

CITY OF OCEAN CITY

CAPE MAY COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

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CITY OF OCEAN CITY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Ocean City, as of December 31, 2024 and 2023, 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, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Ocean City as of December 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ocean City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Ocean City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ocean City basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2025, on our consideration of the City of Ocean City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ocean City's internal control over financial reporting and compliance.

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

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

August 7, 2025

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EXHIBIT - A
CURRENT FUND

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

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 17,754,506.82	18,180,435.47
Cash - Collector	532,246.74	207,677.84
Cash - Change	4,150.00	4,200.00
Total Cash	<u>18,290,903.56</u>	<u>18,392,313.31</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	209.66	209.66
Total Other Receivables	<u>209.66</u>	<u>209.66</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	877,801.46	796,556.83
Tax Title and Other Liens	10,513.78	8,972.18
Property Acquired for Taxes - at Assessed Valuation	244,200.00	244,200.00
Due from Federal and State Grant Fund	36,620.50	
Total Receivables and Other Assets	<u>1,169,135.74</u>	<u>1,049,729.01</u>
Deferred Charges:		
Emergency Appropriation		100,000.00
Total Deferred Charges	<u>-</u>	<u>100,000.00</u>
Total Regular Fund	<u>19,460,248.96</u>	<u>19,542,251.98</u>
Federal and State Grant Fund:		
Cash	1,381,314.31	3,476,338.04
Federal and State Grants Receivable	11,974,475.58	7,037,867.26
Total Federal and State Grant Fund	<u>13,355,789.89</u>	<u>10,514,205.30</u>
Total Current Fund	<u>\$ 32,816,038.85</u>	<u>30,056,457.28</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,730,113.80	939,634.30
Reserve for Encumbrances	1,192,895.47	1,256,332.70
Accounts Payable	5,091.74	5,091.74
Prepaid Taxes	4,145,984.75	3,747,772.54
Tax Overpayments		798.02
County Added & Omitted Tax Payable	403,117.36	399,740.44
Prepaid Beach Fees	222,798.10	252,240.00
Reserve for Municipal Property Tax Relief		223,844.54
Payroll Taxes Payable	67,725.52	50,850.13
Reserve for Health Insurance Claims	159,944.17	188,275.90
	<u>7,927,670.91</u>	<u>7,064,580.31</u>
Reserve for Receivables and Other Assets	1,169,135.74	1,049,729.01
Fund Balance	<u>10,363,442.31</u>	<u>11,427,942.66</u>
Total Regular Fund	<u>19,460,248.96</u>	<u>19,542,251.98</u>
Federal and State Grant Fund:		
Unappropriated Reserves	24,358.28	3,744,743.19
Appropriated Reserves	12,119,046.56	4,943,291.45
Due to Current Fund	36,620.50	-
Encumbrances Payable	<u>1,175,764.55</u>	<u>1,826,170.66</u>
Total Federal and State Grant Fund	<u>13,355,789.89</u>	<u>10,514,205.30</u>
Total Current Fund	<u>\$ 32,816,038.85</u>	<u>30,056,457.28</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,**

	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized		
Fund Balance	\$ 6,000,000.00	5,700,000.00
Miscellaneous Revenue Anticipated	26,391,147.87	24,434,409.35
Public and Private Programs		
Off-Set with Appropriations	12,739,393.15	4,008,841.20
Receipts from Delinquent Taxes	797,281.62	661,986.49
Receipts from Current Taxes	143,979,760.37	135,202,261.01
Non Budget Revenue	667,251.75	715,722.05
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	791,293.45	926,810.46
Cancellation of:		
Grant Appropriation Cancelled	36,688.00	
Accounts Payable		
Total Income	<u>191,402,816.21</u>	<u>171,650,030.56</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	37,901,787.00	35,418,868.00
Other Expenses	25,897,103.59	24,229,895.00
Deferred Charges & Statutory Expenditures	9,493,548.41	9,054,984.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	268,863.00	261,032.00
Other Expenses	7,935,343.00	6,093,619.00
Public and Private Programs Off-Set by		
Revenues	12,782,227.25	4,051,675.30
Capital Improvements	1,200,000.00	1,400,000.00
Debt Service	22,383,647.04	19,084,626.47
Deferred Charges	100,000.00	-
Local District School Tax	25,151,231.00	24,704,759.00
County Tax	42,727,698.41	40,810,198.58
County Share of Added & Omitted Taxes	403,117.36	399,740.44
Other:		
Special Improvement District Taxes	185,380.00	184,358.00
Interfunds Advanced	36,620.50	
Prior Year Seniors & Veterans Deductions	750.00	750.00
Total Expenditures	<u>186,467,316.56</u>	<u>165,694,505.79</u>
Excess/(Deficit) in Revenue	<u>4,935,499.65</u>	<u>5,955,524.77</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,**

	<u>2024</u>	<u>2023</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	-	100,000.00
Total Adjustments	<u>-</u>	<u>100,000.00</u>
Statutory Excess to Fund Balance	<u>4,935,499.65</u>	<u>6,055,524.77</u>
Fund Balance January 1	<u>11,427,942.66</u>	<u>11,072,417.89</u>
	16,363,442.31	17,127,942.66
Decreased by:		
Utilization as Anticipated Revenue	<u>6,000,000.00</u>	<u>5,700,000.00</u>
Fund Balance December 31	<u>\$ 10,363,442.31</u>	<u>11,427,942.66</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Anticipated			
	Budget	NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 6,000,000.00		6,000,000.00	-
Total Fund Balance Anticipated	6,000,000.00	-	6,000,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	370,000.00		397,389.91	27,389.91
Fees and Permits	1,150,000.00		1,259,130.83	109,130.83
Fines and Costs:				
Municipal Court	275,000.00		331,909.59	56,909.59
Interest and Costs on Taxes	180,000.00		230,663.46	50,663.46
Interest Earned on Investments	1,000,000.00		1,923,889.26	923,889.26
Parking Meters	4,000,000.00		4,107,806.61	107,806.61
Beach Fees	5,800,000.00		6,236,748.76	436,748.76
Rental or Sale of City Material & Property	115,000.00		114,844.88	(155.12)
Airport Fees	160,000.00		151,149.44	(8,850.56)
Boat Ramp Fees	25,000.00		28,556.92	3,556.92
Aquatic & Fitness Center User Fees	1,000,000.00		1,064,536.72	64,536.72
Smoke Detector Inspection	130,000.00		142,575.00	12,575.00
Emergency Medical Services	625,000.00		788,194.87	163,194.87
Total Section A: Local Revenues	14,830,000.00	-	16,777,396.25	1,947,396.25
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	2,171,638.00		2,171,638.08	0.08
Municipal Relief Fund	223,844.54		223,844.54	-
Total Section B: State Aid Without Offsetting Appropriations	2,395,482.54	-	2,395,482.62	0.08

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	1,000,000.00		1,001,289.00	1,289.00
Total Section C: Uniform Construction Code Fees	<u>1,000,000.00</u>	<u>-</u>	<u>1,001,289.00</u>	<u>1,289.00</u>
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Upper Township - Dispatching Service	268,863.00		268,863.00	-
Total Section D: Interlocal Municipal Service Agreements	<u>268,863.00</u>	<u>-</u>	<u>268,863.00</u>	<u>-</u>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
FEMA HMGP Elevation of Residential Structures	3,526,193.00	119,916.65	3,526,193.00	
Clean Communities Program			119,916.65	
Recycling Tonnage Grant	29,441.04		29,441.04	
Body Armor Grant	4,851.19		4,851.19	
American Rescue - NJDCA Boardwalk Preservation		4,859,175.00	4,859,175.00	
American Rescue - SLFRF Merion			3,739,892.00	
FAA Seal Taxiways & Terminal Apron	3,739,892.00	266,781.00	266,781.00	
Opioid Settlement Fund		193,143.27	193,143.27	-
Total Section F: Special Items - Public and Private Programs	<u>7,300,377.23</u>	<u>5,439,015.92</u>	<u>12,739,393.15</u>	<u>-</u>
Off-Set with Appropriations				

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Developer Payment - BAN Principal	1,690,000.00		1,690,000.00	
Reserves for Debt Service & Capital Fund Balance	530,000.00		530,000.00	
OC Library - Contracted Services	259,800.00		259,800.00	
OC Library - Return to Taxpayers	3,468,318.00		3,468,317.00	(1.00)
Total Section G: Other Special Items	5,948,118.00	-	5,948,117.00	(1.00)
Total Miscellaneous Revenues:	31,742,840.77	5,439,015.92	39,130,541.02	1,948,684.33
Receipts from Delinquent Taxes	700,000.00	-	797,281.62	97,281.62
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	68,223,000.60		69,456,919.60	1,233,919.00
Library Tax	7,007,662.00		7,007,662.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	75,230,662.60	-	76,464,581.60	1,233,919.00
Budget Totals	113,673,503.37	5,439,015.92	122,392,404.24	3,279,884.95
Non- Budget Revenues:				
Other Non- Budget Revenues:	-	-	667,251.75	667,251.75
	\$ 113,673,503.37	5,439,015.92	123,059,655.99	3,947,136.70

See accompanying Notes to Financial Statements - Regulatory Basis

Total Receipts from Delinquent Taxes	\$	797,281.62
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**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

200 Foot Information	2,110.00
American Recycling/Sims Metal	5,052.83
AT & T Tower Fees	6,582.50
Bench Donations	9,100.00
Binocular Fees	344.98
Boardwalk Entertainers	2,600.00
City Clerk	107.00
Crown Castle Cellular - Revenue Share	30,832.62
Electric Charger - Charge Point	41,533.17
First Night - Upper Township	3,161.90
Ice Cream Vendor	30,500.00
Inspection Fines	150.00
Library - Pension Payment	46,983.79
Pension Overages	9.66
PILOT: OC Housing Authority:	32,947.00
PILOT: United Methodist Homes	91,422.00
PILOT: Wesley by the Bay	25,962.60
Public Defender	150.00
Restituion	912.53
RON JON Ocean City NJ CARES	7,000.00
Sale of City Assets	1,500.00
Misc Receipts & Refunds	254,997.27
Share Services - Strathmere EMS	10,358.90
Shared Services - Upper Township OEM	20,000.00
Sidewalk Permits	1,475.00
Sr & Vets 2% Admin	1,265.00
Storage/Towing Fees	27,733.00
Tax Collector	4,800.00
Trademarks Fees	4,100.00
Towing Credit Cards	3,560.00

Total Miscellaneous Revenue Not Anticipated:

\$ 667,251.75

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	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						
Salaries and Wages	\$ 40,000.00	40,000.00	39,999.96		0.04	
Other Expenses	4,100.00	4,100.00	2,134.99	42.00	1,923.01	
ADMINISTRATION						
City Administrator						
Salaries and Wages	452,000.00	457,000.00	455,101.21		1,898.79	
Other Expenses	231,000.00	231,000.00	212,664.75		18,335.25	
Human Resources						
Salaries and Wages	586,000.00	669,500.00	664,390.46		5,109.54	
Other Expenses	167,500.00	155,500.00	61,312.37	29,642.96	64,544.67	
Purchasing Division						
Salaries and Wages	233,000.00	213,000.00	211,638.77		1,361.23	
Other Expenses	8,250.00	8,250.00	5,356.31	42.00	2,851.69	
Emergency Management						
Other Expenses	20,000.00	20,000.00	11,867.61		8,132.39	
COMMUNITY SERVICE DEPARTMENT						
Public Relations & Information						
Salaries and Wages	1,120,000.00	1,030,000.00	1,027,515.57		2,484.43	
Other Expenses	565,200.00	565,200.00	497,026.50	14,402.92	53,770.58	
Aquatic and Fitness Center						
Salaries and Wages	1,134,000.00	1,138,000.00	1,132,149.13		5,850.87	
Other Expenses	87,700.00	87,700.00	75,178.15	7,890.76	4,631.09	
Recreation & Leisure Programs						
Salaries and Wages	780,000.00	864,500.00	864,133.21		366.79	
Other Expenses	52,900.00	60,900.00	52,293.57	242.61	8,363.82	
Music Pier Operations						
Salaries and Wages	680,000.00	670,000.00	669,346.57		653.43	
Other Expenses	45,900.00	60,900.00	48,611.50		12,288.50	
Neighborhood & Social Services						
Salaries and Wages	68,000.00	74,665.00	68,616.38		6,048.62	
Other Expenses	3,000.00	3,000.00	2,878.64		121.36	
Senior Center Operations						
Salaries and Wages	146,000.00	106,000.00	103,371.35		2,628.65	
Other Expenses	159,300.00	139,300.00	129,498.22	614.80	9,186.98	

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Charged	Encumbered	
DEPARTMENT OF OPERATIONS & ENGINEERING						
Administration						
Salaries and Wages	875,000.00	870,000.00	869,841.72			158.28
Other Expenses	18,500.00	18,500.00	1,378.73		9,802.49	7,318.78
Engineering & Project Management						
Salaries and Wages	444,000.00	455,400.00	454,812.58			587.42
Other Expenses	66,500.00	46,600.00	26,819.17		2,854.51	16,926.32
Municipal Code & Licensing						
Salaries and Wages	708,000.00	715,000.00	709,753.15			5,246.85
Other Expenses	79,000.00	54,000.00	30,649.00		626.80	22,724.20
Historical Commission						
Other Expenses	2,800.00	2,800.00	437.95			2,362.05
Planning Board						
Other Expenses	12,500.00	7,500.00	2,123.64		42.00	5,334.36
Zoning Board of Adjustment						
Other Expenses	12,800.00	7,800.00	5,249.00		83.00	2,468.00
Facility Maintenance						
Salaries and Wages	1,146,000.00	1,119,000.00	1,118,432.26			567.74
Other Expenses	541,000.00	541,000.00	436,598.31		14,236.00	90,165.69
Environmental Operations						
Salaries and Wages	1,390,000.00	1,403,000.00	1,402,772.17			227.83
Other Expenses						
Miscellaneous Other Expenses	111,500.00	111,500.00	61,467.86		9,988.55	40,063.59
Trash & Recycling	3,712,234.00	3,712,234.00	3,345,614.21		338,723.72	27,896.07
Field Operations						
Salaries and Wages	1,760,000.00	1,825,000.00	1,819,514.17			5,485.83
Other Expenses:	133,600.00	133,600.00	119,688.87			13,911.13
Fleet Maintenance						
Salaries and Wages	430,000.00	410,000.00	406,142.83			3,857.17
Other Expenses	382,400.00	357,400.00	273,584.61		33,310.25	50,505.14
DEPARTMENT OF LAW						
Legal Division						
Salaries and Wages	216,000.00	216,000.00	215,213.98			786.02
Other Expenses	326,700.00	326,700.00	257,477.65		42,089.96	27,132.39
Public Defender						
Other Expenses	48,800.00	48,800.00	39,924.84		8,875.16	

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
STATUTORY OFFICES						
City Clerk's Office	267,000.00	255,000.00	254,329.21		670.79	
Salaries and Wages	107,600.00	92,600.00	88,271.78	1,240.00	3,088.22	
Other Expenses						
City Council						
Salaries and Wages	140,000.00	133,000.00	132,769.10		230.90	
Other Expenses	17,100.00	12,100.00	7,280.97	1,254.95	3,564.08	
Municipal Court						
Salaries and Wages	518,000.00	520,300.00	520,294.86		5.14	
Other Expenses	33,800.00	33,800.00	20,144.81	1,710.12	11,945.07	
DEPARTMENT OF FINANCIAL MANAGEMENT						
Treasurer's Office						
Other Expenses						
Audit Services	47,000.00	47,000.00	45,340.00	1,660.00		
Other Expenses	190,800.00	190,800.00	173,398.31	3,000.00	14,401.69	
Accounting Division						
Salaries and Wages	654,000.00	671,500.00	671,256.09		243.91	
Other Expenses	11,500.00	12,500.00	10,168.24	1,341.50	990.26	
Office of Parking Regulation						
Salaries and Wages	325,000.00	297,000.00	296,523.78		476.22	
Other Expenses	133,300.00	90,500.00	53,052.06	3,175.81	34,272.13	
Property Assessment Division						
Salaries and Wages	378,000.00	363,000.00	362,736.07		263.93	
Other Expenses	132,000.00	69,984.59	19,518.18	428.41	50,038.00	
Beach Fee Regulation Division						
Salaries and Wages	450,000.00	538,185.00	538,183.29		1.71	
Other Expenses	89,800.00	89,800.00	77,924.49		11,875.51	
Tax Collector Division						
Salaries and Wages	258,000.00	250,000.00	249,673.98		326.02	
Other Expenses	14,800.00	14,800.00	12,293.14	386.41	2,120.45	
Revenue Collection						
Salaries and Wages	608,000.00	608,000.00	598,648.50		9,351.50	
Other Expenses	213,200.00	213,200.00	193,283.78	142.00	19,774.22	
DEPARTMENT OF POLICE						
Police Protection Division						
Salaries and Wages	10,207,137.00	10,142,137.00	9,939,262.39		202,874.61	
Other Expenses						
Miscellaneous Other Expenses	380,300.00	380,300.00	336,290.03	29,137.62	14,872.35	
Purchase of Vehicles	290,000.00	290,000.00	276,474.10	10,885.02	2,640.88	

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Information Technology						
Salaries and Wages	334,000.00	334,000.00	332,479.60		1,520.40	
Other Expenses	622,500.00	622,500.00	543,049.37	33,967.80	45,482.83	
DEPARTMENT OF FIRE						
Rescue Services Division						
Salaries and Wages	300,000.00	300,000.00	298,561.50		1,438.50	
Other Expenses	103,150.00	70,650.00	45,381.75	1,689.70	23,578.55	
Lifeguards Division						
Salaries and Wages	2,100,000.00	2,026,650.00	2,022,429.84		4,220.16	
Other Expenses	199,000.00	179,000.00	147,993.94	29,519.51	1,486.55	
Fire Protection & Prevention						
Salaries and Wages	8,365,000.00	8,246,300.00	8,239,200.63		7,099.37	
Other Expenses	294,500.00	294,500.00	247,738.55	42,059.90	4,701.55	
INSURANCE						
General Liability	682,807.00	694,807.00	694,807.00			
Workers Compensation Insurance	1,806,368.00	1,806,368.00	1,806,368.00			
Employee Group Health	7,832,110.00	7,832,110.00	7,335,338.88	8,089.51	488,681.61	
Health Benefits Waiver						
Salaries and Wages	280,000.00	280,000.00	280,000.00			
OTHER:						
City Wide Operations						
Finance - Other Expenses	702,500.00	762,500.00	727,317.63	33,502.08	1,680.29	
City Wide Operations						
Operations & Engineering - Other Expenses	1,572,000.00	1,572,000.00	1,237,314.10	204,499.05	130,186.85	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	638,000.00	660,650.00	660,639.39		10.61	
Other Expenses	217,000.00	187,000.00	163,351.39	5,500.00	18,148.61	
UNCLASSIFIED						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	750,000.00	833,000.00	739,561.87	93,438.13		
Street Lighting	500,000.00	600,000.00	546,105.99	53,894.01		
Telephone	350,000.00	384,000.00	337,951.60	8,969.39	37,079.01	
Water	1,200,000.00	1,300,000.00	1,202,861.01	97,138.99		
Fuel Oil	240,000.00	171,000.00	170,763.28	236.72	0.00	
Gasoline	400,000.00	346,000.00	333,461.65	12,538.35	0.00	
TOTAL OPERATIONS WITHIN "CAPS"	63,956,456.00	63,798,890.59	60,922,376.05	1,192,895.47	1,683,619.07	-

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
(A) Public and Private Programs Off-Set by Revenues					
Municipal Alliance on Alcoholism and Drug Abuse					
Local Share	2,834.10	2,834.10	2,834.10		
Clean Communities Program		119,916.65	119,916.65		
FAA Seal Taxiways & Terminal Apron		296,424.00	296,424.00		
Recycling Tonnage Grant	29,441.04	29,441.04	29,441.04		
American Rescue - SLFRF Merion	3,739,892.00	3,739,892.00	3,739,892.00		
FEMA HMPG Elevation of Residential Structures	3,526,193.00	4,859,175.00	4,859,175.00		
Opioi Settlement Fund		3,526,193.00	3,526,193.00		
Body Armor Grant	4,851.19	193,143.27	193,143.27		
Matching Funds for Grants	40,000.00	4,851.19	4,851.19		10,357.00
Total Public and Private Programs Off-Set by Revenues	7,343,211.33	12,782,227.25	12,771,870.25	-	10,357.00
Total Operations - Excluded from "CAPS"	15,547,417.33	20,986,433.25	20,976,046.77		10,386.48
Detail:					
Salaries and Wages	268,863.00	268,863.00	268,863.00		
Other Expenses	15,278,554.33	20,717,570.25	20,707,183.77		10,386.48
(C) Capital Improvements					
Capital Improvement Fund	1,200,000.00	1,200,000.00	1,200,000.00		
Total Capital Improvements	1,200,000.00	1,200,000.00	1,200,000.00		
(D) Debt Service					
Payment of Bond Principal	14,635,000.00	14,635,000.00	14,635,000.00		
Payment of BANs and Capital Notes	1,690,000.00	1,690,000.00	1,690,000.00		
Interest on Bonds	3,689,237.50	3,689,237.50	3,689,237.50		
Interest on Notes	2,330,700.50	2,330,700.50	2,330,700.50		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	38,709.04	38,709.04	38,709.04		
Total Debt Service	22,383,647.04	22,383,647.04	22,383,647.04		
(E) Deferred Charges					
Emergency Authorizations	100,000.00	100,000.00	100,000.00		
Total Deferred Charges	100,000.00	100,000.00	100,000.00		

See accompanying Notes to Financial Statements - Regulatory Basis

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	39,231,064.37	44,670,080.29	44,659,693.81		10,386.48
SUBTOTAL GENERAL APPROPRIATIONS	112,523,503.37	117,962,519.29	115,039,510.02	1,192,895.47	1,730,113.80
(M) Reserve for Uncollected Taxes	1,150,000.00	1,150,000.00	1,150,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 113,673,503.37	119,112,519.29	116,189,510.02	1,192,895.47	1,730,113.80
Budget		113,673,503.37			Cancelled
Appropriations by 40A:4-87		5,439,015.92			Overexpended
Emergency Appropriations		119,112,519.29			
Reserve for Uncollected Taxes			1,150,000.00		
Federal and State Grants			12,771,870.25		
Disbursements			102,167,639.77		
			116,189,510.02		

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - B
TRUST FUND

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

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 53,441.14	50,343.71
	<u>53,441.14</u>	<u>50,343.71</u>
<u>OTHER TRUST FUND</u>		
Cash and Investments	14,501,260.24	12,920,313.86
	<u>14,501,260.24</u>	<u>12,920,313.86</u>
	<u>14,554,701.38</u>	<u>12,970,657.57</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	36,951.95	50,343.71
Encumbrances Payable	16,489.19	
	<u>53,441.14</u>	<u>50,343.71</u>
<u>OTHER TRUST FUND</u>		
Reserve for:		
Tax Premiums	103,600.00	156,700.00
Tax Sale Redemptions	1,002.45	1,002.45
Dedicated Recreation Trust	385,306.25	260,190.26
Tourism Development	184,992.58	305,349.15
Law Enforcement Trust	30,236.73	36,407.98
Parking Offenses Adjudication Act	39,126.78	35,794.95
Cash Performance Deposits	1,179,771.87	1,020,071.27
Dedicated Fire Fees	16,321.98	17,244.44
Lifeguard Pension	127,391.86	76,024.97
Shade Trees	21,587.41	17,523.10
COAH	11,258,297.90	9,632,491.83
Property Liability	11,531.78	
Merchant Fees	17,047.76	16,246.12
Planning & Zoning Escrow	248,972.27	244,344.90
Encumbrances Payable	876,072.62	1,100,922.44
	<u>14,501,260.24</u>	<u>12,920,313.86</u>
	<u>\$ 14,554,701.38</u>	<u>12,970,657.57</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>			
Cash	\$	40,801,796.54	30,187,859.84
Deferred Charges to Future Taxation -			
Funded		168,687,749.20	134,671,791.77
Unfunded		74,129,192.99	79,097,040.00
		<u>283,618,738.73</u>	<u>243,956,691.61</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		23,418,901.20	10,707,589.80
Bond Anticipation Notes Payable		39,490,500.00	46,690,000.00
Serial Bonds Payable		168,480,000.00	134,430,000.00
Green Trust Loan Payable		207,749.20	241,791.77
Improvement Authorizations:			
Funded		5,636,806.47	2,015,854.15
Unfunded		43,850,624.23	43,366,983.62
Reserve for Debt Service		1,415,813.05	3,154,009.61
Reserve for Construction of Airport Terminal		1,072,590.81	1,036,158.89
Capital Improvement Fund		44,902.53	1,463,452.53
Fund Balance		851.24	850,851.24
	\$	<u>283,618,738.73</u>	<u>243,956,691.61</u>

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

2023	32,407,040.00
2024	34,638,692.99

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>2024</u>	<u>2023</u>
Beginning Balance January 1	\$ 850,851.24	850,851.24
Decreased by:		
Improvement Authorization Funded	850,000.00	
Ending Balance December 31	\$ <u>851.24</u>	<u>850,851.24</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
GENERAL FIXED ASSETS ACCOUNT GROUP

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GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Balance Dec. 31, 2024	Balance Dec. 31, 2023
General Fixed Assets:		
Land	\$ 143,809,686.72	\$ 143,809,686.72
Improvements	10,918,990.39	10,918,990.39
Buildings & Improvements	27,480,803.01	27,439,993.01
Vehicles	17,871,639.15	16,891,738.47
Machinery and Equipment	11,703,145.44	11,598,014.94
Total General Fixed Assets	\$ <u>211,784,264.71</u>	\$ <u>210,658,423.53</u>
Investment in General Fixed Assets	\$ <u>211,784,264.71</u>	\$ <u>210,658,423.53</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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NOTES TO THE FINANCIAL STATEMENTS

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CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

The City of Ocean City is an island community located at the northern tip of Cape May County in the State of New Jersey. The population according to the 2020 census is 11,122.

The city is incorporated and operates under the 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 of Ocean City.

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

Component Units

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

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

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

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

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

Description of Funds

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

Current Fund

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Trust Funds

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

General Capital Funds

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

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

Basis of Accounting

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

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

Revenues

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

Expenditures

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

Foreclosed Property

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Charges

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

Inter-funds

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

Inventories of Supplies

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

Appropriation Reserves

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

General Fixed Assets

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

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

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

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

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

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Levy of Taxes

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

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

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

Interest on Delinquent Taxes

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

Capitalization of Interest

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

Use of Estimates

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

Required Financial Statements

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

Comparative Data

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2024:

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No.99, "Omnibus 2022". This statement, and the requirements related to leases, PPP's and SBITAs which is effective for fiscal years beginning after June 15, 2022, and all reporting periods, thereafter, may have an effect on the School District's financial statements. This statement, and the requirements related financial guarantees and the classification and reporting of derivative instruments which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the City's financial reporting for the year ending December 31, 2024.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the City's financial reporting for the year ending December 31, 2024.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the City's financial reporting for the year ending December 31, 2024.

Recent Accounting Pronouncements Not Yet Effective

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement, which is effective for fiscal years beginning after June 15, 2024, and all reporting periods, thereafter, will not have any significant effect on the City's financial reporting.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter, will not have any significant effect on the City's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No, 104, "Disclosure of Certain Capital Assets". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter, will not have any significant effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2024 and 2023 statutory budgets included a reserve for uncollected taxes in the amount of \$1,150,000.00 and \$1,150,000.00. To balance the budget, the municipality is required to show a budgeted fund balance.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$6,000,000.00 and \$5,700,000.00.

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 City Council. The following significant budget transfers were approved in the 2024 and 2023 calendar years:

Budget Category	2024	2023
Current Fund:	None	
Aquatic and Fitness Center		
Salaries and Wages		(284,450.00)
Environmental Operations		
Trash & Recycling		(203,000.00)
Insurance - Employee Group Health		(313,250.00)
Water		200,000.00

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2024 and 2023, the City Council approved budget insertions in the amount of \$5,439,015.92 and \$1,730,924.39 respectively as listed in Exhibit A-2.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During the 2024 and 2023 calendar years, emergency appropriations or special emergencies were approved by City Council for \$0.00 and \$100,000.00 respectively. In addition, NJSA 40A:4-60 permits the Governing Body to cancel, by resolution, any unexpended balances of appropriations prior to year-end. There were no significant cancellations approved in the 2024 and 2023 calendar years.

Note 3: INVESTMENTS

As of December 31, 2024, and 2023, the City had no investments.

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

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

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 4: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2024 and 2023, \$16,344,796.63 and \$14,958,425.13, of the municipality's bank balance of \$75,901,313.34 and \$66,605,002.22 respectively was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2024, and 2023:

	Balance 12/31/2023	Additions	Adjustments/ Deletions	Balance 12/31/2024
Land	\$ 143,809,686.72			143,809,686.72
Improvements	10,918,990.39			10,918,990.39
Buildings & Fixtures	27,439,993.01	40,810.00		27,480,803.01
Vehicles	16,891,738.47	979,900.68		17,871,639.15
Machinery & Equipment	11,598,014.94	105,130.50		11,703,145.44
	<u>\$ 210,658,423.53</u>	<u>1,125,841.18</u>	<u>-</u>	<u>211,784,264.71</u>

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

Note 6: SHORT-TERM FINANCING

Short-term debt provides for financing of governmental activities and capital projects. The following is a summary of changes in short-term debt for the years ended December 31, 2024, and 2023:

	Balance 12/31/23	Increases	Decreases	Balance 12/31/24
General Capital Notes	\$ 46,690,000.00	32,990,500.00	40,190,000.00	39,490,500.00

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 6: SHORT-TERM FINANCING (Continued)

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

On April 17, 2024, the City issued a Bond Anticipation Note in the Amount of \$9,490,500.00 bearing interest at a rate of 4.5% per annum to fund General Capital Ordinance 23-28. The note matured on April 16, 2025. The note was renewed for an additional six months without payment and borrowed an additional \$3,709,500.00 for ordinance 24-11 and 24-21 authorized as of December 31, 2024. The new note is for \$13,200,000.00 at an interest rate of 3% per annum.

On October 15, 2024, the City issued a Bond Anticipation Note in the Amount of \$30,000,000.00 bearing interest at a rate of 3.75% per annum to fund General Capital Ordinances 20-16, 20-18, 20-19, 20-20, 22-03, 22-04, 22-11 23-16, 23-23 and 24-08. The Note will mature on October 14, 2025.

Note 7: LONG-TERM DEBT

Summary of Municipal Debt

	Year 2024	Year 2023	Year 2022
Issued:			
General:			
Bonds and Notes	\$ 208,178,249.20	181,361,791.77	170,315,163.56
Total Issued	208,178,249.20	181,361,791.77	170,315,163.56
Less:			
Funds Held Temporarily to pay Bonds and Notes	1,415,813.05	3,154,009.61	2,196,733.13
Net Debt	206,762,436.15	178,207,782.16	168,118,430.43
Authorized But Not Issued:			
General:			
Bonds and Notes	34,638,692.99	32,407,040.00	18,780,990.00
Total Authorized But Not Issued	34,638,692.99	32,407,040.00	18,780,990.00
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 241,401,129.14	210,614,822.16	186,899,420.43

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.157%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ -	-	-
General Debt	242,816,942.19	1,415,813.05	241,401,129.14
	\$ 242,816,942.19	1,415,813.05	241,401,129.14

Net debt \$241,401,129.14 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$20,857,180,628.00 = 1.157%.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 7: LONG-TERM DEBT - Continued

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

3-1/2% of Equalized Valuation Basis	\$ 730,001,321.98
Net Debt	<u>241,401,129.14</u>
Remaining Borrowing Power	<u><u>\$ 488,600,192.84</u></u>

Description of Bonds and Loans Payable

At December 31, 2024, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$17,900,000.00 General Improvements Bonds dated August 12, 2014, due in annual installments through September 1, 2026, bearing interest at various rates from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2024, is \$3,600,000.00.

\$38,800,000.00 General Improvement Bonds dated December 1, 2016, due in annual installments through November 15, 2028, bearing interest at various rates from 1.00% to 4.00% per annum. The balance remaining as of December 31, 2024, is \$16,550,000.00.

\$82,000,000.00 General Improvement Bonds dated October 10, 2019, due in annual installments through September 15, 2033, bearing interest at various rates from 2.25% to 4.00% per annum. The balance remaining as of December 31, 2024, is \$59,450,000.00.

\$6,650,000.00 General Improvement Bonds dated October 20, 2020, due in annual installments through October 15, 2035, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2024, is \$5,215,000.00.

\$44,050,000.00 General Improvement Bonds dated October 20, 2020, due in annual installments through October 15, 2035, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2024, is \$34,980,000.00.

\$48,685,000.00 General Improvements Bonds dated October 15, 2024, due in annual installments through October 15, 2038, bearing interest at various rates from 2.00% to 4.00% per annum. The balance remaining as of December 31, 2024, is \$48,685,000.00.

\$200,000 Green Trust Loan dated 2011, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2024, is \$58,895.58.

\$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, 2024, is \$58,895.58.

\$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, 2024, is \$89,958.04.

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CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 7: LONG-TERM DEBT - Continued

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

	Outstanding 12/31/23	Issued or Additions	Payments or Expenditures	Outstanding 12/31/24	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 134,430,000.00	48,685,000.00	14,635,000.00	168,480,000.00	16,705,000.00
Loans Payable	241,791.77		34,042.57	207,749.20	34,726.82
Compensated Absences	5,397,478.07	1,633,791.16	194,803.84	6,836,465.39	-
Total General Capital Fund	140,069,269.84	50,318,791.16	14,863,846.41	175,524,214.59	16,739,726.82
Total All Funds	\$ 140,069,269.84	50,318,791.16	14,863,846.41	175,524,214.59	16,739,726.82
	Outstanding 12/31/22	Issued or Additions	Payments or Expenditures	Outstanding 12/31/23	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 148,220,000.00		13,790,000.00	134,430,000.00	14,635,000.00
Loans Payable	275,163.56		33,371.79	241,791.77	34,042.57
Compensated Absences	5,267,136.12	1,054,956.28	924,614.33	5,397,478.07	-
Total General Capital Fund	153,762,299.68	1,054,956.28	14,747,986.12	140,069,269.84	14,669,042.57
Total All Funds	\$ 153,762,299.68	1,054,956.28	14,747,986.12	140,069,269.84	14,669,042.57

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
2025	\$ 16,705,000.00	4,978,037.50	34,762.82	3,982.22
2026	17,645,000.00	4,445,700.00	35,424.83	3,284.21
2027	16,310,000.00	3,831,400.00	36,136.88	2,572.16
2028	16,960,000.00	3,314,000.00	36,863.22	1,845.82
2029	13,225,000.00	2,892,800.00	37,604.17	1,104.87
2030-2034	66,215,000.00	8,416,550.00	26,957.28	678.18
2035-2039	21,420,000.00	1,324,100.00	-	-
	\$ 168,480,000.00	29,202,587.50	207,749.20	13,467.46

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CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 8: COMPENSATED ABSENCES

The City has permitted employees to accrue unused vacation, personal, and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. The City estimates this liability as of December 31, 2024, and 2023 to be \$6,835,465.38 and \$5,397,478.10 respectively.

NOTE 9: DEFERRED COMPENSATION ACCOUNT

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

Mass Mutual Financial Group

Nationwide Retirement System (PEBSCO)

Note 10: SCHOOL TAXES

The City of Ocean City is responsible for levying, collecting and remitting school taxes for the 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>12/31/2024</u>	<u>12/31/2023</u>
Balance of Tax	\$ 12,674,491.50	\$ 12,476,739.50
Deferred	12,674,491.50	12,476,739.50
Tax Payable	<u>\$ -</u>	<u>\$ -</u>

Note 11: TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31,</u>	
	<u>2024</u>	<u>2023</u>
Prepaid Taxes - Cash Liability	\$ <u>4,145,984.75</u>	\$ <u>3,747,772.54</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 12: PENSION PLANS

Plan Descriptions

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or can be accessed online at <http://www.nj.gov/treasury/pensions/annual-reports.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State, or any county, Municipality, School District or public agency provided the employee is not required to be a member of another State-administered retirement system.

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

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Currently the member contribution rate is 7.50% of the employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 17.61% of the covered wages. The City's contribution to PERS for the years ended December 31, 2024, 2023 and 2022 were \$2,139,850, \$2,064,683 and \$1,843,642 respectively.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Currently, Members contribute at a rate of 10.0% of base salary. The current PFRS rate is 36.54% of the covered payroll. The City's contribution to PERS for the years ended December 31, 2024, 2023 and 2022 were \$4,966,633, \$4,772,801, and \$4,192,715 respectively.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of their base salary. For the Deferred Contribution Retirement

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 12: PENSION PLANS – Continued

Program, the City's contribution for the years ended December 31, 2024, 2023 and 2022 were \$62,367.68, \$67,903.30 and \$68,626.32 respectively.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the years ended December 31, 2024, 2023 and 2022 were \$310,000.00, \$300,000.00, and \$240,000.00. The City's Reserve for Lifeguard Pension at December 31, 2024, 2023 and 2022 were \$127,391.86, \$76,024.97 and \$28,706.05 respectively. The benefits paid by the trust for the year ended December 31, 2024, 2023 and 2022 were \$337,244.69, \$329,696.51 and \$300,280.80 respectively.

Significant Legislation

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

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of

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Note 12: PENSION PLANS – Continued

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 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 laws that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 13: PENSION LIABILITIES

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

The following represents the municipality's pension liabilities as June 30, 2023:

Public Employees' Retirement System

The Municipality has a liability of \$23,190,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 that was rolled forward to June 30, 2023. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Municipality's proportion would be 0.1601050772%, which would be a decrease of 2.21% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Municipality would have recognized pension expense of (\$539,365). At December 31, 2023, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
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Note 13: PENSION LIABILITIES (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 221,728	\$ (94,794)
Changes of assumptions	50,944	(1,405,427)
Changes in proportion	722,965	(774,836)
Net difference between projected and actual earnings on pension plan investments	106,794	-
Total	<u>\$ 1,102,431</u>	<u>\$ (2,275,057)</u>

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

Year ended June 30,	
2024	\$ (2,114,575)
2025	(839,631)
2026	1,881,423
2027	(115,903)
2028	16,061
Total	<u>\$ (1,172,626)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
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Note 13: PENSION LIABILITIES (Continued)

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 13: PENSION LIABILITIES (Continued)

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 27,963,950	\$ 23,190,218	\$ 19,131,549

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The City has a liability of \$41,222,359 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2022 that was rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Municipality's proportion would be 0.36698241%, which would be a decrease of .006% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Municipality would have recognized pension expense of \$2,333,494. At December 31, 2023, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 1,765,059	\$ (1,965,941)
Changes of assumptions	88,972	(2,783,497)
Changes in proportion	1,487,284	(357,081)
Net difference between projected and actual earnings on pension plan investments	2,099,377	
Total	<u>\$ 5,440,692</u>	<u>\$ (5,106,519)</u>

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
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Note 13: PENSION LIABILITIES (Continued)

Year ended June 30,		
2024	\$	987,346
2025		886,455
2026		(1,537,785)
2027		91,723
2028		(82,717)
Thereafter		(10,848)
Total	\$	<u>334,173</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation of July 1, 2021, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 13: PENSION LIABILITIES (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
Municipality's proportionate share of the net pension liability	55,079,803	41,222,359	29,681,848

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2023 State special funding situation net pension

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 13: PENSION LIABILITIES (Continued)

liability amount of \$2,035,866,759.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2023, State special funding situation, pension expense of \$231,575,656.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2023. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the City was 0.36698241% for 2023. The net pension liability amount allocated to the Municipality was \$7,595,699. For the fiscal year ending June 30, 2023 State special funding situation pension expense of \$863,995 is allocated to the City.

Pension plan fiduciary net position.

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

Note 14: ECONOMIC DEPENDENCY

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

Note 15: FUND BALANCES APPROPRIATED

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

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2024	\$ 10,363,442.31	\$ 5,500,000.00	53.07%
	2023	11,427,942.66	6,000,000.00	52.50%
	2022	11,072,417.90	5,700,000.00	51.48%
	2021	10,465,789.24	5,400,000.00	51.60%
	2020	6,571,432.10	3,150,000.00	47.93%

Note 16: CONTINGENT LIABILITIES

Grantor Agencies

The City receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023, the City estimates that no material liabilities will result from such audits.

Litigation

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

On February 14, 2024, a final judgement was rendered in the settlement of a condemnation matter. The City is responsible for paying \$2,135,000.00 which is payable in annual installments of \$213,500 beginning January 7, 2025, and continuing for nine consecutive years and the final payment shall be made no later than January 7, 2034.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriations for future payments of tax appeal losses. The City has tax appeals pending as of December 31, 2024, but the potential reduction in taxes if any is not known at this time.

Note 17: RISK MANAGEMENT

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

Property and Liability Insurance

The City maintains commercial insurance coverage for property, liability, and surety bonds. During the years ended December 31, 2024 and 2023, the City did not incur claims in excess of their coverage, and the amount of coverage did not significantly change from the prior year.

Note 18: POST- RETIREMENT BENEFITS (Other than SHBP)

The City offers Other Post-Retirement Benefits (OPEB) to its employees and eligible retirees and their dependents after 25 years or more of service. The City participates in this Program as a single-employer plan in accordance with GASB Statement 75 "Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions" ("OPEB").

Under this plan, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

The Regulatory Basis of Accounting does not permit the accrual of Actuarially determined OPEB Expenses or Liabilities. The City reports all OPEB related costs on the "pay as you go" basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the City.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 18: POST- RETIREMENT BENEFITS (Other than SHBP) (Continued)

Annual OPEB Cost and Net OPEB Liability

The actuarial valuation report was based on 446 total participants, 228 active and 218 retirees.

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

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events 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, 2024, actuarial valuation, the "Entry-Age-Normal as a Percentage of Salary" method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.28% and annual dental trend rate of 0% and vision cost trend rate of 4.5%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 20 years.

Other Post-employment Benefit Costs and Obligations

In the January 1, 2024, actuarial valuation, the Actuarially Determined Contribution for the year's ending December 31, 2024 were projected as follows:

	<u>12/31/2024</u>	<u>12/31/2023</u>
Actuarial determined contribution	\$ 184,165	223,939
Benefit payments	(22,318)	(27,975)
Contribution Deficiency	<u>161,847</u>	<u>195,964</u>
Covered Payroll	\$ 17,669,000	16,846,000
Actuarially Determined Contribution as a % of Covered Payroll	0.13%	0.17%

The following reflects the change in the Total OPEB Liability as of the January 1, 2024, valuation date for the years ended December 31, 2024.

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Note 18: POST- RETIREMENT BENEFITS (Other than SHBP) (Continued)

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
OPEB Liability, Beginning of Year	\$ 1,934,918	2,331,901	3,169,056
Changes for the Year:			
Service Cost	41,790	47,611	68,199
Interest	76,938	99,902	70,930
Changes of benefit terms	82,063,443		
Between Actual & Expected Experience	(305,949)	(620,004)	134,452
Changes of benefit terms	-	-	-
Change in Assumptions	(195,489)	103,483	(1,077,479)
Benefit Payments	(22,918)	(27,975)	(33,257)
OPEB Liability, End of Year	\$ <u>83,592,733</u>	<u>1,934,918</u>	<u>2,331,901</u>
Covered payroll (for Covered Participants)	\$ 17,669,000	16,846,000	15,464,000
Total OPEB liability as a percentage of covered payroll	473.10%	11.49%	15.08%
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
OPEB Liability, Beginning of Year	\$ 8,188,777	4,062,129	192,380,323
Changes for the Year:			
Service Cost	75,108	73,833	67,754
Interest	59,683	131,953	138,710
Assumption Changes & Difference			
Between Actual & Expected Experience	97,681	2,222,821	(190,765)
Changes of benefit terms	(5,082,123)	-	(188,556,557)
Change in Assumptions	(141,569)	1,727,016	248,746
Benefit Payments	(28,501)	(28,975)	(26,082)
OPEB Liability, End of Year	\$ <u>3,169,056</u>	<u>8,188,777</u>	<u>4,062,129</u>
Covered payroll (for Covered Participants)	\$ 14,769,000	12,039,000	24,472,500
Total OPEB liability as a percentage of covered payroll	21.46%	68.02%	16.60%

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

The January 1, 2024, valuation was prepared using a discount rate of 4.28%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB liability would increase. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to 3.28%. The Net OPEB Liability is listed below.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 18: POST- RETIREMENT BENEFITS (Other than SHBP) (Continued)

Discount Rate			
	1% Decrease	Discount Rate 4.28%	1% Increase
Total OPEB Liability	\$ <u>96,206,992</u>	\$ <u>83,592,733</u>	\$ <u>73,416,967</u>

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

The January 1, 2024, valuation was prepared using a flat trend rate of 4.5% decreasing to 5.5%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease 3.5% flat. The Net OPEB Liability is listed below.

Healthcare Cost Trend Rates			
	1% Decrease	Healthcare Trend Rates 4.5% flat	1% Increase
Total OPEB Liability	\$ <u>72,808,520</u>	\$ <u>83,592,733</u>	\$ <u>97,150,095</u>

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

For the year ended December 31, 2024, the City's Actuarially determined OPEB expense was \$82,406,279. At December 31, 2024, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 744,181	\$ (658,095)
Changes in assumptions	562,420	(755,803)
Total	\$ <u>1,306,601</u>	\$ <u>(1,413,898)</u>

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

For the Year Ending December 31,

2025	\$ 214,447
2026	214,443
2027	(349,815)
2028	(186,372)
2029	
	\$ <u>(107,297)</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 19 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The City of Ocean City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2023 were \$3,461,898,890 and \$11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2023 is as follows:

	<u>June 30, 2023</u>
	<u>Collective</u>
	<u>Total</u>
Total OPEB Liability	\$ 14,889,576,786.00
Plan Fiduciary Net Position (Deficit)	(116,962,691.00)
Net OPEB Liability	<u>\$ 15,006,539,477.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%

At June 30, 2023 the City's proportionate share for the Special Funding Situation that is associated with the City of Ocean City is \$23,570,150. The State's proportionate share attributable to the City of the Collective Net OPB Liability for the Special Funding Situation was .675538% which was a 2644.19% increase from the prior year of .024617%.

For the Year ended June 30, 2023, the State of New Jersey realized Total OPEB Expense in the amount of \$(4,273,729) for its proportionate share of Total OPEB Expense that is associated with the Municipality.

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Investment Rate of Return		
Including Inflation rate		3.65%
Salary increases*:		
PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	6.55
	5	5.75
	10	4.75
	15	3.75
	20	3.15

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

	25	2.85
	>=29	2.75
PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	16.25
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

Mortality:

Pre-Retirement Healthy Mortality:

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

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

Post-Retirement Healthy Mortality

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

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

Disable Retiree Mortality:

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

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

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

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

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 to June 30, 2021, respectively.

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

Discount Rate

The discount rate for June 30, 2023 was 3.65%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

		<u>1% Decrease</u> <u>(2.65%)</u>		<u>Discount Rate</u> <u>(3.65%)</u>		<u>1% Increase</u> <u>(4.65%)</u>
Collective						
Net OPEB Liability	\$	17,382,355,978	\$	15,006,539,477	\$	13,095,561,553
Proportionate Share						
Net OPEB Liability	\$	27,301,747	\$	23,570,150	\$	20,568,656

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

The following presents the net OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		<u>1% Decrease</u>		<u>Healthcare Cost</u> <u>Trend Rate</u>		<u>1% Increase</u>
Collective						
Net OPEB Liability	\$	12,753,792,805	\$	15,006,539,477	\$	17,890,743,651
Proportionate Share						
Net OPEB Liability	\$	20,031,854	\$	23,570,150	\$	28,100,250

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

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

	Collective Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 629,024,174	\$ (4,075,285,752)
Changes of assumptions	1,943,909,895	(4,241,868,248)
Net difference between projected and actual earnings on OPEB plan investments		(2,476,129)
Changes in proportion and differences between contributions and proportionate share of contributions	-	
Total	\$ 2,572,934,069	\$ (8,319,630,129)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals
2024	\$ (1,702,483,126)
2025	(1,394,440,795)
2026	(754,368,466)
2027	(353,621,247)
2028	(713,799,887)
Thereafter	(764,982,539)
Total	\$ (5,683,696,060)

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2023 are as follows:

Service cost	\$ 597,135,801
Interest on Total OPEB Liability	581,375,849
Expected Investment Return	3,134,857
Administrative Expenses	12,616,744
Changes of Benefit Terms	23,039,435
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(899,529,226)
Changes in Assumptions	(803,252,884)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	1,590,849
Total Collective OPEB Expense	\$ (483,888,575)

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Note 20: LEASE LIABILITIES

The City had the following lease agreements in effect for the year ended December 31, 2024.

Operating Lease:

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

Future minimum payments under this lease are as follows:

<u>Year Ending December 31</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 43,800.00	40,333.67	3,466.33
2026	43,800.00	41,839.81	1,960.19
2027	21,900.00	21,502.20	397.80
	<u>\$ 109,500.00</u>	<u>103,675.68</u>	<u>5,824.32</u>

Rental expenses charged to operations in 2024 were \$77,978.22.

NOTE 21. TAX ABATEMENTS

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

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

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

For the year ended December 31, 2024, the City abated property taxes totaling \$673,724.67.

<u>Purpose</u>	<u>Abatement</u>
Non-profit dedicated to helping those in need	\$ 423,164.23
Low and moderate income housing	50,385.01
Public Housing Entity	200,175.43
	<u>\$ 673,724.67</u>

Note 22: SUBSEQUENT EVENTS

Capital Ordinances

On January 9, 2025, the City adopted capital ordinance 24-21 which authorized the following projects to be completed. This bond ordinance increases the City's authorized debt by \$712,500.00.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

On May 8, 2025, the City adopted capital ordinance 25-06 which authorized the following projects to be completed. This bond ordinance increases the City's authorized debt by \$5,856,370.00.

On August 7, 2025, the City adopted capital ordinance 25-09 which authorized the following projects to be completed. This bond ordinance increases the City's authorized debt by \$912,000.00.

See table below for summary.

Project	Appropriation and Estimated Cost	Estimated Maximum Amount of Bonds & Notes
Various Improvements	\$ 6,914,600.00	\$ 6,568,870.00
Acquisition of Property	960,000.00	912,000.00
Total	<u>\$ 7,874,600.00</u>	<u>\$ 7,480,870.00</u>

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and August 7, 2025, the date the financial statements were available for issuance for possible disclosure and recognition in the financial statement and no additional items were noted for disclosure.

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SUPPLEMENTARY INFORMATION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Ocean City, State of New Jersey, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 7, 2025, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Ocean City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

August 7, 2025



INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE & NJ OMB 15-08

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Ocean City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of Ocean City's major federal programs for the year ended December 31, 2024. The City of Ocean City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Ocean City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08. Our responsibilities under those standards, OMB Circular Uniform Guidance and NJ OMB 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of this report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

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

August 7, 2025

CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal or State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal FAIN Number	Grant Period		Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures			(MEMO) Passed Through to Sub-Recipients
			From	To			Pass Through	Source	Total	
FEDERAL:										
Federal Emergency Management Agency	97.088	HMHP-DR-4264-0004	2018	Open	\$ 3,835,100.00					-
FEMA - NJ/DEM Cape May County Elevation Project 18-19	97.042	4264DRNJUP00	2018	Open	10,000.00		1,000.00		1,000.00	-
FEMA - NJ State Police	97.044	4086DRNJUP00	2017	Open	7,000.00					-
FEMA - NJ State Police - EMS	97.039	4676DRILP00000005	3/4/2023	3/4/2026	3,526,193.00		157,145.28		157,145.28	
FEMA - Hazardous Mitigation										
Total Federal Emergency Management Agency						-	158,145.28	-	158,145.28	-
U.S. Department of Treasury										
Pass Through State of New Jersey, County of Cape May										
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0002	3/3/2021	12/31/2024	1,196,000.00		15,916.55		15,916.55	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0002	3/3/2021	12/31/2024	3,739,892.00	3,739,892.00	3,739,892.00		3,739,892.00	
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0002	5/5/2023	7/31/2026	400,000.00	400,000.00	400,000.00		400,000.00	
Pass Through State of New Jersey, NJ Department of Community Affairs										
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1024	3/3/2021	12/31/2026	4,859,175.00	1,214,793.75				
Total Department of the Treasury						5,354,685.75	4,155,808.55	-	4,155,808.55	-
U.S. Department of Transportation										
FAA Airport Erosion Control Phase II - 19/20	20.106	AIP-#3-34-0029-19-2019	2019	2020	618,764.00					
FAA Airport Erosion Control Phase III - 20/21	20.106	AIP-#3-34-0029-22-2020	2020	2021	647,886.00					
FAA Light Obstruction Phase II - 19/20	20.106	AIP-#3-34-0029-19-2019	2019	2020	316,391.00					
FAA Seal Runway 6/24 Pavement Surface	20.106				371,164.00					
FAA Seal Runway, Taxiway & Terminal	20.106	AIP-#3-34-0029-027-2022	9/15/22	9/15/26	408,329.00	3,542.26				
FAA Seal Runway, Taxiway & Terminal	20.106	AIP-#3-34-0029-027-2023			141,064.00	3,084.89				
FAA Seal Taxiways & Terminal Apron	20.106	AIP-#3-34-0029-029-2024	6/18/24	6/18/28	296,424.00					
FAA Airport Rescue Grant	20.106	ARPA KW2022	1/31/22	1/31/26	22,000.00		294,993.00		294,993.00	
FAA CARES Coronavirus Response Grant	20.106	AIP-#3-34-0029-25-2021	2021	2025	9,000.00					
Total Federal Aviation Administration						6,627.15	-	294,993.00	294,993.00	-
U.S. Department of Transportation										
Highway Planning and Construction Cluster - Ashbury Avenue	20.205	6320-480-078-480	1/1/2021	Complete	185,000.00					
Total Department of Transportation										
U.S. Department of Housing and Urban Development										
Community Development Block Grant Program - COVID19	14.225	B-20-MW-34-0130	1/8/2021	9/1/2027	284,843.00		75,160.26		75,160.26	-
Passed through County of Cape May										
Community Development Block Grant - 16/17	14.218	B-17-MC-34-0130	2017	2018	274,765.00					-
Community Development Block Grant - 17/18	14.218	B-18-MC-34-0130	2018	2019	290,766.00					-
Community Development Block Grant - 18/19	14.218	B-19-MC-34-0130	8/27/2019	9/1/2027	278,423.00					-
Community Development Block Grant - 19/20	14.218	B-20-MC-34-0130	2020	2020	287,625.00					-
Community Development Block Grant - 20/21	14.218	B-21-MC-34-0130	2020	2021	287,625.00		15,711.29		15,711.29	-
Community Development Block Grant - 21/22	14.218	B-21-MC-34-0130	8/16/2021	9/1/2028	289,836.00	160,998.20	160,998.20		160,998.20	-
Community Development Block Grant - 22/23	14.218	B-22-MC-34-0130	9/1/2022	9/1/2029	277,154.00	2,877.55	4,344.26		4,344.26	-
Community Development Block Grant - 23/24	14.218	B-23-MC-34-0130	9/1/2023	9/1/2030	273,151.00	9,625.00	18,880.75		18,880.75	-
Total CDBG Entitlement Grants (Cluster)						71,255.89	109,697.32		109,697.32	
Total Federal Assistance						244,856.64	384,792.08	-	384,792.08	-
						\$ 5,606,169.54	4,698,745.91	294,993.00	4,993,738.91	-

See Accompanying Notes to Schedule of Federal Awards State Financial Assistance

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2024

Note 1: General

The accompanying schedule of expenditures of federal awards and state financial assistance includes federal and state award activity of the City of Ocean City. The City is defined in Note 1 to the City's financial statements – regulatory basis.

Note 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP). The City has elected not to use the 10% de minimis indirect cost rate.

Note 3: Relationship to General-Purpose Financial Statements

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 4,993,738.91	607,959.71	5,601,698.62
General Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Financial Assistance	\$ <u>4,993,738.91</u>	<u>607,959.71</u>	<u>5,601,698.62</u>

Note 4: Relationship to Federal Financial Reports

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

**CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2024**

Exhibit K-6

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse under GAAP, Unmodified under Regulatory Basis

Internal control over financial reporting:

1) Material weakness identified? No

2) Significant deficiencies identified? None reported

Noncompliance material to basic financial statements noted? No

Federal Awards

Internal control over major programs:

1) Material weakness identified? No

2) Significant deficiencies identified? No

Type of auditor's report issued on compliance for Major programs An Unmodified Opinion was issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Uniform Guidance? No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	SLFRP0002	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? No

**CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2024
(CONTINUED)**

Exhibit K-6

Section I – Summary of Auditor's Results (Continued)

State Awards Not applicable

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

Auditee qualified as low-risk auditee?

Internal Control over major programs:

1) Material weaknesses identified?

2) Significant deficiencies identified?

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?

Identification of major programs:

State Grant Number(s)

Name of State Program

Section II - Financial Statement Findings

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

**CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2024
(CONTINUED)**

Exhibit K-6

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

FEDERAL AWARDS

Our audit disclosed no matters to be reported.

STATE AWARDS

Not applicable

Exhibit K-7

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

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

Financial Statement Findings

No matters were reported.

Federal:

Not applicable.

State:

No matters were reports.

EXHIBIT - A
CURRENT FUND

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**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2023	\$ 18,180,435.47	3,476,338.04
Increased by Receipts:		
Tax Collector	145,316,283.91	
Senior & Vets Deductions	63,250.00	
Revenue Accounts Receivable	26,351,651.62	
Reserve for Payroll Taxes Payable	64,570,964.56	
Reserve for Health Insurance Claims	8,887,363.63	
Prepaid Beach Tags	222,798.10	
Change Funds Returned	31,450.00	
Due from Federal and State Grant Fund	67.50	-
Matching Funds for Grants		32,477.10
Federal and State Unappropriated		24,358.28
Federal and State Receivables		4,058,041.64
	<u>245,443,829.32</u>	<u>4,114,877.02</u>
	263,624,264.79	7,591,215.06
Decreased by Disbursements:		
Current Year Appropriation	102,167,639.77	
Prior Year Appropriations	1,404,673.55	
Accounts Payable		
County Taxes	42,727,698.41	
County Added Taxes	399,740.44	
Local District School Taxes	25,151,231.00	
Special Improvement District Taxes	185,380.00	
Due to Trust Other Fund - COAH	254,908.46	
Tax Sale Premiums	4,800.00	
Payroll Taxes Payable	64,554,089.17	
Reserve for Health Insurance Claims	8,915,695.36	
Change Funds Created	31,400.00	
Refund of Tax Overpayments	40,024.71	
Matching Funds Due to Grant Fund	32,477.10	
Due Current Fund		67.50
Federal and State Disbursements		6,209,833.25
	<u>245,869,757.97</u>	<u>6,209,900.75</u>
Balance December 31, 2024	<u>\$ 17,754,506.82</u>	<u>1,381,314.31</u>

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

Balance December 31, 2023		\$	207,677.84
Increased by Receipts:			
Prepaid Taxes	4,145,984.75		
Taxes Receivable	140,965,269.45		
Revenue Accounts Receivable	230,663.46		
COAH Fees due to Trust Other Fund	254,908.46		
Tax Sale Premiums	4,800.00		
Tax Overpayments	39,226.69		
			<u>145,640,852.81</u>
			145,848,530.65
Payments to Treasurer			<u>145,316,283.91</u>
Balance December 31, 2024		\$	<u><u>532,246.74</u></u>

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

Year	Balance Dec. 31, 2023	Current Year Levy	Added Taxes	Collections by Cash		Overpayments Applied	Canceled	Transferred To Tax Title Lien	Balance Dec. 31, 2024
				2023	2024				
2023	\$ 796,556.83		750.00		797,281.62		19.67		5.54
	796,556.83	-	750.00	-	797,281.62	-	19.67	-	5.54
2024		143,531,109.37	1,349,366.16	3,747,772.54	140,231,987.83		21,377.64	1,541.60	877,795.92
\$	796,556.83	143,531,109.37	1,350,116.16	3,747,772.54	141,029,269.45	-	21,397.31	1,541.60	877,801.46
Analysis of Current Year Tax Levy									
Tax Yield:									
General Property Tax									
Special Improvement District Tax									
Penalty									
Omitted Taxes (54:4-63.1 et. Seq.)									
Added Taxes (54:4-63.1 et. Seq.)									

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

Balance December 31, 2023		\$	8,972.18
Increased by:			
Transfers from Taxes Receivable	1,541.60		
Interest and Costs Accrued by Sale	-		
	<hr/>		<hr/>
			1,541.60
Balance December 31, 2024		\$	<u><u>10,513.78</u></u>

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance December 31, 2023 Encumbered	Reserved	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"					
EXECUTIVE BRANCH					
Mayor's Office					
Other Expenses	\$	326.86	326.86	155.22	171.64
ADMINISTRATION DEPARTMENT					
City Administrator					
Salaries and Wages		10,060.18	10,060.18	10,000.00	60.18
Other Expenses	5,000.00	17.04	5,017.04	17.05	4,999.99
Human Resources					
Other Expenses	18,123.77	56,014.72	74,138.49	18,364.80	55,773.69
Purchasing Division					
Other Expenses	100.00	3,129.66	3,229.66	351.21	2,878.45
Emergency Management					
Other Expenses	937.48	370.70	1,308.18	1,146.01	162.17
COMMUNITY SERVICE DEPARTMENT					
Public Relations					
Salaries and Wages		61,974.60	61,974.60	39,348.61	22,625.99
Other Expenses	62,241.05	20,185.73	82,426.78	22,225.22	60,201.56
Aquatic and Fitness Center					
Salaries and Wages		4,376.09	4,376.09	4,376.09	
Other Expenses	9,110.88	2,112.76	11,223.64	8,699.99	2,523.65
Recreation & Leisure Programs					
Salaries and Wages		24.64	24.64	24.64	
Other Expenses	1,143.78	12,191.54	13,335.32	512.82	12,822.50
Music Pier Operations					
Salaries and Wages		70.41	70.41	70.41	
Other Expenses	4,269.76	3,000.00	7,269.76	6,291.57	978.19
DEPARTMENT OF OPERATIONS & ENGINEERING					
Administration					
Salaries and Wages		32,366.09	12,366.09	12,366.09	
Other Expenses	510.61	4,631.73	5,142.34	1,890.96	3,251.38
Engineering and Project Management					
Salaries and Wages		3,903.06	3,903.06	3,903.06	
Other Expenses	1,209.40	9,466.16	10,675.56	1,268.45	9,407.11
Municipal Code and licensing					
Salaries and Wages		8,805.50	8,805.50	6,803.36	2,002.14
Other Expenses	2,176.00	3,404.05	5,580.05	3,025.00	2,555.05
Planning Board					
Other Expenses		8,164.70	8,164.70	83.50	8,081.20
Facility Maintenance					
Salaries and Wages		20.05	20.05	20.05	
Other Expenses	26,939.30	22,336.73	49,276.03	45,991.14	3,284.89
Environmental Operations					
Salaries and Wages		644.84	644.84	644.84	
Other Expenses					
Miscellaneous Other Expenses	46,698.00	27,605.66	74,303.66	56.00	74,247.66
Trash & Recycling	262,675.49	62,925.28	325,600.77	240,777.65	84,823.12
Field Operations					
Salaries and Wages		25.84	25.84	25.84	
Other Expenses	5,580.84	1,285.39	6,866.23	6,835.39	30.84
Fleet Maintenance					
Other Expenses	30,033.33	6.78	30,040.11	20,425.11	9,615.00
LAW DEPARTMENT					
Legal Division					
Salaries and Wages		25,534.16	25,534.16	17,439.00	8,095.16
Other Expenses	43,259.84	52,676.70	95,936.54	26,724.36	69,212.18
Public Defender					
Other Expenses	4,385.57	924.67	5,310.24	3,485.57	1,824.67
STATUTORY OFFICES					
City Clerk					
Other Expenses	3,336.00	9,232.66	12,568.66	4,642.50	7,926.16

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance December 31, 2023 Encumbered	Reserved	Balance After Transfers	Paid or Charged	Balance Lapsed
City Council					
Other Expenses	2,645.00	7,090.09	9,735.09	1,995.00	7,740.09
Municipal Court					
Other Expenses	5,060.00	6,904.68	11,964.68	1,375.00	10,589.68
FINANCIAL MANAGEMENT					
Treasurer's Office					
Audit Services	4,240.00		4,240.00		4,240.00
Other Expenses	1,416.35	20,315.65	21,732.00	5,259.98	16,472.02
Accounting Division					
Salaries and Wages		22,379.74	22,379.74	22,000.00	379.74
Other Expenses		11.99	11.99		11.99
Parking Regulation					
Other Expenses	4,080.61	48,708.37	12,788.98	5,003.74	7,785.24
Property Assessment Division					
Salaries and Wages		1,123.94	1,123.94	1,123.94	
Other Expenses	21,825.90	1,266.19	23,092.09	14,882.95	8,209.14
Beach Fee Regulation Division					
Other Expenses		9,006.22	9,006.22	4,986.50	4,019.72
Tax Collection Division					
Salaries and Wages		589.57	589.57	589.57	
Other Expenses		4,883.58	4,883.58	116.00	4,767.58
Revenue Collection					
Salaries and Wages		11,013.74	11,013.74	11,013.74	
Other Expenses	7,687.25	13,391.66	15,078.91	9,397.94	5,680.97
DEPARTMENT OF POLICE					
Police Protection Division					
Salaries and Wages		80,884.54	80,884.54	7,060.16	73,824.38
Miscellaneous Other Expenses	61,803.82	12.10	61,815.92	57,774.54	4,041.38
Purchase of Vehicles	197,188.35	488.31	197,676.66	197,188.35	488.31
Information Technology					
Other Expenses	250.00	10,354.94	10,604.94	10,600.24	4.70
DEPARTMENT OF FIRE					
Rescue Services Division					
Other Expenses	14,499.13	4,123.20	18,622.33	13,977.57	4,644.76
Lifeguards Division					
Other Expenses	15,152.93	1,897.89	17,050.82	14,896.57	2,154.25
Fire Protection and Prevention					
Other Expenses	11,900.59	16,505.87	28,406.46	24,607.24	3,799.22
INSURANCE					
General Liability		16,640.39	16,640.39		16,640.39
Employee Group Health	11,380.71	2,325.37	13,706.08	2,796.58	10,909.50
OTHER					
City Wide Operations					
Finance - Other Expenses	39,735.95	20,441.59	60,177.54	41,297.86	18,879.68
City Wide Operations					
Operations & Engineering - Other Expenses	115,117.43	98,060.18	213,177.61	181,299.40	31,878.21
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Salaries and Wages		3.23	3.23	3.23	
Other Expenses	7,075.00	4,591.73	11,666.73	485.00	11,181.73
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	61,434.37		66,434.37	61,913.82	4,520.55
Street Lighting	8,905.21		56,905.21	51,323.65	5,581.56
Telephone	9,615.14	23,325.57	32,940.71	19,671.73	13,268.98
Water	60,836.81		80,836.81	80,190.22	646.59
Fuel Oil	179.33		28,179.33	28,100.81	78.52
Gasoline	66,571.72		31,571.72	25,750.71	5,821.01
Other Accounts No Change		65,478.99	65,478.99		65,478.99
	<u>\$ 1,256,332.70</u>	<u>939,634.30</u>	<u>2,195,967.00</u>	<u>1,404,673.55</u>	<u>791,293.45</u>
				Cash Disbursed	1,404,673.55
				Accounts Payable	-
					<u>1,404,673.55</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2023		
School Tax Payable	\$ -	
School Tax Deferred	<u>12,476,739.50</u>	\$ 12,476,739.50
Increased by:		
Levy - School Year July 1, 2024 to June 30, 2025		<u>25,348,983.00</u>
		37,825,722.50
Decreased by:		
Payments		<u>25,151,231.00</u>
Balance December 31, 2024		
School Tax Payable	-	
School Tax Deferred	<u>12,674,491.50</u>	<u>12,674,491.50</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		25,151,231.00
Tax Payable Ending		<u>-</u>
		25,151,231.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 25,151,231.00</u></u>

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

<u>Purpose</u>	Balance	Transferred	Received	Transfer from	Balance
	Dec. 31, 2023	From 2024			Unappropriated
FEDERAL GRANTS:					
FAA - Airport Lighting Obstruction Phase I - 18/19	\$ 7,890.08				7,890.08
FAA Cares Coronavirus Response Grant (ACRGP)	9,000.00				9,000.00
FAA Cares Act Airport Grant	20,000.00				20,000.00
FAA Seal Runway 6/24 Pavement Surface	340,131.38		3,542.26		336,589.12
FAA Airport Rescue Grant	22,000.00				22,000.00
USDOT FAA Airport Erosion Control Phase II	88,083.24				88,083.24
USDOT FAA Airport Erosion Control Phase III	27,656.01				27,656.01
USDOT FAA Airport Seal Runway, Taxiway & Terminal	4,594.93		3,084.89		1,510.04
USDOT FAA Airport Seal Runway, Taxiway & Terminal 2023	126,957.00				126,957.00
FAA Seal Taxiways & Terminal Apron		266,781.00			266,781.00
USDOT FAA Light Obstruction Phase II	56,906.27				56,906.27
USDOT Airport Fuel Farm	285,898.80				285,898.80
Community Development Block Grant 18/19	147,686.20				147,686.20
Community Development Block Grant 19/20	10,376.74				10,376.74
Community Development Block Grant 20/21	160,998.20		160,998.20		-
Community Development Block Grant 21/22	262,704.39		2,977.55		259,726.84
Community Development Block Grant 22/23	230,466.05		9,625.00		220,841.05
Community Development Block Grant 23/24	273,151.00		71,255.89		201,895.11
FEMA - NJOEM Cape May County Elevation Project 18-19	1,348,315.02				1,348,315.02
FEMA HMGP Elevation of Residential Structures		3,526,193.00			3,526,193.00
CV Coronavirus Aid, Relief and Economic Security Act 20-21	193,014.67				193,014.67
American Rescue Merion Park - ARPA	400,000.00		400,000.00		
American Rescue - SLFRF Merion		3,739,892.00		3,739,892.00	
American Rescue NJ DCA Boardwalk Preservation		4,859,175.00	1,214,793.75		
Total Federal	4,015,829.98	12,392,041.00	1,866,277.54	3,739,892.00	10,801,701.44
					3,644,381.25

3,644,381.25

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

<u>Purpose</u>	<u>Balance Dec. 31, 2023</u>	<u>Transferred From 2024 Revenues</u>	<u>Received</u>	<u>Transfer from Unappropriated</u>	<u>Balance Dec. 31, 2024</u>
STATE GRANTS:					
NJ DOT - 2019 West Avenue 26th - 32nd	60,000.00		60,000.00		43,750.00
NJ DOT - 2021 West 18th - 26th	43,750.00				
NJ DOT 2020 - Asbury Avenue	46,250.00		46,250.00		170,085.00
NJ DOT- West Ave 15th-18th Streets	170,085.00				45,000.00
NJ DOT- West Ave North to 9th Street	45,000.00				
NJ DOT - Lagoon Dredging	1,743,013.14		1,743,013.14		580,000.00
NJ DOT - Set Aside program	580,000.00				203,316.00
NJ DOT 2024 - West 9th - 11th Streets	203,316.00				5,000.00
NJ DEP - Electric Vehicle Charging Grant	5,000.00				
Body Armor Grant		4,851.19		4,851.19	
Clean Communities Program		119,916.65	119,916.65		
Body Worn Camera Assistance Program	104,345.60				104,345.60
Recycling Tonnage Grant		29,441.04	29,441.04		146.62
ANJEC Open Space Stewardship	146.62				10,000.00
NJ Water Resource Planning- Stormwater Assistance	10,000.00				
Opioid Settlement Fund		193,143.27	193,143.27		11,130.92
NJ 2015 Recreation Opportunity (ROID)	11,130.92				
Total State	3,022,037.28	347,352.15	2,191,764.10	4,851.19	1,172,774.14
OTHER GRANTS:					
Reeve Foundation- Accessible Beach Mats					
Total Other	-	-	-	-	-
\$	7,037,867.26	12,739,393.15	4,058,041.64	3,744,743.19	11,974,475.58

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2023		Reserve for Encumbrances	Appropriations	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2024
	Appropriated	Encumbrances						
FEDERAL GRANTS:								
Community Development Block Grant 16/17	\$ 7,600.00							7,600.00
Community Development Block Grant 17/18	189,956.05							189,956.05
Community Development Block Grant 18/19	79,246.80		12,428.00			8,000.00		83,674.80
Community Development Block Grant 19/20	36,633.94				15,711.29			20,922.65
Community Development Block Grant 20/21	171,648.65				160,998.20			10,650.45
Community Development Block Grant 21/22	215,990.58				4,344.26			211,646.32
Community Development Block Grant 22/23	213,360.70		11,073.75		21,454.50	8,500.00		194,479.95
Community Development Block Grant 23/24	228,799.00		44,352.00		66,006.77	88,042.55		119,101.68
CV Coronavirus Aid, Relief & Economic Security Act (CDBG)	192,272.32				3,457.86	71,702.40		117,112.06
USDOT FAA Airport Erosion Control Phase II	84,223.50		5,842.02			5,842.02		84,223.50
USDOT FAA Airport Erosion Control Phase III	40,648.43		32,115.71			32,115.71		40,648.43
USDOT FAA Light Obstruction Phase II	30,833.00		2,947.64			2,947.64		30,833.00
USDOT FAA - Airport Lighting Obstruction Phase I - 18/19			1,155.48					1,155.48
USDOT FAA - Seal Runway, Taxiway & Terminal	1,275.00		4,594.92		104,132.31	4,594.92		1,275.00
FAA Airport Rescue Grant	22,000.00		139,789.00			35,656.69		22,000.00
FAA Cares Coronavirus Response Grant (ACRGP)	9,000.00							9,000.00
FAA Seal Runway Pavement Surface	1,475.00		81,458.10	296,424.00	35,527.63	9,242.47	36,688.00	1,475.00
FAA Seal Taxiways & Terminal Apron					23,315.85	271,677.15		1,431.00
Coronavirus State and Local Fiscal Recovery Funds	16,094.14		244,852.21		223,635.73	37,133.03		177.59
Coronavirus State and Local Fiscal Recovery Funds	400,000.00				400,000.00			
American Rescue - NJDCA Boardwalk Preservation				4,859,175.00				4,859,175.00
American Rescue - SLFRF Merion				3,739,892.00				
FEMA HMGP Elevation of Residential Structures	1,305,125.01			3,526,193.00	18,153.07	138,992.21		3,369,047.72
FEMA - NJOEM Cape May County Elevation Project 18-19	7,000.00							1,305,125.01
FEMA - OEM Grant	7,597.73							7,000.00
FEMA - NJ State Police - EMS					1,000.00			6,597.73
Total Federal	3,260,779.85	580,608.83		12,421,684.00	4,817,629.47	714,446.79	36,688.00	10,694,308.42

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2023		Appropriations	Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2024
	Appropriated	Reserve for Encumbrances					
STATE GRANTS:							
Clean Communities 2024			119,916.65		27,759.37		92,157.28
Clean Communities 2023	102,973.97	2,602.28		76,018.86	29,557.39		
Clean Communities 2022		2,005.22		2,005.22			
Drunk Driving Enforcement 20-21	6,613.65			2,212.65			4,401.00
Recycling Tonnage Grant 2024			29,441.04				29,441.04
Recycling Tonnage Grant 2023	25,336.38			16,466.91			8,869.47
Alcohol Education and Rehabilitation	90.91						90.91
Body Armor Replacement Fund			4,851.19	4,851.19			0.00
Bullet Proof Vest	6,346.89			6,346.89			
Body Worn Camera Assistance Program 2022	34,565.56						34,565.56
N.J. Transportation Trust Fund Authority Act 2021	175,000.00						175,000.00
NJ DOT - Airport Fuel Farm	250,428.86						250,428.86
NJ DOT- West Ave 15th-18th Streets	170,085.00	180,000.00		180,000.00	170,085.00		
NJ DOT- West Ave North to 9th Street		1,060,522.74		1,060,522.74			
NJ DOT - Lagoon Dredging							
NJ DOT - Set Aside program	580,000.00						580,000.00
NJ DOT 2024 - West 9th - 11th Streets	203,316.00	431.59		431.59	203,316.00		
NJ Cooperative Wetlands Restoration							
NJ Water Resource Planning- Stormwater Assistance	25,000.00						25,000.00
Opicoid Settlement Fund	70,055.41		193,143.27	33,347.73	30,600.00		199,250.95
Opicoid - Noat II	8,763.71						8,763.71
ANJEC Open Space Stewardship	398.34						398.34
NJ 2015 Recreation Opportunity (ROID)	11,130.92						11,130.92
Community Energy Planning Grant	10,000.00			10,000.00			
OTHER GRANTS:							
Total State	1,680,105.60	1,245,561.83	347,352.15	1,392,203.78	461,317.76	-	1,419,498.04
Municipal Alliance							
Christopher & Dana Reeve Foundation- Accessible Beach Mats	2,406.00		2,834.10				5,240.10
Total Other	2,406.00	-	2,834.10	-	-	-	5,240.10
\$	4,943,291.45	1,826,170.66	12,771,870.25	6,209,833.25	1,175,764.55	36,688.00	12,119,046.56

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2023</u>	<u>Transferred to Budget</u>	<u>Received</u>	<u>Balance Dec. 31, 2024</u>
FEDERAL GRANTS:				
Coronavirus Stimulus Funds	\$ 3,739,892.00	3,739,892.00		-
Total Federal	<u>3,739,892.00</u>	<u>3,739,892.00</u>	<u>-</u>	<u>-</u>
STATE GRANTS:				
Bullet Proof Vest			11,003.59	11,003.59
Body Armor Fund	4,851.19	4,851.19	5,064.28	5,064.28
Total State	<u>4,851.19</u>	<u>4,851.19</u>	<u>16,067.87</u>	<u>16,067.87</u>
OTHER GRANTS:				
Opioid Settlement Fund			8,290.41	8,290.41
Total Other	<u>-</u>	<u>-</u>	<u>8,290.41</u>	<u>8,290.41</u>
	<u>\$ 3,744,743.19</u>	<u>3,744,743.19</u>	<u>24,358.28</u>	<u>24,358.28</u>

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EXHIBIT - B
TRUST FUND

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TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER

Balance December 31, 2023		\$	50,343.71
Increased by:			
Cash Receipts for:			
Dog Licenses Collected	2,599.60		
Municipal Portion	7,870.00		
Dog Park	34.06		
Interest on Investments			
			<u>10,503.66</u>
			60,847.37
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	-		
Dog Park	7,372.69		
Due to Current	33.54		
			<u>7,406.23</u>
Balance December 31, 2024		\$	<u><u>53,441.14</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2023		\$	12,920,313.86
Increased by:			
Cash Receipts for Trust Reserves:	5,676,143.56		
	<hr/>		<hr/>
			5,676,143.56
			18,596,457.42
Decreased by:			
Cash Disbursed for Trust Reserves	3,800,055.71		
Encumbrances Payable	295,141.47		
	<hr/>		<hr/>
			4,095,197.18
Balance December 31, 2024		\$	<u><u>14,501,260.24</u></u>

TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2023	\$	50,343.71
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Increased by:

Dog License Fees Collected - Municipal	2,599.60	
Dog Park Fees	7,870.00	
Interest on Investments - Due Current	34.06	
		10,503.66

		60,847.37
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Decreased by:

Dog Park	7,372.69	
Encumbrances Payable	16,489.19	
Interest on Investments - Due Current	33.54	
		23,895.42

Balance December 31, 2024	\$	36,951.95
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License Fees Collected

Year	Amount
2023	10,692.40
2022	12,605.80
	23,298.20

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2023	Cash Receipts	Cash Disbursed	Encumbrance	Balance Dec. 31, 2024
Tax Premiums	\$ 156,700.00	4,800.00	57,900.00		103,600.00
Tax Title Lien Redemption	1,002.45	97,355.37	97,355.37		1,002.45
Dedicated Recreation Trust	260,190.26	1,585,117.10	1,407,981.16	52,019.95	385,306.25
OC Tourism Development	305,349.15	595,921.91	716,278.48		184,992.58
Law Enforcement Trust	36,407.98	2,108.36	7,819.86	459.75	30,236.73
Parking Offenses Adjudication Act	35,794.95	3,353.61	21.78		39,126.78
Cash Performance Deposits	1,020,071.27	575,624.48	410,288.68	5,635.20	1,179,771.87
Dedicated Fire Penalties	17,244.44	11,373.80	12,296.26		16,321.98
Lifeguard Pension	76,024.97	388,611.58	337,244.69		127,391.86
Shade Trees	17,523.10	4,212.58	148.27		21,587.41
COAH	9,632,491.83	1,637,926.07		12,120.00	11,258,297.90
Property Liability		160,000.00	148,468.22		11,531.78
Merchant Fees	16,246.12	387,785.39	386,927.00	56.75	17,047.76
Planning & Zoning Developer's Escrow	244,344.90	221,953.31	217,325.94		248,972.27
\$	<u>11,819,391.42</u>	<u>5,676,143.56</u>	<u>3,800,055.71</u>	<u>70,291.65</u>	<u>13,625,187.62</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

Balance December 31, 2023		\$	30,187,859.84
Increased by:			
Bond Anticipation Notes	32,990,500.00		
Bonds Issued	48,685,000.00		
Current Fund Appropriations:			
Capital Improvement Fund	1,200,000.00		
Reserve for Construction of Airport Terminal	36,431.92		
Reserve for Debt Service:			
FEMA - Sandy	415,446.66		
Other	1,067,801.81		
Bond Resizing	1,315,000.00		
Premium on Notes	338,851.98		
			<u>86,049,032.37</u>
			116,236,892.21
Decreased by:			
Improvement Authorizations	25,838,623.72		
Encumbrances	10,566,471.95		
Bond Anticipation Notes	38,500,000.00		
Due Current Fund	530,000.00		
			<u>75,435,095.67</u>
Balance December 31, 2024		\$	<u><u>40,801,796.54</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2023	Receipts		Disbursements		Transfers		Balance Dec. 31, 2024
		Miscellaneous	Bonds/ Notes Issued	Improvement Authorizations	Miscellaneous	From	To	
\$								
Fund Balance	850,851.24					850,000.00		851.24
Capital Improvement Fund	1,463,452.53	1,200,000.00				2,618,550.00		44,902.53
Reserve for Debt Service	3,154,009.61	1,822,100.45			530,000.00	3,030,297.01		1,415,813.05
Encumbrances Payable	10,707,589.80				10,566,471.95	13,559.34	23,291,342.69	23,418,901.20
Due from Current Fund	-							-
Reserve for Construction of Airport Terminal	1,036,158.89	36,431.92						1,072,590.81
Improvement Authorizations:								
13-04 Various Improvements	0.24							399.23
15-09 Various Improvements	0.10						398.99	0.10
15-17 Various Improvements	0.10							0.10
15-29 Roads & Drainage	1,147.46							1,147.46
16-01 Various Improvements	45.50							45.50
16-10 Acquisition of Property	92.30							92.30
16-19 Various Improvements	30,752.50					29,154.50		1,598.00
17-01 Various Improvements	1,942.28			1,942.28				0.00
17-09 Various Improvements							546.98	546.98
18-02 Various Improvements	(15,475.00)							(15,475.00)
18-08 Various Improvements	(22,727.50)			2,564.94		2,207.55	1,442.09	(27,499.99)
19-07 Various Improvements	1,163,933.44							1,165,375.53
19-08 Affordable Housing	46,057.00							46,057.00
19-09 Lagoon & Backbay Dredging								5,806.92
19-18 Various Improvements	(36,750.00)							(36,750.00)
19-19 Acquisition of Property	(5,000.00)							(5,000.00)
20-02 Acquisition of Property - 1600 Haven	(17,750.00)							(17,750.00)
20-04 Acquisition of Property - 1600 Haven/Simpson	(23,000.00)							(23,000.00)
20-11 Various Improvements	766,727.53					53,774.00		536,348.14
20-16 Public Safety Building - Design	(45,000.00)			176,605.39				(45,000.00)
20-17 Capital Ordinance - Vehicle & Equipment	5,155.70			4,649.60				506.10
20-18 Acquisition of Property - 1600 Haven/Simpson	(37,250.00)							(37,250.00)
20-19 Acquisition of Property - 109 16th St								
20-20 Acquisition of Property - 1600 Haven Ave	(2,000.00)							(2,000.00)
21-18 FEMA Elevation Project - Ocean Aire Condos	(3,035,661.37)							
21-22 Various Improvements	5,994,513.04					1,251,029.19	3,035,661.37	226,953.83
22-03 Acquisition of Property - 109 16th Street, 1600 Haven	441,152.00			4,516,530.02				0.00
22-04 Acquisition of Property - 1600 BI Haven/Simpson	43,100.00			441,152.00				(6,900.00)
22-11 Various Capital Improvements	2,196,554.00			50,000.00				113,039.13
23-16 Various Improvements	5,798,210.70		11,500,000.00	997,662.88		1,085,851.99		3,377,890.15
23-23 Various Improvements	(272,972.25)		10,300,000.00	2,801,459.74		11,118,860.81		2,345,863.28
23-28 Acquisition of Property - 1600 BI Haven/Simpson			9,490,500.00	1,729,253.51		5,951,910.96	499,500.00	
24-04 Environmental Remediation				452,720.86		236,279.14	850,000.00	161,000.00
24-08 Various Improvements			13,200,000.00	1,411,337.78		3,562,274.55	1,804,050.00	10,030,437.67
24-11 Various Improvements				3,262,744.72			315,000.00	(2,947,744.72)
\$	30,187,859.84	3,058,532.37	44,490,500.00	25,838,623.72	11,096,471.95	29,803,749.04	29,803,749.04	40,801,796.54

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

Balance December 31, 2023		\$	1,463,452.53
Increased by:			
Budget Appropriation	1,200,000.00		
	<hr/>		<hr/>
			1,200,000.00
			2,663,452.53
Decreased by:			
Improvement Authorizations	2,618,550.00		
	<hr/>		<hr/>
			2,618,550.00
Balance December 31, 2024		\$	<u><u>44,902.53</u></u>

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

Balance December 31, 2023		\$	134,671,791.77
Increased by:			
Serial Bonds Issued	48,685,000.00		
	<hr/>		<hr/>
			48,685,000.00
			183,356,791.77
Decreased by:			
Serial Bonds Paid & Refunded	14,635,000.00		
Greet Trust Loans Paid	34,042.57		
	<hr/>		<hr/>
			14,669,042.57
Balance December 31, 2024		\$	<u><u>168,687,749.20</u></u>

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**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2023		Authorizations		Encumbrance	Encumbrance Canceled	Balance December 31, 2024		
				Funded	Unfunded	Fund Balance/ Capital Improvement Fund	Deferred Charges to Future Taxation			Paid or Charged	Funded	Unfunded
13-04	Various Improvements	2/28/2013	5,788,000	\$	0.24				398.99	399.23		
15-09	Various Improvements	3/26/2015	8,293,300		0.10					0.10		
15-17	Various Improvements	8/13/2015	2,693,000		0.10					0.10		
15-29	Various Improvements	12/17/2015	2,100,000		1,147.46					1,147.46		
16-01	Various Improvements	2/25/2016	17,504,500		45.50					45.50		
16-10	Acquisition of Property	5/12/2016	500,000		92.30					92.30		
16-19	Various Improvements	8/11/2016	18,965,000		30,752.50			29,154.50		1,598.00		
17-01	Various Improvements	2/23/2017	12,182,500		1,942.28					0.00		
17-09	Various Improvements	5/23/2017	18,466,000		(0.00)				546.98			
18-08	Various Improvements	7/12/2018	10,250,000			14,772.50					10,000.01	
19-07	Various Improvements	3/14/2019	7,914,200		1,163,933.44	18,490.00			1,442.09	1,165,375.53	18,490.00	
19-08	Affordable Housing	3/14/2019	6,650,000		46,057.00					46,057.00		
19-09	Lagoon & Backbay Dredging	6/27/2019	9,000,000		(0.00)				5,806.92	5,806.92		
20-11	Various Improvements	6/25/2020	15,959,000		766,727.53	61,050.00						
20-17	Capital Ordinance - Vehicle & Equipment	11/19/2020	645,000		5,155.70						61,050.00	
21-18	FEMA Elevation Project - Ocean Aire Condos	5/27/2021	3,070,000			34,338.63						
21-22	Various Improvements	9/9/2021	18,428,500			6,001,588.04					39,702.99	
22-03	Acquisition of Property - 109 16th Street, 1600 Haven	3/24/2022	3,150,000			441,152.00		1,251,029.19	5,364.36	226,953.83	7,075.00	
22-11	Acquisition of Property - 1600 BI Haven/Simpson	3/24/2022	3,110,000			50,000.00						
23-16	Various Capital Improvements	8/11/2022	10,945,000			2,294,304.00		1,085,851.99		113,039.13	97,750.00	
23-23	Various Improvements	5/25/2023	29,759,000			24,369,260.70		11,118,860.81		3,377,890.15	7,071,050.00	
23-26	Various Improvements	9/28/2023	10,900,000			10,082,027.75		5,951,910.96			2,400,863.28	
23-28	Acquisition of Property - 1600 BI Haven/Simpson	1/11/2024	9,990,000				499,500.00					
24-04	Environmental Remediation	3/28/2024	850,000				850,000.00	236,279.14		161,000.00		
24-08	Various Improvements	6/13/2024	36,081,000				1,804,050.00	3,562,274.55			31,107,387.67	
24-11	Various Improvements	9/26/2024	6,300,000				315,000.00	3,262,744.72			3,037,255.28	
				\$	2,015,854.15	43,366,983.62	3,468,550.00	23,291,342.69	13,559.34	5,636,806.47	43,850,624.23	

**GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE**

Balance December 31, 2023	\$ 10,707,589.80
Increased by:	
Encumbered	<u>23,291,342.69</u>
	33,998,932.49
Decreased by:	
Payments	10,566,471.95
Canceled to Improvement Authorizations	<u>13,559.34</u>
	<u>10,580,031.29</u>
Balance December 31, 2024	\$ <u><u>23,418,901.20</u></u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2023	Increased	Decreased	Balance Dec. 31, 2024
			Date	Amount						
General Improvements	12/20/2012	9,900,000					\$ 900,000.00		900,000.00	
General Improvements	8/12/2014	17,900,000	9/1/2025 9/1/2026	1,800,000.00 1,800,000.00		3.000% 3.000%	5,400,000.00		1,800,000.00	3,600,000.00
General Improvements	12/1/2016	38,800,000	11/15/2025 11/15/2026 11/15/2027 11/15/2028	3,950,000.00 4,200,000.00 4,200,000.00 4,200,000.00		2.125% 2.250% 2.250% 1.000%	20,300,000.00		3,750,000.00	16,550,000.00
General Improvements	10/10/2019	82,000,000	9/15/2025 9/15/2026 9/15/2027 9/15/2028 9/15/2029 9/15/2030 9/15/2031 9/15/2032 9/15/2033	5,740,000.00 6,150,000.00 6,150,000.00 6,560,000.00 6,560,000.00 6,560,000.00 6,970,000.00 7,380,000.00 7,380,000.00		4.000% 4.000% 3.000% 3.000% 3.000% 3.000% 3.000% 2.250% 2.250%	64,780,000.00	5,330,000.00	59,450,000.00	
General Improvements - Housing	10/20/2020	6,650,000	10/15/2025 10/15/2026 10/15/2027 10/15/2028 10/15/2029 10/15/2030 10/15/2031 10/15/2032 10/15/2033 10/15/2034 10/15/2035	385,000.00 420,000.00 420,000.00 420,000.00 420,000.00 420,000.00 420,000.00 420,000.00 490,000.00 560,000.00 595,000.00 665,000.00		4.000% 4.000% 4.000% 2.000% 2.000% 2.000% 2.000% 2.000% 2.000% 2.000% 2.000%	5,600,000.00	385,000.00	5,215,000.00	
General Improvements	10/20/2020	44,050,000	10/15/2025 10/15/2026 10/15/2027 10/15/2028 10/15/2029 10/15/2030 10/15/2031 10/15/2032 10/15/2033 10/15/2034 10/15/2035	2,640,000.00 2,640,000.00 2,860,000.00 2,860,000.00 3,080,000.00 3,080,000.00 3,300,000.00 3,300,000.00 3,520,000.00 3,740,000.00 3,960,000.00		4.000% 4.000% 4.000% 2.000% 2.000% 2.000% 2.000% 2.000% 2.000% 2.000% 2.000%	37,450,000.00	2,470,000.00	34,980,000.00	
General Improvement Bonds	10/15/2024	48,685,000	10/15/2025 10/15/2026 10/15/2027 10/15/2028 10/15/2029 10/15/2030 10/15/2031 10/15/2032 10/15/2033 10/15/2034 10/15/2035	2,190,000.00 2,435,000.00 2,680,000.00 2,920,000.00 3,165,000.00 3,410,000.00 3,650,000.00 3,650,000.00 3,895,000.00 3,895,000.00 4,140,000.00		2.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 3.000%	48,685,000.00		48,685,000.00	
			10/15/2036 10/15/2037 10/15/2038	4,380,000.00 4,380,000.00 4,380,000.00						
							\$ 134,430,000.00	48,685,000.00	14,635,000.00	168,480,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2023	Decreased	Balance Dec. 31, 2024
			Date	Amount				
Multi Park - ADA 0508-07-056	3/19/2010	\$ 200,000	2025	11,315.02	2.000%	\$ 69,987.65	11,092.07	58,895.58
			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	2025	11,315.02	2.000%	69,987.65	11,092.07	58,895.58
			2026	11,542.45				
			2027	11,774.46				
			2028	12,011.11				
			2029	12,252.54				
4th Street Life Saving Station	3/23/2012	222,500	2025	12,096.78	2.000%	101,816.47	11,858.43	89,958.04
			2026	12,339.93				
			2027	12,587.96				
			2028	12,840.98				
			2029	13,099.09				
			2030	13,362.38				
			2031	13,630.92				
						\$ 241,791.77	34,042.57	207,749.20

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

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2023	Increased	Decreased	Balance Dec. 31, 2024
14-15	Marina Redevelopment Area	12/3/2014	11/3/2023	11/4/2024	5.4000%	\$ 1,690,000.00		1,690,000.00	
20-16	Public Safety Building - Design	10/18/2022	10/17/2023	10/16/2024	5.0000%	1,000,000.00		1,000,000.00	
20-18	Acquisition of Property - 1600 Haven/Simpson	10/18/2022	10/15/2024	10/14/2025	3.7500%	300,000.00			300,000.00
20-19	Acquisition of Property - 109 16th St	10/18/2022	10/15/2024	10/14/2025	3.7500%	95,000.00			95,000.00
20-20	Acquisition of Property - 1600 Haven Ave	10/18/2022	10/15/2024	10/14/2025	3.7500%	150,000.00			150,000.00
21-22	Various Improvements	10/18/2022	10/17/2023	10/16/2024	5.0000%	7,500,000.00		7,500,000.00	
21-22	Various Improvements	10/17/2023	10/17/2023	10/16/2024	5.0000%	10,000,000.00		10,000,000.00	
22-03	Acquisition of Property - 109 16th Street, 1600 Haven	10/18/2022	10/15/2024	10/14/2025	3.7500%	3,000,000.00			3,000,000.00
22-04	Acquisition of Property - 1600 Bl Haven/Simpson	10/18/2022	10/15/2024	10/14/2025	3.7500%	2,955,000.00			2,955,000.00
22-11	Various Capital Improvements	10/18/2022	10/17/2023	10/16/2024	5.0000%	5,000,000.00		5,000,000.00	
22-11	Various Capital Improvements	10/17/2023	10/17/2023	10/16/2024	5.0000%	5,300,000.00		5,300,000.00	
23-16	Various Improvements	10/17/2023	10/17/2023	10/16/2024	5.0000%	9,700,000.00		9,700,000.00	
23-23	Various Improvements	10/15/2024	10/15/2024	10/14/2025	3.7500%		10,300,000.00		10,300,000.00
23-28	Acquisition of Property - 1600 Bl Haven/Simpson	4/17/2024	4/17/2024	4/16/2025	4.5000%		9,490,500.00		9,490,500.00
24-08	Various Improvements	10/15/2024	10/15/2024	10/14/2025	3.7500%		13,200,000.00		13,200,000.00
						<u>\$ 46,690,000.00</u>	<u>32,990,500.00</u>	<u>40,190,000.00</u>	<u>39,490,500.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2023	Authorizations	Debt Issued	Other	Balance Dec. 31, 2024
18-02	Various Improvements	\$ 15,475.00				15,475.00
18-08	Various Improvements	37,500.00				37,500.00
19-07	Various Improvements	18,490.00				18,490.00
19-18	Various Improvements	36,750.00				36,750.00
19-19	Acquisition of Property	5,000.00				5,000.00
20-02	Acquisition of Property - 1600 Haven	17,750.00				17,750.00
20-04	Acquisition of Property - 1600 Haven/Simpson	23,000.00				23,000.00
20-11	Various Improvements	61,050.00				61,050.00
20-16	Public Safety Building - Design	45,000.00				45,000.00
20-18	Acquisition of Property - 1600 Haven/Simpson	37,250.00				37,250.00
20-20	Acquisition of Property - 1600 Haven Ave	2,000.00				2,000.00
21-18	FEMA Elevation Project - Ocean Aire Condos	3,070,000.00			3,030,297.01	39,702.99
21-22	Various Improvements	7,075.00				7,075.00
22-04	Acquisition of Property - 1600 BI Haven/Simpson	6,900.00				6,900.00
22-11	Various Capital Improvements	97,750.00				97,750.00
23-16	Various Improvements	18,571,050.00		11,500,000.00		7,071,050.00
23-23	Various Improvements	10,355,000.00		10,300,000.00		55,000.00
23-28	Acquisition of Property - 1600 BI Haven/Simpson		9,490,500.00	9,490,500.00		
24-08	Various Improvements		34,276,950.00	13,200,000.00		21,076,950.00
24-11	Various Improvements		5,985,000.00			5,985,000.00
		<u>\$ 32,407,040.00</u>	<u>49,752,450.00</u>	<u>44,490,500.00</u>	<u>3,030,297.01</u>	<u>34,638,692.99</u>
	Serial Bonds			11,500,000.00		
	Notes			32,990,500.00		
				<u>44,490,500.00</u>		

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CITY OF OCEAN CITY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2024

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GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2020, pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$44,000 with the appointment of a qualified purchasing agent. The City of Ocean City adopted the bid threshold of \$44,000.

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

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

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

5th Street Outfall Upgrade
5th Street Tennis Court Improvements
Maintenance of City Grounds & Garden Plots
Furnishing, Maintenance, Service & Repair of Sewer Life & Storm Pump Stations
Recreational Field Hockey, Wrestling, Softball and Basketball Camp Program
Construction of the 8th Street Police Substation
Acquisition & Installation of Kentucky Bluegrass Sod
Removal of Two Underground Storage Tanks at the 5th St Fire Department Headquarters
FEMA Grant Management Services – Residential Property Elevations
Supply & Delivery of Boardwalk Lumber
Moorlyn Terrace Boardwalk Ramp Improvements
Aquatic & Fitness Center Pool Renovations
Back Bay Mechanical Dredging Program
Acquisition & Delivery of (1) Model Year 2024 or Newer, One-Man Refuse Collection System Vehicle
Various Alleys, Roads & Drainage Improvements
2023 NJDOT West Ave, 15th to 18th St & 2024 NJDOT West Ave 9th to 11th St Various Road Improvements
Construction of a New Bulkhead at the Western End of Clubhouse Drive
Supply & Delivery of (2) All Terrain Vehicles (ATVs)
Reconstruction of the Ocean City Boardwalk St. James to 5th Street, 14th to 16th Street
Surface Repair of the Ocean City 8th Street Basketball Court
Citywide Custodial Services for the City of Ocean City & the Ocean City Free Public Library
Supply & Delivery of Beach Patrol Uniforms & Accessories

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 2024.

This Resolution shall take effect January 1, 2024.

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

Comparison of Tax Levies and Collections Currently

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

Year	Tax Levy	Currently	Percentage of Collections
		Cash Collections	
2024 \$	144,880,475.53	143,979,760.37	99.38%
2023	136,009,944.52	135,202,261.01	99.41%
2022	128,370,432.58	127,695,932.38	99.47%
2021	123,064,468.35	122,471,203.92	99.52%
2020	118,111,234.08	117,294,503.68	99.31%

Comparative Schedule of Tax Rate Information

	2024	2023	2022	2021	2020
Tax Rate	\$ 1.122	1.071	1.029	1.005	0.978
Apportionment of Tax Rate:					
Municipal	0.589	0.546	0.521	0.510	0.498
County	0.335	0.326	0.309	0.280	0.265
Local School	0.198	0.199	0.199	0.215	0.215
Assessed Valuation	12,774,531,300	12,557,654,700	12,297,544,300	12,122,593,100	11,933,162,400

Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2024 \$	10,513.78	877,801.46	888,315.24	0.61%
2023	8,972.18	796,556.83	805,529.01	0.65%
2022	7,500.60	661,250.21	668,750.81	0.57%
2021	5,299.96	587,799.43	593,099.39	0.51%
2020	4,616.53	787,838.35	792,454.88	0.70%

The tax sale was held and was complete. An 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>
2024	20
2023	20
2022	20

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

Uniform Construction Code

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

Deposit of Municipal Funds

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

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

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

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

FINDINGS AND RECOMMENDATIONS

None.

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

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

August 7, 2025