35,000.42	
Beach Fee Regulation Division						
Salaries and Wages	330,000.00	307,000.00	305,860.07		1,139.93	
Other Expenses	58,000.00	58,000.00	57,511.84	1.98	486.18	
Tax Collector Division						
Salaries and Wages	292,000.00	292,000.00	286,506.06		5,493.94	
Other Expenses	10,200.00	10,200.00	9,038.68	662.00	499.32	
Revenue Collection						
Salaries and Wages	341,000.00	331,000.00	309,235.81		21,764.19	
Other Expenses	165,000.00	165,000.00	127,073.74	10,854.18	27,072.08	
STATUTORY OFFICES						
City Clerk's Office						
Salaries and Wages	247,000.00	258,300.00	258,239.82		60.18	
Other Expenses	34,900.00	34,900.00	21,420.17	12,667.50	812.33	
City Council						
Salaries and Wages	73,600.00	73,600.00	73,600.00		-	
Other Expenses	11,100.00	11,100.00	8,520.96	2,579.00	0.04	

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF FIRE						
Rescue Services Division						
Salaries and Wages	286,000.00	286,000.00	284,981.49		1,018.51	
Other Expenses	85,300.00	85,300.00	41,309.65	29,080.67	14,909.68	
Lifeguards Division						
Salaries and Wages	1,365,000.00	1,345,000.00	1,309,221.62		35,778.38	
Other Expenses	61,000.00	61,000.00	59,072.41	316.14	1,611.45	
Fire Protection & Prevention						
Salaries and Wages	6,566,000.00	6,566,000.00	6,546,972.43		19,027.57	
Other Expenses	153,900.00	153,900.00	128,657.19	22,572.76	2,670.05	
DEPARTMENT OF POLICE						
Police Protection Division						
Salaries and Wages	7,175,211.00	7,168,711.00	7,090,553.52		78,157.48	
Other Expenses	308,300.00	314,800.00	172,873.96	141,453.36	472.68	
DEPARTMENT OF PUBLIC WORKS						
Public Works Administration Division						
Salaries and Wages	538,000.00	551,800.00	551,762.61		37.39	
Other Expenses	25,600.00	25,600.00	23,907.00	1,693.00	-	
City Wide Operations						
Other Expenses	663,300.00	663,300.00	582,704.78	57,405.75	23,189.47	
Sanitation and Receiving Operations						
Salaries and Wages	759,000.00	739,500.00	736,770.96		2,729.04	
Other Expenses	2,666,932.00	2,666,932.00	2,373,942.58	248,273.01	44,716.41	
Facility Maintenance						
Salaries and Wages	895,000.00	913,500.00	913,434.63		65.37	
Other Expenses	229,450.00	254,450.00	237,741.95	13,649.71	3,058.34	
Fleet Maintenance						
Salaries and Wages	310,000.00	310,000.00	308,422.08		1,577.92	
Other Expenses	160,750.00	210,750.00	190,785.35	19,875.84	88.81	
Field Operations						
Salaries and Wages	1,303,000.00	1,280,000.00	1,278,711.64		1,288.36	
Other Expenses	60,000.00	60,000.00	59,643.52	156.48	200.00	

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Planning & Zoning Division						
Salaries and Wages	382,000.00	382,000.00	378,451.97		3,548.03	
Other Expenses	71,700.00	71,700.00	70,732.00	957.46	10.54	
Planning Board						
Other Expenses	19,600.00	19,600.00	14,866.23		4,733.77	
Zoning Board of Adjustment						
Other Expenses	9,800.00	9,800.00	6,638.78		3,161.22	
Historical Commission						
Other Expenses	2,950.00	2,950.00	1,474.64		1,475.36	
Health Benefits Waiver						
Salaries and Wages	165,000.00	149,200.00	143,450.85		5,749.15	
Special Improvement District						
Other Expenses	22,000.00	22,000.00	21,383.39			616.61
Municipal Court						
Salaries and Wages	617,000.00	617,000.00	603,917.46		13,082.54	
Other Expenses	36,000.00	36,000.00	26,787.70	1,834.23	7,378.07	
Public Defender						
Other Expenses	43,000.00	43,000.00	38,059.51	850.98	4,089.51	
INSURANCE						
General Liability	644,222.00	644,222.00	636,773.56		7,448.44	
Workers Compensation Insurance	1,560,778.00	1,560,778.00	1,560,778.00		-	
Employee Group Health	6,125,000.00	6,125,000.00	5,913,674.60	9,303.87	202,021.53	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	549,500.00	549,500.00	545,214.55		4,285.45	
Other Expenses	15,900.00	15,900.00	15,019.37	377.62	503.01	

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
	UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	676,000.00	676,000.00	645,404.03	30,595.97	(0.00)	
Street Lighting	324,000.00	324,000.00	297,017.22	26,982.78	0.00	
Telephone	262,000.00	262,000.00	242,346.83	8,824.07	10,829.10	
Water	888,000.00	888,000.00	779,095.08	108,904.92	-	
Fuel Oil	192,000.00	192,000.00	180,686.57	11,313.43	-	
Gasoline	396,000.00	396,000.00	352,944.42	23,055.58	20,000.00	
TOTAL OPERATIONS WITHIN "CAPS"	45,187,783.00	45,187,783.00	43,269,121.18	995,735.52	922,309.69	616.61
Detail:						
Salaries and Wages	27,779,311.00	27,718,911.00	27,388,222.63	-	330,688.37	-
Other Expenses	17,408,472.00	17,468,872.00	15,880,898.55	995,735.52	591,621.32	616.61
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None					-	
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	1,270,288.00	1,270,288.00	1,270,288.00			
Social Security System (O.A.S.I.)	1,399,000.00	1,399,000.00	1,363,637.46		35,362.54	
Consolidated Police and Firemen's Pension Fund	8,977.16	8,977.16	8,977.16		-	
Police and Firemen's Retirement System	2,921,058.00	2,921,058.00	2,921,058.00		-	
Unemployment Compensation Insurance	120,000.00	120,000.00	92,573.91		27,426.09	
Lifeguard Pension	100,000.00	100,000.00	100,000.00		-	
Defined Contribution Retirement Program	15,000.00	15,000.00	12,015.66		2,984.34	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	5,834,323.16	5,834,323.16	5,768,550.19	-	65,772.97	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	51,022,106.16	51,022,106.16	49,037,671.37	995,735.52	988,082.66	616.61
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Maintenance of Free Public Library						
Other Expenses	3,878,901.00	3,878,901.00	3,878,901.00		-	
Interlocal Municipal Service Agreements						
Police Protection Division						
Salaries and Wages	222,789.00	222,789.00	222,789.00		-	
	<u>4,101,690.00</u>	<u>4,101,690.00</u>	<u>4,101,690.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues						
NJ Department of State - Cooperative Marketing Grant						
State Share	11,550.00	11,550.00	11,550.00		-	
Local Share	2,887.50	2,887.50	2,887.50		-	
Drunk Driving Enforcement Fund	6,458.13	6,458.13	6,458.13		-	
Municipal Alliance on Alcoholism and Drug Abuse						
Local Share	3,839.80	3,839.80	3,839.80		-	
Recycling Tonnage Grant	2,673.97	2,673.97	2,673.97		-	
Bullet Proof Vest Partnership	10,820.06	10,820.06	10,820.06		-	
Green Streets - Biowales	10,000.00	10,000.00	10,000.00		-	
NJSP Emergency Management	10,000.00	10,000.00	10,000.00		-	
Clean Communities Program	83,700.91	83,700.91	83,700.91		-	
DOT Safe Streets Grant	100,000.00	100,000.00	100,000.00		-	
Drive Sober or get Pulled Over	4,400.00	4,400.00	4,400.00		-	
City Wide Pedestrian Grant	15,000.00	15,000.00	15,000.00		-	
Emergency Management Grant	10,000.00	10,000.00	10,000.00		-	
USTA - Hurricane Sandy Relief Program	20,000.00	20,000.00	20,000.00		-	
Matching Funds for Grants	40,000.00	40,000.00			40,000.00	
Total Public and Private Programs Off-Set by Revenues	<u>331,330.37</u>	<u>331,330.37</u>	<u>291,330.37</u>	<u>-</u>	<u>40,000.00</u>	<u>-</u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Operations - Excluded from "CAPS"	4,433,020.37	4,433,020.37	4,393,020.37	-	40,000.00	-
Detail:						
Salaries and Wages	222,789.00	222,789.00	222,789.00	-	-	-
Other Expenses	4,210,231.37	4,210,231.37	4,170,231.37	-	40,000.00	-
(C) Capital Improvements						
Capital Improvement Fund	725,000.00	725,000.00	725,000.00	-	-	-
Total Capital Improvements	<u>725,000.00</u>	<u>725,000.00</u>	<u>725,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service						
Payment of Bond Principal	6,915,000.00	6,915,000.00	6,915,000.00			-
Payment of Bond Anticipation Notes	2,739,425.00	2,739,425.00	2,739,425.00			-
Interest on Bonds	2,080,100.00	2,080,100.00	2,075,488.88			4,611.12
Interest on Notes	560,562.50	560,562.50	557,667.51			2,894.99
Green Trust Loan Program:						-
Loan Repayments for Principal and Interest	70,936.52	70,936.52	70,936.52			-
Total Debt Service	<u>12,366,024.02</u>	<u>12,366,024.02</u>	<u>12,358,517.91</u>	<u>-</u>	<u>-</u>	<u>7,506.11</u>
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	1,567,000.00	1,567,000.00	1,567,000.00		-	-
Various Ordinances Unfunded	384,900.00	384,900.00	384,900.00		-	-
Total Deferred Charges	<u>1,951,900.00</u>	<u>1,951,900.00</u>	<u>1,951,900.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>19,475,944.39</u>	<u>19,475,944.39</u>	<u>19,428,438.28</u>	<u>-</u>	<u>40,000.00</u>	<u>7,506.11</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>70,498,050.55</u>	<u>70,498,050.55</u>	<u>68,466,109.65</u>	<u>995,735.52</u>	<u>1,028,082.66</u>	<u>8,122.72</u>
(M) Reserve for Uncollected Taxes	<u>1,485,000.00</u>	<u>1,485,000.00</u>	<u>1,485,000.00</u>		<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 71,983,050.55</u>	<u>71,983,050.55</u>	<u>69,951,109.65</u>	<u>995,735.52</u>	<u>1,028,082.66</u>	<u>8,122.72</u>
Budget Appropriations by 40A:4-87		<u>70,907,949.64</u>			Cancelled	8,122.72
		<u>1,075,100.91</u>			Overexpended	-
		<u>71,983,050.55</u>				<u>8,122.72</u>
Reserve for Uncollected Taxes			1,485,000.00			
Federal and State Grants			291,330.37			
Deferred Charges			1,567,000.00			
Disbursements			66,607,779.28			
			<u>69,951,109.65</u>			

**EXHIBIT - B
TRUST FUND**

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

	2013	2012
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 22,679.50	15,380.36
	22,679.50	15,380.36
<u>OTHER TRUST FUND</u>		
Cash and Investments	2,546,465.91	3,145,852.48
	2,546,465.91	3,145,852.48
	2,569,145.41	3,161,232.84
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	22,679.50	15,380.36
	22,679.50	15,380.36
<u>OTHER TRUST FUND</u>		
Reserve for:		
Tax Premiums	290,972.20	185,843.33
Dedicated Recreation Trust	52,147.23	49,160.12
Tourism Development	157,240.25	116,041.37
Law Enforcement Trust	17,090.46	16,871.51
Parking Offenses Adjudication Act	31,040.95	31,197.08
Cash Performance Deposits	441,390.51	217,380.86
Dedicated Fire Fees	954.32	4.32
Lifeguard Pension	84,717.96	93,485.16
Shade Trees	5,603.20	3,865.72
COAH	1,351,401.32	2,328,559.39
Merchant Fees	5,078.95	12,375.50
Planning & Zoning Escrow	108,828.56	91,068.12
	2,546,465.91	3,145,852.48
	\$ 2,569,145.41	3,161,232.84

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Cash	\$	10,062,259.64	15,321,521.69
Deferred Charges to Future Taxation -			
Funded		49,233,376.31	56,207,162.07
Unfunded		35,127,100.00	23,404,825.00
Interfunds and Receivables			
Due from Cape May County		-	100,107.00
		<u>94,422,735.95</u>	<u>95,033,615.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		6,068,217.28	2,169,252.53
Bond Anticipation Notes Payable		22,400,000.00	19,100,000.00
Serial Bonds Payable		48,670,000.00	55,585,000.00
Green Trust Loan Payable		563,376.31	622,162.07
Note Payable		4,500,000.00	4,500,000.00
Improvement Authorizations:			
Funded		226,281.11	319,068.22
Unfunded		9,808,036.20	8,612,964.39
Reserve for Debt Service		1,307,026.41	2,642,456.91
Reserve for Preliminary Expenses		17,566.00	17,566.00
Capital Improvement Fund		29,777.53	211,177.53
Fund Balance		832,455.11	1,253,968.11
	\$	<u>94,422,735.95</u>	<u>95,033,615.76</u>

There were bonds and notes authorized but not issued at December 31 (C - 10)

2012	9,404,825.00
2013	8,227,100.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$	1,253,968.11	187,362.86
Increased by:			
Premium on Sale of BANS		113,594.00	1,231,605.25
Demolition Loan Proceeds		165,000.00	
Decreased by:			
Improvement Authorizations Funded			165,000.00
Cancelled Due from County		100,107.00	
Anticipated as Current Fund Revenue		600,000.00	
Ending Balance December 31	\$	<u>832,455.11</u>	<u>1,253,968.11</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash	\$ -	-
TOTAL ASSETS	<u>-</u>	<u>-</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Public Assistance	-	-
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ -</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Balance Dec. 31, 2013	Balance Dec. 31, 2012
General Fixed Assets:		
Land	\$ 159,551,369.85	\$ 158,628,457.85
Vehicles	7,946,087.52	7,706,797.41
Machinery and Equipment	8,220,167.65	8,205,327.65
Total General Fixed Assets	\$ <u>175,717,625.02</u>	\$ <u>174,540,582.91</u>
Investment in General Fixed Assets	\$ <u>175,717,625.02</u>	\$ <u>174,540,582.91</u>

See accompanying Notes to Financial Statements - Regulatory Basis

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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 and a Free Public Library.

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

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 of Ocean City accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Current Fund

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

Trust Funds

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

General Capital Funds

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

Budgets and Budgetary Accounting

The City of Ocean City must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 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 average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units. Generally, the City considers all investments that mature in one year or less to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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.

	<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$ 12,140,786.00	12,136,292.00
Deferred	12,140,786.00	12,136,292.00
Tax Payable	<u>\$ -</u>	<u>-</u>

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$1,485,000.00 and \$1,485,000.00. To balance the budget, the municipality is required to show a budgeted fund balance.

The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$3,043,750.00 and \$2,500,000.00.

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 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Insurance		
Employee Group Health	\$ -	(26,500.00)
Aquatic and Fitness Center		
Salaries and Wages	55,000.00	40,000.00
Recreation Operations		
Salaries and Wages	(20,000.00)	-
Municipal Code & Licensing		
Salaries and Wages	-	(25,000.00)
Accounting		
Salaries and Wages	(25,000.00)	-
Beach Fee Regulation		
Salaries and Wages	(23,000.00)	(15,000.00)
Lifeguards Division		
Salaries and Wages	(20,000.00)	-
Facility Maintenance		
Other Expenses	25,000.00	-
Field Operations		
Salaries and Wages	(23,000.00)	-
Fleet Maintenance		
Salaries and Wages	-	(25,000.00)
Other Expenses	50,000.00	40,000.00
Municipal Court		
Other Expenses	19,000.00	(11,500.00)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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 2013 and 2012, the following budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Recycling Tonnage Grant	\$ -	30,869.64
Clean Communities Program	83,700.91	71,290.59
New Jersey Transportation Trust	-	180,000.00
Community Development Block Grant	-	272,547.00
DOT Safe Streets	100,000.00	-
Drive Sober or Get Pulled Over	4,400.00	4,400.00
City Wide Pedestrian Grant	15,000.00	-
US Homeland Security-Port Security Grant	-	92,722.00
Emergency Management Grant	10,000.00	-
Pedestrian Safety Grant	-	15,000.00
FEMA - Municipal Debt Service Emergency Notes	842,000.00	
USTA - Hurricane Sandy Relief Program	20,000.00	
Sustainable Jersey 2012 Grant	-	2,000.00
New Jersey State Police - Emergency Management	-	10,000.00
Sustainable Land Use Planning Grant	-	7,500.00
	<u>\$ 1,075,100.91</u>	<u>686,329.23</u>

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. 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, 2013 was \$1,860,000.00. The required amount is included in the 2014 budget.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013 and 2012, \$0 of the municipality's bank balance of \$24,202,358.90 and \$32,398,661.59 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, 2013 and 2012:

	Balance 12/31/2011	Additions	Adjustments/ Deletions	Balance 12/31/2012
Land & Improvements	\$ 159,449,811.34	11,813.51	833,167.00	158,628,457.85
Vehicles	7,662,537.41	237,348.50	193,088.50	7,706,797.41
Machinery & Equipment	8,112,226.71	188,492.00	95,391.06	8,205,327.65
	<u>\$ 175,224,575.46</u>	<u>437,654.01</u>	<u>1,121,646.56</u>	<u>174,540,582.91</u>

	Balance 12/31/2012	Additions	Adjustments/ Deletions	Balance 12/31/2013
Land & Improvements	\$ 158,628,457.85	92,045.00	(830,867.00)	159,551,369.85
Vehicles	7,706,797.41	362,075.52	122,785.41	7,946,087.52
Machinery & Equipment	8,205,327.65	5,890.00	(8,950.00)	8,220,167.65
	<u>\$ 174,540,582.91</u>	<u>460,010.52</u>	<u>(717,031.59)</u>	<u>175,717,625.02</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013 and 2012:

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Total</u>
Balance December 31, 2011	\$ -	\$ 12,170,000.00	\$ 12,170,000.00
Increases	3,625,000.00	19,100,000.00	22,725,000.00
Decreases	-	(12,170,000.00)	(12,170,000.00)
Balance December 31, 2012	<u>\$ 3,625,000.00</u>	<u>\$ 19,100,000.00</u>	<u>\$ 22,725,000.00</u>

On June 23, 2011, the City issued a Bond Anticipation Note in the Amount of \$3,750,000.00, bearing interest at a rate of 1.25% per annum to fund various General Capital Ordinances. The Note was due June 22, 2013

On March 8, 2012, the City issued a Bond Anticipation Note in the Amount of \$9,750,000.00 bearing interest at a rate of 2.00% per annum to fund various General Capital Ordinances. The Note was due March 8, 2013.

On June 21, 2012, the City issued a Bond Anticipation Note in the Amount of \$5,600,000.00 bearing interest at a rate of 1.50% per annum to fund various General Capital Ordinances. The Note was due June 21, 2013.

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Total</u>
Balance December 31, 2012	\$ 3,625,000.00	\$ 19,100,000.00	\$ 22,725,000.00
Increases	-	22,400,000.00	22,400,000.00
Decreases	(1,765,000.00)	(19,100,000.00)	(20,865,000.00)
Balance December 31, 2013	<u>\$ 1,860,000.00</u>	<u>\$ 22,400,000.00</u>	<u>\$ 24,260,000.00</u>

On June 23, 2013, the City issued a Bond Anticipation Note in the Amount of \$17,400,000.00, bearing interest at a rate of 1.0% per annum to fund various General Capital Ordinances. The Note was due June 20, 2014.

On June 21, 2013, the City issued a Bond Anticipation Note in the Amount of \$5,000,000.00 bearing interest at a rate of 1.00% per annum to fund various General Capital Ordinances. The Note was due March 7, 2014.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 6: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
Issued:			
General:			
Bonds and Notes	\$ 76,133,376.31	\$ 79,807,162.07	\$ 68,787,643.10
Total Issued	<u>76,133,376.31</u>	<u>79,807,162.07</u>	<u>68,787,643.10</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>1,307,026.41</u>	<u>13,192,456.91</u>	<u>1,465,193.29</u>
Net Debt	<u>74,826,349.90</u>	<u>66,614,705.16</u>	<u>67,322,449.81</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	8,227,100.00	9,404,825.00	8,052,825.00
Total Authorized But Not Issued	<u>8,227,100.00</u>	<u>9,404,825.00</u>	<u>8,052,825.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 83,053,449.90</u>	<u>\$ 76,019,530.16</u>	<u>\$ 75,375,274.81</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .706%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 18,554,000.00	\$ 18,554,000.00	\$ -
General Debt	<u>84,360,476.31</u>	<u>1,307,026.41</u>	<u>83,053,449.90</u>
	<u>\$ 102,914,476.31</u>	<u>\$ 19,861,026.41</u>	<u>\$ 83,053,449.90</u>

Net debt \$83,053,449.90 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$11,770,538,775.33 = .706%.

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

3-1/2% of Equalized Valuation Basis	\$ 411,968,857.14
Net Debt	<u>83,053,449.90</u>
Remaining Borrowing Power	<u>\$ 328,915,407.24</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 6: LONG-TERM DEBT - Continued

Description of Bonds and Loans Payable

At December 31, 2013, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$9,325,000.00 General Improvement Bonds dated December 15, 2002, due in annual installments through, 2014, bearing interest at various rates from 3.80 to 4.00% per annum. The balance remaining as of December 31, 2013 is \$950,000.00.

\$21,000,000.00 General Improvement Bonds, dated January 15, 2006, due in annual installments beginning January 15, 2007 through, 2019, bearing interest at various rates from 3.75 to 4.00% per annum. The balance remaining as of December 31, 2013 is \$11,600,000.00.

\$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, 2013 is \$11,300,000.00.

\$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, 2013 is \$10,600,000.00.

\$7,800,000.00 Refunding Bonds, dated November 9, 2010, due in annual installments beginning September 1, 2012 through, 2016, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2013 is \$4,770,000.00.

\$9,900,000.00 General Improvements Bonds dated December 20, 2012, due in annual installments through December 15, 2024, bearing interest at various rates from 2.00 to 4.00% per annum. The balance remaining as of December 31, 2013 is \$9,450,000.00.

\$277,576.00 Green Trust Loan dated 1994, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2013 is \$15,954.21.

\$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, 2013 is \$169,571.00.

\$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, 2013 is \$169,571.00.

\$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, 2013 is \$208,280.10.

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

	Outstanding 12/31/11	Issues or Additions	Payments or Expenditures	Outstanding 12/31/12	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 51,665,000.00	9,900,000.00	5,980,000.00	55,585,000.00	6,915,000.00
Loans Payable	452,643.10	222,500.00	52,981.03	622,162.07	58,785.76
Compensated Absences Pay.	4,793,319.64	17,186.55	-	4,810,506.19	-
Total General Capital Fund	<u>56,910,962.74</u>	<u>10,139,686.55</u>	<u>6,032,981.03</u>	<u>61,017,668.26</u>	<u>6,973,785.76</u>
Total All Funds	<u>\$ 56,910,962.74</u>	<u>10,139,686.55</u>	<u>6,032,981.03</u>	<u>61,017,668.26</u>	<u>6,973,785.76</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 6: LONG-TERM DEBT - Continued

	Outstanding 12/31/12	Issues or Additions	Payments or Expenditures	Outstanding 12/31/13	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 55,585,000.00	-	6,915,000.00	48,670,000.00	7,525,000.00
Loans Payable	622,162.07	-	58,785.76	563,376.31	43,853.62
Compensated Absences Pay.	4,810,506.19	194,517.24	-	5,005,023.43	-
Total General Capital Fund	<u>61,017,668.26</u>	<u>194,517.24</u>	<u>6,973,785.76</u>	<u>54,238,399.74</u>	<u>7,568,853.62</u>
Total All Funds	<u>\$ 61,017,668.26</u>	<u>194,517.24</u>	<u>6,973,785.76</u>	<u>54,238,399.74</u>	<u>7,568,853.62</u>

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

Year Ending December 31	General Capital Fund		Green Trust Loans	
	Principal	Interest	Principal	Interest
2014	\$ 7,525,000.00	1,827,550.00	43,853.62	10,809.63
2015	7,400,000.00	1,550,800.00	28,460.17	10,248.87
2016	7,745,000.00	1,263,300.00	29,032.24	9,676.80
2017	6,400,000.00	974,750.00	29,615.77	9,093.27
2018	6,500,000.00	721,750.00	30,211.05	8,497.99
2019-2024	13,100,000.00	983,000.00	194,454.26	37,799.94
2025-2029	-	-	180,755.90	12,789.28
2030-2032	-	-	26,993.30	678.16
	<u>\$ 48,670,000.00</u>	<u>7,321,150.00</u>	<u>563,376.31</u>	<u>\$ 99,593.94</u>

Note 7: COMPENSATED ABSENCES

The City has permitted employees to accrue unused vacation, personal, and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. The City estimates this liability to approximate \$5,005,023.43 and \$4,810,506.19, as of December 31, 2013 and 2012 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 (PEBSO)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$24,281,572.00 and \$24,272,584.00 have been raised for the 2013 and 2012 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, 2013	Balance December 31, 2012
	<u> </u>	<u> </u>
Prepaid Taxes - Cash Liability	\$ <u>1,943,324.22</u>	\$ <u>1,857,721.75</u>

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 11: PENSION PLANS - Continued

Vesting and Benefit Provisions

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

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

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Currently the member contribution rate is 6.78% 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 \$1,270,288.00 for 2013 and \$1,337,245.00 for the year 2012 and \$1,247,564.00 for 2011.

Three-Year Trend Information for PERS			
<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ 1,270,288.00	100%	-
12/31/12	1,337,245.00	100%	-
12/31/11	1,247,564.00	100%	-

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 11: PENSION PLANS - Continued

For the Police and Firemen's Retirement System, the City's contribution was \$2,921,058.00 for 2013 and \$2,595,260.00 for 2012 and \$2,941,637.00 for 2011.

Three-Year Trend Information for PFRS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 2,921,058.00	100%	-
12/31/12	2,595,260.00	100%	-
12/31/11	2,941,637.00	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 \$12,015.66 for 2013 and \$10,000.00 for 2012.

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, 2013, 2012 and 2011 was \$100,000.00, \$100,000.00 and \$75,000.00. The City's trust for the Lifeguard Pension at December 31, 2013 was \$84,717.96. The benefits paid by the trust for the year ended December 31, 2013, 2012 and 2011 were \$161,384.02, \$156,530.91 and \$128,125.85.

Significant Legislation

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 11: PENSION PLANS - Continued

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

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

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: 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 12: PROPERTY TAXES - Continued

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 13: ECONOMIC DEPENDENCY

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

Note 14: FUND BALANCES APPROPRIATED

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

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2013	\$ 5,811,666.28	\$ 2,886,000.00	49.66%
	2012	4,638,160.96	3,043,750.00	65.62%
	2011	5,032,608.35	2,500,000.00	49.68%
	2010	5,431,336.82	2,550,000.00	46.95%
	2009	5,236,485.58	2,327,075.00	44.44%

Note 15: 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 16: 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 year ended December 31, 2013, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Note 17: 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 18: 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 129 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.

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

In the January 1, 2013 actuarial valuation, the projected unit credit cost method was used for all participants. The discount rate utilized is 4.5%.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 18: POST- RETIREMENT BENEFITS - Continued

Other Post-Employment Benefit Costs and Obligations

In the January 1, 2013 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2013 was projected as follows:

	<u>12/31/2013</u>
Normal Cost	\$ 2,220,000
Amortization of Unfunded Liability	5,190,000
Interest & Amortization on Normal Cost	340,000
Total ARC	<u>\$ 7,750,000</u>

The following reflects the components of the 2013 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2013 actuarial valuation and actual OPEB payments made or accrued during 2013:

	<u>12/31/2013</u>
Net OPEB Obligation - Beginning of Year	\$ -
Annual OPEB Cost	7,750,000
OPEB Payments	<u>2,120,000</u>
Increase in Net OPEB Obligation	5,630,000
Net OPEB Obligation - End of Year	<u>\$ 5,630,000</u>
Percentage of OPEB Cost Contributed	<u>27.4%</u>

Required Supplementary Information:

	<u>12/31/2013</u>
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	88,400,000
Total Unfunded AAL (UAAL)	<u>88,400,000</u>
Funded ratio	0.00%
Covered payroll	<u>\$ 19,340,000</u>
UAAL as a % of Covered Payroll	<u>457%</u>

Note 19: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2013 and July 15, 2014 the date the financial statements were available for issuance for possible disclosure and recognition in the financial statement and no items have come to the attention of the City that would require disclosure.

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SUPPLEMENTARY INFORMATION

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2012	\$ 11,747,455.34	633,306.52
Increased by Receipts:		
Tax Collector	96,061,263.00	
Homestead Rebates	508,674.18	
Senior & Vets Deductions	150,384.78	
Revenue Accounts Receivable	20,872,892.05	
Change Funds Returned	31,250.00	
Grants Cancelled - Due to Current Fund	72,644.12	
Reserve for Payroll Taxes Payable	47,458,032.38	
Reserve for Health Insurance Claims	6,700,412.76	
Prepaid Beach Fees - Net	36,295.00	
Special Emergency Note	1,860,000.00	
Additional FEMA Receipts	443,567.20	
Matching Funds for Grants		6,727.30
Federal and State Unappropriated		74,426.82
Federal and State Receivables		607,762.12
	<u>174,195,415.47</u>	<u>688,916.24</u>
	185,942,870.81	1,322,222.76
Decreased by Disbursements:		
Current Year Appropriation	66,607,779.28	
Prior Year Appropriations	1,047,681.15	
Accounts Payable	14,615.89	
County Taxes	23,191,466.26	
County Added Taxes	69,433.94	
Local District School Taxes	24,277,078.00	
Special Improvement District Taxes	184,207.00	
Grants Cancelled - Due to Current Fund		72,644.12
Payroll Taxes Payable	47,636,402.98	
Reserve for Health Insurance Claims	6,746,057.94	
Reserve for Revaluation - 2006	725.00	
Reserve for Special Emergency - Sandy	2,563,246.95	
Special Emergency Note	3,625,000.00	
Refund of Tax Overpayments	133,661.43	
Change Funds Created	31,515.00	
Federal and State Disbursements		903,786.53
	<u>176,128,870.82</u>	<u>976,430.65</u>
Balance December 31, 2013	\$ <u><u>9,813,999.99</u></u>	<u><u>345,792.11</u></u>

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

Balance December 31, 2012		\$	471,672.35
Increased by Receipts:			
Prepaid Taxes	1,943,324.22		
Taxes Receivable	93,535,810.47		
Revenue Accounts Receivable	427,790.46		
Tax Overpayments	85,276.63		
			95,992,201.78
			96,463,874.13
Payments to Treasurer			96,061,263.00
Balance December 31, 2013		\$	402,611.13

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
				2012	2013				
Arrears \$	6,314.83				(11,238.91)	13,899.72			3,654.02
2010					(13,521.66)	13,521.66			-
2011			250.00		(12,878.53)	13,128.53			(0.00)
2012	1,155,419.61		3,522.60		1,152,159.49	6,694.57			88.15
	<u>1,161,734.44</u>	-	<u>3,772.60</u>	-	<u>1,114,520.39</u>	<u>47,244.48</u>	-	-	<u>3,742.17</u>
2013		95,468,400.80	395,451.98	1,857,721.75	93,080,184.80	128,783.62	17.67		797,144.94
\$	<u>1,161,734.44</u>	<u>95,468,400.80</u>	<u>399,224.58</u>	<u>1,857,721.75</u>	<u>94,194,705.19</u>	<u>176,028.10</u>	<u>17.67</u>	-	<u>800,887.11</u>

93,535,810.47	Cash Receipts
150,220.54	Senior Citizens and Veterans
508,674.18	Homestead Rebates
<u>94,194,705.19</u>	

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax	95,468,400.80	
Added Taxes (54:4-63.1 et. Seq.)	<u>395,451.98</u>	
		<u>95,863,852.78</u>

Tax Levy:

General County Taxes	22,110,436.62	
County Open Space Taxes	1,081,029.64	
County Added and Omitted Taxes	<u>95,753.21</u>	
Total County Taxes		23,287,219.47
Local School District Tax		24,281,572.00
Special Improvement District Tax		183,958.54
Local Tax for Municipal Purposes	47,551,565.48	
Add: Additional Tax Levied	<u>559,537.29</u>	
		<u>48,111,102.77</u>
		<u>95,863,852.78</u>

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

Balance December 31, 2012		\$	1,730.51
Increased by:			
Transfers from Taxes Receivable	17.67		
	17.67		17.67
Decreased by:			1,748.18
None			-
Balance December 31, 2013		\$	1,748.18

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Licenses:					
Other	\$	449,018.53		449,018.53	-
Fees and Permits		1,044,662.06		1,044,662.06	-
Fines and Costs:					
Municipal Court		632,572.27		632,572.27	-
Interest and Costs on Taxes		337,203.46	337,203.46		-
Interest Earned on Investments		5,445.76		5,445.76	-
Parking Meters		2,786,354.96		2,786,354.96	-
Beach Fees		3,901,460.79		3,901,460.79	-
Rental or Sale of City Material and Property		170,299.78		170,299.78	-
Airport Fees		139,847.08		139,847.08	-
Boat Ramp Fees		32,074.69		32,074.69	-
Aquatic and Fitness Center User Fees		1,064,289.53		1,064,289.53	-
Smoke Detector Inspection Fees		181,460.00		181,460.00	-
Emergency Medical Services		712,551.85		712,551.85	-
Energy Receipts Tax		2,146,048.00		2,146,048.00	-
Uniform Construction Code Fees		1,094,472.00		1,094,472.00	-
Upper Township - Dispatching Services		222,789.00		222,789.00	-
Reserves for Debt Service, Capital Fund Balance & Arbitrage Reserve		3,724,325.00		3,724,325.00	-
Interlocal - Ocean City Tourism Development - Staffing Costs		25,000.00		25,000.00	-
OC Library - Contracted Services		209,019.00		209,019.00	-
OC Library - Return to Taxpayers		1,140,951.00		1,140,951.00	-
Hurricane Sandy Reimbursements		842,000.00		842,000.00	-
Miscellaneous Revenue Not Anticipated		438,837.75	90,587.00	348,250.75	-
	\$	21,300,682.51	427,790.46	20,872,892.05	-

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

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
OPERATIONS WITHIN "CAPS"					
EXECUTIVE BRANCH					
Mayor's Office					
Other Expenses	\$ 1,500.84	1,500.84	50.00	1,450.84	-
ADMINISTRATION DEPARTMENT					
City Administrator					
Salaries and Wages	1,843.72	1,843.72		1,843.72	-
Other Expenses	1,416.54	1,416.54	50.00	1,366.54	-
Information Technology					
Salaries and Wages	1,184.55	1,184.55	1,184.55	-	-
Other Expenses	26,123.84	26,123.84	22,048.95	4,074.89	-
Purchasing Division					
Salaries and Wages	653.19	653.19	653.19	-	-
Other Expenses	853.76	853.76	342.04	511.72	-
Emergency Management					
Other Expenses	409.48	409.48	302.50	106.98	-
Human Resources					
Salaries and Wages	8,897.75	8,897.75	2,797.99	6,099.76	-
Other Expenses	63,133.22	63,133.22	52,318.12	10,815.10	-
Engineering and Project Management					
Salaries and Wages	762.93	762.93	762.93	-	-
Economic Development & Environmental					
Salaries and Wages	552.02	552.02		552.02	-
Other Expenses	2,753.38	2,753.38		2,753.38	-
COMMUNITY SERVICE DEPARTMENT					
Director's Office					
Salaries and Wages	6,974.24	6,974.24	6,069.27	904.97	-
Other Expenses	81.46	81.46		81.46	-
Public Relations					
Salaries and Wages	1,440.00	1,440.00		1,440.00	-
Other Expenses	31,431.48	31,431.48	1,729.98	29,701.50	-

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

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	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Recreation Programs					
Salaries and Wages	578.87	578.87	578.87	-	-
Other Expenses	88.90	88.90	88.90	-	-
Recreation Operations				-	-
Salaries and Wages	24,093.52	24,093.52		24,093.52	-
Other Expenses	8,139.92	8,139.92	194.30	7,945.62	-
Aquatic and Fitness Center					
Salaries and Wages	6,499.05	6,499.05	6,499.05	-	-
Other Expenses	22,795.27	22,795.27	698.58	22,096.69	-
Public Assistance					
Salaries and Wages	2,354.94	2,354.94	2,354.94	-	-
Other Expenses	636.19	636.19		636.19	-
Municipal Code and licensing					
Salaries and Wages	16,604.80	16,604.80	8,930.89	7,673.91	-
Other Expenses	6,259.90	6,259.90	176.28	6,083.62	-
LAW DEPARTMENT					
Legal Division					
Salaries and Wages	157.00	157.00		157.00	-
Other Expenses	36,076.17	36,076.17	36,076.17	-	-
FINANCIAL MANAGEMENT					
Treasurer's Office					
Other Expenses					
Audit Services	6,020.00	6,020.00		6,020.00	-
Accounting Division					
Salaries and Wages	39,925.40	39,925.40	16,000.00	23,925.40	-
Other Expenses	114.32	114.32	100.00	14.32	-
Parking Regulation					
Other Expenses	7,098.30	7,098.30	4,592.98	2,505.32	-
Property Assessment Division					
Salaries and Wages	22,527.83	22,527.83	3,313.92	19,213.91	-
Other Expenses	113,939.02	113,939.02	46,639.80	67,299.22	-

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

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Beach Fee Regulation Division					
Salaries and Wages	4,862.95	4,862.95		4,862.95	-
Other Expenses	5,471.17	5,471.17	209.82	5,261.35	-
Tax Collection Division					
Salaries and Wages	7,287.04	7,287.04	5,133.15	2,153.89	-
Other Expenses	2,257.45	2,257.45	17.21	2,240.24	-
Revenue Collection					
Salaries and Wages	8,640.50	8,640.50	8,640.50	-	-
Other Expenses	25,401.80	25,401.80	5,889.75	19,512.05	-
LEGISLATIVE					
City Clerk					
Salaries and Wages	1,160.45	1,160.45	675.36	485.09	-
Other Expenses	28,656.61	28,656.61	3,653.16	25,003.45	-
City Council					
Salaries and Wages	0.42	0.42		0.42	-
Other Expenses	247.46	247.46	247.46	(0.00)	-
PUBLIC SAFETY					
Rescue Services Division					
Salaries and Wages	2,527.09	2,527.09		2,527.09	-
Other Expenses	44,918.37	44,918.37	41,339.22	3,579.15	-
Lifeguards Division					
Salaries and Wages	6,191.33	6,191.33	6,191.33	-	-
Other Expenses	323.87	323.87	200.00	123.87	-
Police Protection Division					
Salaries and Wages	44,843.84	44,843.84	21,700.14	23,143.70	-
Other Expenses	91,791.21	91,791.21	88,742.60	3,048.61	-
Fire Protection and Prevention					
Salaries and Wages	51,430.61	51,430.61		51,430.61	-
Other Expenses	6,982.10	6,982.10	6,592.95	389.15	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
PUBLIC WORKS					
Public Works Administration					
Salaries and Wages	10,568.36	10,568.36	1,258.96	9,309.40	-
Other Expenses	4,504.63	4,504.63	36.00	4,468.63	-
City Wide Operations					
Other Expenses	80,550.17	80,550.17	36,493.18	44,056.99	-
Sanitation and Receiving Operations					
Salaries and Wages	52,046.84	52,046.84	3,584.25	48,462.59	-
Other Expenses	359,106.64	359,106.64	317,254.14	41,852.50	-
Facility Maintenance					
Salaries and Wages	4,546.47	4,546.47	1,771.01	2,775.46	-
Other Expenses	5,905.50	5,905.50	3,600.87	2,304.63	-
Fleet Maintenance					
Salaries and Wages	28,788.61	28,788.61		28,788.61	-
Other Expenses	14,672.79	14,672.79	13,230.83	1,441.96	-
Field Operations and Engineering					
Salaries and Wages	32,603.39	32,603.39	1,222.93	31,380.46	-
Other Expenses	377.90	377.90		377.90	-
Planning and Zoning Division					
Salaries and Wages	3,252.11	3,252.11		3,252.11	-
Other Expenses	28,056.37	28,056.37	1,646.25	26,410.12	-
Planning Board					
Other Expenses	7,659.89	7,659.89	847.47	6,812.42	-
Zoning Board of Adjustment					
Other Expenses	6,919.35	6,919.35	56.10	6,863.25	-
Historical Commission					
Other Expenses	966.16	966.16	98.26	867.90	-
Ethics Board					
Other Expenses	2,697.40	2,697.40		2,697.40	-
Health Benefits Waiver					
Salaries and Wages	15,000.00	15,000.00		15,000.00	-

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

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	11,107.76	11,107.76	340.16	10,767.60	-
Other Expenses	7,044.40	7,044.40	602.34	6,442.06	-
Public Defender					
Other Expenses	6,292.53	6,292.53	3,398.12	2,894.41	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	17,583.72	17,583.72	2,169.49	15,414.23	-
Other Expenses	3,958.86	3,958.86	19.53	3,939.33	-
INSURANCE					
General Liability	24,318.86	24,318.86	24,318.86	-	-
Employee Group Health	10,441.54	10,441.54	2,446.10	7,995.44	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	106,783.80	91,783.80	67,215.47	24,568.33	-
Street Lighting	43,151.16	58,151.16	57,714.01	437.15	-
Telephone	14,698.73	14,698.73	9,511.61	5,187.12	-
Water	130,609.41	130,609.41	56,619.47	73,989.94	-
Fuel Oil	106,708.38	106,708.38	21,446.72	85,261.66	-
Gasoline	37,186.91	37,186.91	25,942.17	11,244.74	-
STATUTORY EXPENDITURES					
Contributions to					
Social Security System (O.A.S.I.)	51,786.69	51,786.69		51,786.69	-
Unemployment Compensation Insurance	18,339.84	18,339.84		18,339.84	-
OPERATIONS EXCLUDED FROM "CAPS"					
Employee Group Health	161,698.89	161,698.89		161,698.89	-
Matching Funds for Grants	5,343.00	5,343.00		5,343.00	-
	<u>\$ 2,212,193.13</u>	<u>2,212,193.13</u>	<u>1,056,631.15</u>	<u>1,155,561.98</u>	<u>-</u>

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

Balance December 31, 2012			
School Tax Payable	\$	-	
School Tax Deferred		<u>12,136,292.00</u>	
			\$ 12,136,292.00
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			<u>24,281,572.00</u>
			36,417,864.00
Decreased by:			
Payments			<u>24,277,078.00</u>
Balance December 31, 2013			
School Tax Payable		-	
School Tax Deferred		<u>12,140,786.00</u>	
			<u>12,140,786.00</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			24,277,078.00
Tax Payable Ending			<u>-</u>
			24,277,078.00
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u>\$ 24,277,078.00</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
Snow Removal Building	\$ 6,270.96			6,270.96	-
Snow Removal Building - 2007	4,085.60			4,085.60	-
Fuel Farm Expansion	6,271.30			6,271.30	-
Airport Seal Coat & Marking	28,660.41			28,660.41	-
Airport Drainage - Phase II	6,809.00			6,809.00	-
Airport Layout	37,460.00		32,948.00		4,512.00
Runway Signage & Lighting	1,579.00			1,579.00	-
Airport Drainage	1,277.00			1,277.00	-
Artificial Turf Design	9,135.00		7.00	9,128.00	-
Taxiway Signage & Lighting - Phase II	57,789.00		48,122.00	9,667.00	-
Flood Mitigation	4,256.66			4,256.66	-
Pavement & Evaluation Study	1,199.00			1,199.00	-
CDBG	527,434.00		279,538.00		247,896.00
US Homeland Security - Port Security Grant	92,722.00				92,722.00
Total Federal	<u>784,948.93</u>	<u>-</u>	<u>360,615.00</u>	<u>79,203.93</u>	<u>345,130.00</u>
STATE GRANTS:					
Beach Acquisition Grant	94,975.50			94,975.50	-
NJ Department of State - Cooperative Marketing Grant	2,400.00	11,550.00	11,062.50		2,887.50
NJSP Emergency Management		10,000.00	10,000.00		-
Green Streets - Biowales		10,000.00	9,000.00		1,000.00
Clean Communities Program		83,700.91	83,700.91		-
DOT Safe Streets Grant		100,000.00			100,000.00
Drive Sober or get Pulled Over		4,400.00	2,943.69	120.08	1,336.23
City Wide Pedestrian Grant	15,000.00	15,000.00	13,251.83		16,748.17
USTA - Hurricane Sandy Relief Program		20,000.00	20,000.00		-
Hang Up Just Drive Cell Phone Grant	400.00			400.00	-
Pedestrian Safety Mobilization 2009	3,850.00			3,850.00	-
Shared Services - Regional Dispatch	1,866.00			1,866.00	-
Speed Management Program	8,164.79			8,164.79	-

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

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred From 2013 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
STATE GRANTS: - Continued					
Transportation Trust Fund					
Year 2012 - Simpson Avenue	180,000.00				180,000.00
Year 2011 - Simpson Avenue	52,500.00		52,500.00		-
Year 2009 Grant - Asbury Ave 5th-North	7,398.69			7,398.69	-
NJ DOT - Airport Security Cameras	13,410.15			13,410.15	-
NJ DOT - Airport Fuel System	192,437.17			192,437.17	-
Digiwix/Awos	48.30			48.30	-
Aggressive Driving Program	15,180.04			15,180.04	-
NJ Council of the Arts - POPS	15,000.00				15,000.00
NJ Forest Service Grant	3,434.00			3,434.00	-
I Boat Grant	77,737.43			77,737.43	-
DCA Historic Preservation Grant	716,742.87		44,688.19		672,054.68
Sustainable Land Use Planning Grant	7,500.00				7,500.00
Drive Sober or Get Pulled Over	4,400.00			4,400.00	-
Total State	<u>1,412,444.94</u>	<u>254,650.91</u>	<u>247,147.12</u>	<u>423,422.15</u>	<u>996,526.58</u>
	<u>\$ 2,197,393.87</u>	<u>254,650.91</u>	<u>607,762.12</u>	<u>502,626.08</u>	<u>1,341,656.58</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	<u>Balance December 31, 2012</u>		2013	<u>Disbursed</u>	<u>Encumbrances</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2013</u>
	<u>Appropriated</u>	<u>Reserve for Encumbrances</u>					
FEDERAL GRANTS:							
FAA Drainage	\$ 2,275.96					2,275.96	-
FAA Block Grant	1,247.00					1,247.00	-
FAA - Snow Removal Building	6,600.01					6,600.01	-
FAA - Snow Removal Building - 2007	15,871.65					15,871.65	-
FAA - Fuel Farm Expansion	6,599.97					6,599.97	-
FAA - Airport Seal Coat & Marking	34,668.85					34,668.85	-
FAA - Airport Drainage - Phase II	13,921.58					13,921.58	-
FAA - Airport Layout	4,750.00	33,127.37		33,127.37			4,750.00
FAA - Airport Turf Design	8,622.50	985.31				9,607.81	-
FAA Runway, Taxiway & Signage & Lighting - Phase II	7,000.00	3,176.59				10,176.59	-
FAA Runway, Taxiway & Signage & Lighting - Phase II		2,710.03				2,710.03	-
FEMA	7,467.00				7,467.00		-
FEMA - Flood Mitigation	7,237.32					7,237.32	-
FAA - Airport Drainage - Phase II		1,244.88				1,244.88	-
FEMA - Fire Equipment	344.79					344.79	-
FEMA - Fire & Safety Equipment	1,117.00					1,117.00	-
US DOJ - JAG Edward Byrne Memorial	1,919.54	2,543.25		2,543.25			1,919.54
US DOJ - Bulletproof Vest Partnership	1,723.76		10,820.06	12,543.82			-
Community Development Block Grant	698,572.04	21,634.24		381,142.78	114,146.70		224,916.80
CDBG - American Recovery Act	523.32			523.32			-
US Homeland Security - Port Security Grant	37,723.59	85,905.41		96,545.89			27,083.11
Total Federal	<u>858,185.88</u>	<u>151,327.08</u>	<u>10,820.06</u>	<u>526,426.43</u>	<u>121,613.70</u>	<u>113,623.44</u>	<u>258,669.45</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2012		2013	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances					
STATE GRANTS:							
Department of Transportation							
Airport Safety	51.00					51.00	-
NJTTF - Asbury Ave. 5th Street-North 2009	166.75					166.75	-
NJTTF - Bike Path: Haven Ave. 2009	5,974.39					5,974.39	-
Municipal Alliance	10,815.97		3,839.80	3,829.80		10,825.97	-
Clean Communities	58,231.54		83,700.91	63,757.78	21,410.00		56,764.67
Beach Acquisition Grant	78,326.00					78,326.00	-
NJ Council on the Arts - Ocean City POPS	15,000.00						15,000.00
Shared Services - Regional Dispatch	1,866.00					1,866.00	-
NJ Share Grant	418.22					418.22	-
Just Hang Up and Drive Cell Phone Grant	400.00					400.00	-
Aggressive Driving Program	14,540.47			210.00		14,330.47	-
Drunk Driving Enforcement	5,519.30		6,458.13	3,588.60			8,388.83
City Wide Pedestrian Grant			15,000.00	3,441.56			11,558.44
Shade Tree Grant	6,980.11					6,980.11	-
Recycling Tonnage Grant	61,682.83		2,673.97	17,575.49	18,399.00		28,382.31
NJ Forest Service Grant	3,434.00					3,434.00	-
Speed Management Program	5,594.91					5,594.91	-
Over the Limit Under Arrest	2,200.00					2,200.00	-
Alcohol Education and Rehabilitation	90.91						90.91
DEP - Statewide Livable Communities	514.99					514.99	-
Cool Cities Community	4,720.00					4,720.00	-
DMV Inspection Fines	4,424.17						4,424.17
I Boat	101,099.20					101,099.20	-
Pedestrian Safety Grant	3,782.83					3,782.83	-

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2012		2013 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances					
NJ DOT - Airport Security Cameras	13,410.15					13,410.15	-
NJ DOT - Airport Fuel System	202,565.45					202,565.45	-
NJ DOT - Simpson Avenue	210,000.00			210,000.00			-
NJ DOT - Simpson Avenue 2012	180,000.00						180,000.00
NJ DOT - Safe Streets			100,000.00				100,000.00
Cooperative Marketing Grant	14,428.66		14,437.50	5,338.00	11,550.00		11,978.16
NJ State Police - EMS	3,190.05	235.25	20,000.00	8,983.07	2,605.22		11,837.01
Drive Sober or Get Pulled Over 2011 & 2012	4,400.00					4,400.00	-
Drive Sober or Get Pulled Over 2013			4,400.00	3,813.68		586.32	-
Historic Preservation	750,000.00			44,772.68	261,727.32		443,500.00
Sustainable Jersey 2012	2,000.00			1,999.90			0.10
Sustainable Land Use Planning Project	11,250.00			37.57	318.14		10,894.29
Ocean City Free Public Library - Police Grant	6,497.79			4,995.22			1,502.57
NJLM Educational Foundation, Inc.	2,229.09			1,232.19	996.90		0.00
Ocean City Pedestrian Safety Grant 2012	5,195.24			3,784.56			1,410.68
USTA - Hurricane Sandy Relief Program			20,000.00				20,000.00
American Water Company - Green Streets - Biowales			10,000.00				10,000.00
Total State	<u>1,791,000.02</u>	<u>235.25</u>	<u>280,510.31</u>	<u>377,360.10</u>	<u>317,006.58</u>	<u>461,646.76</u>	<u>915,732.14</u>
\$	<u><u>2,649,185.90</u></u>	<u><u>151,562.33</u></u>	<u><u>291,330.37</u></u>	<u><u>903,786.53</u></u>	<u><u>438,620.28</u></u>	<u><u>575,270.20</u></u>	<u><u>1,174,401.59</u></u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred To 2013 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2013</u>
FEDERAL GRANTS:				
None	\$			-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:				
Drunk Driving Enforcement Fund	6,458.13	6,458.13	4,975.07	4,975.07
Body Armor Fund	10,820.06	10,820.06	7,235.74	7,235.74
Recycling Tonnage Grant	2,673.97	2,673.97	56,666.01	56,666.01
Cooperative Marketing Grant			5,550.00	5,550.00
NJ State Police - OEM	10,000.00	10,000.00		-
Total State	<u>29,952.16</u>	<u>29,952.16</u>	<u>74,426.82</u>	<u>74,426.82</u>
	\$ <u>29,952.16</u>	<u>29,952.16</u>	<u>74,426.82</u>	<u>74,426.82</u>

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

Balance December 31, 2012		\$ 15,380.36
Increased by:		
Cash Receipts for;		
Dog Licenses Collected	2,161.50	
Miscellaneous Fees Collected	14,025.00	
Due to State of NJ	757.80	
Interest on Investments	10.11	
	<hr/>	<hr/>
		16,954.41
		32,334.77
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	8,897.47	
Due to State of New Jersey	757.80	
	<hr/>	<hr/>
		9,655.27
Balance December 31, 2013		\$ <u><u>22,679.50</u></u>

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

Balance December 31, 2012		\$ 3,145,852.48
Increased by:		
Cash Receipts for Other Reserves:		
Interest on Investments	2,238.47	
Employee Withholdings	52,616.82	
Budget Appropriations	100,000.00	
Other Receipts	2,985,870.21	
	<hr/>	<hr/>
		3,140,725.50
		6,286,577.98
Decreased by:		
Cash Disbursed for Other Reserves	3,740,112.07	
	<hr/>	<hr/>
		3,740,112.07
Balance December 31, 2013		\$ <u><u>2,546,465.91</u></u>

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

Balance December 31, 2012	\$	15,380.36
Increased by:		
Dog License Fees Collected	2,161.50	
Miscellaneous Fees Collected	14,025.00	
Interest on Investments	10.11	
		16,196.61
		31,576.97
Decreased by:		
Cash Disbursed	8,897.47	
		8,897.47
Balance December 31, 2013	\$	22,679.50

Fess Collected		2012	17,419.25
		2011	15,959.79
			33,379.04
			33,379.04

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

Balance December 31, 2012	\$	-
Increased by:		
Cash Receipts	757.80	
	757.80	757.80
Decreased by:		
Cash Disbursed	757.80	
	757.80	757.80
Balance December 31, 2013	\$	-

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2012	Interest on Investments	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2013
Tax Premiums	\$ 185,843.33				673,127.61	567,998.74	290,972.20
Dedicated Recreation Trust	49,160.12				600,194.68	597,207.57	52,147.23
Tourism Development	116,041.37				765,072.17	723,873.29	157,240.25
Law Enforcement Trust	16,871.51				3,373.25	3,154.30	17,090.46
Parking Offenses Adjudication Act	31,197.08	12.87			3,326.00	3,495.00	31,040.95
Cash Performance Deposits	217,380.86	508.87			226,109.55	2,608.77	441,390.51
Dedicated Fire Fees	4.32				1,510.00	560.00	954.32
Lifeguard Pension	93,485.16		52,616.82	100,000.00		161,384.02	84,717.96
Shade Trees	3,865.72	4.05			9,800.00	8,066.57	5,603.20
COAH	2,328,559.39	1,712.68			324,137.00	1,303,007.75	1,351,401.32
Merchant Fees	12,375.50				108,342.00	115,638.55	5,078.95
Planning & Zoning Escrow	91,068.12				270,877.95	253,117.51	108,828.56
	<u>\$ 3,145,852.48</u>	<u>2,238.47</u>	<u>52,616.82</u>	<u>100,000.00</u>	<u>2,985,870.21</u>	<u>3,740,112.07</u>	<u>2,546,465.91</u>

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

Balance December 31, 2012		\$ 15,321,521.69
Increased by:		
Bond Anticipation Notes	22,400,000.00	
Current Fund Appropriations:		
Deferred Charges Unfunded	384,900.00	
Payment of BANS	2,739,425.00	
Capital Improvement Fund	725,000.00	
Premium on Sale of Notes	113,594.00	
Demolition Lien Proceeds	165,000.00	
Flood Insurance Reimbursements	591,697.33	
FEMA	247,197.17	
Library Contributions	950,000.00	
	<hr/>	<u>28,316,813.50</u>
		43,638,335.19
Decreased by:		
Improvement Authorizations	8,582,498.02	
Encumbrances	2,169,252.53	
Bond Anticipation Notes	19,100,000.00	
Anticipated as Current Revenue:		
Fund Balance	600,000.00	
Reserve for Debt Service	3,124,325.00	
	<hr/>	<u>33,576,075.55</u>
Balance December 31, 2013		\$ <u><u>10,062,259.64</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 1,253,968.11	278,594.00			600,000.00	100,107.00		832,455.11
Capital Improvement Fund	211,177.53	725,000.00				906,400.00		29,777.53
Reserve for Debt Service	2,642,456.91	1,788,894.50				3,124,325.00		1,307,026.41
Encumbrances Payable	2,169,252.53				2,169,252.53		6,068,217.28	6,068,217.28
Cash Reserved to Pay Bond Anticipation Notes	9,600,000.00					9,600,000.00		-
Due from County of Cape May	(100,107.00)						100,107.00	-
Reserve for Preliminary Expenses	17,566.00							17,566.00
Improvement Authorizations:								
01-03: 03-29 Various Capital Improvements	16,567.35			16,567.35				-
07-04 Various Capital Improvements	697.10			(40,927.00)		40,927.00		697.10
07-52 Various Capital Improvements	6,876.25			6,876.25				-
08-03 Community Center Improvements	27,786.90			(19,255.37)	3,370,000.00		3,370,000.00	47,042.27
08-06 Various Capital Improvements	-			(1,300.10)				1,300.10
08-16 Various Capital Improvements	14,639.30			(22,052.48)		36,691.78		-
08-18 Parks & Open Space	6,132.82			6,132.82				-
08-24 Various Capital Improvements	657.29			657.29				-
09-03 Various Capital Improvements	-			(3,766.25)				3,766.25
09-12 Acquisition of Real Property	4,983.74			4,983.74	100,000.00		100,000.00	-
09-32 Various Capital Improvements	-			(1,493.59)				1,493.59
10-07 Various Capital Improvements	(295,325.00)			(1,565.00)	1,039,425.00		1,334,750.00	1,565.00
10-13 Acquisition of Property	10,332.41			(889.19)	460,575.00		460,575.00	11,221.60
10-15 Various Capital Improvements	420.82							420.82
10-16: 11-26 Various Capital Improvements	36,166.51			41,838.51	1,430,000.00		1,437,750.00	2,078.00
10-27 Various Capital Improvements	(35,065.62)			9,653.35	700,000.00	281.03	745,000.00	-
10-29 Various Capital Improvements	51,264.52			(36,600.50)	1,850,000.00	81,590.50	1,876,250.00	32,524.52
11-06 Various Capital Improvements	64,163.49		700,000.00	112,953.87	4,000,000.00	20,042.25	3,400,000.00	31,167.37
11-07 Various Capital Improvements	51,306.67			10,717.80				40,588.87
11-15 Land Acquisition	42,383.34		2,150,000.00	25,518.00	2,150,000.00			16,865.34
11-25 Various Capital Improvements	(286,087.37)		2,800,000.00	167,807.64	2,000,000.00	199,377.02		146,727.97
12-02 Various Capital Improvements	289,971.12		5,000,000.00	1,854,580.63	2,000,000.00	1,756,685.64		(321,295.15)
12-08 Various Capital Improvements	(119,244.88)		1,350,000.00	494,594.16		469,040.68		267,120.28
12-09 COAH Funds	-			(5,216.08)				5,216.08
12-13 Beach Fill	(490,775.00)		600,000.00	125,246.03		1,478.97		(17,500.00)
12-15 Bellevue Demolition	8,355.85							8,355.85
12-21 Hurricane Sandy Repairs	121,000.00		1,800,000.00	1,146,138.42		352,018.52		422,843.06
13-02 Various Improvements			4,000,000.00	3,440,106.09		571,150.43	264,500.00	253,243.48
13-04 Various Improvements			4,000,000.00	1,018,580.13		2,354,835.09	289,400.00	915,984.78
13-20 Various Improvements				199,189.18		162,531.75	227,500.00	(134,220.93)
13-21 Various Improvements				33,422.32		21,566.62	125,000.00	70,011.06
	<u>\$ 15,321,521.69</u>	<u>2,792,488.50</u>	<u>22,400,000.00</u>	<u>8,582,498.02</u>	<u>21,869,252.53</u>	<u>19,799,049.28</u>	<u>19,799,049.28</u>	<u>10,062,259.64</u>

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

Balance December 31, 2012		\$ 211,177.53
Increased by:		
Budget Appropriation	725,000.00	
	725,000.00	725,000.00
Decreased by:		
Improvement Authorizations	906,400.00	936,177.53
	906,400.00	906,400.00
Balance December 31, 2013		\$ <u><u>29,777.53</u></u>

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

Balance December 31, 2012		\$ 56,207,162.07
Increased by:		
None		
	_____	-
		56,207,162.07
Decreased by:		
Serial Bonds Paid	6,915,000.00	
Greet Trust Loans Paid	58,785.76	
	_____	6,973,785.76
Balance December 31, 2013		\$ 49,233,376.31

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
01-03: 03-29	Various Capital Improvements	2/8/2002	240,000	\$ 16,567.35				16,567.35	-	
07-04	Various Capital Improvements	1/17/2008	4,365,000	697.10					697.10	
07-52	Various Capital Improvements	1/17/2008	4,735,000	6,876.25				6,876.25	-	
08-03	Community Center Improvements	2/28/2008	15,000,000		27,786.90			(19,255.37)	47,042.27	
08-06	Various Capital Improvements	8/14/2008	400,000					(1,300.10)	1,300.10	
08-16	Various Capital Improvements	8/14/2008	333,622	14,639.30				14,639.30	-	
08-18	Parks & Open Space	10/16/2008	425,000	6,132.82				6,132.82	-	
08-24	Various Capital Improvements	12/23/2008	5,000,000	657.29				657.29	-	
09-03	Various Capital Improvements	2/26/2009	420,000					(3,766.25)	3,766.25	
09-12	Acquisition of Real Property	5/14/2009	3,100,000	4,983.74				4,983.74	-	
09-32	Various Capital Improvements	11/24/2009	4,000,000					(1,493.59)	1,493.59	
10-07	Various Capital Improvements	3/25/2010	1,405,000					(1,565.00)	1,565.00	
10-13	Acquisition of Property	3/25/2010	958,500		10,332.41			(889.19)	11,221.60	
10-15	Various Capital Improvements	4/15/2010	271,000	420.82					420.82	
10-16: 11-26	Various Capital Improvements	4/15/2010	3,645,000	36,166.51	7,750.00			41,838.51	2,078.00	
10-27	Various Capital Improvements	10/26/2010	1,100,000		9,934.38			9,934.38	-	
10-29	Various Capital Improvements	12/9/2010	1,975,000	51,264.52	26,250.00			44,990.00	32,524.52	
11-06	Various Capital Improvements	3/24/2011	4,353,000		199,513.49			132,996.12		66,517.37
11-07	Various Capital Improvements	3/24/2011	320,000	51,306.67				10,717.80	40,588.87	
11-15	Land Acquisition	4/28/2011	2,275,000		53,633.34			25,518.00		28,115.34
11-25	Various Capital Improvements	10/25/2011	2,867,000		565,812.63			367,184.66		198,627.97
12-02	Various Capital Improvements	3/8/2012	6,050,000		4,037,471.12			3,611,266.27		426,204.85
12-08	Various Capital Improvements	5/24/2012	1,440,000		1,248,755.12			963,634.84		285,120.28
12-09	COAH Funds	5/24/2012	2,650,000					(5,216.08)	5,216.08	
12-13	Beach Fill	8/23/2012	650,000		126,725.00			126,725.00		-
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	121,000.00	2,299,000.00			1,498,156.94		921,843.06
13-02	Various Improvements	2/14/2013	5,290,000			264,500.00	5,025,500.00	4,011,256.52		1,278,743.48
13-04	Various Improvements	2/28/2013	5,788,000			289,400.00	5,498,600.00	3,373,415.22		2,414,584.78
13-20	Various Improvements	7/11/2013	4,550,000			227,500.00	4,322,500.00	361,720.93		4,188,279.07
13-21	Various Improvements	7/11/2013	125,000			125,000.00		54,988.94	70,011.06	
				\$ 319,068.22	8,612,964.39	906,400.00	14,846,600.00	14,650,715.30	226,281.11	9,808,036.20

**GENERAL CAPITAL FUN8
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
General Improvements	12/15/2002	9,325,000	12/15/2014	950,000.00	4.000% \$	1,900,000.00	950,000.00	950,000.00
General Improvements	1/15/2006	21,000,000	1/15/2014	1,800,000.00	4.000%	13,200,000.00	1,600,000.00	11,600,000.00
			1/15/2015	1,900,000.00	4.000%			
			1/15/2016	1,900,000.00	4.000%			
			1/15/2017	2,000,000.00	4.000%			
			1/15/2018	2,000,000.00	4.000%			
General Improvements	7/15/2008	14,500,000	1/15/2019	2,000,000.00	4.000%	12,500,000.00	1,200,000.00	11,300,000.00
			7/15/2014	1,300,000.00	4.000%			
			7/15/2015	1,400,000.00	4.000%			
			7/15/2016	1,500,000.00	4.250%			
			7/15/2017	1,600,000.00	5.000%			
General Improvements	8/15/2010	13,800,000	7/15/2018	1,700,000.00	5.250%	11,800,000.00	1,200,000.00	10,600,000.00
			7/15/2019	1,800,000.00	4.000%			
			7/15/2020	2,000,000.00	4.125%			
			8/15/2014	1,400,000.00	4.000%			
			8/15/2015	1,650,000.00	4.000%			
			8/15/2016	1,850,000.00	3.000%			
			8/15/2017	1,900,000.00	3.000%			
			8/15/2018	1,900,000.00	3.000%			
			8/15/2019	1,900,000.00	4.000%			

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
Refunding Bonds	11/9/2010	7,800,000	9/1/2014	1,525,000.00	3.000%	6,285,000.00	1,515,000.00	4,770,000.00
			9/1/2015	1,600,000.00	4.000%			
			9/1/2016	1,645,000.00	4.000%			
General Improvements	12/20/2012	9,900,000	12/15/2014	550,000.00	2.000%	9,900,000.00	450,000.00	9,450,000.00
			12/15/2015	850,000.00	3.000%			
			12/15/2016	850,000.00	3.000%			
			12/15/2017	900,000.00	4.000%			
			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%			
						\$ 55,585,000.00	6,915,000.00	48,670,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
Beach Area Acquisition	1994	277,576	2014	15,954.21	2.000% \$	47,390.29	31,436.08	15,954.21
Multi Park - ADA 0508-07-056	3/19/2010	200,000	2014	9,090.45	2.000%	178,482.33	8,911.33	169,571.00
			2015	9,273.16				
			2016	9,459.56				
			2017	9,649.69				
			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	2014	9,090.45	2.000%	178,482.33	8,911.33	169,571.00
			2015	9,273.16				
			2016	9,459.56				
			2017	9,649.69				
			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, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
4th Street Life Saving Station	3/23/2012	222,500	2014	9,718.51	2.000%	217,807.12	9,527.02	208,280.10
			2015	9,913.85				
			2016	10,113.12				
			2017	10,316.39				
			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							
						\$ <u>622,162.07</u>	<u>58,785.76</u>	<u>563,376.31</u>

**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, 2012	Increased	Decreased	Balance Dec. 31, 2013
Community Center Improvements	08-03	3/8/2012	3/8/2012	3/8/2013	2.000%	\$ 3,370,000.00		3,370,000.00	-
Acquisition of Real Property	09-12	6/25/2010	6/23/2011	6/22/2013	1.250%	100,000.00		100,000.00	-
Various Capital Improvements	10-07	6/25/2010	6/23/2011	6/22/2013	1.250%	1,039,425.00		1,039,425.00	-
Acquisition of Property	10-13	6/25/2010	6/23/2011	6/22/2013	1.250%	460,575.00		460,575.00	-
Various Capital Improvements	10-16	6/23/2011	6/21/2012	6/21/2013	1.500%	1,000,000.00		1,000,000.00	-
Various Capital Improvements	10-16	3/8/2012	3/8/2012	3/8/2013	2.000%	430,000.00		430,000.00	-
Various Capital Improvements	10-27	6/23/2011	6/21/2012	6/21/2013	1.500%	600,000.00		600,000.00	-
Various Capital Improvements	10-27	3/8/2012	3/8/2012	3/8/2013	2.000%	100,000.00		100,000.00	-
Various Capital Improvements	10-29	6/23/2011	6/21/2012	6/22/2013	1.500%	1,000,000.00		1,000,000.00	-
Various Capital Improvements	10-29	3/8/2012	3/8/2012	3/8/2013	2.000%	850,000.00		850,000.00	-
Various Capital Improvements	11-06	6/23/2011	6/21/2012	6/22/2013	1.500%	1,000,000.00		1,000,000.00	-
Various Capital Improvements	11-06	3/8/2012	3/8/2012	3/8/2013	2.000%	3,000,000.00		3,000,000.00	-
Various Capital Improvements	11-06	6/23/2011	6/21/2013	6/20/2014	1.000%		700,000.00		700,000.00
Land Acquisition	11-15	6/23/2011	6/23/2011	6/22/2013	1.250%	2,150,000.00		2,150,000.00	-
Land Acquisition	11-15	6/23/2011	6/21/2013	6/20/2014	1.000%		2,150,000.00		2,150,000.00
Various Capital Improvements	11-25	3/8/2012	3/8/2012	3/8/2013	2.000%	2,000,000.00		2,000,000.00	-
Various Capital Improvements	11-25	3/8/2012	6/21/2013	3/7/2014	1.000%		2,800,000.00		2,800,000.00
Various Capital Improvements	12-02	6/23/2011	6/21/2012	6/21/2013	1.500%	2,000,000.00		2,000,000.00	-
Various Capital Improvements	12-02	6/23/2011	6/21/2013	6/20/2014	1.000%		5,000,000.00		5,000,000.00
Various Capital Improvements	12-08	6/21/2013	6/21/2013	3/7/2014	1.000%		300,000.00		300,000.00
Various Capital Improvements	12-08	6/21/2013	6/21/2013	6/20/2014	1.000%		1,050,000.00		1,050,000.00
Beach Fill	12-13	6/21/2013	6/21/2013	3/7/2014	1.000%		600,000.00		600,000.00
Hurricane Sandy Repairs	12-21	6/21/2013	6/21/2013	3/7/2014	1.000%		1,300,000.00		1,300,000.00
Hurricane Sandy Repairs	12-21	6/21/2013	6/21/2013	6/20/2014	1.000%		500,000.00		500,000.00
Various Improvements	13-02	6/21/2013	6/21/2013	6/20/2014	1.000%		4,000,000.00		4,000,000.00
Various Improvements	13-04	6/21/2013	6/21/2013	6/20/2014	1.000%		4,000,000.00		4,000,000.00
						\$ 19,100,000.00	22,400,000.00	19,100,000.00	22,400,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
10-07	Various Capital Improvements	\$ 295,325.00			295,325.00	-
10-16:11-26	Various Capital Improvements	7,750.00			7,750.00	-
10-27	Various Capital Improvements	45,000.00			45,000.00	-
10-29	Various Capital Improvements	26,250.00			26,250.00	-
11-06	Various Capital Improvements	135,350.00		100,000.00		35,350.00
11-15	Land Acquisition	11,250.00				11,250.00
11-25	Various Capital Improvements	851,900.00		800,000.00		51,900.00
12-02	Various Capital Improvements	3,747,500.00		3,000,000.00		747,500.00
12-08	Various Capital Improvements	1,368,000.00		1,350,000.00		18,000.00
12-13	Beach Fill	617,500.00		600,000.00		17,500.00
12-21	Hurricane Sandy Repairs	2,299,000.00		1,800,000.00		499,000.00
13-02	Various Improvements		5,025,500.00	4,000,000.00		1,025,500.00
13-04	Various Improvements		5,498,600.00	4,000,000.00		1,498,600.00
13-20	Various Improvements		4,322,500.00			4,322,500.00
		<u>\$ 9,404,825.00</u>	<u>14,846,600.00</u>	<u>15,650,000.00</u>	<u>374,325.00</u>	<u>8,227,100.00</u>

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

	Trust Fund I		Trust Fund II
Balance December 31, 2013	\$ -		-
Increased by:			
Cash Receipts			134,861.46
Decreased by:		-	
Cash Disbursements		-	134,861.46
		-	134,861.46
Balance May 31, 2014	\$ -		-

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$	209,767.37
Supplemental Security Income: Client Refund		60,415.00
Total Revenues (PATF)	\$ <u> -</u>	<u> 270,182.37</u>

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF EXPENDITURES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Current Year Assistance (State Matching):		
Maintenance Payments	\$	85,058.04
Temporary Rent		158,889.60
Transportation		624.40
Rent		20,263.00
Security Deposits		4,413.00
Storage		406.00
Other		528.33
Total Expenditures (PATF)	\$ <u> -</u>	<u> 270,182.37</u>

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**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2013**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 15, 2014, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Ocean City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

July 15, 2014

CITY OF OCEAN CITY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2010 the bid threshold is \$36,000.

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:

- FEMA STEP Program-Emergency\Protective Measures & City Building Restoration Required due to Super Storm Sandy
- Acquisition of Reconditioned 6x6 M813 Military Cargo Trucks with Metal Un-Insulated Van Bodies
- HVAC Improvements at City Hall & Fire Headquarters
- Fabrication & Supply of Welded Aluminum Railing
- Ocean City Life Saving Station Exterior Restoration
- Furnishing & Delivering of Rock Salt to Participating Members of the Atlantic County Cooperative Program
- Citywide Custodial Services for the City of Ocean City & the Ocean City Free Public Library
- Bulkhead Improvements at Various Locations
- Underground Storage Tank Upgrades and Site Remediation at Various Locations
- Reconstruction of the 34th Street Tennis Court
- Construction of an Emergency Sand Berm for the South End
- Remediation of Flood Damage at the Historic Transportation Center at 10th Street & Haven Ave
- Installation & Repair of Airport Lighting & Facilities
- Supply and Installation of Flooring at Ocean City Arts Center
- Drainage System Cleanout
- Supply of Sportswear & Work Apparel
- Supply of Lifeguard Uniforms
- Lease of a Card Enabled Single Space Parking Meter Mechanism with Web-Based Management System
- Helicopter Air Tours Based from the Ocean City Municipal Airport
- Airplane Rides Based from the Ocean City Municipal Airport
- Boardwalk Reconstruction 5th St to 6th St
- Boardwalk Reconstruction 5th St to 6th St- Electrical Removal and Reinstall
- City Hall Storm Damage Restoration & Improvements
- Supply & Delivery of Police & Fire Department Uniforms
- Demolition of Bay Front Deck & Associated Structures located at 10th St Bay Front.
- 2013 Fall Road Program Phase II, 39th St to 34th St.
- Supply & Installation of Blue Grass Blend Sod
- 2013 Bulkhead Improvements
- Supply & Installation of Downtown Decorative Pole Foundations
- 2013 Sand Hauling Services
- 2013 Fall Road Program-Phase III

CITY OF OCEAN CITY

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

Supply & Delivery of Sand Fence & Posts & Rail
Recreational Baseball Camp Program
Recreational Basketball Camp Program
Recreational Field Hockey Camp Program
Recreational Soccer Camp Program
Recreational Boy's Lacrosse Camp Program
Recreational Girl's Lacrosse Camp Program
2nd St Drainage Improvements
Supply of Vending Machine Services for the City of Ocean City & the Ocean City Free Public Library
Lease of City Owned Beach Parcels
15th Street Playground Improvements
Installation of HAWK Signal at 9th Street and Aldrich Road
Installation of a Track Surface at Carey Field
2014 Music Pier HVAC Improvements
Maintenance of City Owned Grounds & Garden Plots

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 2013.

This Resolution shall take effect January 1, 2013.

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

CITY OF OCEAN CITY

Delinquent Taxes and Tax Title Liens

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

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

<u>Year</u>	<u>Number</u>
2013	6
2012	7
2011	5

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2013 and 2014 Taxes	5
Delinquent Taxes	5
Total	<u>10</u>

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2013 \$	95,863,852.78	94,937,906.55	99.03%
2012	95,770,896.84	93,780,434.70	97.92%
2011	97,104,511.00	95,257,230.00	98.10%
2010	94,558,775.00	93,140,423.00	98.50%
2009	90,988,763.00	89,633,296.00	98.51%

CITY OF OCEAN CITY

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 0.842	0.783	0.752	0.733	0.706
Apportionment of Tax Rate:					
Municipal	0.421	0.390	0.372	0.359	0.349
County	0.206	0.193	0.191	0.188	0.180
Local School	0.215	0.200	0.189	0.186	0.177
Assessed Valuation	11,316,442,065	12,171,789,847	12,852,929,492	12,852,616,046	12,820,330,392

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2013 \$	1,748.18	800,887.11	802,635.29	0.84%
2012	1,730.51	1,161,734.44	1,163,464.95	1.21%
2011	1,464.09	1,003,281.36	1,004,745.45	1.03%
2010	1,460.34	1,266,835.61	1,268,295.95	1.34%
2009	1,208.50	1,212,687.00	1,213,895.50	1.33%

Deposit of Municipal Funds

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

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

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

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

CITY OF OCEAN CITY

FINDINGS AND RECOMMENDATIONS

None

Ford, Scott & Associates, L.L.C.
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July 15, 2014

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**CITY OF OCEAN CITY
PART III
FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2013**

CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant I.D. Number	Grant Period		Program Receipts	Program Expenditures	Memo Only Cumulative Expenditures
			From	To			
U.S. Department of Housing and Urban Development							
Community Development Block Grant	14.253	N/A	Open		\$ 279,538.00	495,812.80	495,812.80
U.S. Department of Transportation							
FAA Runway, Taxiway, Signage & Lighting	20.106	N/A	Open		48,122.00		690,551.00
FAA Airport Layout	20.106	N/A	Open		32,948.00	33,127.37	90,224.37
FAA Turf Design	20.106	N/A	Open		7.00		61,797.00
U.S. Department of Justice							
Justice Assistance Grant	16.738	N/A	Open			2,543.25	10,354.75
Bulletproof Vest Partnership	16.607	N/A	Open			12,543.82	12,543.82
U.S. Department of Homeland Security							
Port Security Grant	97.056	N/A	Open			96,545.89	96,545.89
FEMA	97.036	N/A	Open			7,467.00	7,467.00
FEMA - Disaster Grants - Hurricane Sandy	97.036	N/A	Open		1,532,764.37	1,532,764.37	1,532,764.37
Total Federal Awards					\$ 1,893,379.37	2,180,804.50	2,998,061.00

CITY OF OCEAN CITY
SCHEDULE OF STATE ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

State Funding Department	Program	State Account Number	Grant Period		Program Receipts	Program Expenditures	Cumulative Expenditures	
			From	To				
Department of State								
	Cooperative Marketing Grant	N/A	01/01/12	12/31/13	\$ 2,400.00	14,428.66	24,261.76	
	Cooperative Marketing Grant	N/A	01/01/13	12/31/13	8,662.50	2,459.34	2,459.34	
Department of Community Affairs								
	Historic Presevation Grant	8049-584-022-8049-001-F000-6120		Open	44,688.19	306,500.00	306,500.00	
Department of Health								
	Sustainable NJ Grant	N/A		Open		2,355.61	2,355.61	
Department of Environmental Protection								
	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020		Open		35,974.49	35,974.49	
	Clean Communities	4900-765-042-4900-004-V42Y-6020	01/01/12	12/31/13		58,231.54	71,290.59	
	Clean Communities	4900-765-042-4900-004-V42Y-6020	01/01/13	12/31/13	83,700.91	26,936.24	26,936.24	
Department of Treasury								
	Municipal Alliance Program	475-995120-60		Open		3,829.80	3,829.80	
Department of Transportation								
	DOT Trust Fund	480-078-6320		Open	52,500.00	210,000.00	210,000.00	
Department of Law and Public Safety								
	Aggressive Driver Program	N/A		Open		210.00	694.00	
	State Police EMS	N/A	01/01/12	12/31/13	10,000.00	11,588.29	11,588.29	
	Citywide Pedestrian Grant	N/A	01/01/13	12/31/13	13,251.83	7,226.12	7,226.12	
	Drive Sober or Get Pulled Over	N/A		Open	2,943.69	3,813.68	8,063.68	
	Drunk Driving Enforcement Fund	N/A		Open		3,588.60	3,588.60	
Department of Economic Assistance								
	Public Assistance	7550-150-158010-60	01/01/13	12/31/13	209,767.37	209,767.37	209,767.37	
Total State Assistance					\$	<u>427,914.49</u>	<u>896,909.74</u>	<u>924,535.89</u>

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

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.

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 1,285,567.20			1,285,567.20
Grant Fund	648,040.13	687,142.37	7,224.31	1,342,406.81
General Capital Fund	247,197.17			247,197.17
Public Assistance Fund		<u>209,767.37</u>		<u>209,767.37</u>
Total Financial Assistance	<u>\$ 2,180,804.50</u>	<u>896,909.74</u>	<u>7,224.31</u>	<u>3,084,938.55</u>

Note 4: Relationship to Federal & State Financial Reports

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



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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 A-133 & NJ OMB 04-04

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 Ocean City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and NJ OMB 04-04 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, 2013. Ocean City's major federal and 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each 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 A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and NJ OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04, 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 Ocean City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, 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, 2013.

Report on Internal Control Over Compliance

Management 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 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 A-133 and NJ OMB 04-04, 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 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 A-133 and NJ OMB 04-04. 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 A-133 and NJ OMB 04-04

We have audited the financial statements of the various funds and account group of Ocean City as of and for the year ended December 31, 2013, and have issued our report thereon dated July 15, 2014, 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 A-133 and NJ OMB 04-04, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

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

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

July 15, 2014

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Adverse GAAP Opinion**
Unqualified 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: **Unqualified Opinion**

Any audit findings disclosed that are required to be reported in accordance with NJ OMB 04-04? **NO**

Identification of major programs:

8049-584-022-8049-001-F000-6120 **Histori** **c Preservation Grant**
480-078-6320 **DOT** **Trust Fund**

Dollar threshold used to distinguish between Type A and Type B Programs: **\$300,000**

Auditee qualified as low-risk Auditee? **YES**

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2013
(CONTINUED)

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: **Unqualified Opinion**

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

Identification of major programs:
97.036 **FEMA – Disaster Grants – Hurricane Sandy**
14.253 **Community Development Block Grant**

Dollar threshold used to distinguish between Type A and Type B Programs: **\$300,000**

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 AND STATE AWARDS

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

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

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.