

**CITY OF OCEAN CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2021**

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CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
DECEMBER 31, 2021



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021 and 2020, 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, 2021 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 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 charge 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 5, 2022, 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 5, 2022

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 18,455,128.16	13,838,588.31
Cash - Collector	215,273.97	398,149.20
Cash - Change	3,750.00	4,150.00
Total Cash	<u>18,674,152.13</u>	<u>14,240,887.51</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	1,459.66	1,083.98
Total Other Receivables	<u>1,459.66</u>	<u>1,083.98</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	587,799.43	787,838.35
Tax Title and Other Liens	5,299.96	4,616.53
Property Acquired for Taxes - at Assessed Valuation	244,200.00	244,200.00
Total Receivables and Other Assets	<u>837,299.39</u>	<u>1,036,654.88</u>
Total Regular Fund	<u>19,512,911.18</u>	<u>15,278,626.37</u>
Federal and State Grant Fund:		
Cash	1,333,223.32	105,890.09
Federal and State Grants Receivable	4,224,460.23	6,309,037.63
Total Federal and State Grant Fund	<u>5,557,683.55</u>	<u>6,414,927.72</u>
Total Current Fund	<u>\$ 25,070,594.73</u>	<u>21,693,554.09</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,550,944.13	2,119,724.51
Reserve for Encumbrances	1,347,083.30	1,239,272.28
Prepaid Taxes	3,544,208.67	3,548,799.31
Overpaid Taxes	1,930.48	1,081.05
County Added Tax Payable	292,071.77	330,543.99
Prepaid Beach Fees	193,970.00	163,939.36
Payroll Taxes Payable	151,461.99	45,663.63
Reserve for Health Insurance Claims	128,152.21	221,515.26
	<u>8,209,822.55</u>	<u>7,670,539.39</u>
Reserve for Receivables and Other Assets	837,299.39	1,036,654.88
Fund Balance	<u>10,465,789.24</u>	<u>6,571,432.10</u>
Total Regular Fund	<u>19,512,911.18</u>	<u>15,278,626.37</u>
Federal and State Grant Fund:		
Unappropriated Reserves	1,425,842.00	-
Appropriated Reserves	3,566,857.14	5,501,258.12
Encumbrances Payable	<u>564,984.41</u>	<u>913,669.60</u>
Total Federal and State Grant Fund	<u>5,557,683.55</u>	<u>6,414,927.72</u>
Total Current Fund	<u>\$ 25,070,594.73</u>	<u>21,693,554.09</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,**

	2021	2020
Revenue and Other Income Realized		
Fund Balance	\$ 3,150,000.00	4,000,000.00
Miscellaneous Revenue Anticipated	23,314,999.90	15,011,323.85
Public and Private Programs		
Off-Set with Appropriations	998,435.51	1,432,637.52
Receipts from Delinquent Taxes	752,195.59	789,990.65
Receipts from Current Taxes	122,471,203.92	117,294,503.68
Non Budget Revenue	875,581.43	417,525.54
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	2,055,178.64	1,523,876.42
Cancellation of:		
Grant Appropriation Cancelled	1,342,679.63	
Cancelled Prior Year Checks	110,075.92	-
Total Income	155,070,350.54	140,469,857.66
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	32,316,604.00	31,213,724.00
Other Expenses	21,037,450.00	20,233,050.00
Deferred Charges & Statutory Expenditures	7,728,838.00	7,212,156.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	250,896.00	245,976.00
Other Expenses	4,528,366.00	4,354,748.00
Public and Private Programs Off-Set by		
Revenues	1,041,269.61	1,475,854.42
Capital Improvements	3,000,000.00	800,000.00
Debt Service	16,717,445.14	14,836,660.56
Local District School Tax	25,790,828.00	25,578,327.50
County Tax	33,839,381.37	31,458,850.18
County Share of Added Tax	292,071.77	330,543.99
Other:		
Special Improvement District Taxes	183,268.00	183,698.00
Grant Balances Cancelled, Net	1,299,575.51	-
Total Expenditures	148,025,993.40	137,923,588.65
Excess/(Deficit) in Revenue	7,044,357.14	2,546,269.01

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>2021</u>	<u>2020</u>
Statutory Excess to Fund Balance	<u>7,044,357.14</u>	<u>2,546,269.01</u>
Fund Balance January 1	<u>6,571,432.10</u>	<u>8,025,163.09</u>
	13,615,789.24	10,571,432.10
Decreased by:		
Utilization as Anticipated Revenue	<u>3,150,000.00</u>	<u>4,000,000.00</u>
Fund Balance December 31	<u>\$ 10,465,789.24</u>	<u>6,571,432.10</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 3,150,000.00	-	-
Total Fund Balance Anticipated	<u>3,150,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	370,000.00	-	4,411.72
Fees and Permits	1,000,000.00	-	138,694.32
Fines and Costs:			
Municipal Court	180,000.00	-	41,052.74
Interest and Costs on Taxes	170,000.00	-	8,477.35
Interest Earned on Investments	140,000.00	-	(106,695.98)
Parking Meters	2,700,000.00	-	747,852.91
Beach Fees	3,800,000.00	-	411,092.66
Rental or Sale of City Material & Property	150,000.00	-	(20,690.61)
Airport Fees	110,000.00	-	7,729.12
Boat Ramp Fees	25,000.00	-	8,248.91
Aquatic & Fitness Center User Fees	400,000.00	-	370,227.50
Smoke Detector Inspection	125,000.00	-	17,550.01
Emergency Medical Services	475,000.00	-	190,339.25
Total Section A: Local Revenues	<u>9,645,000.00</u>	<u>-</u>	<u>1,818,289.90</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	2,146,048.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	<u>2,146,048.00</u>	<u>-</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	900,000.00	-	226,990.00
Total Section C: Uniform Construction Code Fees	900,000.00	-	226,990.00
Section D: Interlocal Municipal Service Agreements			
Offset with Appropriations			
Upper Township - Dispatching Service	250,896.00	-	-
Total Section D: Interlocal Municipal Service Agreements	250,896.00	-	-
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Community Development Block Grant	-	289,836.00	-
Clean Communities Program	-	94,912.74	-
N.J. Dept. of Transportation Trust Fund	175,000.00	-	-
NJDOT - Asbury Avenue	-	185,000.00	-
Recycling Tonnage Grant	28,564.66	-	-
Body Armor Grant	-	4,367.11	-
Body Worn Camera	-	130,432.00	-
USDOT FAA Airport Erosion Control Phase III	-	61,323.00	-
USDOT FAA Airport Coronavirus Response Grant	-	9,000.00	-
FAA Cares Act Airport Grant	20,000.00	-	-
Total Section F: Special Items - Public and Private Programs	223,564.66	774,870.85	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Developer Payment - BAN Principal	130,000.00	-	-
Reserves for Debt Service & Capital Fund Balance	4,200,000.00	-	-
OC Library - Contracted Services	209,796.00	-	-
OC Library - Return to Taxpayers	1,687,980.00	-	-
ARP Loss of Revenue	2,100,000.00	-	-
Total Section G: Other Special Items	8,327,776.00	-	-
Total Miscellaneous Revenues:	21,493,284.66	774,870.85	2,045,279.90
Receipts from Delinquent Taxes	725,000.00	-	27,195.59
Amount to be Raised by Taxes for Support of Municipal Budget	57,099,347.25	-	1,714,446.53
Local Tax for Municipal Purposes	4,528,366.00	-	-
Library Tax			
Total Amount to be Raised by Taxes for Support of Municipal Budget	61,627,713.25	-	1,714,446.53
Budget Totals	86,995,997.91	774,870.85	3,786,922.02
Non- Budget Revenues:			
Other Non- Budget Revenues:	-	-	875,581.43
\$	86,995,997.91	774,870.85	4,662,503.45

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 122,471,203.92
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Less: Reserve for Tax Appeals Pending	
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Net Revenue from Collections	122,471,203.92
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Allocated to:

School, County and Other Taxes	60,279,044.14
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Balance for Support of Municipal Budget Appropriations	62,192,159.78
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,150,000.00
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Amount for Support of Municipal Budget Appropriations	<u>63,342,159.78</u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	752,195.59
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Tax Title Lien Collections	<u>-</u>
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Total Receipts from Delinquent Taxes	<u>\$ 752,195.59</u>
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**CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

200 Foot Information	3,198.00
American Recycling	14,193.05
Bench Donations	61,050.00
Binocular Fees	453.62
Boardwalk Entertainers	3,450.00
City Clerk	67.00
Crown Castle Cellular - Revenue Share	2,122.92
DMV Inspection Fines	455.33
Electric Charger - Charge Point	2,328.30
Escrow Related - Tax Map Change Fees	2,000.00
FEMA COVID Relief/Reimbursements	331,900.00
FEMA Hurricane Isaias Reimbursements	15,834.52
Fire Reports	5.00
Homestead Mailing	448.80
JIF Wellness & Vaccine Reimbursements	4,000.00
MRNA: Misc	7,261.28
PILOT: OC Housing Authority:	36,312.00
PILOT: United Methodist Homes	108,109.30
Public Defender	350.00
Rebates - PCARD	33,511.35
Reimbursements - Misc	21,476.30
Reimbursements from OC Free Public Library	75,021.63
Returned Check Fees	111.00
Share Services - Sea Isle	70,000.00
Share Services - Strathmere	19,589.93
Sidewalk Permits	2,300.00
Sr & Vets 2% Admin	1,642.49
Storage & Towing Fees	33,455.00
Tax Collector	20.00
Trademarks Fees	950.00
Unclaimed Funds	4,091.61
Verizon/AT&T Refund	10,398.00
Wilhelm Trust	9,475.00

Total Miscellaneous Revenue Not Anticipated:

\$ 875,581.43

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations			Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
OPERATIONS WITHIN "CAPS"							
DEPARTMENT OF ADMINISTRATION							
EXECUTIVE BRANCH							
Mayor's Office							
Salaries and Wages	\$ 20,600.00	20,600.00	20,600.00	-	-	-	-
Other Expenses	2,100.00	2,100.00	351.97	-	1,748.03	-	-
ADMINISTRATION							
City Administrator							
Salaries and Wages	370,000.00	370,000.00	369,049.78	-	950.22	-	-
Other Expenses	166,000.00	166,300.00	166,176.41	-	123.59	-	-
Engineering & Project Management							
Salaries and Wages	432,000.00	433,400.00	433,278.58	-	121.42	-	-
Other Expenses	138,500.00	136,500.00	23,070.14	23,835.31	89,594.55	-	-
Human Resources							
Salaries and Wages	966,000.00	966,000.00	901,394.81	-	64,605.19	-	-
Other Expenses	166,450.00	166,450.00	60,554.64	15,357.34	90,538.02	-	-
Purchasing Division							
Salaries and Wages	167,000.00	168,000.00	167,950.36	-	49.64	-	-
Other Expenses	8,350.00	7,350.00	3,307.73	506.80	3,535.47	-	-
Emergency Management							
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-	-	-
Other Expenses	16,500.00	16,500.00	12,296.96	-	4,203.04	-	-
Planning Board							
Other Expenses	25,000.00	25,000.00	2,452.96	-	22,547.04	-	-
Zoning Board of Adjustment							
Other Expenses	12,300.00	12,300.00	7,134.52	-	5,165.48	-	-
COMMUNITY SERVICE DEPARTMENT							
Public Relations & Information							
Salaries and Wages	944,000.00	879,000.00	729,223.84	-	149,776.16	-	-
Other Expenses	340,700.00	340,700.00	272,809.84	36,706.28	31,183.88	-	-
Aquatic and Fitness Center							
Salaries and Wages	1,210,000.00	1,187,200.00	902,612.51	-	284,587.49	-	-
Other Expenses	75,400.00	81,400.00	76,958.28	4,397.19	44.53	-	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations			Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Expended		Reserved	
				Encumbered	Reserved		
Recreation & Leisure Programs							
Salaries and Wages	374,000.00	429,000.00	428,902.76	-	-	97.24	-
Other Expenses	24,450.00	24,450.00	22,606.58	1,843.42	(0.00)		-
Music Pier Operations							
Salaries and Wages	521,000.00	528,800.00	528,717.11	-	-	82.89	-
Other Expenses	24,450.00	27,450.00	19,119.48	3,402.64		4,927.88	-
Municipal Code & Licensing							
Salaries and Wages	827,000.00	827,000.00	743,290.54	-	-	83,709.46	-
Other Expenses	81,250.00	81,250.00	44,707.01	2,703.25		33,839.74	-
Administration							
Salaries and Wages	808,000.00	826,000.00	825,950.49	-	-	49.51	-
Other Expenses	14,000.00	21,500.00	14,294.77	1,552.66		5,652.57	-
Neighborhood & Social Services							
Salaries and Wages	79,000.00	79,000.00	70,877.89	-	-	8,122.11	-
Other Expenses	1,900.00	1,900.00	1,376.14	-	-	523.86	-
Historical Commission							
Other Expenses	2,800.00	2,800.00	217.00	-	-	2,583.00	-
PUBLIC WORKS							
Facility Maintenance							
Salaries and Wages	922,000.00	922,000.00	917,052.75	-	-	4,947.25	-
Other Expenses	479,100.00	509,100.00	465,205.30	5,203.57		38,691.13	-
Environmental Operations							
Salaries and Wages	1,353,000.00	1,253,000.00	1,169,909.60	-	-	83,090.40	-
Other Expenses							
Miscellaneous Other Expenses							
Trash & Recycling	81,700.00	81,700.00	50,285.18	-	-	31,414.82	-
Field Operations	3,214,545.00	3,167,545.00	2,547,037.99	556,739.46		63,767.55	-
Salaries and Wages	1,380,000.00	1,480,000.00	1,457,176.23	-	-	22,823.77	-
Other Expenses:	107,600.00	107,600.00	107,526.40	-	-	73.60	-
Fleet Maintenance							
Salaries and Wages	426,000.00	422,000.00	408,055.60	-	-	13,944.40	-
Other Expenses	266,750.00	270,750.00	256,917.38	7,107.10		6,725.52	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF LAW						
Legal Division						
Salaries and Wages	187,000.00	187,000.00	186,262.80	-	737.20	-
Other Expenses	174,350.00	224,350.00	143,135.76	47,622.13	33,592.11	-
Public Defender						
Other Expenses	44,000.00	44,000.00	35,958.27	4,141.66	3,900.07	-
STATUTORY OFFICES						
City Clerk's Office						
Salaries and Wages	223,000.00	223,000.00	205,984.43	-	17,015.57	-
Other Expenses	41,230.00	41,230.00	25,841.56	1,636.00	13,752.44	-
City Council						
Salaries and Wages	73,600.00	73,600.00	73,223.28	-	376.72	-
Other Expenses	15,400.00	15,400.00	10,418.94	1,610.00	3,371.06	-
Municipal Court						
Salaries and Wages	566,000.00	566,000.00	556,892.66	-	9,107.34	-
Other Expenses	33,100.00	33,100.00	25,061.88	3,083.78	4,954.34	-
DEPARTMENT OF FINANCIAL MANAGEMENT						
Treasurer's Office						
Other Expenses						
Audit Services	45,000.00	45,000.00	41,150.00	3,850.00	-	-
Other Expenses	180,400.00	180,400.00	157,393.07	743.50	22,263.43	-
Accounting Division						
Salaries and Wages	478,000.00	486,000.00	485,917.24	-	82.76	-
Other Expenses	8,000.00	8,000.00	8,000.00	-	-	-
Office of Parking Regulation						
Salaries and Wages	270,000.00	216,900.00	192,797.49	-	24,102.51	-
Other Expenses	195,000.00	195,000.00	136,243.45	9,255.67	49,500.88	-
Property Assessment Division						
Salaries and Wages	332,000.00	332,000.00	316,075.76	-	15,924.24	-
Other Expenses	124,000.00	124,000.00	19,116.97	1,771.90	103,111.13	-
Beach Fee Regulation Division						
Salaries and Wages	430,000.00	423,000.00	410,733.28	-	12,266.72	-
Other Expenses	71,600.00	71,600.00	58,596.60	-	13,003.40	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Tax Collector Division						
Salaries and Wages	214,000.00	206,000.00	192,703.76	-	13,296.24	-
Other Expenses	15,100.00	15,100.00	14,042.64	285.00	772.36	-
Revenue Collection						
Salaries and Wages	540,000.00	540,000.00	530,443.10	-	9,556.90	-
Other Expenses	170,000.00	170,000.00	131,546.04	1,715.82	36,738.14	-
DEPARTMENT OF POLICE						
Police Protection Division						
Salaries and Wages	8,486,104.00	8,486,104.00	8,407,127.22	-	78,976.78	-
Other Expenses						
Miscellaneous Other Expenses	322,800.00	322,800.00	265,227.53	14,821.57	42,750.90	-
Purchase of Vehicles	120,000.00	225,400.00	139,341.43	82,005.12	4,053.45	-
Information Technology						
Salaries and Wages	295,000.00	295,000.00	294,924.55	-	75.45	-
Other Expenses	329,850.00	329,850.00	312,414.65	(243.27)	17,678.62	-
DEPARTMENT OF FIRE						
Rescue Services Division						
Salaries and Wages	334,000.00	334,000.00	328,422.77	-	5,577.23	-
Other Expenses	102,775.00	102,775.00	44,997.78	25,203.28	32,573.94	-
Lifeguards Division						
Salaries and Wages	1,595,000.00	1,541,900.00	1,503,366.20	-	38,533.80	-
Other Expenses	72,300.00	72,300.00	70,613.63	-	1,686.37	-
Fire Protection & Prevention						
Salaries and Wages	7,033,000.00	7,033,000.00	6,939,969.83	-	93,030.17	-
Other Expenses	270,200.00	270,200.00	221,597.01	34,361.87	14,241.12	-
INSURANCE						
General Liability	460,462.00	460,462.00	460,462.00	-	-	-
Workers Compensation Insurance	1,426,538.00	1,426,538.00	1,424,160.31	-	2,377.69	-
Employee Group Health	6,650,000.00	6,570,000.00	6,267,148.09	21,745.86	281,106.05	-

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OTHER:						
City Wide Operations						
Finance - Other Expenses	601,200.00	601,200.00	521,858.33	3,128.80	76,212.87	-
City Wide Operations						
Operations & Engineering - Other Expenses	1,200,600.00	1,200,600.00	941,248.88	198,519.97	60,831.15	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official	565,000.00	567,100.00	567,091.47	-	8.53	-
Salaries and Wages	184,000.00	181,500.00	143,821.01	150.00	37,528.99	-
UNCLASSIFIED						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	654,000.00	724,000.00	604,906.12	49,093.88	70,000.00	-
Street Lighting	420,000.00	415,000.00	379,181.05	35,818.95	-	-
Telephone	320,000.00	320,000.00	268,888.29	44,024.80	7,086.91	-
Water	958,000.00	948,000.00	889,600.68	58,399.32	-	-
Fuel Oil	150,000.00	150,000.00	131,956.33	18,043.67	-	-
Gasoline	308,000.00	299,000.00	261,544.74	26,939.00	10,516.26	-
TOTAL OPERATIONS WITHIN "CAPS"	53,354,054.00	53,354,054.00	49,590,858.41	1,347,083.30	2,416,112.29	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	53,354,054.00	53,354,054.00	49,590,858.41	1,347,083.30	2,416,112.29	-
Detail:						
Salaries and Wages	32,436,304.00	32,316,604.00	31,280,978.69	-	1,035,625.31	-
Other Expenses	20,917,750.00	21,037,450.00	18,309,879.72	1,347,083.30	1,380,486.98	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	1,734,558.00	1,734,558.00	1,734,558.00	-	-	-
Social Security System (O.A.S.I.)	1,558,000.00	1,558,000.00	1,506,672.31	-	51,327.69	-
Police and Firemen's Retirement System	4,003,280.00	4,003,280.00	4,003,280.00	-	-	-
Unemployment Compensation Insurance	125,000.00	125,000.00	98,585.01	-	26,414.99	-
Lifeguard Pension	230,000.00	230,000.00	230,000.00	-	-	-
Defined Contribution Retirement Program	78,000.00	78,000.00	60,910.84	-	17,089.16	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	7,728,838.00	7,728,838.00	7,634,006.16	-	94,831.84	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	61,082,892.00	61,082,892.00	57,224,864.57	1,347,083.30	2,510,944.13	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Insurance:						
Maintenance of Free Public Library						
Other Expenses						
Interlocal Municipal Service Agreements						
Police Dispatching - Upper Township						
Salaries and Wages						
	4,528,366.00	4,528,366.00	4,528,366.00	-	-	-
	250,896.00	250,896.00	250,896.00	-	-	-
4,779,262.00	4,779,262.00	4,779,262.00	4,779,262.00	-	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	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	-	94,912.74	94,912.74	-	-	-
Body Worn Camera	-	130,432.00	130,432.00	-	-	-
Community Development Block Grant	-	289,836.00	289,836.00	-	-	-
N.J. Transportation Trust Fund	175,000.00	175,000.00	175,000.00	-	-	-
NJDOT- Asbury Avenue	-	185,000.00	185,000.00	-	-	-
Recycling Tonnage Grant	28,564.66	28,564.66	28,564.66	-	-	-
FAA Cares Act Airport Grant	20,000.00	20,000.00	20,000.00	-	-	-
Bulletproof Vest	-	4,367.11	4,367.11	-	-	-
FAA- Seal Runway, Taxiway & Terminal	-	61,323.00	61,323.00	-	-	-
FAA Cares Coronavirus Response Grant (ACRGP)	-	9,000.00	9,000.00	-	-	-
Matching Funds for Grants	40,000.00	40,000.00	-	-	40,000.00	-
Total Public and Private Programs Off-Set by Revenues	<u>266,398.76</u>	<u>1,041,269.61</u>	<u>1,001,269.61</u>	<u>-</u>	<u>40,000.00</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	5,045,660.76	5,820,531.61	5,780,531.61	-	40,000.00	-
Detail:						
Salaries and Wages	250,896.00	250,896.00	250,896.00	-	-	-
Other Expenses	4,794,764.76	5,569,635.61	5,529,635.61	-	40,000.00	-
(C) Capital Improvements						
Capital Improvement Fund	3,000,000.00	3,000,000.00	3,000,000.00	-	-	-
Total Capital Improvements	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	11,630,000.00	11,630,000.00	11,630,000.00	-	-	-
Payment of BANs and Capital Notes	130,000.00	130,000.00	130,000.00	-	-	-
Interest on Bonds	4,892,736.11	4,892,736.11	4,892,736.11	-	-	-
Interest on Notes	26,000.00	26,000.00	25,999.99	-	-	0.01
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	38,709.04	38,709.04	38,709.04	-	-	-
Total Debt Service	<u>16,717,445.15</u>	<u>16,717,445.15</u>	<u>16,717,445.14</u>	-	-	<u>0.01</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	24,763,105.91	25,537,976.76	25,497,976.75	-	40,000.00	0.01
SUBTOTAL GENERAL APPROPRIATIONS	85,845,997.91	86,620,868.76	82,722,841.32	1,347,083.30	2,550,944.13	0.01
(M) Reserve for Uncollected Taxes	1,150,000.00	1,150,000.00	1,150,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 86,995,997.91</u>	<u>87,770,868.76</u>	<u>83,872,841.32</u>	<u>1,347,083.30</u>	<u>2,550,944.13</u>	<u>0.01</u>
Budget		86,995,997.91			Cancelled	0.01
Appropriations by 40A.4-87		774,870.85			Overexpended	-
		<u>87,770,868.76</u>				<u>0.01</u>
Reserve for Uncollected Taxes Federal and State Grants		1,150,000.00				
		1,001,269.61				
Disbursements		81,721,571.71				
		<u>83,872,841.32</u>				

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**EXHIBIT - B
TRUST FUND**

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

	2021	2020
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 44,217.28	35,205.21
	44,217.28	35,205.21
<u>OTHER TRUST FUND</u>		
Cash and Investments	10,625,224.41	9,114,164.79
Due from Interfund 2		
	10,625,224.41	9,114,164.79
	10,669,441.69	9,149,370.00
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	44,217.28	35,205.21
	44,217.28	35,205.21
<u>OTHER TRUST FUND</u>		
Reserve for:		
Tax Premiums	323,202.45	217,211.90
Dedicated Recreation Trust	341,964.26	151,933.70
Tourism Development	276,793.62	254,544.36
Law Enforcement Trust	37,202.97	37,147.47
Parking Offenses Adjudication Act	29,945.54	32,788.59
Cash Performance Deposits	780,786.38	866,272.39
Dedicated Fire Fees	5,876.95	5,865.79
Lifeguard Pension	35,326.27	46,819.64
Shade Trees	8,622.35	922.39
COAH	8,595,676.81	7,218,463.19
Merchant Fees	8,952.67	58,073.94
Planning & Zoning Escrow	180,874.14	224,121.43
	10,625,224.41	9,114,164.79
	\$ 10,669,441.69	9,149,370.00

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Cash	\$	24,539,986.75	57,267,759.02
Deferred Charges to Future Taxation -			
Funded		160,887,877.80	172,549,947.44
Unfunded		24,371,340.00	3,924,265.00
		<u>209,799,204.55</u>	<u>233,741,971.46</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		13,627,492.03	21,300,217.90
Interfunds:			
Due to Current Fund			
Bond Anticipation Notes Payable		1,950,000.00	2,080,000.00
Serial Bonds Payable		160,580,000.00	172,210,000.00
Green Trust Loan Payable		307,877.80	339,947.44
Improvement Authorizations:			
Funded		10,590,276.65	28,478,615.47
Unfunded		15,755,290.58	1,089,265.00
Reserve for Debt Service - Other		500,420.13	3,834,653.29
Reserve for Debt Service - 2019 Bond Sale Premium		3,445,243.59	3,445,243.59
Capital Improvement Fund		2,191,752.53	113,177.53
Fund Balance		850,851.24	850,851.24
	\$	<u>209,799,204.55</u>	<u>233,741,971.46</u>

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

2020	1,844,265.00
2021	22,421,340.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Beginning Balance January 1	\$	850,851.24	833,151.24
Increased by:			
Premium on Sale of BANS - \$15,000,000		-	17,700.00
Ending Balance December 31	\$	<u>850,851.24</u>	<u>850,851.24</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ -	-
TOTAL ASSETS	<u>-</u>	<u>-</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Public Assistance	-	-
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ -</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

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

	Balance Dec. 31, 2021	Balance Dec. 31, 2020
General Fixed Assets:		
Land & Buildings	\$ 182,168,670.12	\$ 159,475,770.12
Vehicles	15,408,664.50	14,290,973.92
Machinery and Equipment	11,073,629.90	10,930,555.05
Total General Fixed Assets	\$ <u>208,650,964.52</u>	\$ <u>184,697,299.09</u>
Investment in General Fixed Assets	\$ <u>208,650,964.52</u>	\$ <u>184,697,299.09</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

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

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

Component Units

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

Basis of Presentation, Fund Accounting

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Current Fund

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

Trust Funds

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

General Capital Funds

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

Budgets and Budgetary Accounting

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

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

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

Cash and Investments

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 reserve.

Inventories of Supplies

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

General Fixed Assets

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

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

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

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

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

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

Foreclosed Property

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

Deferred Charges

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Appropriation Reserves

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

Fund Balance

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

Revenues

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

Property Tax Revenues

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

School Taxes

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

	12/31/2021	12/31/2020
Balance of Tax	\$ 12,982,161.50	\$ 12,808,666.50
Deferred	12,982,161.50	12,808,666.50
Tax Payable	\$ -	\$ -

County Taxes

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

Reserve for Uncollected Taxes

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Expenditures

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

Compensated Absences and Post-Employment Benefits

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

Recent Accounting Pronouncements Not Yet Effective

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement, which is effective for periods beginning after June 15, 2021, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for periods ending December 31, 2021, will not have any effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement, which is effective for periods beginning after June 15, 2021, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 2021 and 2020 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.

The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$3,150,000.00 and \$4,000,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by entity City Council. The following significant budget transfers were approved in the 2021 and 2020 calendar years:

<u>Budget Category</u>	<u>2021</u>	<u>2020</u>
<u>Current Fund:</u>		
Human Resources		
Salaries and Wages	-	30,000.00
Public Relations & Information		
Salaries and Wages	(65,000.00)	(186,000.00)
Aquatic and Fitness Center		
Salaries and Wages	(22,800.00)	(176,000.00)
Recreation & Leisure Programs		
Salaries and Wages	55,000.00	-
Music Pier Operations		
Salaries and Wages	7,800.00	(20,000.00)
Other Expenses	3,000.00	-
Municipal Code & Licensing		
Salaries and Wages	-	(20,000.00)
Legal Division		
Other Expenses	50,000.00	-
Facility Maintenance		
Salaries and Wages	-	41,300.00
Other Expenses	30,000.00	-
Environmental Operations		
Salaries and Wages	(100,000.00)	-
Trash & Recycling	(47,000.00)	-
Field Operations		
Salaries and Wages	100,000.00	(28,600.00)
Other Expenses	-	32,000.00
Office of Parking Regulation		
Salaries and Wages	(53,100.00)	-
Police Protection Division		
Salaries and Wages	-	158,000.00
Purchase of Vehicles	105,400.00	-
Information Technology		
Salaries and Wages	-	20,000.00
Lifeguard		
Salaries and Wages	(53,100.00)	-
Insurance - Employee Group Health	(80,000.00)	-
Electricity	70,000.00	-
City Wide Operations		
Oper. & Eng. - Other Expenses	-	50,000.00

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 2: BUDGETARY INFORMATION - Continued

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2021 and 2020, the following budget insertions were approved:

<u>Budget Category</u>	<u>2021</u>	<u>2020</u>
Clean Communities Program	\$ 94,912.74	89,157.11
Body Armor Grant	4,367.11	-
Body Worn Camera	130,432.00	
FAA - Airport Lighting Obstruction Phase III	-	647,886.00
NJ Clean Construction Grant	-	52,036.86
CV Coronavirus Aid, Relief and Economic Security Act	-	284,843.00
NJDOT Asbury Avenue	185,000.00	-
USDOT FAA Airport Erosion Control Phase III	61,323.00	-
USDOT FAA Airport Coronavirus Response Grant	9,000.00	-
CDBG	289,836.00	-
	<u>\$ 774,870.85</u>	<u>1,073,922.97</u>

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

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2021 and 2020, \$0 of the municipality’s bank balance of \$56,852,051.86 and \$82,699,531.00. was exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 4: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2021 and 2020:

	Balance 12/31/2019	Additions	Adjustments/ Deletions	Balance 12/31/2020
Land & Improvements	\$ 159,464,997.65	10,772.47	-	159,475,770.12
Vehicles	14,318,550.66	162,571.26	190,148.00	14,290,973.92
Machinery & Equipment	10,193,738.95	815,907.05	79,090.95	10,930,555.05
	<u>\$ 183,977,287.26</u>	<u>989,250.78</u>	<u>269,238.95</u>	<u>184,697,299.09</u>

	Balance 12/31/2020	Additions	Adjustments/ Deletions	Balance 12/31/2021
Land & Improvements	\$ 159,475,770.12	12,500,000.00	10,192,900.00	182,168,670.12
Vehicles	14,290,973.92	1,117,690.58	-	15,408,664.50
Machinery & Equipment	10,930,555.05	148,209.15	(5,134.30)	11,073,629.90
	<u>\$ 184,697,299.09</u>	<u>13,765,899.73</u>	<u>10,187,765.70</u>	<u>208,650,964.52</u>

Note 5: SHORT-TERM FINANCING

Short-term debt provides for financing of governmental activities and capital projects. The following is a summary of changes in short-term debt for the years ended December 31, 2021 and 2020:

	Current Fund	General Capital Fund	Total
Balance December 31, 2019	\$ -	2,210,000.00	2,210,000.00
Increases	-	2,080,000.00	2,080,000.00
Decreases	-	(2,210,000.00)	(2,210,000.00)
Balance December 31, 2020	<u>\$ -</u>	<u>2,080,000.00</u>	<u>2,080,000.00</u>

	Current Fund	General Capital Fund	Total
Balance December 31, 2020	\$ -	2,080,000.00	2,080,000.00
Increases	-	1,950,000.00	1,950,000.00
Decreases	-	(2,080,000.00)	(2,080,000.00)
Balance December 31, 2021	<u>\$ -</u>	<u>1,950,000.00</u>	<u>1,950,000.00</u>

On November 24, 2021, the City issued a Bond Anticipation Note in the Amount of \$1,950,000.00 bearing interest at a rate of 0.34% per annum to fund General Capital Ordinance 14-15. The Note matures November 23, 2022.

On November 24, 2020, the City issued a Bond Anticipation Note in the Amount of \$2,080,000.00 bearing interest at a rate of 1.25% per annum to fund General Capital Ordinance 14-15. The Note will matured November 24, 2021.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 6: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Issued:			
General:			
Bonds and Notes	\$ 162,837,877.80	174,629,947.44	134,881,385.18
Total Issued	<u>162,837,877.80</u>	<u>174,629,947.44</u>	<u>134,881,385.18</u>
Less:			
Funds Held Temporarily to pay Bonds and Notes	<u>3,945,663.72</u>	<u>7,279,896.88</u>	<u>4,633,237.85</u>
Net Debt	<u>158,892,214.08</u>	<u>167,350,050.56</u>	<u>130,248,147.33</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	22,421,340.00	1,844,265.00	24,463,215.00
Total Authorized But Not Issued	<u>22,421,340.00</u>	<u>1,844,265.00</u>	<u>24,463,215.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 181,313,554.08</u>	<u>169,194,315.56</u>	<u>154,711,362.33</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.299%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 2,847,000.00	2,847,000.00	-
General Debt	<u>185,259,217.80</u>	<u>3,945,663.72</u>	<u>181,313,554.08</u>
	<u>\$ 188,106,217.80</u>	<u>6,792,663.72</u>	<u>181,313,554.08</u>

Net debt \$181,313,554.08 divided by Equalized Valuation Basis per N.J.S.A. 40A: 2-2 as amended, \$13,962,138,550.33 = 1.299%.

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

3-1/2% of Equalized Valuation Basis	\$ 488,674,849.26
Net Debt	<u>181,313,554.08</u>
Remaining Borrowing Power	<u>\$ 307,361,295.18</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 6: LONG-TERM DEBT - Continued

Description of Bonds and Loans Payable

At December 31, 2021, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$9,900,000.00 General Improvements Bonds dated December 20, 2012, due in annual installments through December 15, 2024, bearing interest at various rates from 3.00% to 4.00% per annum. The balance remaining as of December 31, 2021 is \$2,700,000.00.

\$17,900,000.00 General Improvements Bonds dated August 12, 2014, due in annual installments through September 1, 2026, bearing interest at various rates from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2021 is \$8,800,000.00.

\$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, 2021 is \$26,500,000.00.

\$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, 2021 is \$74,210,000.00.

\$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, 2021 is \$6,300,000.00.

\$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, 2021 is \$42,070,000.00.

\$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, 2021 is \$91,520.42.

\$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, 2021 is \$91,520.42.

\$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, 2021 is \$124,836.96.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 6: LONG-TERM DEBT - Continued

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

	Outstanding 12/31/19	Issues or Additions	Payments or Expenditures	Outstanding 12/31/20	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 132,300,000.00	50,700,000.00	10,790,000.00	172,210,000.00	11,630,000.00
Loans Payable	371,385.18	-	31,437.74	339,947.44	32,069.64
Compensated Absences	4,064,331.01	-	13,465.88	4,050,865.13	-
Total General Capital Fund	136,735,716.19	50,700,000.00	10,834,903.62	176,600,812.57	11,662,069.64
Total All Funds	\$ 136,735,716.19	50,700,000.00	10,834,903.62	176,600,812.57	11,662,069.64

	Outstanding 12/31/20	Issues or Additions	Payments or Expenditures	Outstanding 12/31/21	Amounts Due Within One Year
General Capital Fund:					
Bonds Payable	\$ 172,210,000.00	-	11,630,000.00	160,580,000.00	12,360,000.00
Loans Payable	339,947.44	-	32,069.64	307,877.80	32,714.24
Compensated Absences	4,050,865.13	904,462.99	-	4,955,328.12	-
Total General Capital Fund	176,600,812.57	904,462.99	11,662,069.64	165,843,205.92	12,392,714.24
Total All Funds	\$ 176,600,812.57	904,462.99	11,662,069.64	165,843,205.92	12,392,714.24

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
2022	\$ 12,360,000.00	4,533,737.50	32,714.24	5,994.78
2023	13,790,000.00	4,145,837.50	33,371.79	5,337.23
2024	14,635,000.00	3,689,237.50	34,042.57	4,666.47
2025	14,515,000.00	3,205,837.50	34,762.82	3,982.22
2026	15,210,000.00	2,717,300.00	35,424.83	3,738.41
2027-2031	58,480,000.00	7,647,600.00	137,561.55	5,746.83
2032-2035	31,590,000.00	1,367,250.00	-	-
	\$ 160,580,000.00	27,306,800.00	307,877.80	29,465.94

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 7: COMPENSATED ABSENCES

The City has permitted employees to accrue unused vacation, personal, and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to fund balance or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. The City estimates this liability to approximate \$4,955,328.12 and \$4,050,865.13, as of December 31, 2021 and 2020 respectively, based on current pay rates and compensated absence balances.

NOTE 8: DEFERRED COMPENSATION ACCOUNT

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

Mass Mutual Financial Group
 Nationwide Retirement System (PEBSCO)

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$25,790,828.00 and \$25,578,327.50 have been raised for the 2021 and 2020 calendar years and remitted to the school district.

Note 10: TAXES COLLECTED IN ADVANCE

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

		Balance December 31, 2021		Balance December 31, 2020
Prepaid Taxes - Cash Liability	\$	3,544,208.67	\$	3,548,799.31

Note 11: PENSION PLANS

Plan Descriptions

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 11: PENSION PLANS – Continued

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

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

Vesting and Benefit Provisions

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

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

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Currently the member contribution rate is 7.34% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 11: PENSION PLANS – Continued

For the Public Employees' Retirement System, the City's contribution was \$1,734,558.00 for 2021, \$1,580,134.00 for 2020 and \$1,649,219.00 for 2019.

Three-Year Trend Information for PERS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/21	\$ 1,734,558.00	100%	-
12/31/20	1,580,134.00	100%	-
12/31/19	1,649,219.00	100%	-

For the Police and Firemen's Retirement System, the City's contribution was \$4,003,280.00 for 2021, \$3,690,022.00 for 2020 and \$3,569,652.00 for 2019.

Three-Year Trend Information for PFRS			
Funding Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/21	\$ 4,003,280.00	100%	-
12/31/20	3,690,022.00	100%	-
12/31/19	3,526,652.00	100%	-

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. For the Deferred Contribution Retirement Program, the City's contribution was \$60,910.84 for 2021, \$69,375.19 for 2020 and \$58,995.96 for 2019.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2021, 2020 and 2019 was \$230,000.00, \$230,000.00 and \$220,000.00. The City's trust for the Lifeguard Pension at December 31, 2021 was \$35,326.27. The benefits paid by the trust for the year ended December 31, 2021, 2020 and 2019 were \$300,280.80, \$277,427.94 and \$261,537.32

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.78% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 11: PENSION PLANS – Continued

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 12: PENSION LIABILITIES

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

The following represents the municipality's pension liabilities as June 30, 2021:

Public Employees' Retirement System

The Municipality has a liability of \$25,856,834.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. 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, 2021, the Municipality's proportion would be 0.15855904680%, which would be an decrease of 1.92% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of \$358,378.00. At December 31, 2021, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 470,810.00	\$ (91,441.00)
Changes of assumptions	838,825.00	(10,826,501.00)
Changes in proportion	41,112.00	(1,640,673.00)
Net difference between projected and actual earnings on pension plan investments	883,807	-
Total	\$ 2,234,554.00	\$ (12,558,615.00)

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,	
2021	\$ (1,194,849.11)
2022	(3,876,068.73)
2023	(3,461,103.55)
2024	(1,625,166.45)
2025	(166,873.16)
Total	\$ (10,324,061.00)

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (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 a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 78% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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%)
Municipality's proportionate share of the net pension liability	\$ 30,795,417.88	\$ 25,856,834.00	\$ 21,671,699.15

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$46,302,369.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2020 that was rolled forward to June 30, 2021. 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, 2021, the Municipality's proportion would be 0.35834089170%, which would be a decrease of 1.91% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of \$2,378,086.00. At December 31, 2021, 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	\$ 466,806.00	\$ (166,174.00)
Changes of assumptions	116,520.00	(12,413,388.00)
Changes in proportion	493,530.00	(1,485,798.00)
Net difference between projected and actual earnings on pension plan investments	2,714,925	-
Total	\$ 3,791,781.00	\$ (14,065,360.00)

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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,	
2021	\$ (1,793,147.53)
2022	(3,764,101.84)
2023	(2,665,772.78)
2024	(1,314,044.68)
2025	(736,512.17)
Total	<u><u>\$ (10,273,579.00)</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2021. 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% - 15.25% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement 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, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 78% of the actuarially determine 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.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	59,843,575.75	46,302,369.00	35,055,662.49

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, 2020 State special funding situation net pension liability amount of \$2,005,329,818.00 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, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. 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 2021, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.35834089170% for 2021. The net pension liability amount allocated to the Municipality was \$46,302,369.00. For the fiscal year ending June 30, 2021 State special funding situation pension expense of \$13,495,324.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 13: PROPERTY TAXES

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

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

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

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

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

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

Note 14: ECONOMIC DEPENDENCY

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

	<u>Year</u>		<u>Balance December 31st</u>		<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2021	\$	10,465,789.24	\$	5,400,000.00	51.60%
	2020		6,571,432.10		3,150,000.00	47.93%
	2019		8,025,163.09		4,000,000.00	49.84%
	2018		5,851,302.34		2,850,000.00	48.71%
	2017		5,830,017.84		3,000,000.00	51.46%

Note 16: FEDERAL AND STATE GRANTS

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

Note 17: RISK MANAGEMENT

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

Property and Liability Insurance

The City maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2021 and 2020, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Note 18: LITIGATION

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 19: POST- RETIREMENT BENEFITS

The City offers medical and prescription drug coverage to eligible retirees and their dependents after 25 years or more of service. The City also offers vision to Police and Fire retirees and Dental to Department Heads only.

The City participates New Jersey State Health Benefits Program (“the SHBP”), which qualifies as a cost-sharing, multiple –employer plan in accordance with GASB Statement 75 “Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions” (“OPEB”). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, 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 OPEB Liability associated with the SHBP is further discussed in Note 20.

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.

The actuarial valuation report was based on 212 total participants including 112 retirees.

Annual OPEB Cost and Net OPEB Liability

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, 2019 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 1.93% and annual dental and vision cost trend rate of 3.0%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Other Post-employment Benefit Costs and Obligations

In the January 1, 2021 actuarial valuation, the Actuarially Determined Contribution for the year's ending December 31, 2021 were projected as follows:

		<u>12/31/2020</u>
Actuarial determined contribution	\$	353,477.00
Benefit payments		(28,975.00)
Net change in total OPEB liability		<u>324,502.00</u>
Covered Payroll	\$	12,039,000.00
Actuarially Determined Contribution as a % of Covered Payroll		0.24%

The following reflects the change in the Total OPEB Liability as of the January 1, 2021 valuation date for the Years ended December 31, 2021.

		<u>12/31/2019</u>
OPEB Liability, Beginning of Year	\$	4,062,129.00
Changes for the Year:		
Service Cost		73,833.00
Interest		131,953.00
Assumption Changes & Difference Between Actual & Expected Experience		2,222,821.00
Changes of benefit terms		-
Change in Actuarial Cost Method		1,727,016.00
Benefit Payments		(28,975.00)
OPEB Liability, End of Year	\$	<u>8,188,777.00</u>
Covered payroll (for Covered Participants)	\$	12,039,000.00
Total OPEB liability as a percentage of covered payroll		68.02%

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

The January 1, 2021 valuation was prepared using a discount rate of 1.93%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$6,890,299.00 or by 2.93%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$9,487,254.00 or by 0.93%.

	Discount Rate		
	1% Decrease	Baseline 1.93%	1% Increase
Total OPEB Liability	\$ <u>9,487,254.00</u>	\$ <u>8,188,777.00</u>	\$ <u>6,890,299.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

The January 1, 2021 valuation was prepared using a flat trend rate of 5.00% decreasing to 4.0%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$10,073,412.00 or 6.00% flat. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$6,676,786.00 or by 4.00% flat.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 5.00% flat	1% Increase
Total OPEB Liability	\$ <u>6,676,786.00</u>	\$ <u>8,188,777.00</u>	\$ <u>10,073,412.00</u>

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

For the year ended December 31, 2021, the City's Actuarially determined OPEB expense was \$1,017,730.00. At December 31, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in January 1, 2020 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$ 4,265,455.00	\$ 127,177.00
Total	\$ <u>4,265,455.00</u>	\$ <u>127,177.00</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,

2021	\$	811,944.00
2022		811,944.00
2023		811,944.00
2024		573,924.00
2025		564,263.00
2026		564,259.00
	\$	4,138,278.00

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The 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) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

- 1) retired on a disability pension;
- or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;
- or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;
- or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20 – OTHER POST-RETIREMENT BENEFITS - Continued

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 City 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, 2020 were \$5,512,481,278 and \$12,598,993,950, 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 non special funding situation during the measurement period July 1, 2019 through June 30, 2020. 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.

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, 2020 is as follows:

	June 30, 2020	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,111,485,228.00	\$ 64,485,364.00
Plan Fiduciary Net Position	164,862,282.00	586,987.00
Net OPEB Liability	\$ 17,946,622,946.00	\$ 63,898,377.00
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	0.91%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20 – OTHER POST-RETIREMENT BENEFITS - Continued

At June 30, 2020 the City's proportionate share of the Collective Net OPEB Liability was \$63,898,377.00. The State's proportionate share for the Special Funding Situation that is associated with the City is \$28,330,071.00. The City's proportion of the Collective Net OPEB Liability was 0.356047% which was an increase from the prior year of 8.79%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.518647% which was an increase from the prior year of 25.71%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 63,898,377.00
State's proportionate share that is associated with the City	28,330,071.00
Total	<u>\$ 92,228,448.00</u>

For the Year ended June 30, 2020 the City's Total OPEB Expense was \$10,595,492.00 and the State of New Jersey realized Total OPEB Expense in the amount of \$1,410,278.00 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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:

Inflation rate	2.50%
Salary increases*:	
PERS Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS	
Rate for all future years	3.25% to 15.25%

* Salary increases are based on years of service within the respective plan.

Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20 – OTHER POST-RETIREMENT BENEFITS - Continued

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2020, 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:

		1% Decrease (1.21%)		Discount Rate (2.21%)		1% Increase (3.21%)
Collective						
Net OPEB Liability	\$	21,216,688,254.00	\$	17,946,612,946.00	\$	15,358,051,000.00
Proportionate Share						
Net OPEB Liability	\$	75,541,382.03	\$	63,898,377.00	\$	54,681,879.85

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20 – OTHER POST-RETIREMENT BENEFITS - Continued

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

The following presents the net OPEB liability as of June 30, 2020, 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 Trend Rate</u>		<u>1% Increase</u>
Collective						
Net OPEB Liability	\$	14,850,840,718.00	\$	17,946,612,946.00	\$	22,000,569,109.00
Proportionate Share						
Net OPEB Liability	\$	52,875,972.85	\$	63,898,377.00	\$	78,332,366.30

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

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	<u>Collective Totals</u>		<u>Proportionate Share</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 472,699,992.00	\$ (3,341,994,109.00)	\$ 40,579.00	\$ (11,899,070.00)
Changes of assumptions	2,684,248,513.00	(3,991,049,511.00)	9,557,186.00	(14,210,012.00)
Net difference between projected and actual earnings on OPEB plan investments	11,397,084.00		1,683,034.00	
Changes in proportion and differences between contributions and proportionate share of contributions			61,712,494.00	-
Total	<u>\$ 3,168,345,589.00</u>	<u>\$ (7,333,043,620.00)</u>	<u>\$ 72,993,293.00</u>	<u>\$ (26,109,082.00)</u>

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:

<u>Year ended June 30,</u>		<u>Collective Totals</u>		<u>Proportionate Share</u>
2021	\$	(964,720,007.00)	\$	10,860,363.95
2022		(965,594,678.00)		10,870,210.59
2023		(967,008,484.00)		10,886,126.55
2024		(968,300,349.00)		10,900,669.76
2025		(660,258,014.00)		7,432,874.08
Thereafter		361,183,501.00		(4,066,033.92)
Total	\$	<u>(4,164,698,031.00)</u>	\$	<u>46,884,211.00</u>

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20 – OTHER POST-RETIREMENT BENEFITS - Continued

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, 2020 are as follows:

Service cost	\$ 605,949,339
Interest on Total OPEB Liability	497,444,533
Expected Investment Return	(7,632,336)
Administrative Expenses	9,913,267
Changes of Benefit Terms	1,034,142
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(550,598,668)
Changes in Assumptions	(418,656,482)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,535,144
Total Collective OPEB Expense	<u>\$ 141,988,939</u>

Schedule of City's Share of Net OPEB Liability

	<u>2020</u>	<u>2019</u>
City's Proportionate Share of Net OPEB Liability	0.35605%	0.32728%
City's Share of Net OPEB Liability	\$ 63,898,377.00	44,333,446.00
City's Covered Payroll	24,277,445.00	23,654,685.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	263.20%	187.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.97%

Note 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2021 and August 5, 2022 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

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2020	\$ 13,838,588.31	105,890.09
Increased by Receipts:		
Tax Collector	125,200,000.00	-
Homestead Rebates	259,328.11	-
Senior & Vets Deductions	81,374.32	-
Revenue Accounts Receivable	23,848,144.62	-
Reserve for Payroll Taxes Payable	53,483,942.97	-
Reserve for Health Insurance Claims	7,736,071.58	-
Prepaid Beach Tags	193,970.00	-
Change Funds Returned	60,210.00	-
Matching Funds for Grants	-	2,834.10
Prior Year Checks Cancelled	110,075.92	-
Federal and State Unappropriated	-	1,425,842.00
Federal and State Receivables	-	1,783,437.40
	210,973,117.52	3,212,113.50
	224,811,705.83	3,318,003.59
Decreased by Disbursements:		
Current Year Appropriation	81,721,571.71	-
Prior Year Appropriations	1,303,818.15	-
County Taxes	33,839,381.37	-
County Added Taxes	330,543.99	-
Local District School Taxes	25,790,828.00	-
Special Improvement District Taxes	183,268.00	-
Due to Trust Other Fund	1,483,559.30	-
Tax Sale Premiums	377,600.00	-
Payroll Taxes Payable	53,378,144.61	-
Reserve for Health Insurance Claims	7,829,434.63	-
Change Funds Created	59,810.00	-
Refund of Tax Overpayments	55,783.81	-
Grants Cancelled	-	43,104.12
Matching Funds Due to Grant Fund	2,834.10	-
Federal and State Disbursements	-	1,941,676.15
	206,356,577.67	1,984,780.27
Balance December 31, 2021	\$ 18,455,128.16	1,333,223.32

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

Balance December 31, 2020		\$ 398,149.20
Increased by Receipts:		
Prepaid Taxes	3,544,208.67	
Taxes Receivable	119,332,441.04	
Revenue Accounts Receivable	178,497.35	
COAH Fees due to Trust Other Fund	1,483,559.30	
Tax Sale Premiums	377,600.00	
Tax Overpayments	100,818.41	
	<hr/>	<u>125,017,124.77</u>
		125,415,273.97
Payments to Treasurer		<u>125,200,000.00</u>
Balance December 31, 2021		\$ <u><u>215,273.97</u></u>

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

Year	Balance Dec. 31, 2020	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2021
				2020	2021			
Arrears \$	-	-	-	-	-	(53,622.35)	-	53,622.35
2020	787,838.35	-	-	-	752,195.59	35,637.72	-	5.04
	787,838.35	-	-	-	752,195.59	(17,984.63)	-	53,627.39
2021	-	122,015,507.72	1,048,960.63	3,548,799.31	118,922,404.61	58,408.96	683.43	534,172.04
\$	787,838.35	122,015,507.72	1,048,960.63	3,548,799.31	119,674,600.20	40,424.33	683.43	587,799.43

119,332,441.04 Cash Receipts
 259,328.11 Homestead Rebates
 1,081.05 Overpayments Applied
 81,750.00 Senior Citizens and Veterans
119,674,600.20

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax
 Added Taxes (54.4-63.1 et. Seq.)

122,015,507.72
 1,048,960.63
123,064,468.35

Tax Levy:

General County Taxes
 County Open Space Taxes
 County Added and Omitted Taxes
 Total County Taxes

32,456,126.13
 1,383,255.24
 292,071.77
34,131,453.14

Local School District Tax

25,964,323.00

Special Improvement District Tax

183,268.00

Local Tax for Municipal Purposes

61,627,713.25

Add: Additional Tax Levied

1,157,710.96
62,785,424.21

123,064,468.35
123,064,468.35

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

Balance December 31, 2020	\$	4,616.53
Increased by:		
Transfers from Taxes Receivable		683.43
		683.43
		5,299.96
Balance December 31, 2021	\$	5,299.96

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2020	Accrued in 2021	Collected by		Balance Dec. 31, 2021
			Collector	Treasurer	
Licenses:					
Other	-	374,411.72	-	374,411.72	-
Fees and Permits	-	1,138,694.32	-	1,138,694.32	-
Fines and Costs:					
Municipal Court	-	221,052.74	-	221,052.74	-
Interest and Costs on Taxes	-	178,477.35	178,477.35	-	-
Interest Earned on Investments	-	33,304.02	-	33,304.02	-
Parking Meters	-	3,447,852.91	-	3,447,852.91	-
Beach Fees	-	4,211,092.66	-	4,211,092.66	-
Rental or Sale of City Material and Property	-	129,309.39	-	129,309.39	-
Airport Fees	-	117,729.12	-	117,729.12	-
Boat Ramp Fees	-	33,248.91	-	33,248.91	-
Aquatic and Fitness Center User Fees	-	770,227.50	-	770,227.50	-
Smoke Detector Inspection Fees	-	142,550.01	-	142,550.01	-
Emergency Medical Services	-	665,339.25	-	665,339.25	-
Energy Receipts Tax	-	2,146,048.00	-	2,146,048.00	-
Uniform Construction Code Fees	-	1,126,990.00	-	1,126,990.00	-
Upper Township - Dispatching Services	-	250,896.00	-	250,896.00	-
Shared Services - HMGF	-	-	-	-	-
Reserves for Debt Service, Capital Fund Balance & Arbitrage Reserve	-	4,330,000.00	-	4,330,000.00	-
OC Library - Contracted Services	-	209,796.00	-	209,796.00	-
OC Library - Return to Taxpayers	-	1,687,980.00	-	1,687,980.00	-
ARP Loss of Revenue	-	2,100,000.00	-	2,100,000.00	-
Miscellaneous Revenue Not Anticipated	-	875,581.43	20.00	875,561.43	-
	\$ -	24,190,581.33	178,497.35	24,012,083.98	-
			Cash Received	23,848,144.62	
			Prepaid Applied	163,939.36	
				<u>24,012,083.98</u>	

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
EXECUTIVE BRANCH				
Mayor's Office				
Salaries and Wages	-	-	-	-
Other Expenses	1,495.10	1,495.10	-	1,495.10
ADMINISTRATION DEPARTMENT				
City Administrator				
Salaries and Wages	27.38	27.38	27.38	-
Other Expenses	107.69	107.69	31.96	75.73
Human Resources				
Salaries and Wages	1,942.06	1,942.06	1,942.06	-
Other Expenses	73,597.74	73,597.74	18,473.83	55,123.91
Purchasing Division				
Salaries and Wages	20,039.52	20,039.52	10,039.52	10,000.00
Other Expenses	3,945.54	3,945.54	120.00	3,825.54
Emergency Management				
Other Expenses	4,719.07	4,719.07	1,193.62	3,525.45
Planning Board				
Other Expenses	17,935.74	17,935.74	-	17,935.74
Zoning Board of Adjustment				
Other Expenses	3,373.42	3,373.42	1,787.50	1,585.92
COMMUNITY SERVICE DEPARTMENT				
Neighborhood & Social Services				
Salaries and Wages	1,692.66	1,692.66	1,692.66	-
Other Expenses	1,201.16	1,201.16	-	1,201.16
Public Relations				
Salaries and Wages	75,048.84	75,048.84	28,955.21	46,093.63
Other Expenses	214,072.61	214,072.61	4,422.05	209,650.56
Administration				
Salaries and Wages	7,558.29	7,558.29	7,000.00	558.29
Other Expenses	5,178.63	5,178.63	253.05	4,925.58

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
Engineering and Project Management				
Salaries and Wages	7.83	7.83	7.83	-
Other Expenses	3,184.10	3,184.10	1,770.52	1,413.58
Recreation & Leisure Programs				
Salaries and Wages	97,296.45	97,296.45	26,868.33	70,428.12
Other Expenses	11,794.05	11,794.05	1,110.44	10,683.61
Historical Commission				
Other Expenses	2,403.24	2,403.24	-	2,403.24
Music Pier Operations				
Salaries and Wages	60,440.39	60,440.39	7,861.77	52,578.62
Other Expenses	2,669.82	2,669.82	19.42	2,650.40
Aquatic and Fitness Center				
Salaries and Wages	178,368.57	178,368.57	58,998.38	119,370.19
Other Expenses	13,711.54	13,711.54	4,169.65	9,541.89
Facility Maintenance				
Salaries and Wages	11.88	11.88	11.88	-
Other Expenses	46,786.79	46,786.79	36,530.88	10,255.91
Environmental Operations				
Salaries and Wages	40,772.22	40,772.22	22,849.87	17,922.35
Other Expenses				
Miscellaneous Other Expenses	10,455.00	10,455.00	10,455.00	-
Trash & Recycling	436,034.97	436,034.97	241,007.42	195,027.55
Field Operations				
Salaries and Wages	36,393.31	36,393.31	12,029.79	24,363.52
Other Expenses	12,300.58	12,300.58	709.14	11,591.44
Fleet Maintenance				
Salaries and Wages	10.55	10.55	-	10.55
Other Expenses	29,816.68	29,816.68	12,418.03	17,398.65
Municipal Code and licensing				
Salaries and Wages	6,206.31	6,206.31	1,650.00	4,556.31
Other Expenses	10,767.97	10,767.97	6,684.86	4,083.11

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
LAW DEPARTMENT				
Legal Division				
Salaries and Wages	850.02	850.02	-	850.02
Other Expenses	74,192.20	149,192.20	119,107.62	30,084.58
Public Defender				
Other Expenses	7,275.04	7,275.04	3,633.33	3,641.71
FINANCIAL MANAGEMENT				
Treasurer's Office				
Audit Services	1,200.00	1,200.00	-	1,200.00
Other Expenses	24,231.70	24,231.70	6,369.74	17,861.96
Accounting Division				
Salaries and Wages	124.19	124.19	-	124.19
Other Expenses	45.00	45.00	45.00	-
Parking Regulation				
Salaries and Wages	56,075.89	56,075.89	-	56,075.89
Other Expenses	46,671.50	46,671.50	4,797.76	41,873.74
Property Assessment Division				
Salaries and Wages	19,720.66	19,720.66	12,904.02	6,816.64
Other Expenses	53,154.40	53,154.40	386.10	52,768.30
Beach Fee Regulation Division				
Salaries and Wages	9,232.60	9,232.60	-	9,232.60
Other Expenses	15.50	15.50	-	15.50
Tax Collection Division				
Salaries and Wages	24,651.66	24,651.66	520.64	24,131.02
Other Expenses	2,835.61	2,835.61	49.00	2,786.61
Revenue Collection				
Salaries and Wages	57,093.44	57,093.44	41,642.29	15,451.15
Other Expenses	97,945.69	97,945.69	33,532.14	64,413.55

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
STATUTORY OFFICES				
City Clerk				
Salaries and Wages	1,814.18	1,814.18	-	1,814.18
Other Expenses	12,811.06	12,811.06	1,200.16	11,610.90
City Council				
Salaries and Wages	4,516.57	4,516.57	-	4,516.57
Other Expenses	2,239.31	2,239.31	810.00	1,429.31
Municipal Court				
Salaries and Wages	67,110.42	67,110.42	1,248.47	65,861.95
Other Expenses	13,151.92	13,151.92	1,425.24	11,726.68
DEPARTMENT OF FIRE				
Rescue Services Division				
Salaries and Wages	4,684.81	4,684.81	3,589.45	1,095.36
Other Expenses	51,791.16	51,791.16	26,500.82	25,290.34
Lifeguards Division				
Salaries and Wages	133.33	133.33	-	133.33
Other Expenses	6,368.19	6,368.19	1,807.38	4,560.81
Fire Protection and Prevention				
Salaries and Wages	90,572.39	90,572.39	40,506.27	50,066.12
Other Expenses	65,413.25	65,413.25	65,068.33	344.92
DEPARTMENT OF POLICE				
Police Protection Division				
Salaries and Wages	856.80	36,856.80	36,856.80	-
Miscellaneous Other Expenses	64,245.24	28,245.24	28,245.24	-
Purchase of Vehicles	7,329.28	7,329.28	2,068.41	5,260.87
Information Technology				
Salaries and Wages	579.25	579.25	-	579.25
Other Expenses	20,674.26	20,674.26	20,674.26	-

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
OTHER				
City Wide Operations	14,359.46	14,359.46	6,490.60	7,868.86
Finance - Other Expenses				
City Wide Operations	141,424.88	141,424.88	105,872.40	35,552.48
Operations & Engineering - Other Expenses				
UNIFORM CONSTRUCTION CODE				
State Uniform Construction Code				
Construction Official				
Salaries and Wages	60.92	60.92	-	60.92
Other Expenses	33,949.50	33,949.50	319.22	33,630.28
INSURANCE				
Workers Compensation	8,495.92	8,495.92	-	8,495.92
Employee Group Health	233,545.28	158,545.28	11,368.21	147,177.07
Health Benefit Waiver - Salaries & Wages		-		-
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	160,155.52	137,155.52	59,462.25	77,693.27
Street Lighting	13,384.51	36,384.51	36,305.89	78.62
Telephone	33,747.15	33,747.15	12,573.61	21,173.54
Water	77,085.12	77,085.12	63,606.09	13,479.03
Fuel Oil	45,881.81	45,881.81	27,718.34	18,163.47
Gasoline	136,177.44	136,177.44	6,021.02	130,156.42
STATUTORY EXPENDITURES				
Contributions to				
Social Security System (O.A.S.I.)	72,412.02	72,412.02	-	72,412.02
Unemployment Compensation Insurance	23,153.73	23,153.73	-	23,153.73
Defined Contribution Retirement Program	5,624.81	5,624.81	-	5,624.81
OPERATIONS EXCLUDED FROM "CAPS"				
INSURANCE				
Matching Funds for Grants	38,564.50	38,564.50	-	38,564.50
	<u>\$ 3,358,996.79</u>	<u>3,358,996.79</u>	<u>1,303,818.15</u>	<u>2,055,178.64</u>
		Cash Disbursed	1,303,818.15	
		Accounts Payable	<u>1,303,818.15</u>	

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

Balance December 31, 2020			
School Tax Payable	\$	-	
School Tax Deferred		<u>12,808,666.50</u>	
			\$ 12,808,666.50
Increased by:			
Levy - School Year July 1, 2021 to June 30, 2022			<u>25,964,323.00</u>
			38,772,989.50
Decreased by:			
Payments			<u>25,790,828.00</u>
Balance December 31, 2021			
School Tax Payable		-	
School Tax Deferred		<u>12,982,161.50</u>	
			<u>12,982,161.50</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			25,790,828.00
Tax Payable Ending			<u>-</u>
			25,790,828.00
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u><u>\$ 25,790,828.00</u></u>

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred From 2021 Revenues	Received	Cancellation	Balance Dec. 31, 2021
FEDERAL GRANTS:					
FAA - Airport Lighting Obstruction Phase I - 18/19	\$ 8,273.86	-	383.78	-	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
Community Development Block Grant 18/19	221,281.00	-	-	-	221,281.00
Community Development Block Grant 19/20	278,423.00	-	-	-	278,423.00
Community Development Block Grant 20/21	193,972.95	-	-	-	193,972.95
Community Development Block Grant 21/22	-	289,836.00	217,686.95	52.00	72,097.05
National Fish and Wildlife 18-19	587,433.68	-	-	587,433.68	-
FEMA - NJOEM Cape May County Elevation Project 18-19	2,500,606.31	-	635,709.24	-	1,864,897.07
FEMA - Homeland Security Firefighters Grant	56,666.66	-	56,666.66	-	-
USDOT FAA Airport Erosion Control Phase II	182,256.27	-	2,527.82	-	179,728.45
USDOT FAA Airport Erosion Control Phase III	647,886.00	-	562,618.44	-	85,267.56
USDOT FAA Airport Seal Runway, Taxiway, & Terminal	-	61,323.00	-	-	61,323.00
USDOT FAA Light Obstruction Phase II	56,906.27	-	-	-	56,906.27
USDOT Airport Fuel Farm	285,898.80	-	-	-	285,898.80
CV Coronavirus Aid, Relief and Economic Security Act 20-21	284,843.00	-	-	-	284,843.00
CDBG - DR: Prepare Codes & Ordinances	211.00	-	-	211.00	-
CDBG - DR: Design Development	402.00	-	-	402.00	-
Body Armor Grant - 21/22	-	4,367.11	4,367.11	-	-
Total Federal	5,305,060.80	384,526.11	1,479,960.00	588,098.68	3,621,528.23

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred From 2021 Revenues	Received	Cancellation	Balance Dec. 31, 2021
STATE GRANTS:					
NJDOT - Year 2019 West Avenue 26th - 32nd	240,000.00	-	180,000.00		60,000.00
NJ DOT - Dredge Material Management Grant 18-19	479,666.60	-	-	479,666.60	-
NJ DOT - 2018 Municipal Aid Program	47,500.00	-	-		47,500.00
NJ DOT - 2014 Bay to West Avenue - 33rd Avenue	172,000.00	-	-	172,000.00	-
N.J. Transportation Trust Fund Authority Act 2021	-	175,000.00	-	-	175,000.00
N.J. Transportation Trust Fund Authority Act 2022	-	185,000.00	-	-	185,000.00
NJ DEP - Electric Vehicle Charging Grant	5,000.00	-	-	-	5,000.00
DCA - Disabled Recreation - Grant	13,659.19	-	-	13,659.19	-
Clean Communities Program - 21/22	-	94,912.74	94,912.74	-	-
Body Worn Camera Assistance Program 2022	-	130,432.00	-	-	130,432.00
Recycling Tonnage Grant - 21/22	-	28,564.66	28,564.66	-	-
Airport Obstruction Removal Grant	46,151.04	-	-	46,151.04	-
Total State	<u>1,003,976.83</u>	<u>613,909.40</u>	<u>303,477.40</u>	<u>711,476.83</u>	<u>602,932.00</u>
	<u>\$ 6,309,037.63</u>	<u>998,435.51</u>	<u>1,783,437.40</u>	<u>1,299,575.51</u>	<u>4,224,460.23</u>

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2020		2021		Cancelled	Balance Dec. 31, 2021
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed		
FEDERAL GRANTS:						
Community Development Block Grant 16/17	\$ 7,600.00	-	-	-	52.00	7,548.00
Community Development Block Grant 17/18	169,974.70	19,981.35	-	-	-	169,974.70
Community Development Block Grant 18/19	103,746.80	4,428.00	-	-	-	79,246.80
Community Development Block Grant 19/20	190,711.25	33,233.08	-	16,500.00	-	15,760.49
Community Development Block Grant 20/21	262,625.00	25,000.00	-	120,848.19	-	155,427.40
Community Development Block Grant 21/22	-	-	289,836.00	111,912.74	-	269,836.00
CDBG - DR: Prepare Codes & Ordinances	211.00	-	-	-	211.00	-
CDBG - DR: Design Development	402.00	-	-	-	402.00	-
National Fish and Wildlife 18-19	588,003.11	-	-	-	588,003.11	-
Body Armor Replacement Fund 18-19	-	814.23	-	814.23	-	-
Body Armor Replacement Fund 19-20	3,273.88	2,413.05	-	5,686.93	-	-
Body Armor Replacement Fund 20-21	5,452.14	-	-	5,452.14	-	-
Body Armor Replacement Fund 21-22	-	-	4,367.11	4,367.11	-	-
Bullet Proof Vest Partnership	9,798.24	-	-	1,967.51	-	7,830.73
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	1,449.00	646,437.00	-	564,633.89	-	40,848.43
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	-	20,750.75	-	19,595.27	-	(0.00)
USDOT FAA - Seal Runway, Taxiway & Terminal	-	-	61,323.00	-	-	61,323.00
FAA Cares Act Airport Grant	-	-	20,000.00	1,128.18	-	18,871.82
FAA Cares Coronavirus Response Grant (ACRGP)	-	-	9,000.00	-	-	9,000.00
CV Coronavirus Aid, Relief and Economic Security Act	284,843.00	-	-	40,024.41	-	139,391.00
FEMA - NJOEM Cape May County Elevation Project 18-19	2,334,006.30	90,000.00	-	621,709.24	-	1,747,297.06
FEMA - OEM Grant	7,000.00	-	-	-	-	7,000.00
FEMA - NJ State Police - EMS	7,597.73	-	-	-	-	7,597.73
Total Federal	4,091,750.65	851,847.12	384,526.11	1,514,639.84	588,668.11	2,851,809.66
				373,006.27		

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2020		2021		Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2021
	Appropriated	Reserve for Encumbrances	Appropriations					
STATE GRANTS:								
Clean Communities 18	-	-	-	-	-	-	-	-
Clean Communities 19	24,044.34	31,696.03	-	-	55,740.37	-	-	(0.00)
Clean Communities 20	89,157.11	-	-	-	53,612.37	6,978.14	-	28,566.60
Clean Communities 21	-	-	94,912.74	-	-	-	-	94,912.74
Drunk Driving Enforcement 19-20	2,026.70	-	-	-	2,026.70	-	-	-
Drunk Driving Enforcement 20-21	4,000.00	-	-	-	841.25	-	-	3,158.75
Recycling Tonnage Grant 19-20	3,261.81	-	-	-	24,640.86	-	-	-
Recycling Tonnage Grant 20-21	26,839.17	-	-	-	26,839.17	-	-	-
Recycling Tonnage Grant 21-22	-	-	-	-	14,578.51	-	-	-
Alcohol Education and Rehabilitation	90.91	-	28,564.66	-	-	-	-	13,986.15
N.J. Transportation Trust Fund Authority Act	240,000.00	-	-	-	240,000.00	-	-	90.91
N.J. Transportation Trust Fund Authority Act 2021	-	-	175,000.00	-	-	-	-	175,000.00
N.J. Transportation Trust Fund Authority Act 2022	-	-	185,000.00	-	-	185,000.00	-	-
NJDOT - 2014 Bay to West Avenue - 33rd Avenue	172,000.00	-	-	-	-	-	172,000.00	-
NJDOT - Airport Fuel Farm	258,477.21	-	-	-	-	-	-	258,477.21
NJDOT - 2018 Maritime Resources Dredging	481,501.33	-	-	-	-	-	481,501.33	-
NJ Cooperate Wetlands Restoration	11,693.70	-	-	-	3,676.58	-	-	8,017.12
Body Worm Camera Assistance Program	662.00	-	-	-	-	-	662.00	-
Body Worm Camera Assistance Program 2022	-	-	130,432.00	-	-	-	-	130,432.00
Airport Obstruction Removal Grant	40,132.38	-	-	-	-	-	40,132.38	-
NJ Historic Trust Sandy Relief - Transportation Center	16,541.00	-	-	-	-	-	-	-
Post Sandy Planning Grant	18,432.50	4,095.00	-	-	-	-	-	-
DCA - Disabled Recreation - Grant	16,997.00	-	-	-	-	-	-	-
DCA - Disabled Recreation - Match	3,650.31	-	-	-	-	-	-	-
Total State	<u>1,409,507.47</u>	<u>57,170.08</u>	<u>613,909.40</u>	<u>421,955.81</u>	<u>191,978.14</u>	<u>754,011.52</u>	<u>712,641.48</u>	
OTHER GRANTS:								
Municipal Alliance	-	4,652.40	-	4,652.40	-	-	-	-
Municipal Alliance 2021	-	-	2,834.10	428.10	-	-	-	2,406.00
Total Other	<u>-</u>	<u>4,652.40</u>	<u>2,834.10</u>	<u>5,080.50</u>	<u>564,984.41</u>	<u>1,342,679.63</u>	<u>3,566,857.14</u>	
\$	<u>5,501,258.12</u>	<u>913,669.60</u>	<u>1,001,269.61</u>	<u>1,941,676.15</u>	<u>564,984.41</u>	<u>1,342,679.63</u>	<u>3,566,857.14</u>	

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred To 2021 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2021</u>
FEDERAL GRANTS:				
Coronavirus Stimulus Funds	\$ -	-	1,417,946.00	1,417,946.00
Total Federal	<u>-</u>	<u>-</u>	<u>1,417,946.00</u>	<u>1,417,946.00</u>
STATE GRANTS:				
Bullet Proof Vest	-	-	7,896.00	7,896.00
Drunk Driving Enforcement Fund	-	-	-	-
Body Armor Fund	-	-	-	-
Recycling Tonnage Grant	-	-	-	-
Total State	<u>-</u>	<u>-</u>	<u>7,896.00</u>	<u>7,896.00</u>
OTHER GRANTS:				
Coastal America Foundation - Upweller Bayside	-	-	-	-
Total Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>-</u>	<u>1,425,842.00</u>	<u>1,425,842.00</u>

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

Balance December 31, 2020		\$	35,205.21
Increased by:			
Cash Receipts for;			
Dog Licenses Collected	2,766.90		
Dog Park	12,395.44		
Donation	-		
Due to State of New Jersey	737.40		
Interest on Investments	5.62		
			15,905.36
			51,110.57
Decreased by:			
Cash Disbursed for:			
Dog Fund Expenditures	111.50		
Dog Park	6,038.12		
Due to Current	6.27		
Due to State of New Jersey	737.40		
			6,893.29
Balance December 31, 2021		\$	44,217.28

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

Balance December 31, 2020		\$	9,114,164.79
Increased by:			
Cash Receipts for Other Reserves:			
Interest on Investments	10,344.18		
Employee Withholdings	58,787.33		
Budget Appropriations	324,202.00		
Other Receipts	4,049,677.89		
			4,443,011.40
			13,557,176.19
Decreased by:			
Cash Disbursed for Other Reserves	2,931,951.78		
			2,931,951.78
Balance December 31, 2021		\$	10,625,224.41

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

Balance December 31, 2020		\$	35,205.21
Increased by:			
Dog Park Fees	12,395.44		
Dog License Fees Collected	2,766.90		
Donation			
Interest on Investments	5.62		
			15,167.96
			50,373.17
Decreased by:			
Dog Park	6,038.12		
Dog Licensing Supplies	111.50		
Interest on Investments	6.27		
			6,155.89
Balance December 31, 2021		\$	44,217.28

Fess Collected		2020	10,073.40
		2019	13,191.50
			23,264.90

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

Balance December 31, 2020	\$	-
Increased by:		
Cash Receipts	737.40	
	737.40	737.40
Decreased by:		
Cash Disbursed	737.40	
	737.40	737.40
Balance December 31, 2021	\$	-

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2020	Interest on Investments	Employee Withholdings	Budget Appropriation	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2021
Tax Premiums	\$ 217,211.90	-	-	-	506,721.44	400,730.89	323,202.45
Dedicated Recreation Trust	151,933.70	43.81	-	-	856,328.19	666,341.44	341,964.26
Tourism Development	254,544.36	-	-	-	604,475.81	582,226.55	276,793.62
Law Enforcement Trust	37,147.47	24.50	-	-	2,281.00	2,250.00	37,202.97
Parking Offenses Adjudication Act	32,788.59	4.49	-	-	1,542.50	4,390.04	29,945.54
Cash Performance Deposits	866,272.39	543.89	-	-	340,889.41	426,919.31	780,786.38
Dedicated Fire Fees	5,865.79	-	-	-	1,088.39	1,077.23	5,876.95
Lifeguard Pension	46,819.64	-	58,787.33	230,000.00	-	300,280.70	35,326.27
Shade Trees	922.39	0.71	-	-	7,700.00	0.75	8,622.35
COAH	7,218,463.19	9,681.12	-	-	1,483,559.30	116,026.80	8,595,676.81
Merchant Fees	58,073.94	-	-	94,202.00	35,668.64	178,991.91	8,952.67
Planning & Zoning Escrow	224,121.43	45.66	-	-	209,423.21	252,716.16	180,874.14
	<u>\$ 9,114,164.79</u>	<u>10,344.18</u>	<u>58,787.33</u>	<u>324,202.00</u>	<u>4,049,677.89</u>	<u>2,931,951.78</u>	<u>10,625,224.41</u>

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

Balance December 31, 2020		\$ 57,267,759.02
Increased by:		
Bond Anticipation Notes	1,950,000.00	
Current Fund Appropriations:		
Deferred Charges Unfunded	130,000.00	
Capital Improvement Fund	3,000,000.00	
Reserve for Debt Service:		
NJDOT - Dredging	803,740.95	
FEMA - Sandy	45,864.29	
10th Street Warf paydown	16,161.60	
		5,945,766.84
		63,213,525.86
Decreased by:		
Improvement Authorizations	32,393,539.11	
Bond Anticipation Notes	2,080,000.00	
Due from Current Fund	4,200,000.00	
		38,673,539.11
Balance December 31, 2021		\$ <u><u>24,539,986.75</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
	Dec. 31, 2020	Dec. 31, 2021	Miscellaneous		Improvement Authorizations		Miscellaneous		
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 850,851.24		-	-	-	-	-	-	850,851.24
Capital Improvement Fund	113,177.53		3,000,000.00	-	-	-	-	-	2,191,752.53
Reserve for Debt Service	7,279,896.88		865,766.84	-	-	4,200,000.00	-	-	3,945,663.72
Encumbrances Payable	21,300,217.90		-	-	-	-	21,300,217.90	13,627,492.03	13,627,492.03
Due from Current Fund	-		-	-	-	-	-	-	-
Due from Grant Fund	-		-	-	-	-	-	-	-
Improvement Authorizations:									
13-04 Various Improvements	33,590.25		-	-	22,068.26	-	-	249.14	10,885.38
14-05 Various Improvements	3,156.60		-	-	6,728.37	-	885.75	3,572.37	0.60
14-13 Various Improvements	-		-	-	5,000.00	-	-	5,000.00	-
15-09 Various Improvements	-		-	-	-	-	-	10,059.24	10,059.24
15-17 Various Improvements	78,537.93		-	-	-	-	-	-	78,537.93
15-29 Roads & Drainage	15,764.82		-	-	-	-	-	-	15,764.82
16-01 Various Improvements	75,604.28		-	-	63,843.32	-	10,287.85	40,846.74	42,319.85
16-10 Acquisition of Property	92.30		-	-	-	-	-	-	92.30
16-19 Various Improvements	233,592.41		-	-	63,669.88	-	84,229.00	83,104.43	168,797.96
17-01 Various Improvements	669,965.15		-	-	441,682.85	-	38,520.04	61,482.79	251,245.05
17-09 Various Improvements	41,058.86		-	-	81,310.18	-	84,260.01	143,393.06	18,881.73
18-02 Various Improvements	941,524.63		-	-	27,611.26	-	350,329.01	65,198.84	628,783.20
18-08 Various Improvements	6,180.61		-	-	511,553.72	-	450,853.76	967,564.13	11,337.26
19-07 Various Improvements	1,718,435.69		-	-	1,494,181.86	-	161,630.17	1,506,241.29	1,568,864.95
19-08 Affordable Housing	46,057.00		-	-	3,237,520.16	-	3,158,874.84	6,396,395.00	46,057.00
19-09 Lagoon & Backbay Dredging	1,042,113.36		-	-	2,543,199.16	-	708,405.23	2,606,382.78	396,891.75
19-19 Various Improvements	3,047,753.08		-	-	2,472,674.98	-	77,755.17	2,359,091.25	2,856,414.18
19-19 Acquisition of Property	1,250.00		-	-	6,250.00	-	-	-	(5,000.00)
20-02 Acquisition of Property - 1600 Haven	6,527,250.00		-	-	6,545,000.00	-	-	-	(17,750.00)
20-03 Acquisition of Property - 109 16th St.	3,000,000.00		-	-	3,000,000.00	-	-	-	-
20-04 Acquisition of Property - 1600 Haven/Simpson	2,317,000.00		-	-	2,340,000.00	-	-	-	(23,000.00)
20-11 Various Improvements	8,391,122.18		-	-	6,261,377.44	-	3,542,457.81	5,854,453.16	4,441,740.09
20-16 Public Safety Building - Design	(755,000.00)		-	-	826,200.00	-	102,800.00	810,000.00	(874,000.00)
20-17 Capital Ordinance - Vehicle & Equipment	257,816.32		-	-	503,279.52	-	98,117.12	387,183.68	43,603.36
20-18 Acquisition of Property - 1600 Haven/Simpson	17,750.00		-	-	355,000.00	-	-	-	(337,250.00)
20-19 Acquisition of Property - 109 16th St	5,000.00		-	-	100,000.00	-	-	-	(95,000.00)
20-20 Acquisition of Property - 1600 Haven Ave	8,000.00		-	-	160,000.00	-	-	-	(152,000.00)
21-18 FEMA Elevation Project - Ocean Aire Condos	-		-	-	1,234,486.87	-	1,801,175.50	-	(3,035,661.37)
21-22 Various Improvements	-		-	-	90,902.28	-	2,956,910.77	921,425.00	(2,126,388.05)
Total	\$ 57,267,759.02		3,865,766.84	-	32,393,539.11	4,200,000.00	35,849,134.93	35,849,134.93	24,539,986.75

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

Balance December 31, 2020		\$ 113,177.53
Increased by:		
Budget Appropriation	3,000,000.00	
	3,000,000.00	3,000,000.00
		3,113,177.53
Decreased by:		
Improvement Authorizations	921,425.00	
	921,425.00	921,425.00
Balance December 31, 2021		\$ <u><u>2,191,752.53</u></u>

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

Balance December 31, 2020		\$ 172,549,947.44
Increased by:		
None	-	
		-
		172,549,947.44
Decreased by:		
Serial Bonds Paid & Refunded	11,630,000.00	
Greet Trust Loans Paid	32,069.64	
		11,662,069.64
Balance December 31, 2021		\$ <u><u>160,887,877.80</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Authorizations				Balance December 31, 2021	
				Funded	Unfunded	Capital Improvement Fund	Reserve for Debt Service	Deferred Charges to Future Taxation	Paid or Charged	Funded	Unfunded
13-04	Various Improvements	2/28/2013	5,788,000	\$ -	-	-	-	-	22,704.87	10,885.38	-
14-05	Various Improvements	2/27/2014	9,319,000	3,156.60	-	-	-	-	3,156.00	0.60	-
14-13	Various Improvements	6/12/2014	1,905,000	-	-	-	-	-	-	-	-
15-09	Various Improvements	3/26/2015	8,293,300	-	-	-	-	-	-	-	-
15-17	Various Improvements	8/13/2015	2,693,000	78,537.93	-	-	-	-	(10,059.24)	10,059.24	-
15-29	Various Improvements	12/17/2015	2,100,000	15,764.82	-	-	-	-	-	78,537.93	-
16-01	Various Improvements	2/25/2016	17,504,500	75,604.28	-	-	-	-	-	15,764.82	-
16-10	Acquisition of Property	5/12/2016	500,000	92.30	-	-	-	-	-	42,319.85	-
16-19	Various Improvements	8/11/2016	18,965,000	233,592.41	-	-	-	-	64,794.45	168,797.96	-
17-01	Various Improvements	2/23/2017	12,182,500	669,965.15	-	-	-	-	418,720.10	251,245.05	-
17-09	Various Improvements	5/23/2017	18,466,000	41,058.86	-	-	-	-	22,177.13	18,881.73	-
18-02	Various Improvements	2/22/2018	5,700,500	941,524.63	15,475.00	-	-	-	312,741.43	628,783.20	15,475.00
18-08	Various Improvements	7/12/2018	10,250,000	6,180.61	37,500.00	-	-	-	(5,156.65)	11,337.26	37,500.00
19-07	Various Improvements	3/14/2019	7,914,200	1,718,435.69	18,490.00	-	-	-	149,570.74	1,568,864.95	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	1,042,113.36	-	-	-	-	645,221.61	396,891.75	-
19-18	Various Improvements	10/24/2019	6,565,000	3,047,753.08	36,750.00	-	-	-	191,338.90	2,856,414.18	-
19-19	Acquisition of Property	10/24/2019	900,000	1,250.00	5,000.00	-	-	-	6,250.00	-	36,750.00
20-02	Acquisition of Property - 1600 Haven	2/27/2020	6,545,000	6,527,250.00	17,750.00	-	-	-	6,545,000.00	-	-
20-03	Acquisition of Property - 109 16th St.	2/27/2020	3,000,000	3,000,000.00	-	-	-	-	3,000,000.00	-	-
20-04	Acquisition of Property - 1600 Haven/Simpson	2/27/2020	2,340,000	2,317,000.00	23,000.00	-	-	-	2,340,000.00	-	-
20-11	Various Improvements	6/25/2020	15,959,000	8,391,122.18	61,050.00	-	-	-	3,949,382.09	4,441,740.09	61,050.00
20-16	Public Safety Building - Design	11/19/2020	1,100,000	-	290,000.00	-	-	-	119,000.00	-	171,000.00
20-17	Capital Ordinance - Vehicle & Equipment	11/19/2020	645,000	257,816.32	-	-	-	-	214,212.96	43,603.36	-
20-18	Acquisition of Property - 1600 Haven/Simpson	12/3/2020	355,000	17,750.00	337,250.00	-	-	-	355,000.00	-	-
20-19	Acquisition of Property - 109 16th St	12/3/2020	100,000	5,000.00	95,000.00	-	-	-	100,000.00	-	-
20-20	Acquisition of Property - 1600 Haven Ave	12/3/2020	160,000	8,000.00	152,000.00	-	-	-	160,000.00	-	-
21-18	FEMA Elevation Project - Ocean Aire Condos	5/27/2021	3,070,000	-	-	-	-	-	3,035,661.37	-	34,338.63
21-22	Various Improvements	9/9/2021	18,428,500	-	-	921,425.00	-	-	3,047,813.05	-	15,380,686.95
				\$ 28,478,615.47	1,089,265.00	921,425.00	-	20,577,075.00	24,720,813.24	10,590,276.65	15,755,290.58
									11,093,321.21		
									13,627,492.03		
											24,720,813.24

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
General Improvements	12/20/2012	9,900,000	12/15/2022	900,000.00	4.000%	\$ 3,600,000.00	-	900,000.00	2,700,000.00
			12/15/2023	900,000.00	3.000%				
			12/15/2024	900,000.00	3.000%				
General Improvements	8/12/2014	17,900,000	9/1/2022	1,600,000.00	2.000%	10,400,000.00	-	1,600,000.00	8,800,000.00
			9/1/2023	1,800,000.00	3.000%				
			9/1/2024	1,800,000.00	3.000%				
			9/1/2025	1,800,000.00	3.000%				
General Improvements	12/1/2016	38,800,000	11/15/2022	2,800,000.00	2.250%	29,200,000.00	-	2,700,000.00	26,500,000.00
			11/15/2023	3,400,000.00	2.000%				
			11/15/2024	3,750,000.00	2.000%				
			11/15/2025	3,950,000.00	2.125%				
			11/15/2026	4,200,000.00	2.250%				
			11/15/2027	4,200,000.00	2.250%				
General Improvements	10/10/2019	82,000,000	9/15/2022	4,510,000.00	4.000%	78,310,000.00	-	4,100,000.00	74,210,000.00
			9/15/2023	4,920,000.00	4.000%				
			9/15/2024	5,330,000.00	4.000%				
			9/15/2025	5,740,000.00	4.000%				
			9/15/2026	6,150,000.00	4.000%				
			9/15/2027	6,150,000.00	3.000%				
			9/15/2028	6,560,000.00	3.000%				
			9/15/2029	6,560,000.00	3.000%				
			9/15/2030	6,560,000.00	3.000%				
			9/15/2031	6,970,000.00	3.000%				
			9/15/2032	7,380,000.00	2.250%				
9/15/2033	7,380,000.00	2.250%							

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
General Improvements - Housing	10/20/2020	6,650,000	10/15/2022	350,000.00	3.000%	6,650,000.00	-	350,000.00	6,300,000.00
			10/15/2023	350,000.00	4.000%				
			10/15/2024	385,000.00	4.000%				
			10/15/2025	385,000.00	4.000%				
			10/15/2026	420,000.00	4.000%				
			10/15/2027	420,000.00	4.000%				
			10/15/2028	420,000.00	2.000%				
			10/15/2029	420,000.00	2.000%				
			10/15/2030	420,000.00	2.000%				
			10/15/2031	420,000.00	2.000%				
			10/15/2032	490,000.00	2.000%				
			10/15/2033	560,000.00	2.000%				
			10/15/2034	595,000.00	2.000%				
			10/15/2035	665,000.00	2.000%				
	General Improvements	10/20/2020	44,050,000	10/15/2022	2,200,000.00	3.000%	44,050,000.00	-	1,980,000.00
			10/15/2023	2,420,000.00	4.000%				
			10/15/2024	2,470,000.00	4.000%				
			10/15/2025	2,640,000.00	4.000%				
			10/15/2026	2,640,000.00	4.000%				
			10/15/2027	2,860,000.00	4.000%				
			10/15/2028	2,860,000.00	2.000%				
			10/15/2029	3,080,000.00	2.000%				
			10/15/2030	3,080,000.00	2.000%				
			10/15/2031	3,300,000.00	2.000%				
			10/15/2032	3,300,000.00	2.000%				
			10/15/2033	3,520,000.00	2.000%				
			10/15/2034	3,740,000.00	2.000%				
			10/15/2035	3,960,000.00	2.000%				
						\$ 172,210,000.00	-	11,630,000.00	160,580,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	December 31, 2021	Amount			
Multi Park - ADA 0508-07-056	3/19/2010	200,000	2022	10,659.26	2.000%	101,969.65	10,449.23	91,520.42
			2023	10,873.51				
			2024	11,092.07				
			2025	11,315.02				
			2026	11,542.45				
			2027	11,774.46				
			2028	12,011.11				
			2029	12,252.54				
			Multi Park - ADA 0508-07-056 (A)	3/19/2010	200,000			
2023	10,873.51							
2024	11,092.07							
2025	11,315.02							
2026	11,542.45							
2027	11,774.46							
2028	12,011.11							
2029	12,252.54							
4th Street Life Saving Station	3/23/2012	222,500				2022	11,395.72	2.000%
			2023	11,624.77				
			2024	11,858.43				
			2025	12,096.78				
			2026	12,339.93				
			2027	12,587.96				
			2028	12,840.98				
			2029	13,099.09				
			2030	13,362.38				
			2031	13,630.92				
			\$					

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Changes		Balance Dec. 31, 2021
							Increased	Decreased	
Marina Redevelopment Area	14-15	12/3/2014	11/24/2020 11/24/2021	11/24/2021 11/23/2022	1.2500% 0.3400%	2,080,000.00 -	1,950,000.00 -	2,080,000.00 -	1,950,000.00
					\$	<u>2,080,000.00</u>	<u>1,950,000.00</u>	<u>2,080,000.00</u>	<u>1,950,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Debt Issued	Other	Balance Dec. 31, 2021
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	1,045,000.00	-	-	-	1,045,000.00
20-18	Acquisition of Property - 1600 Haven/Simpson	337,250.00	-	-	-	337,250.00
20-19	Acquisition of Property - 109 16th St	95,000.00	-	-	-	95,000.00
20-20	Acquisition of Property - 1600 Haven Ave	152,000.00	-	-	-	152,000.00
21-18	Elevation of Flood Prone Homes	-	3,070,000.00	-	-	3,070,000.00
21-22	Various Improvements	-	17,507,075.00	-	-	17,507,075.00
		<u>\$ 1,844,265.00</u>	<u>20,577,075.00</u>	<u>-</u>	<u>-</u>	<u>22,421,340.00</u>

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH**

	Trust Fund I	Trust Fund II
Balance December 31, 2020	\$ -	-
Increased by:		
State Aid for Public Assistance	-	4,931.69
SSI Receipts	-	4,885.50
	<u> </u>	<u> </u>
	-	9,817.19
	<u> </u>	<u>9,817.19</u>
Decreased by:		
Public Assistance	-	9,817.19
	<u> </u>	<u> </u>
	-	9,817.19
	<u> </u>	<u>9,817.19</u>
Balance December 31, 2021	\$ -	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

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

	Trust Fund I	Trust Fund II
Balance December 31, 2021	\$ -	-
Increased by:		
Cash Receipts	-	-
Decreased by:		
Cash Disbursements	-	-
Balance May, 2022	\$ -	-

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF REVENUES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$ -	4,931.69
Supplemental Security Income:		
Client Refund	-	4,885.50
Total Revenues (PATF)	<u>\$ -</u>	<u>9,817.19</u>

\$

Exhibit D - 4

**PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF EXPENDITURES**

	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Current Year Assistance (State Matching):		
Maintenance Payments	\$ -	4,961.19
Burial	-	-
Temporary Rent	-	4,856.00
Transportation	-	-
Shelter	-	-
Rent	-	-
Security Deposits	-	-
Other	-	-
Total Expenditures (PATF)	<u>\$ -</u>	<u>9,817.19</u>

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**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2021**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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 Counsel
City of Ocean City
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Ocean City, State of New Jersey, as of and for the year ended December 31, 2021, 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 5, 2022, 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 5, 2022

CITY OF OCEAN CITY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding 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 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:

Back Bay Dredging
Bulkhead Improvements
Furnishing, Maintenance, Service & Repair Sewer Lift Station
Supply, Installation, Removal, and storage of Holiday Decorations

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 2021.

This Resolution shall take effect January 1, 2021.

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

CITY OF OCEAN CITY

Delinquent Taxes and Tax Title Liens

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

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

<u>Year</u>	<u>Number</u>
2021	15
2020	15
2019	19

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2021 and 2022 Taxes	25
Delinquent Taxes	15
Total	40

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2021 \$	123,064,468.35	122,471,203.92	99.52%
2020	118,111,234.08	117,294,503.68	99.31%
2019	115,295,158.66	114,452,165.12	99.27%
2018	113,169,715.17	112,259,116.62	99.20%
2017	110,070,172.28	109,323,414.15	99.32%

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 1.005	0.978	0.967	0.958	0.943
Apportionment of Tax Rate:					
Municipal	0.510	0.498	0.496	0.494	0.484
County	0.280	0.265	0.255	0.248	0.241
Local School	0.215	0.215	0.216	0.216	0.218
Assessed Valuation	12,122,593,100	11,933,162,400	11,825,766,800	11,692,444,386	11,556,818,374

CITY OF OCEAN CITY

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
2021 \$	5,299.96	587,799.43	593,099.39	0.48%
2020	4,616.53	787,838.35	792,454.88	0.67%
2019	3,951.47	797,349.17	801,300.64	0.69%
2018	3,984.88	891,579.31	895,564.19	0.79%
2017	3,148.22	724,270.39	727,418.61	0.66%

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 5, 2022

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CITY OF OCEAN CITY
PART III
FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2021

**CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal FAIN Number	Grant Period From To	Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures			(MEMO) Passed Through to Sub-Recipients
						Source		Total	
						Pass Through	Direct		
FEDERAL:									
Federal Emergency Management Agency									
FEMA - Hurricane Sandy	97.036	N/A	2011	45,864.29	45,864.29	-	-	45,864.29	-
FEMA - National Urban Search and Rescue (US&R) Response	97.025	N/A	2020	4,500.68	4,500.68	-	-	-	-
FEMA - NJOEM Cape May County Elevation Project 18-19	97.088	HMHP-DR-4264-0004	2018	3,835,100.00 \$	3,835,100.00	676,709.24	-	676,709.24	-
FEMA - NJ State Police	97.042	4264DRNJUP00	2018	10,000.00	10,000.00	-	-	-	-
FEMA - Assistance to Firefighters	97.044	4086DRNJUP00	2020	59,500.00	59,500.00	-	-	-	-
FEMA - COVID Relief	97.036	N/A	2021	331,900.00	331,900.00	-	-	331,900.00	-
FEMA - Hurricane Isaias	97.036	N/A	2021	15,834.52	15,834.52	-	-	15,834.52	-
Total Federal Emergency Management Agency				4,302,749.49	4,302,749.49	1,070,308.05	-	1,070,308.05	-
U.S. Department of the Interior									
National Fish and Wildlife - 18-19	15.153	44068	6/8/18	2,630,000.00	2,630,000.00	-	-	-	-
Total Department of the Interior				2,630,000.00	2,630,000.00	-	-	-	-
Federal Aviation Administration									
FAA - Airport Lighting Obstruction Phase I - 18/19	20.106	AIP-#3-34-0029-19-2018	2018	79,591.00	79,591.00	-	-	20,750.75	-
FAA - Airport Erosion Control Phase II - 19/20	20.106	AIP-#3-34-0029-19-2019	2020	618,764.00	618,764.00	-	-	5,842.02	-
FAA - Airport Erosion Control Phase III - 20/21	20.106	AIP-#3-34-0029-22-2020	2020	647,886.00	647,886.00	-	-	607,237.57	-
FAA Light Obstruction Phase II - 19/20	20.106	AIP-#3-34-0029-19-2019	2019	316,391.00	316,391.00	-	-	2,947.64	-
FAA Seal Runway, Taxiway & Terminal	20.106	AIP-#3-34-0029-19-2019	2020	35,155.00	35,155.00	-	-	-	-
FAA CARES Act Airport Grant	20.106	AIP-#3-34-0029-24-2021	2021	61,323.00	61,323.00	-	-	-	-
FAA CARES Coronavirus Response Grant	20.106	AIP-#3-34-0029-23-2020	2020	20,000.00	20,000.00	-	-	1,128.18	-
Total Federal Aviation Administration				1,788,110.00	1,788,110.00	-	-	637,906.16	-
U.S. Department of Justice									
Body Armor Replacement	16.607	N/A	2016	13,685.98	13,685.98	-	-	-	-
Body Armor Replacement	16.607	N/A	2017	4,532.00	4,532.00	-	-	-	-
Body Armor Replacement	16.607	N/A	2018	4,165.43	4,165.43	-	-	814.23	-
Body Armor Replacement	16.607	N/A	2019	5,686.93	5,686.93	-	-	5,686.93	-
Body Armor Replacement	16.607	N/A	2020	5,452.14	5,452.14	-	-	5,452.14	-
Body Armor Replacement	16.607	N/A	2021	4,367.11	4,367.11	-	-	4,367.11	-
Bullet Proof Vest Partnership	16.607	N/A	2020	9,798.24	9,798.24	-	-	1,967.51	-
Total Federal Department of Justice				47,687.83	47,687.83	-	18,287.92	18,287.92	-
U.S. Department of Housing and Community Development									
Community Development Block Grant Program - COVID19	14.225	B-20-MW-34-0130	2020	284,843.00	284,843.00	-	-	145,452.00	-
Total Department of Transportation				284,843.00	284,843.00	-	145,452.00	145,452.00	-
Housing and Urban Development									
Community Development Block Grant - 16/17	14.218	B-17-MC-34-0130	2017	547,976.00	547,976.00	-	-	-	-
Community Development Block Grant - 17/18	14.218	B-18-MC-34-0130	2018	290,766.00	290,766.00	-	-	19,981.35	-
Community Development Block Grant - 18/19	14.218	B-19-MC-34-0130	2019	278,423.00	278,423.00	-	-	28,928.00	-
Community Development Block Grant - 19/20	14.218	B-20-MC-34-0130	2020	287,625.00	287,625.00	-	-	208,183.84	-
Community Development Block Grant - 20/21	14.218	B-21-MC-34-0130	2020	287,625.00	287,625.00	-	-	132,197.60	-
Community Development Block Grant - 21/22	14.218	B-22-MC-34-0130	2021	289,836.00	289,836.00	-	-	20,000.00	-
Total Housing and Urban Development				1,982,251.00	1,982,251.00	-	409,290.79	409,290.79	-
Total Federal Assistance				\$ 11,035,641.32	\$ 11,035,641.32	1,070,308.05	1,210,936.87	2,281,244.92	-

See Accompanying Notes to Schedule of Federal Awards State Financial Assistance

**CITY OF OCEAN CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

State Grantor Department Program Title / Name	Grant Award Number	Grant Period From	To	Program or Award Amount	Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Cumulative Expenditures
STATE OF NEW JERSEY							
NJ Department of Environmental Protection Clean Communities	4900-765-042-4900-004	01/01/21	Open	\$ 94,912.74	\$ 94,912.74	-	-
Clean Communities	4900-765-042-4900-004	01/01/20	Open	89,157.11	-	60,590.51	60,590.51
Clean Communities	4900-765-042-4900-004	01/01/19	Open	98,876.85	-	55,740.37	98,876.85
NJ Post Sandy Planning Grant	N/A	01/01/14	Open	26,500.00	-	-	26,500.00
NJ Recreational OPP Individual w/Disability	N/A	01/01/15	Open	20,647.31	-	-	-
NJ Cooperative Wetlands Protection Program	N/A	01/01/20	Open	25,000.00	-	3,676.58	16,982.88
Recycling Tonnage	4900-752-042-4900-001	01/01/21	Open	28,564.66	28,564.66	14,578.51	14,578.51
Recycling Tonnage	4900-752-042-4900-001	01/01/20	Open	26,839.17	-	26,839.17	26,839.17
Recycling Tonnage	4900-752-042-4900-001	01/01/19	Open	26,839.17	-	24,640.86	26,839.17
Recycling Tonnage	4900-752-042-4900-001	01/01/17	Open	53,651.41	-	-	27,652.03
NJ Body Worn Camera	N/A	01/01/21	Open	130,432.00	130,432.00	-	-
NJ Body Worn Camera	N/A	01/01/17	Open	662.00	-	-	662.00
NJ Department of Community Affairs							
NJ Historic Trust Sandy Relief - Transportation Center	8049-584-022-8049-001-F000-6120	01/01/15	Open	501,000.00	-	-	501,000.00
Disabled Recreation	N/A	01/01/15	Open	16,997.00	-	-	16,997.00
Disabled Recreation - Match	N/A	01/01/15	Open	7,003.00	-	-	7,003.00
NJ Department of Health							
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/15	Open	957.51	-	-	866.60
NJ Division of Law and Public Safety							
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	01/01/20	Open	4,000.00	-	841.25	841.25
Drunk Driving Enforcement Fund	1110-101-030000-129040290064	01/01/19	Open	3,011.46	-	2,026.70	3,011.46
NJ Department of Transportation							
Transportation Trust Fund	N/A	01/01/21	Open	175,000.00	175,000.00	-	-
Asbury Avenue	N/A	01/01/21	Open	185,000.00	185,000.00	185,000.00	185,000.00
Municipal Aid Program - West Avenue 26th to 32nd	N/A	01/01/19	Open	240,000.00	-	240,000.00	240,000.00
2014 Bay to West Avenue - 33rd Avenue	N/A	01/01/14	Open	172,000.00	-	-	172,000.00
Airport Obstruction Removal Grant	N/A	01/01/17	Open	40,132.38	-	-	40,132.38
Airport Fuel Farm	N/A	01/01/19	Open	285,898.80	-	-	27,421.59
Maritime Resources Dredging	N/A	01/01/18	Open	4,454,540.24	-	-	4,454,540.24
Department of Economic Assistance							
Public Assistance	7550-150-158010-60	01/01/21	12/31/21	9,817.19	9,817.19	9,817.19	9,817.19
Total State Assistance					\$ 623,726.59	623,751.14	623,751.14

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, 2021

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP). 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. The financial statements – regulatory basis present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 2,281,244.92	613,933.95	-	2,895,178.87
General Capital Fund	-	-	-	-
Public Assistance Fund	-	9,817.19	-	9,817.19
Total Financial Assistance	<u>\$ 2,281,244.92</u>	<u>623,751.14</u>	<u>-</u>	<u>2,904,996.06</u>

Note 4: Relationship to Federal & State Financial Reports

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

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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 and State 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 and state programs for the year ended December 31, 2021. The City of Ocean City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Ocean City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal and State 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 and state program. Our audit does not provide a legal determination of City 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 and State 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 or state 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 or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 5, 2022

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Adverse GAAP Opinion**
Unmodified Regulatory Basis Opinion

Internal control over financial reporting:

1) Material Weakness identified? **NONE REPORTED**

2) Significant Deficiencies? **NONE REPORTED**

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

State Awards

Internal control over major programs:

1) Material Weakness identified? **NONE REPORTED**

2) Significant Deficiencies identified? **NONE REPORTED**

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB 15-08? **NO**

Identification of major programs: **None**

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

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

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2021
(CONTINUED)

Federal Awards

Internal control over major programs:

- | | |
|---|----------------------|
| 3) Material Weakness identified? | NONE REPORTED |
| 4) Significant Deficiencies identified? | NONE REPORTED |

Type of auditor's report issued on compliance for major programs:	Unmodified Opinion
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	NO
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Identification of major programs:

- | | |
|---------------|--|
| 14.218 | Community Development Block Grants/Entitlement Grants |
| 14.225 | Community Development Block Grants/COVID19 |

Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
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Auditee qualified as low-risk Auditee?	YES
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II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

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

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

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

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

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