

**CITY OF OCEAN CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2009**

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CITY OF OCEAN CITY
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - STATUTORY BASIS
DECEMBER 31, 2009



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the City of Ocean City, State of New Jersey (the "City"), as of December 31, 2009 and 2008 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2009, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the City, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the City, as of December 31, 2009 and 2008 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2009.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2009 and 2008 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2009 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2010 on our consideration of the City's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of federal and state awards are presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements of the City. The supplemental schedules and the schedules of federal and state awards as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

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

June 18, 2010

**EXHIBIT - A
CURRENT FUND**

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 7,794,371.12	\$ 8,113,602.01
Collector	A-5	841,229.89	310,270.26
Change and Petty Cash Funds		<u>6,025.00</u>	<u>5,725.00</u>
		<u>8,641,626.01</u>	<u>8,429,597.27</u>
Other Receivables:			
Due from State of New Jersey		<u>3,168.45</u>	<u>7,595.09</u>
		<u>3,168.45</u>	<u>7,595.09</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,212,687.00	1,156,841.88
Tax Title Liens Receivable	A-8	1,208.50	1,204.95
Property Acquired for Taxes at Assessed Valuation		262,576.00	262,576.00
Due from Federal and State Grant Fund Rebate Receivable	A-4	75,000.00 -	- 11,947.00
		<u>1,551,471.50</u>	<u>1,432,569.83</u>
Deferred Charges:			
Special Emergency Authorization 5 Years (40A:4-55) - Revaluation Emergency Authorization		412,000.00 -	618,000.00 -
		<u>412,000.00</u>	<u>618,000.00</u>
		<u>10,608,265.96</u>	<u>10,487,762.19</u>
Federal and State Grant Fund:			
Cash	A-4	7,139.65	70,339.66
Grant Receivables	A-11	4,535,612.31	2,356,777.46
Due from Current Fund	A-4	-	11,947.00
		<u>4,542,751.96</u>	<u>2,439,064.12</u>
		<u>\$ 15,151,017.92</u>	<u>\$ 12,926,826.31</u>

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 432,731.77	\$ 275,567.12
Reserve for Encumbrances	A-3	631,110.36	734,273.28
Accounts Payable		18,125.00	28,959.65
Escrow - Blue Water Marina		33,059.76	33,059.76
Prepaid Taxes		1,587,463.62	1,411,198.12
Tax Overpayments		40,190.37	2,650.31
County Added Tax Payable		74,501.03	102,758.11
Special Emergency Note Payable		412,000.00	618,000.00
Due to Federal & State Grant Fund		-	11,947.00
Reserve for Garden State Trust Fund		1,296.67	1,356.89
Reserve for Revaluation		2,361.00	2,361.00
Reserve for Revaluation - 2006		128,431.53	170,986.53
Reserve for Tax Maps		15,817.50	15,817.50
Prepaid Beach Fees		53,629.00	16,605.00
Reserve for Tax Appeals		150,000.00	135,000.00
Payroll Taxes Payable		203,788.81	333,649.22
Reserve for Health Insurance Claims		35,802.46	357,330.62
		<u>3,820,308.88</u>	<u>4,251,520.11</u>
Reserve for Receivables and Other Assets		1,551,471.50	1,432,569.83
Fund Balance	A-1	<u>5,236,485.58</u>	<u>4,803,672.25</u>
		<u>10,608,265.96</u>	<u>10,487,762.19</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	41,255.48	41,227.79
Appropriated Reserves	A-13	1,407,910.25	1,741,199.76
Encumbrances Payable		3,018,586.23	656,636.57
Due to Current Fund	A	75,000.00	-
		<u>4,542,751.96</u>	<u>2,439,064.12</u>
		<u>\$ 15,151,017.92</u>	<u>\$ 12,926,826.31</u>

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

	<u>Ref.</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,067,000.00	\$ 2,390,004.00
Miscellaneous Revenue Anticipated		17,587,249.98	15,728,084.03
Receipts from Delinquent Taxes		1,085,446.89	851,626.46
Receipts from Current Taxes		89,483,296.39	85,320,751.20
Non-Budget Revenue		383,823.77	360,431.67
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		215,379.48	144,216.89
Interfunds Returned		11,947.00	-
Cancellation of Accounts Payable		3,855.93	-
Cancellation of Reserve for Tax Appeals		135,000.00	30,000.00
Cancellation of Stale Dated Checks		-	7,539.39
Total Income		<u>110,972,999.44</u>	<u>104,832,653.64</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		26,139,100.00	25,063,278.00
Other Expenses		14,866,908.39	15,571,324.39
Deferred Charges & Statutory Expenditures		4,894,578.39	1,328,731.20
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		190,000.00	183,116.00
Other Expenses		7,653,951.40	8,483,824.22
Capital Improvements		1,130,000.00	1,185,000.00
Municipal Debt Service		7,558,992.48	7,118,482.74
Deferred Charges & Statutory Expenditures		540,924.50	446,000.00
County Taxes		22,887,268.90	21,855,384.49
County Added and Omitted Taxes		74,501.03	102,758.11
Local District School Tax		22,275,565.00	21,450,014.50
Special Improvement District Taxes		185,003.00	185,764.00
Prior Year Seniors & Veteran Deductions		-	4,000.00
Interfunds Advanced		75,000.00	-
Refund of Prior Year's Revenue		1,393.02	1,521.00
Total Expenditures		<u>108,473,186.11</u>	<u>102,979,198.65</u>

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

	<u>Ref.</u>	<u>Year 2009</u>	<u>Year 2008</u>
Excess In Revenue		\$ 2,499,813.33	\$ 1,853,454.99
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		-	-
		-	-
Statutory Excess to Fund Balance		2,499,813.33	1,853,454.99
Fund Balance January 1	A	4,803,672.25	5,340,221.26
		7,303,485.58	7,193,676.25
Decreased by:			
Utilization as Anticipated Revenue		2,067,000.00	2,390,004.00
Fund Balance December 31	A	\$ 5,236,485.58	\$ 4,803,672.25

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 2,067,000.00	\$	\$ 2,067,000.00	\$ -
		<u>2,067,000.00</u>	<u>-</u>	<u>2,067,000.00</u>	<u>-</u>
Miscellaneous Revenues:					
Licenses:					
Other		400,000.00		449,255.75	49,255.75
Fees and Permits		915,000.00		862,278.74	(52,721.26)
Fines and Costs:					
Municipal Court		825,000.00		947,858.83	122,858.83
Interest and Costs on Taxes		200,000.00		284,793.34	84,793.34
Parking Meters		2,045,000.00		2,145,669.44	100,669.44
Interest on Investments and Deposits		225,000.00		87,443.43	(137,556.57)
Beach Fees		3,240,000.00		3,369,723.01	129,723.01
Rental or Sale of City Material and Property		80,000.00		171,106.95	91,106.95
Airport Fees		165,000.00		117,737.82	(47,262.18)
Boat Ramp Fees		40,000.00		36,204.92	(3,795.08)
Aquatic and Fitness Center User Fees		685,000.00		747,066.35	62,066.35
Smoke Detector Inspection Fees		175,000.00		179,025.00	4,025.00
Emergency Medical Services		510,000.00		604,438.85	94,438.85
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		2,304,991.00		2,304,991.00	-
Garden State Trust Fund		1,356.89		1,356.89	-
Uniform Construction Code Fees		465,000.00		354,217.00	(110,783.00)
Upper Township - Dispatching Services		190,441.00		190,441.00	-

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (Continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
NJ Transportation Trust Fund		\$ 260,000.00	\$	\$ 260,000.00	\$ -
Drunk Driving Enforcement Fund		5,840.53		5,840.53	-
Neighborhood Preservation - Balance Housing		25,000.00		25,000.00	-
Hang Up Just Drive - Cell Phone		4,000.00		4,000.00	-
Community Development Block Grant		298,246.00		298,246.00	-
NJ DOT - Airport Safety Improvement Grant			41,800.00	41,800.00	-
US Department of Justice - JAG			17,158.00	17,158.00	-
NJ Department of State - Cooperative Marketing Grant			9,750.00	9,750.00	-
Pedestrian Safety Grant			4,000.00	4,000.00	-
Body Armor Grant		9,292.01		9,292.01	-
FEMA - NJSP Emergency Management		10,000.00		10,000.00	-
FAA Drainage Grant		12,156.00		12,156.00	-
CDBG - American Recovery		80,961.00		80,961.00	-
Shared Services - Regional Dispatch		22,767.00		22,767.00	-
NJ Council of the Arts - POPS		29,189.00		29,189.00	-
FAA Airport Layout Plan Update			184,252.00	184,252.00	-
FAA Runway Signage & Lighting			94,154.00	94,154.00	-
FAA Airport Drainage			2,075,196.00	2,075,196.00	-
FAA Airport Drainage - Phase II			25,292.00	25,292.00	-
NJ DOT - Airport Security Cameras			150,000.00	150,000.00	-
Clean Communities			72,796.62	72,796.62	-
NJ DL&PS - Speed Management Program			24,000.00	24,000.00	-
NJ DL&PS - Over the Limit Under Arrest			5,000.00	5,000.00	-
NJ DL&PS - Pedestrian Education & Enforcement			19,000.00	19,000.00	-

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Other Special Items:					
Reserves for Debt Service & Capital Fund Balance		\$ 334,924.50	\$	\$ 334,924.50	\$ -
Interlocal-Ocean City Tourism Development-Staffing Costs		25,000.00		25,000.00	-
OC Library - Contribution for Community Events		150,000.00		150,000.00	-
OC Library - Contracted Services		423,600.00		462,247.00	38,647.00
OC Library - Returned to Taxpayers		281,620.00		281,620.00	-
Total Miscellaneous Revenues	A-1	<u>14,439,384.93</u>	<u>2,722,398.62</u>	<u>17,587,249.98</u>	<u>425,466.43</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>850,200.00</u>	<u>-</u>	<u>1,085,446.89</u>	<u>235,246.89</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		44,697,831.31		45,064,563.46	366,732.15
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>44,697,831.31</u>	<u>-</u>	<u>45,064,563.46</u>	<u>366,732.15</u>
Budget Totals		<u>62,054,416.24</u>	<u>2,722,398.62</u>	<u>65,804,260.33</u>	<u>1,027,445.47</u>
Non-Budget Revenues				<u>383,823.77</u>	<u>383,823.77</u>
		<u>\$ 62,054,416.24</u>	<u>\$ 2,722,398.62</u>	<u>\$ 66,188,084.10</u>	<u>\$ 1,411,269.24</u>

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

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$	89,633,296.39
Allocated to:		
School, County and Other Taxes		<u>45,833,732.93</u>
Balance for Support of Municipal Budget Appropriations		43,799,563.46
Add: Appropriation		
"Reserve for Uncollected Taxes"		<u>1,415,000.00</u>
Less:		
Reserve for Tax Appeals		150,000.00
Amount for Support of Municipal Budget Appropriations	\$	<u><u>45,064,563.46</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	1,085,446.89
Tax Title Lien Collections		<u>-</u>
	\$	<u><u>1,085,446.89</u></u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Plans and Specs	7,910.50
Recycling Rebates	7,515.40
City Clerk	363.25
Tax Collector	25,391.47
200 Foot List	1,320.00
PILOT - United Methodist Homes	63,500.00
PILOT - Housing Authority	15,530.00
Public Defender	5,200.00
Wilhelm Estate	14,363.77
Library	60,035.11
Sidewalk Permits	1,000.00
Storage and Towing Fees	27,729.33
Vending Machines	450.00
Bench Donations	7,150.00
BAND - Reimbursements	3,120.00
Various Rentals & Leases	26,148.39
Unclaimed Funds	2,248.09
Premium on Sale of Notes	33,406.00
Rt. 52	24,000.00
Reimbursement for OCFD Driveway	17,500.00
Closeout of Trust Fund Reserves	4,031.85
Binocular Fees	1,034.07
Reimbursements from RMA	7,500.00
SR's & Vet Admin Payment	3,902.48
Various Refunds & Reimbursements	5,280.59
S/W Reimbursement: Police	272.76
S/W Reimbursement: Planning	4,887.47
DMV Fees	7,300.00
MRNA: Misc	5,733.24
	<u>\$</u>
	<u><u>383,823.77</u></u>

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
EXECUTIVE BRANCH:						
Mayors Office						
Salaries and Wages	\$ 20,600.00	\$ 20,600.00	\$ 20,600.00	\$ -	\$ -	\$ -
Other Expenses	5,500.00	5,500.00	2,536.52	1,961.50	1,001.98	
ADMINISTRATION DEPARTMENT:						
City Administrator						
Salaries and Wages	291,500.00	291,500.00	288,784.47		2,715.53	
Other Expenses	5,025.00	5,025.00	4,862.78		162.22	
Management of Information Systems						
Salaries and Wages	253,000.00	246,500.00	245,016.29		1,483.71	
Other Expenses	171,000.00	171,000.00	149,692.72	14,708.27	6,599.01	
Purchasing Division						
Salaries and Wages	239,000.00	239,000.00	237,439.73		1,560.27	
Other Expenses	8,150.00	8,650.00	8,514.14	100.00	35.86	
Emergency Management						
Salaries and Wages	10,000.00	10,000.00	10,000.00		-	
Other Expenses	14,500.00	14,500.00	7,705.13	4,292.00	2,502.87	
Personnel and Risk Management						
Salaries and Wages	338,000.00	329,000.00	325,870.38		3,129.62	
Other Expenses:						
Miscellaneous Other Expenses	119,000.00	119,000.00	84,004.62	11,300.50	23,694.88	
Economic Development & Environmental						
Salaries and Wages	62,500.00	62,500.00	62,027.88		472.12	
Other Expenses	3,100.00	3,100.00	231.00		2,869.00	
COMMUNITY SERVICE DEPARTMENT:						
Director's Office						
Salaries and Wages	276,200.00	276,200.00	269,669.85		6,530.15	
Other Expenses	1,500.00	1,500.00	410.26		1,089.74	
Public Relations						
Salaries and Wages	166,700.00	166,700.00	165,524.71		1,175.29	
Other Expenses	132,500.00	132,500.00	129,802.97	544.35	2,152.68	
Recreation Programs						
Salaries and Wages	618,000.00	636,000.00	635,814.04		185.96	
Other Expenses	22,400.00	23,900.00	22,327.79		1,572.21	
Recreation Operations						
Salaries and Wages	499,000.00	513,500.00	512,362.40		1,137.60	
Other Expenses	33,000.00	33,000.00	29,667.71	1,120.00	2,212.29	
Aquatic and Fitness Center						
Salaries and Wages	635,000.00	679,000.00	674,732.22		4,267.78	
Other Expenses	53,000.00	53,000.00	47,329.29	1,965.65	3,705.06	

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Public Assistance						
Salaries and Wages	\$ 70,000.00	\$ 70,000.00	\$ 69,816.71	\$	\$ 183.29	\$
Other Expenses	2,500.00	2,500.00	2,138.66	79.00	282.34	
LAW DEPARTMENT:						
Legal Division						
Salaries and Wages	108,000.00	106,000.00	103,571.08		2,428.92	
Other Expenses	268,500.00	268,500.00	210,244.09	46,623.68	11,632.23	
FINANCIAL MANAGEMENT:						
Treasurers Office						
Other Expenses:						
Audit Services	40,000.00	40,000.00	37,575.00		2,425.00	
Miscellaneous Other Expenses	40,000.00	40,000.00	40,000.00		-	
Accounting Division						
Salaries and Wages	430,000.00	424,000.00	416,828.48		7,171.52	
Other Expenses	26,800.00	26,800.00	26,448.89		351.11	
Parking Regulation						
Salaries and Wages	193,000.00	178,500.00	177,940.74		559.26	
Other Expenses	32,000.00	32,000.00	31,926.23		73.77	
Property Assessment Division						
Salaries and Wages	230,000.00	230,000.00	229,352.95		647.05	
Other Expenses	9,700.00	9,700.00	8,409.26	86.75	1,203.99	
Beach Fee Regulation Division						
Salaries and Wages	325,000.00	313,000.00	311,525.60		1,474.40	
Other Expenses	53,700.00	53,700.00	48,684.58	1,781.72	3,233.70	
Tax Collection Division						
Salaries and Wages	249,000.00	242,000.00	240,189.52		1,810.48	
Other Expenses	9,700.00	9,700.00	8,501.47		1,198.53	
Revenue Collection						
Salaries and Wages	367,000.00	352,000.00	347,636.33		4,363.67	
Other Expenses	148,500.00	142,500.00	126,840.68	7,162.75	8,496.57	
LEGISLATIVE:						
City Clerk						
Salaries and Wages	221,000.00	221,000.00	218,694.24		2,305.76	
Other Expenses	51,500.00	51,500.00	25,535.18		25,964.82	
City Council						
Salaries and Wages	73,600.00	73,600.00	73,599.90		0.10	
Other Expenses	21,000.00	21,000.00	12,923.14	1,919.58	6,157.28	

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY:						
Rescue Services Division						
Salaries and Wages	\$ 254,500.00	\$ 254,500.00	\$ 252,106.28	\$	\$ 2,393.72	\$
Other Expenses	70,000.00	70,000.00	56,954.21	5,875.33	7,170.46	
Lifeguards Division						
Salaries and Wages	1,210,000.00	1,234,500.00	1,233,989.87		510.13	
Other Expenses	58,200.00	58,200.00	54,219.17	235.20	3,745.63	
Police Protection Division						
Salaries and Wages	6,650,000.00	6,760,000.00	6,734,103.18		25,896.82	
Other Expenses	339,200.00	319,200.00	309,091.65	8,209.18	1,899.17	
Fire Protection and Prevention						
Salaries and Wages	6,090,000.00	6,090,000.00	6,008,160.16		81,839.84	
Other Expenses	122,100.00	112,100.00	92,897.05	10,908.92	8,294.03	
PUBLIC WORKS DEPARTMENT:						
Public Works Administration						
Salaries and Wages	402,500.00	402,500.00	401,386.56		1,113.44	
Other Expenses	18,500.00	19,000.00	18,767.98	156.00	76.02	
City Wide Operations						
Other Expenses	448,900.00	448,900.00	406,791.64	22,055.59	20,052.77	
Operations						
Salaries and Wages	1,043,000.00	1,034,000.00	1,029,609.63		4,390.37	
Other Expenses	2,596,300.00	2,546,300.00	2,362,281.66	182,743.61	1,274.73	
Facility Maintenance						
Salaries and Wages	938,500.00	928,500.00	920,010.53		8,489.47	
Other Expenses	218,500.00	218,500.00	217,123.26	1,295.05	81.69	
Fleet Maintenance						
Salaries and Wages	434,500.00	434,500.00	431,315.69		3,184.31	
Other Expenses	94,200.00	95,200.00	90,961.55	844.00	3,394.45	
Field Operations & Engineering						
Salaries and Wages	1,108,000.00	1,078,000.00	1,062,862.93		15,137.07	
Other Expenses	54,700.00	54,700.00	53,005.70	1,378.77	315.53	

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
DEPARTMENT OF PLANNING & ENGINEERING:						
Planning & Engineering Administration						
Salaries and Wages	\$ 912,000.00	\$ 902,000.00	\$ 892,959.80	\$	\$ 9,040.20	\$
Other Expenses	25,250.00	25,250.00	24,542.82	441.25	265.93	
Planning Division						
Salaries and Wages	104,000.00	94,000.00	89,314.01		4,685.99	
Other Expenses	9,700.00	9,700.00	8,688.32		1,011.68	
Planning Board						
Other Expenses	25,200.00	25,200.00	23,143.88	480.00	1,576.12	
Zoning Board of Adjustment						
Other Expense	15,500.00	15,500.00	9,047.76		6,452.24	
Historical Commission						
Other Expenses	2,500.00	2,500.00	1,842.04		657.96	
Zoning Division						
Salaries and Wages	124,000.00	125,000.00	124,124.30		875.70	
Other Expenses	3,900.00	3,900.00	3,496.33		403.67	
Special Improvement District						
Other Expenses	22,000.00	22,000.00	21,383.39		-	616.61
MUNICIPAL COURT:						
Municipal Court						
Salaries and Wages	562,000.00	562,000.00	558,616.54		3,383.46	
Other Expenses	49,500.00	49,500.00	37,769.49	2,282.60	9,447.91	
Public Defender						
Other Expenses	34,000.00	39,500.00	35,945.00	3,017.50	537.50	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	559,000.00	559,000.00	553,710.92		5,289.08	
Other Expenses	22,800.00	22,800.00	19,886.86	216.10	2,697.04	
INSURANCE:						
General Liability	419,519.00	419,519.00	417,959.00		1,560.00	
Workers Compensation	1,242,481.00	1,242,481.00	1,242,481.00		-	
Employee Group Health	5,853,000.00	5,653,000.00	5,252,201.45	4,667.72	31,130.83	365,000.00

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

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	\$ 630,000.00	\$ 662,000.00	\$ 585,186.51	\$ 76,813.49	\$ -	\$ -
Street Lighting	336,000.00	336,000.00	294,137.34	41,862.66	-	-
Telephone	263,000.00	263,000.00	250,342.08	7,284.97	5,372.95	-
Water	732,000.00	732,000.00	669,276.56	62,723.44	(0.00)	-
Fuel Oil	206,000.00	206,000.00	177,312.81	28,584.67	102.52	-
Gasoline	324,000.00	292,000.00	216,611.44	75,388.56	-	-
TOTAL OPERATIONS WITHIN "CAPS"	41,577,625.00	41,371,625.00	39,948,927.98	631,110.36	425,970.05	365,616.61
Contingent	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	41,577,625.00	41,371,625.00	39,948,927.98	631,110.36	425,970.05	365,616.61
Detail:						
Salaries and Wages	26,068,100.00	26,139,100.00	25,929,267.92	-	209,832.08	-
Other Expenses	15,509,525.00	15,232,525.00	14,019,660.06	631,110.36	216,137.97	365,616.61
DEFERRED CHARGES:						
None						
STATUTORY EXPENDITURES:						
Contributions to:						
Social Security System (O.A.S.I.)	1,305,000.00	1,311,000.00	1,310,179.30	-	820.70	-
Consolidated Police and Firemen's Pension	8,800.00	8,800.00	8,756.39	-	0.00	43.61
Police and Firemen's Retirement System	2,552,644.00	2,552,644.00	2,552,644.00	-	-	-
Public Employee's Retirement System	927,178.00	927,178.00	927,178.00	-	-	-
Lifeguard Pension Fund	25,000.00	25,000.00	25,000.00	-	-	-
DCRP	5,000.00	5,000.00	942.24	-	4,057.76	-
Unemployment Compensation Insurance	65,000.00	65,000.00	63,116.74	-	1,883.26	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	4,888,622.00	4,894,622.00	4,887,816.67	-	6,761.72	43.61
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	46,466,247.00	46,266,247.00	44,836,744.65	631,110.36	432,731.77	365,660.22
OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library						
Other Expenses	4,407,634.00	4,407,634.00	4,407,634.00	-	-	-
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	4,407,634.00	4,407,634.00	4,407,634.00	-	-	-

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Police Protection Division - Dispatching Upper Township	\$ 190,000.00	\$ 190,000.00	\$ 190,000.00	\$ -	\$ -	\$ -
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Drunk Driving Enforcement Fund	5,840.53	5,840.53	5,840.53	-	-	-
Municipal Alliance on Alcoholism & Drug Abuse - Local	4,120.20	4,120.20	4,120.20	-	-	-
Community Development Block Grant	298,246.00	298,246.00	298,246.00	-	-	-
Community Development Block Grant	80,961.00	80,961.00	80,961.00	-	-	-
Body Armor Program	9,292.01	9,292.01	9,292.01	-	-	-
Hang Up Just Drive Cell Phone Grant	4,000.00	4,000.00	4,000.00	-	-	-
Neighborhood Preservation Program	25,000.00	25,000.00	25,000.00	-	-	-
NJ Council of the Arts	29,189.00	29,189.00	29,189.00	-	-	-
Shared Services - Regional Dispatch	22,767.00	22,767.00	22,767.00	-	-	-
Shared Services - Regional Dispatch - Local Match	1,084.00	1,084.00	1,084.00	-	-	-
FAA Grant - Drainage	12,156.00	12,156.00	12,156.00	-	-	-
FAA Grant - Drainage - Local Match	640.00	640.00	640.00	-	-	-
FEMA - NJSP Emergency Management	10,000.00	10,000.00	10,000.00	-	-	-
NJ DOT - Airport Safety Improvement Grant		41,800.00	41,800.00	-	-	-
NJ DOT - Airport Safety Improvement Grant - Local Match		2,200.00	2,200.00	-	-	-
US Department of Justice - JAG		17,158.00	17,158.00	-	-	-
NJ Department of State - Cooperative Marketing Grant		9,750.00	9,750.00	-	-	-
NJ Department of State - Cooperative Marketing - Local Match		2,437.50	2,437.50	-	-	-
Pedestrian Safety Grant		4,000.00	4,000.00	-	-	-
FAA Airport Layout Plan Update		184,252.00	184,252.00	-	-	-
FAA Airport Layout Plan Update - Local Match		9,698.00	9,698.00	-	-	-
FAA Runway Signage & Lighting		94,154.00	94,154.00	-	-	-
FAA Runway Signage & Lighting - Local Match		4,956.00	4,956.00	-	-	-
FAA Airport Drainage		2,075,196.00	2,075,196.00	-	-	-
FAA Airport Drainage - Phase II		25,292.00	25,292.00	-	-	-
FAA Airport Drainage - Phase II - Local Match		1,331.54	1,331.54	-	-	-
NJ DOT - Airport Security Cameras		150,000.00	150,000.00	-	-	-
Clean Communities		72,796.62	72,796.62	-	-	-
NJ DL&PS - Speed Management Program		24,000.00	24,000.00	-	-	-
NJ DL&PS - Over the Limit Under Arrest		5,000.00	5,000.00	-	-	-
NJ DL&PS - Pedestrian Education & Enforcement		19,000.00	19,000.00	-	-	-
Matching Funds for Grants	40,000.00	19,376.96				19,376.96
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>543,295.74</u>	<u>3,265,694.36</u>	<u>3,246,317.40</u>	<u>-</u>	<u>-</u>	<u>19,376.96</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>5,140,929.74</u>	<u>7,863,328.36</u>	<u>7,843,951.40</u>	<u>-</u>	<u>-</u>	<u>19,376.96</u>
Detail:						
Salaries and Wages	190,000.00	190,000.00	190,000.00	-	-	-
Other Expenses	4,950,929.74	7,673,328.36	7,653,951.40	-	-	19,376.96

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

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	\$ 670,000.00	\$ 870,000.00	\$ 870,000.00	\$	\$ -
NJ Transportation Trust Fund Authority Act	260,000.00	260,000.00	260,000.00		-
TOTAL CAPITAL IMPROVEMENTS	<u>930,000.00</u>	<u>1,130,000.00</u>	<u>1,130,000.00</u>	<u>-</u>	<u>-</u>
DEBT SERVICE					
Payment of Bond Principal	5,180,000.00	5,180,000.00	5,180,000.00	-	-
Interest on Bonds	2,151,315.00	2,151,315.00	2,151,315.00	-	-
Interest on Notes	196,000.00	196,000.00	195,450.00	-	550.00
Green Trust Loan Program:					
Loan Repayments for Principal & Interest	34,000.00	34,000.00	32,227.48	-	1,772.52
TOTAL DEBT SERVICE	<u>7,561,315.00</u>	<u>7,561,315.00</u>	<u>7,558,992.48</u>	<u>-</u>	<u>2,322.52</u>
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Special Emergency Authorization - 5 Years	206,000.00	206,000.00	206,000.00	-	-
Various Ordinances Unfunded	334,924.50	334,924.50	334,924.50	-	-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	<u>540,924.50</u>	<u>540,924.50</u>	<u>540,924.50</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>14,173,169.24</u>	<u>17,095,567.86</u>	<u>17,073,868.38</u>	<u>-</u>	<u>21,699.48</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>60,639,416.24</u>	<u>63,361,814.86</u>	<u>61,910,613.03</u>	<u>631,110.36</u>	<u>432,731.77</u>
Reserve for Uncollected Taxes	<u>1,415,000.00</u>	<u>1,415,000.00</u>	<u>1,415,000.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 62,054,416.24</u>	<u>\$ 64,776,814.86</u>	<u>\$ 63,325,613.03</u>	<u>\$ 631,110.36</u>	<u>\$ 432,731.77</u>
Adopted Budget		\$ 62,054,416.24			
Appropriation by N.J.S.A. 40A:4-87		2,722,398.62			
		<u>\$ 64,776,814.86</u>			
Reserve for Uncollected Taxes			\$ 1,415,000.00		
Federal and State Grants			3,506,317.40		
Deferred Charges			206,000.00		
Cash Disbursed			<u>58,198,295.63</u>		
			<u>\$ 63,325,613.03</u>		

**EXHIBIT - B
TRUST FUND**

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Assets</u>			
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 10,812.78	\$ 12,392.76
		<u>10,812.78</u>	<u>12,392.76</u>
<u>Other Funds</u>			
Cash and Investments	B-2	3,310,093.96	3,427,656.53
		<u>3,310,093.96</u>	<u>3,427,656.53</u>
		<u>\$ 3,320,906.74</u>	<u>\$ 3,440,049.29</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 10,812.78	\$ 12,392.76
		<u>10,812.78</u>	<u>12,392.76</u>
<u>Other Funds</u>			
Reserve for Tax Premiums		151,902.77	42,075.93
Reserve for Recreation Dedicated Trust		17,062.71	4,788.74
Reserve for Tourism Development		193,266.32	227,247.54
Reserve for Law Enforcement Trust		22,317.86	16,984.60
Reserve for Terminal Leave		(0.00)	3,120.35
Reserve for P.O.A.A.		34,850.67	29,870.76
Reserve for Recycling		0.00	899.95
Reserve for Cash Performance Deposits		315,983.14	524,496.42
Reserve for Dedicated Fire Fees		7,561.33	5,357.83
Reserve for Lifeguard Pension		122,848.83	165,828.81
Reserve for Shade Tree		33,627.11	33,674.61
Reserve for COAH		2,280,974.32	2,190,432.99
Reserve for Merchant Fees		6,032.59	5,169.53
Reserve for Planning and Zoning		123,666.31	177,708.47
		<u>3,310,093.96</u>	<u>3,427,656.53</u>
		<u>\$ 3,320,906.74</u>	<u>\$ 3,440,049.29</u>

EXHIBIT - C
GENERAL CAPITAL FUND

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Assets</u>			
Cash and Investments	C-2,C-3	\$ 3,017,985.63	\$ 6,416,149.74
Due from Cape May County		1,178,156.90	3,500,000.00
Due from Ocean City Library		401,449.25	2,581,449.25
Deferred Charges to Future Taxation:			
Funded	C-5	49,028,030.63	54,237,061.32
Unfunded	C-6	26,228,457.15	13,963,381.65
		<u>\$ 79,854,079.56</u>	<u>\$ 80,698,041.96</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 48,890,000.00	\$ 54,070,000.00
Bond Anticipation Notes Payable	C-9	9,188,000.00	-
Green Trust Loan Payable	C-8A	138,030.63	167,061.32
Installment Purchase Note			
Payable (Note 17)	C-7	4,500,000.00	4,500,000.00
Improvement Authorizations:			
Funded	C-7	1,348,471.24	1,847,586.01
Unfunded	C-7	6,770,642.64	5,572,851.96
Encumbrances Payable		7,414,240.48	13,682,779.50
Reserve for Arbitrage		121,736.95	121,736.95
Reserve for Debt Service		1,396,191.75	339,260.35
Reserve for Preliminary Expenses		17,566.00	17,566.00
Capital Improvement Fund	C-4	5,852.53	55,852.53
Fund Balance	C-1	63,347.34	323,347.34
		<u>\$ 79,854,079.56</u>	<u>\$ 80,698,041.96</u>

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

Balance December 31, 2008	<u>Ref.</u> C		\$	323,347.34
Increased By:				
Bequest - Ambulance Rehab.		\$ 70,248.20		
				70,248.20
				393,595.54
Decreased By:				
Appropriated by Ordinance		70,248.20		
Anticipated as Current Fund Revenue		260,000.00		
				330,248.20
Balance December 31, 2009	C		\$	63,347.34

EXHIBIT - D
PUBLIC ASSISTANCE FUND

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Assets</u>			
Cash Trust I	E-1	\$ -	\$ -
Cash Trust II	E-1	-	-
		<u> </u>	<u> </u>
		<u>\$ -</u>	<u>\$ -</u>
 <u>Liabilities and Reserves</u>			
Reserve for Public Assistance		\$ -	\$ -
		<u> </u>	<u> </u>
		<u>\$ -</u>	<u>\$ -</u>

EXHIBIT - E
GENERAL FIXED ASSET ACCOUNT GROUP

CITY OF OCEAN CITY
GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>General Fixed Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
Land, Buildings and Improvements	\$	154,870,447.03	\$ 148,349,394.00
Vehicles		6,850,679.50	6,959,862.00
Machinery and Equipment		7,847,833.28	7,653,012.00
		<u>\$ 169,568,959.81</u>	<u>\$ 162,962,268.00</u>
 <u>Investment in General Fixed Assets</u>			
Investment in General Fixed Assets		\$ 169,568,959.81	\$ 162,962,268.00
		<u>\$ 169,568,959.81</u>	<u>\$ 162,962,268.00</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Description of Financial Reporting Entity

The City of Ocean City is an island community located at the northern tip of Cape May County in the State of New Jersey. The population according to the 2000 census is 15,378.

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

Component Units

The City of Ocean City contains no component units as defined in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. Had there been any component units the provisions of GASB 14 would require that the other entity’s financial statements would have to be either blended or discretely presented with the financial statements – statutory basis of the City of Ocean City, the primary government.

Basis of Presentation, Fund Accounting

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

Current Fund

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

Trust Funds

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Capital Funds

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

Budgets and Budgetary Accounting

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

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

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

Cash and Investments

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

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

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

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

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

All certificates of deposit are recorded as cash regardless of date of maturity.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfunds

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

Inventories of Supplies

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

General Fixed Assets

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

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive. Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

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

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

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

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

Foreclosed Property

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

Deferred Charges

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriation Reserves

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

Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

Fund Balance

Fund Balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

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

Property Tax Revenues

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

School Taxes

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

Category	Amount
School Tax Payable	\$ -
School Tax Deferred	11,343,480.00
	\$ 11,343,480.00

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

County Taxes

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

Reserve for Uncollected Taxes

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

Expenditures

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

Compensated Absences and Post – Employment Benefits

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	Year 2009	Year 2008	Year 2007
Issued:			
General:			
Bonds and Notes	\$ 62,716,030.63	\$ 58,737,061.32	\$ 58,591,519.99
Total Issued	<u>62,716,030.63</u>	<u>58,737,061.32</u>	<u>58,591,519.99</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:	1,396,191.75	339,260.35	883,125.51
Net Debt Issued	<u>61,319,838.88</u>	<u>58,397,800.97</u>	<u>57,708,394.48</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	12,540,457.15	9,463,381.65	3,975,630.72
Total Authorized But Not Issued	<u>12,540,457.15</u>	<u>9,463,381.65</u>	<u>3,975,630.72</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 73,860,296.03</u>	<u>\$ 67,861,182.62</u>	<u>\$ 61,684,025.20</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.56%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 75,256,487.78	\$ 1,396,191.75	\$ 73,860,296.03
School Debt	24,999,447.00	24,999,447.00	-
	<u>\$ 100,255,934.78</u>	<u>\$ 26,395,638.75</u>	<u>\$ 73,860,296.03</u>

Net debt \$73,860,296.03 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$13,210,416,549 = 0.56%.

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

3-1/2% of Equalized Valuation Basis	\$ 462,364,579.22
Net Debt	<u>73,860,296.03</u>
Remaining Borrowing Power	<u>\$ 388,504,283.19</u>

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 2: LONG-TERM DEBT (CONTINUED)

Description of Bonds and Loans Payable

At December 31, 2009, bonds payable in the General Capital Fund consisted of the following individual issues:

\$13,500,000.00 General Improvement Bonds dated April 1, 1998, due in annual installments through April 1, 2010, bearing interest at variable rates from 4.50% to 5.00% per annum. The balance remaining as of December 31, 2009 is \$1,400,000.00.

\$17,000,000.00 General Improvement Bonds, dated September 1, 2001, due in annual installments beginning July 15, 2004 through, 2016, bearing interest at various rates from 4.10 to 4.50% per annum. The balance remaining as of December 31, 2009 is \$10,600,000.00.

\$9,325,000.00 General Improvement Bonds dated December 15, 2002, due in annual installments through, 2014, bearing interest at various rates from 3.25 to 4.00% per annum. The balance remaining as of December 31, 2009 is \$4,570,000.00.

\$21,000,000.00 General Improvement Bonds, dated January 15, 2006, due in annual installments beginning January 15, 2007 through, 2019, bearing interest at various rates from 3.50 to 4.00% per annum. The balance remaining as of December 31, 2009 is \$18,000,000.00.

\$14,500,000.00 General Improvements Bonds dated July 15, 2008, due in annual installments beginning July 15, 209 through July 15, 2020, bearing interest at various rates from 4.00 to 5.25% per annum. The balance remaining as of December 31, 2009 is \$14,320,000.00.

\$277,576 Green Trust Loan dated 1994, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2009 is \$138,030.63.

Changes in Long-Term Debt

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

	<u>Outstanding</u> <u>12/31/08</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/08</u>
General Capital Fund:				
Bonds Payable	\$ 54,070,000.00	\$	\$ 5,180,000.00	\$ 48,890,000.00
Loans Payable	<u>167,061.32</u>	<u></u>	<u>29,030.69</u>	<u>138,030.63</u>
Total All Funds	<u>\$ 44,515,519.99</u>	<u>\$ -</u>	<u>\$ 5,209,030.69</u>	<u>\$ 49,028,030.63</u>

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 2: LONG-TERM DEBT (CONTINUED)

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

Year Ending December 31	Serial Bonds		Green Trust Loans	
	Principal	Interest	Principal	Interest
2010	\$ 5,420,000.00	\$ 1,821,465.00	\$ 29,614.21	\$ 2,613.28
2011	4,525,000.00	1,637,665.00	30,209.46	2,018.03
2012	4,920,000.00	1,470,140.00	30,816.67	1,410.82
2013	5,275,000.00	1,285,400.00	31,436.08	791.40
2014	5,600,000.00	1,077,250.00	15,954.21	179.53
2015-2019	21,150,000.00	2,442,600.00		
2020	2,000,000.00	70,000.00		
	<u>\$ 48,890,000.00</u>	<u>\$ 9,804,520.00</u>	<u>\$ 138,030.63</u>	<u>\$ 7,013.06</u>

NOTE 3: COMPENSATED ABSENCES

The City has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2009, the City estimates this liability to approximate \$4,963,305.45 based on 2009 pay rates and compensated absence balances.

NOTE 4: DEFERRED COMPENSATION ACCOUNT

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

The Hartford Life Insurance Company
 Nationwide Retirement System (PEBSCO)

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 5: TAXES COLLECTED IN ADVANCE

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

		Balance December 31, 2009		Balance December 31, 2008
Prepaid Taxes - Cash Liability	\$	1,587,463.62	\$	1,411,198.12

NOTE 6: RETIREMENT PLANS

Plan Descriptions

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

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

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

Vesting and Benefit Provisions

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 6: RETIREMENT PLANS (CONTINUED)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. PERS provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

For the Public Employees' Retirement System, the City's contribution was \$927,178.00 for 2009 and \$660,558.40 for 2008.

Three Year Trend Information for PERS

Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 927,178.00	100%	\$ -
12/31/08	660,558.40	100%	-
12/31/07	375,291.62	100%	-

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 6: RETIREMENT PLANS (CONTINUED)

For the Police and Firemen's Retirement System, the City's contribution was \$2,552,644.00 for 2009 and \$2,253,268.00 for 2008.

Three Year Trend Information for PFRS				
Funding Year		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$	2,552,644.00	100%	\$ -
12/31/08		2,253,268.00	100%	-
12/31/07		1,493,430.60	100%	-

NOTE 7: CASH AND INVESTMENTS

Cash

Operating cash, in the form of checking, savings and money market savings accounts, is held in the City's name by several commercial banking institutions. At December 31, 2009, the carrying amount of the City's deposits was \$14,987,658.03 and the bank balance was \$15,930,990.56. Of the bank balance, \$852,038.31 was insured with Federal Deposit Insurance Corporation.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the City's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the City would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2009, all of the City's deposits were insured by either FDIC or the Governmental Unit Deposit Protection Act (GUDPA), and accordingly, not exposed to custodial credit risk. The City does not have a policy for custodial credit risk other than its requirement to only utilize GUDPA institutions.

Investments

Pursuant to the Enabling Act, the funds of the City may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the City may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

NOTE 8: PROPERTY TAXES

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 8: PROPERTY TAXES (CONTINUED)

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

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

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

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

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparative Schedule of Tax Rates				
	2009	2008	2007	
Tax Rate	\$ 0.706	\$ 0.676	\$ 1.000	
Apportionment of Tax Rate:				
Municipal	0.349	0.332	0.465	
County	0.180	0.172	0.279	
Local School	0.177	0.172	0.256	

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 8: PROPERTY TAXES (CONTINUED)

Assessed Valuation

2009	\$	12,820,330,392
2008		12,740,485,933
2007		8,249,356,764

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2009	\$ 90,988,763	\$ 89,633,296	98.51%
2008	86,715,480	85,454,751	98.55%
2007	83,358,889	82,429,856	98.89%

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2009	\$ 1,208.50	\$ 1,212,687.00	\$ 1,213,895.50	1.33%
2008	1,204.95	1,156,841.88	1,158,046.83	1.34%
2007	1,201.55	863,618.55	864,820.10	1.04%

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year	Amount
2009	\$ 262,576.00
2008	262,576.00
2007	262,576.00

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 9: ECONOMIC DEPENDENCY

The City of Ocean City is not economically dependent on any one funding agency within the City or the State of New Jersey.

NOTE 10: FUND BALANCES APPROPRIATED

The following schedule details the amount of Fund Balances available at the end of each year and the amounts utilized in the subsequent year's budgets:

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2009	\$ 5,236,485.58	\$ 2,327,075.00	44.44%
	2008	4,803,672.25	2,067,000.00	43.03%
	2007	5,340,221.26	2,390,004.00	44.75%
	2006	5,481,815.47	3,200,000.00	58.37%
	2005	4,732,440.61	3,185,000.00	67.30%

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2009 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 75,000.00	Current Fund	Federal and State Grant Fund
<u>\$ 75,000.00</u>		

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 12: BUDGETARY DATA

Annually, City Council adopts the annual appropriation budgets for the Current Fund and the Capital Improvement Plan. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The City Council approves the transfers by Resolution. Budgetary transfers during the year were not significant.

NOTE 13: FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 14: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2009:

	Balance as of December 31, 2008	Adjustment to Fixed Asset Accounting	Additions	Disposals	Balance as of December 31, 2009
Land, Buildings & Improvements	\$ 148,349,394.00	\$	\$ 6,521,053.03	\$	\$ 154,870,447.03
Vehicles	6,959,862.00		286,917.50	396,100.00	6,850,679.50
Machinery & Equipments	7,653,012.00		194,821.28		7,847,833.28
Total	\$ <u>162,962,268.00</u>	\$ <u>-</u>	\$ <u>7,002,791.81</u>	\$ <u>396,100.00</u>	\$ <u>169,568,959.81</u>

NOTE 15: RISK MANAGEMENT

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

Property and Liability Insurance

The City maintains commercial insurance coverage for property, liability and surety bonds.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 16: LITIGATION

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

NOTE 17: INSTALLMENT PURCHASE NOTE

On February 17, 2006 the City issued an Installment Purchase Note in the amount of \$4,500,000 with a stated interest rate of 4%. The issuance of this note financed the purchase of land as authorized by City Bond Ordinance 05-33. The note is held by the seller of the land. The terms of the note require the City to pay interest quarterly until maturity on February 17, 2026. This note is however, subject to extraordinary mandatory redemption prior to maturity within one year of the death of the holder.

NOTE 18: DEFINED CONTRIBUTION RETIREMENT PROGRAM

Plan Description

The Defined Contribution Retirement Program (DCRP) was established July 1, 2008, under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008, and expanded under the provisions of Chapter 89, P.L. 2009. 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 Benefits Provisions

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.

Retirement benefits for members are determined according to the applicable Tier level:

Tier 1 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement, a member must have at least 25 years of service credit; however, if a member is under the age of 55 at the time of retirement, the retirement allowance is reduced 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 2 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 60 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 60 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 18: DEFINED CONTRIBUTION RETIREMENT PROGRAM (CONTINUED)

Vesting and Benefits Provisions (Continued)

Tier 3 Membership: The retirement age is 62 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 62 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 62 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Funding Policy

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.

NOTE 19: POST- RETIREMENT BENEFITS

The City offers medical, prescription drug, dental and vision coverage to eligible retirees and their dependants.

Effective April 1, 2009, 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 45 “Accounting and Financial Reporting by Employers 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 State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. The following were the required contributions:

2009 - \$3,827,581.22, beginning April 2009
2008 - Not Applicable
2007 - Not Applicable

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2009 through June 18, 2010 the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to attention of the City that would require disclosure.

SUPPLEMENTARY INFORMATION

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2008	A	\$ 8,113,602.01	\$ 70,339.66
Increased By Receipts:			
Collector		\$ 91,045,000.00	\$
Due from State - Seniors and Veterans		195,123.90	
Federal and State Grants Receivable			1,256,693.77
Federal and State Grants Unappropriated			44,349.23
Miscellaneous Revenue Anticipated		13,803,693.87	
Miscellaneous Revenue Not Anticipated		196,960.10	
Matching Funds for Grants			26,467.24
Reserve for Health Insurance Claims		7,775,588.24	
Rebate Receivable		11,947.00	
Prepaid Beach Fees		53,629.00	
Special Emergency Note		412,000.00	
Due to Current Fund			86,947.00
Garden State Trust Fund		1,296.67	
Payroll Payable		42,734,908.27	
		<u>156,230,147.05</u>	<u>1,414,457.24</u>
		164,343,749.06	1,484,796.90

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Decreased By Disbursements:			
2007 Appropriations	\$	58,198,295.63	\$
2006 Appropriation Reserves		60,187.64	\$
Reserve for Encumbrances		734,273.28	656,636.57
Accounts Payable		6,778.70	
County Taxes		22,887,268.92	
County Added and Omitted Taxes		102,758.11	
Local District School Tax		22,275,565.00	
Special Improvement District Levy		185,003.00	
Payroll Payable		42,853,526.24	
Reserve for Revaluation		42,555.00	
Tax Overpayments		94,885.00	
Special Emergency Note		618,000.00	
Federal and State Grant Fund Expenditures			821,020.68
Matching Funds for Grants		26,467.24	
Due from Grant Fund		86,947.00	
Premiums Transferred to Trust			
Residential Development Fees		266,315.32	
Prior Year Cancelled Checks Reissued		1,393.02	
Change Fund		300.00	
Reserve for Health Insurance Claims		8,108,858.84	
		<u>156,549,377.94</u>	<u>1,477,657.25</u>
Balance December 31, 2009	A	\$ <u><u>7,794,371.12</u></u>	\$ <u><u>7,139.65</u></u>

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

Balance December 31, 2008	<u>Ref.</u> A		\$ 310,270.26
Increased By Receipts:			
Taxes Receivable		\$ 89,115,135.06	
Interest and Cost on Taxes		284,793.34	
Interest on Investments		950.72	
Miscellaneous Revenue Not Anticipated		187,163.67	
Residential Development Fees		266,315.32	
Tax Overpayments		134,137.90	
Prepaid Taxes		1,587,463.62	
Tax Premium			
		<hr/>	<hr/>
			91,575,959.63
			91,886,229.89
Decreased By Disbursements:			
Payment to Treasurer		<hr/>	
		91,045,000.00	
			<hr/>
			91,045,000.00
Balance December 31, 2009	A		\$ <u><u>841,229.89</u></u>

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

Year	Balance	2009 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance
	Dec. 31, 2008			2008	2009			Dec. 31, 2009
Prior	\$ 11,175.05	\$	\$	\$	\$ 10,823.30	\$ (8,439.21)	\$	\$ 8,790.96
2008	1,145,666.83				1,074,623.59	71,043.24		-
	1,156,841.88	-	-	-	1,085,446.89	62,604.03	-	8,790.96
2009		90,696,537.15	292,225.85	1,411,198.12	88,222,098.27	151,567.02	3.55	1,203,896.04
	\$ 1,156,841.88	\$ 90,696,537.15	\$ 292,225.85	\$ 1,411,198.12	\$ 89,307,545.16	\$ 214,171.05	\$ 3.55	\$ 1,212,687.00
Ref.	A							A

\$ 89,115,135.06 Cash Receipts
 190,697.26 Senior Citizens and Veterans
 1,712.84 Overpayments Applied
\$ 89,307,545.16

Analysis of 2009 Property Tax Levy

Tax Yield:

General Property Tax

SID Levy

Added Taxes (54:4-63.1 et seq.)

\$ 90,511,532.57
 185,004.58
 292,225.85
\$ 90,988,763.00

Tax Levy:

Local District School Tax:

Levy

\$ 22,686,960.00

\$ 22,686,960.00

County Taxes

County Taxes Added and Omitted

SID Levy

Local Tax for Municipal Purposes

Add: Additional Tax Levied

44,697,831.31

457,198.76

22,887,268.90

74,501.03

185,003.00

45,155,030.07

\$ 90,988,763.00

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2008	<u>Ref.</u> A		\$	1,204.95
Increased By Receipts:				
Transfers from Taxes Receivable		\$		3.55
				3.55
				1,208.50
Decreased By:				
None				-
				-
Balance December 31, 2009	A		\$	1,208.50

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Accrued</u> <u>In 2009</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Other	\$	\$ 449,255.75	\$ 449,255.75	\$ -
Fees and Permits		862,278.74	862,278.74	-
Municipal Court - Fines and Costs		947,858.83	947,858.83	-
Interest and Costs on Taxes		284,793.34	284,793.34	-
Parking		2,145,669.44	2,145,669.44	-
Interest on Investments		87,443.43	87,443.43	-
Beach Fees		3,369,723.01	3,369,723.01	-
Rental or Sale of Municipal Property		171,106.95	171,106.95	-
Airport Fees		117,737.82	117,737.82	-
Boat Ramp Fees		36,204.92	36,204.92	-
Aquatic and Fitness Center User Fees		747,066.35	747,066.35	-
Smoke Detector Inspection		179,025.00	179,025.00	-
Emergency Medical Services		604,438.85	604,438.85	-
Garden State Trust Fund		1,356.89	1,356.89	-
Energy Receipts Tax		2,304,991.00	2,304,991.00	-

CITY OF OCEAN CITY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2008</u>	<u>Accrued In 2009</u>	<u>Collected</u>	<u>Balance Dec. 31, 2009</u>
Uniform Construction Code Fees	\$	\$ 354,217.00	\$ 354,217.00	\$ -
Upper Township - Dispatching Service		190,441.00	190,441.00	-
Reserves for Debt Service & Capital Fund Balance		334,924.50	334,924.50	-
OC Library - Contribution for Community Events		150,000.00	150,000.00	-
OC Library - Contracted Services		462,247.00	462,247.00	-
OC Library - Returned to Taxpayers		281,620.00	281,620.00	-
Interlocal - Ocean City Tourism Development - Staffing Costs		25,000.00	25,000.00	-
Miscellaneous Revenue Not Anticipated		384,123.77	384,123.77	-
 TOTALS	 \$	 \$ 14,491,523.59	 \$ 14,491,523.59	 \$ -
	Ref. A			A
		Treasurer Cash A-4	\$ 14,000,653.97	
		Deferred Revenue A	17,961.89	
		Collector Cash A-5	472,907.73	
			<u>\$ 14,491,523.59</u>	

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

	Balance Dec. 31, 2008	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages				
City Administrator	\$ 4,537.37	\$ 1,537.37	\$ 1,500.74	\$ 36.63
Management of Information Systems	2,290.16	2,290.16		2,290.16
Purchasing Division	757.93	757.93	757.93	-
Personnel and Risk Management	384.00	384.00	384.00	-
Economic Development & Environmental	25.94	25.94		25.94
Director of Community Service	5,350.08	5,350.08	5,350.08	-
Public Relations	805.71	805.71		805.71
Recreation Programs	6,588.99	6,588.99	3,597.46	2,991.53
Recreation Operations	5,739.19	5,739.19		5,739.19
Aquatic and Fitness Center	2,157.86	2,157.86	2,157.86	-
Public Assistance	698.02	698.02		698.02
Legal Division	5.88	5.88		5.88
Accounting Division	6,459.38	4,459.38	3,372.98	1,086.40
Parking Regulation	330.20	330.20		330.20
Property Assessment	238.58	238.58	238.58	-
Beach Fee Regulation	776.25	776.25		776.25
Tax Collection	1,322.65	1,322.65	1,292.00	30.65
Revenue Collection	3,573.24	3,573.24	3,573.24	-
City Clerk	940.03	940.03	940.03	-
City Council	0.29	0.29		0.29
Rescue Services	11,018.85	11,018.85	8,297.54	2,721.31
Lifeguards Division	410.07	410.07		410.07
Police Protection	26,933.29	26,933.29	18,944.62	7,988.67
Fire Protection	38,691.17	17,691.17	10,000.00	7,691.17
Public Works Administration	5,813.84	5,813.84	3,220.00	2,593.84
Public Works Operations	18,802.25	6,802.25	6,802.25	-
Facility Maintenance	4,792.23	4,792.23	3,757.74	1,034.49
Fleet Maintenance	996.12	996.12		996.12
Field Operations & Engineering	3,757.74	3,757.74		3,757.74
Community Development				
- Administration	4,916.79	4,916.79	4,916.79	-
Planning Division	3,923.80	1,923.80	1,923.80	-
Zoning Division	549.24	549.24		549.24
Municipal Court	94.20	94.20	94.20	-
Construction Code	729.55	729.55	729.55	-
Other Expenses:				
Mayors Office	1,284.16	1,284.16	106.76	1,177.40
City Administrator	791.06	791.06	57.18	733.88
Management of Information Systems	9,080.26	9,080.26	5,225.11	3,855.15
Purchasing Division	160.45	160.45	96.25	64.20
Emergency Management	1,750.17	1,750.17	600.00	1,150.17
Personnel and Risk Management				
Miscellaneous Other Expenses	18,286.54	13,286.54	12,264.17	1,022.37
Economic Development & Environmental	112.08	112.08		112.08
Director of Community Service	537.37	537.37		537.37
Public Relations	2,217.46	2,217.46	1,869.62	347.84
Recreation Programs	13,074.68	3,074.68	1,509.63	1,565.05
Recreation Operations	1,514.60	1,514.60	1,310.53	204.07
Aquatic and Fitness Center	10,838.69	10,838.69	8,465.83	2,372.86
Public Assistance	610.21	610.21	99.92	510.29
Legal	112,320.94	142,320.94	82,844.87	59,476.07

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

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Other Expenses (Continued):				
Treasurer's Office				
Audit Services	\$ 37.50	\$ 37.50	\$	\$ 37.50
Accounting Division	14,875.64	14,875.64	13,436.22	1,439.42
Parking Regulation	1,323.16	1,323.16	174.19	1,148.97
Property Assessment	1,171.53	1,171.53	465.73	705.80
Beach Fee Regulation	3,190.90	190.90		190.90
Tax Collection	3,015.36	3,015.36	441.23	2,574.13
Revenue Collection	1,290.97	1,290.97	944.16	346.81
City Clerk	11,654.44	11,654.44	11,555.26	99.18
City Council	1,861.00	1,861.00	1,447.84	413.16
Rescue Services	7,555.69	7,555.69	5,646.52	1,909.17
Lifeguards	2,294.63	2,294.63	1,214.54	1,080.09
Police Protection	6,035.72	6,035.72	4,637.54	1,398.18
Fire Protection	33,960.37	25,960.37	24,552.54	1,407.83
Public Works Administration	5,323.35	5,323.35	4,021.36	1,301.99
City Wide Operations	41,214.43	38,214.43	22,857.62	15,356.81
Public Works Operations	218,618.39	206,318.39	181,916.19	24,402.20
Facility Maintenance	7,604.00	7,604.00	7,604.00	-
Fleet Maintenance	6,140.07	6,140.07	5,623.35	516.72
Field Operations and Engineering	3,830.61	3,830.61	3,830.61	-
Community Development	4,725.13	4,725.13	3,957.19	767.94
Planning Division	2,654.56	2,654.56	546.65	2,107.91
Planning Board	1,730.95	1,730.95	689.20	1,041.75
Zoning Board	3,621.31	3,621.31	962.40	2,658.91
Historical Commission	598.25	598.25	212.75	385.50
Zoning Division	1,387.66	1,387.66	729.92	657.74
Municipal Court	3,921.55	3,921.55	3,096.50	825.05
Public Defender	1,070.00	1,070.00		1,070.00
Construction Code	3,154.48	3,154.48	1,199.84	1,954.64
Electricity	53,752.81	86,752.81	85,927.35	825.46
Street Lighting	51,138.96	58,138.96	58,063.52	75.44
Telephone	18,665.87	21,665.87	20,282.54	1,383.33
Water	82,734.00	82,734.00	82,734.00	-
Fuel Oil	20,439.42	32,739.42	32,687.02	52.40
Gasoline	36,781.94	36,781.94	16,701.88	20,080.06
Social Security System	5,344.49	1,344.49		1,344.49
Public Employee's Retirement System	58.92	58.92		58.92
Unemployment Compensation	716.22	716.22		716.22
Insurance				
Employee Group Health	9,356.56	9,356.56		9,356.56
TOTALS	\$ <u>1,009,840.40</u>	\$ <u>1,009,840.40</u>	\$ <u>794,460.92</u>	\$ <u>215,379.48</u>
Ref.	A		A-4	A-1

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

<u>Purpose</u>	<u>Balance Dec. 31, 2008</u>	<u>Anticipated Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2009</u>
State:				
Beach Acquisition Grant	\$ 94,975.50	\$	\$	\$ 94,975.50
Clean Communities		72,796.62	72,796.62	-
Hang Up Just Drive Cell Phone Grant		4,000.00	3,600.00	400.00
Pedestrian Safety Grant		4,000.00	150.00	3,850.00
NJSP Emergency Management		10,000.00	10,000.00	-
Shared Services - Regional Dispatch		22,767.00		22,767.00
Speed Management Program		24,000.00	15,835.21	8,164.79
Over the Limit Under Arrest		5,000.00		5,000.00
Pedestrian Education & Enforcement		19,000.00		19,000.00
Smart Future Planning	45,000.00			45,000.00
Transportation Trust Fund				
Year 2008 Grant	140,000.00		140,000.00	-
Year 2007 Grant	143,000.00		107,250.00	35,750.00
Year 2009 Grants		260,000.00	120,000.00	140,000.00
Airport Safety Improvement Grant		41,800.00		41,800.00
NJ DOT - Airport Security Cameras		150,000.00		150,000.00
Digiwix/Awos	66,611.00			66,611.00
Aggressive Driving Program	15,180.04			15,180.04
Neighborhood Preservation Program	215,000.00		2,608.94	212,391.06
Neighborhood Preservation Program		25,000.00		25,000.00
I Boat Grant	221,263.56			221,263.56
Cool Cities Grant	25,000.00		25,000.00	-
Cooperative Marketing Grant	1,760.00		1,760.00	-
Cooperative Marking Grant		9,750.00	7,800.00	1,950.00
DCA - Share Municipal Court Consolidation	16,750.00			16,750.00

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

<u>Purpose</u>	Balance Dec. 31, 2008	Anticipated Revenues	Received	Balance Dec. 31, 2009
Federal:				
FAA - Snow Removal Building	\$ 6,270.96	\$	\$	\$ 6,270.96
FAA - Snow Removal Building - 2007	120,634.60		96,744.00	23,890.60
FAA -Fuel Farm Expansion	6,271.30			6,271.30
FAA - Airport Seal Coat & Marking	95,000.00			95,000.00
FAA - Drainage		12,156.00		12,156.00
FAA - Airport Drainage - Phase II		25,292.00		25,292.00
FAA - Airport Layout		184,252.00	29,743.00	154,509.00
FAA - Runway Signage & Lighting		94,154.00	1,487.00	92,667.00
FAA - Airport Drainage		2,075,196.00	178,170.00	1,897,026.00
FAA - Drainage Construction Phase II	440,263.00		109,802.00	330,461.00
Federal Road Aid Project	98,600.00			98,600.00
FEMA - Flood Mitigation	4,256.66			4,256.66
FEMA - Fire Equipment	3,676.00		3,676.00	-
US Department of Transportation - Pavement & Evaluation Study	16,066.00		14,867.00	1,199.00
US DOJ - JAG		17,158.00	17,158.00	-
CDBG		298,246.00	298,246.00	-
CDBG		80,961.00		80,961.00
CDBG	581,198.84			581,198.84
TOTALS	\$ 2,356,777.46	\$ 3,435,528.62	\$ 1,256,693.77	\$ 4,535,612.31
Ref.	A			A

CITY OF OCEAN CITY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Purpose</u>	<u>Balance Dec. 31, 2008</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2009</u>
State:				
Drunk Driving Enforcement Fund	\$ 5,840.53	\$ 7,812.66	\$ 5,840.53	\$ 7,812.66
Body Armor Fund	6,198.26	3,093.75	9,292.01	(0.00)
Recycling Tonnage Grant		26,842.82		26,842.82
Cooperative Marking Grant		6,600.00		6,600.00
Council of Arts: POPS	29,189.00		29,189.00	-
Federal:				
None				
 TOTALS	 \$ <u>41,227.79</u>	 \$ <u>44,349.23</u>	 \$ <u>44,321.54</u>	 \$ <u>41,255.48</u>
	Ref. A			A

**CITY OF OCEAN CITY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

Purpose	Balance Dec. 31, 2008	Budget Appropriations	Expended	Balance Dec. 31, 2009
State:				
Department of Transportation				
Airport Safety	\$ 70,117.00		\$ 70,066.00	\$ 51.00
NJ DOT Airport Safety Grant		44,000.00	44,000.00	-
Transportation Trust Fund		260,000.00	160,000.00	100,000.00
Municipal Alliance	10,816.01	4,120.20	4,120.20	10,816.01
Clean Communities	67,469.74	72,796.62	93,274.37	46,991.99
Beach Acquisition Grant	78,326.00			78,326.00
NJ Council on the Arts -				
Ocean City POPS	656.00	29,189.00	29,845.00	-
Shared Services - Regional Dispatch		23,851.00	21,985.00	1,866.00
Body Armor	563.84	9,292.01	9,384.00	471.85
Hang Up Just Drive Cell Phone Grant		4,000.00	3,600.00	400.00
Aggressive Driving Program	16,055.47			16,055.47
Drunk Driving Enforcement	5,217.31	5,840.53	5,162.72	5,895.12
State Police Emergency Management	830.22		830.22	(0.00)
NJSP Emergency Management		10,000.00	10,000.00	-
Shade Tree Grant	8,020.11			8,020.11
Recycling Tonnage Grant	25,282.65		15,207.90	10,074.75
Speed Management Program		24,000.00	18,405.09	5,594.91
Over the Limit Under Arrest		5,000.00		5,000.00
Pedestrian Education & Enforcement		19,000.00		19,000.00
Alcohol Education and Rehabilitation	1,090.91			1,090.91
DEP - Statewide				
Livable Communities			(514.99)	514.99
Municipal Stormwater Regulation	9,529.00		9,529.00	-
Cool Cities Community	4,720.00			4,720.00
DMV Inspection Fines	5,616.93		1,192.76	4,424.17
Neighborhood Preservation	192,249.15	25,000.00	29,587.13	187,662.02
I Boat	245,848.40		242,922.95	2,925.45
Pedestrian Safety Grant		4,000.00	217.17	3,782.83
NJ DOT - Airport Security Cameras		150,000.00	11,650.00	138,350.00
Cooperative Marking Grant	1,989.26	12,187.50	13,106.74	1,070.02
Federal:				
FAA Drainage	2,275.96			2,275.96
FAA Block Grant	1,247.00			1,247.00
US Department of Transportation				
FAA - Snow Removal Building	6,600.01			6,600.01
FAA - Snow Removal Building - 2007	27,146.77		11,275.12	15,871.65
FAA -Fuel Farm Expansion	6,599.97			6,599.97
FAA - Airport Seal Coat & Marking	104,500.00			104,500.00
FAA - Drainage	56,268.77	12,796.00	69,064.77	(0.00)
FAA - Airport Drainage - Phase II		26,623.54	20,398.90	6,224.64
FAA - Airport Layout		193,950.00	189,200.00	4,750.00
FAA - Runway Signage & Lighting		99,110.00	99,110.00	-
FAA - Airport Drainage		2,075,196.00	2,075,196.00	-
FEMA	7,467.00			7,467.00
FEMA - Flood Mitigation	7,237.32			7,237.32
FEMA - Fire Equipment	344.79			344.79
FEMA - Fire & Safety Equipment	47,174.57		44,449.57	2,725.00
Federal Aid Road Project	98,600.00			98,600.00
US DOJ - JAG		17,158.00	3,405.56	13,752.44
CDBG		298,246.00	48,932.64	249,313.36
CDBG		80,961.00		80,961.00
CDBG	631,339.60		485,003.09	146,336.51
TOTALS	\$ 1,741,199.76	\$ 3,506,317.40	\$ 3,839,606.91	\$ 1,407,910.25
Ref.	A	Cash Disbursed	\$ 821,020.68	A
		Encumbered	3,018,586.23	
			<u>\$ 3,839,606.91</u>	

CITY OF OCEAN CITY
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH

Balance December 31, 2008	<u>Ref.</u> B		\$ 12,392.76
Increased By Receipts:			
Dog Licenses Fees		\$ 24,743.50	
State License Fees		942.60	
		<hr/>	<hr/>
			25,686.10
			<hr/>
			38,078.86
Decreased By Disbursements:			
State of New Jersey		942.60	
Animal Control Expenditures		26,323.48	
		<hr/>	<hr/>
			27,266.08
Balance December 31, 2009	B		\$ <u><u>10,812.78</u></u>

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

	<u>Ref.</u>		
	B		
Balance December 31, 2008		\$	3,427,656.53
Increased By Receipts:			
Reserve for Tax Premiums & Liens	\$	650,792.02	
Recreation Dedicated Trust		702,624.29	
P.O.A.A. Fees		5,050.00	
P.O.A.A. Interest		126.31	
Cash Performance Deposits		50,401.33	
Lifeguard Pension Contributions		73,950.22	
Lifeguard Pension Interest		592.78	
Fire Dedicated Fees		3,722.00	
Fire Dedicated Fees - Interest		22.76	
Shade Tree Commission		12,287.18	
Planning and Zoning		215,607.17	
Special Law Enforcement Trust		25,295.74	
Special Law Enforcement Trust - Interest		95.52	
Reserve for COAH		266,315.32	
Reserve for COAH - Interest		7,436.80	
Reserve for Merchant Fees		61,268.00	
Recycling Trust		28.33	
Terminal Leave		8.96	
Ocean City Tourism Development Commission		659,231.30	
Ocean City Tourism Development Commission - Interest		735.36	
		<hr/>	<hr/>
			2,735,591.39
			<hr/>
			6,163,247.92
Decreased By Disbursements:			
Reserve for Tax Premiums & Liens		540,965.18	
Recreation Dedicated Trust		690,350.32	
P.O.A.A. Fees		196.40	
Cash Performance Deposits		258,914.61	
Reserve for Recycling		928.28	
Lifeguard Pension		117,522.98	
Shade Tree Commission		12,334.68	
Planning and Zoning		269,649.33	
Special Law Enforcement Trust		20,058.00	
Merchant Fees		60,404.94	
Reserve for COAH		183,210.79	
Ocean City Tourism Development Commission		693,947.88	
Fire Dedicated Penalties		1,541.26	
Terminal Leave		3,129.31	
		<hr/>	<hr/>
			2,853,153.96
			<hr/>
Balance December 31, 2009	B	\$	<u><u>3,310,093.96</u></u>

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

Balance December 31, 2008	<u>Ref.</u> B		\$	12,392.76
Increased By:				
Dog Licenses Fees Collected		\$		2,432.00
Miscellaneous Fees Collected				22,311.50
				24,743.50
				37,136.26
Decreased By:				
Animal Control Expenditures				26,323.48
				26,323.48
Balance December 31, 2009	B		\$	10,812.78

License Fees Collected

<u>Year</u>	\$	
2007	\$	17,439.50
2008		15,421.00
	\$	32,860.50

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

Balance December 31, 2008	<u>Ref.</u> C		\$ 6,416,149.74
Increased By Receipts:			
Budget Appropriation:			
Capital Improvement Fund		\$ 870,000.00	
Deferred Charges Unfunded		334,924.50	
Bequest - Ambulance Rehab.		70,248.20	
Reserve for Debt Service:			
Street Restoration		70,537.13	
Green Acres		738,775.00	
Whitbey Bequest		322,543.77	
Ocean City Library		2,180,000.00	
County Joint Venture Funded Ordinances		2,321,843.10	
Bond Anticipation Notes Issued		<u>9,188,000.00</u>	
			<u>16,096,871.70</u>
			22,513,021.44
Decreased By Disbursements:			
Improvement Authorizations		5,477,331.81	
Encumbrances Payable		13,682,779.50	
Anticipated as Current Fund Revenue:			
Capital Fund Balance		260,000.00	
Reserve for Debt Service		<u>74,924.50</u>	
			<u>19,495,035.81</u>
Balance December 31, 2009	C		\$ <u><u>3,017,985.63</u></u>

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

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2009
	Balance Dec. 31, 2008	BANS Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 323,347.34	\$	\$ 70,248.20	\$	\$ 260,000.00	\$ 70,248.20	\$	\$ 63,347.34
Capital Improvement Fund	55,852.53		870,000.00			920,000.00		5,852.53
Reserve for Arbitrage	121,736.95							121,736.95
Reserve for Debt Service	339,260.35		1,131,855.90		74,924.50			1,396,191.75
Encumbrances	13,682,779.50				13,682,779.50		7,414,240.48	7,414,240.48
Due from County of Cape May	(3,500,000.00)		2,321,843.10					(1,178,156.90)
Due from Library	(2,581,449.25)		2,180,000.00					(401,449.25)
Reserve for Preliminary Expenses	17,566.00							17,566.00
Improvement Authorizations								
Ord. Number								
92-9 Beach Area Acquisition	(279,715.40)		284,924.50	(1,486.58)		1,486.58		5,209.10
01-03: 03-29 Various Capital Improvements	46,717.55							46,717.55
02-06 Various Capital Improvements	7,610.00							7,610.00
03-28 Various Capital Improvements	6,207.43			4,187.09				2,020.34
04-02: 04-22 Various Capital Improvements	1,100.00							1,100.00
04-16 Various Capital Improvements	35,179.96			(20,515.93)		20,515.93		35,179.96
05-08 Various Capital Improvements	25,165.13			3,047.35		12,500.00		9,617.78
05-25 Various Capital Improvements	15,460.09			4,468.31				10,991.78
06-03 Various Capital Improvements	90,992.97		50,000.00	132,401.07		16,113.70		(7,521.80)
06-32 Various Capital Improvements	103,856.25			(13,394.77)		40,703.63		76,547.39
07-04 Various Capital Improvements	396,475.85			(55,895.20)		105,931.34		346,439.71
07-36 Various Capital Improvements	172,302.68			54,715.06		375.00		117,212.62
07-52 Various Capital Improvements	524,114.31	2,138,000.00		2,242,628.21		161,721.88		257,764.22
08-03 Community Center Improvements	(3,234,470.37)			(3,121,228.52)		5,114,869.94		(5,228,111.79)
08-06 Various Capital Improvements	174,387.89			147,822.56		8,531.09		18,034.24
08-16 Various Capital Improvements	248,015.90			34,277.40		26,440.50		187,298.00
08-18 Parks & Open Space	(376,343.92)			6,541.56		2,874.59		(385,760.07)
08-24 Various Capital Improvements		3,000,000.00		1,929,180.17		1,843,651.68	250,000.00	(522,831.85)
09-03 Various Capital Improvements				153,230.81		52,524.62	420,000.00	214,244.57
09-12 Acquisition of Real Property		3,100,000.00		3,046,637.35		6,000.00		47,362.65
09-25 Various Capital Improvements		950,000.00		930,715.87			50,000.00	69,284.13
09-32 Various Capital Improvements							200,000.00	200,000.00
09-33 Ambulance Repair							70,248.20	70,248.20
	<u>\$ 6,416,149.74</u>	<u>\$ 9,188,000.00</u>	<u>\$ 6,908,871.70</u>	<u>\$ 5,477,331.81</u>	<u>\$ 14,017,704.00</u>	<u>\$ 8,404,488.68</u>	<u>\$ 8,404,488.68</u>	<u>\$ 3,017,985.63</u>
Ref.	C							C

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

Balance December 31, 2008	<u>Ref.</u> C		\$	55,852.53
Increased By:				
Current Fund Budget Appropriation		\$ 870,000.00		
				870,000.00
				925,852.53
Decreased By:				
Improvement Authorizations Funded		920,000.00		
				920,000.00
Balance December 31, 2009	C		\$	5,852.53

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2008	<u>Ref.</u> C		\$	54,237,061.32
Increased By:				
None		\$		
				-
				54,237,061.32
Decreased By:				
Serial Bonds Paid		5,180,000.00		
Green Trust Loan Principal Paid		29,030.69		
				5,209,030.69
Balance December 31, 2009	C		\$	49,028,030.63

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

Ord. Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Other	Balance Dec. 31, 2009	Analysis of Balance		
						Bond Anticipation Note	Expenditures	Unexpended Improvement Authorization
92-9	Beach Area Acquisition	\$ 284,924.50		\$ 284,924.50	\$ -		\$ -	
05-33	Acquisition of Land	4,500,000.00			4,500,000.00		4,500,000.00	
06-03	Various Capital Improvements	120,457.15		50,000.00	70,457.15		7,521.80	62,935.35
06-32	Various Capital Improvements	3,500.00			3,500.00			3,500.00
07-04	Various Capital Improvements	6,750.00			6,750.00			6,750.00
07-52	Various Capital Improvements	2,288,250.00			2,288,250.00	2,138,000.00		150,250.00
08-03	Community Center Improvements	6,359,500.00			6,359,500.00		5,228,111.79	1,131,388.21
08-18	Parks & Open Space	400,000.00			400,000.00		385,760.07	14,239.93
08-24	Various Capital Improvements		4,750,000.00		4,750,000.00	3,000,000.00	522,831.85	1,227,168.15
09-12	Acquisition of Real Property		3,100,000.00		3,100,000.00	3,100,000.00	-	(0.00)
09-25	Various Capital Improvements		950,000.00		950,000.00	950,000.00	-	-
09-32	Various Capital Improvements		3,800,000.00		3,800,000.00			3,800,000.00
		<u>\$ 13,963,381.65</u>	<u>\$ 12,600,000.00</u>	<u>\$ 334,924.50</u>	<u>\$ 26,228,457.15</u>	<u>\$ 9,188,000.00</u>	<u>\$ 10,644,225.51</u>	<u>\$ 6,396,231.64</u>
Ref.		C	C-7	C-10	C	C-9		C-7
					Improvement Authorizations Unfunded		C-7	\$ 6,770,642.64
					Less:			
					Unexpended Proceeds of			
					Bond Anticipation Notes:			
					07-52	\$ 257,764.22		
					09-12	47,362.65		
					09-25	69,284.13		
								374,411.00
								<u>\$ 6,396,231.64</u>

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2008		2009 Authorizations			Balance December 31, 2009	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Funded	Unfunded
92-9	Beach Area Acquisition	3/12/1992	\$ 577,158	\$	\$ 5,209.10	\$	\$	\$	\$ 5,209.10	\$
01-03: 03-29	Various Capital Improvements	2/8/2002	240,000	46,717.55					46,717.55	
02-06: 03-19	Various Capital Improvements	2/28/2002	2,950,000	7,610.00					7,610.00	
03-28	Various Capital Improvements	12/11/2003	1,220,000	6,207.43				4,187.09	2,020.34	
04-02: 04-22	Various Capital Improvements	3/11/2004	2,055,000	1,100.00					1,100.00	
04-16: 07-53	Various Capital Improvements	7/29/2004	3,570,000	35,179.96					35,179.96	
05-08	Various Capital Improvements	3/22/2005	1,425,000	25,165.13				15,547.35	9,617.78	
05-25: 07-54	Various Capital Improvements	8/11/2005	4,700,000	15,460.09				4,468.31	10,991.78	
06-03	Various Capital Improvements	2/23/2006	4,905,000	90,992.97	120,457.15			148,514.77	-	62,935.35
06-32	Various Capital Improvements	11/30/2006	3,530,000	103,856.25	3,500.00			27,308.86	76,547.39	3,500.00
07-04	Various Capital Improvements	1/17/2008	4,365,000	396,475.85	6,750.00			50,036.14	346,439.71	6,750.00
07-36	Various Capital Improvements	1/17/2008	376,142	172,302.68				55,090.06	117,212.62	
07-52	Various Capital Improvements	1/17/2008	4,735,000	524,114.31	2,288,250.00			2,404,350.09	-	408,014.22
08-03	Community Center Improvements	2/28/2008	15,000,000		3,125,029.63			1,993,641.42		1,131,388.21
08-06	Various Capital Improvements	3/27/2008	400,000	174,387.89				156,353.65	18,034.24	
08-16	Various Capital Improvements	8/14/2008	333,622	248,015.90				60,717.90	187,298.00	
08-18	Parks & Open Space	10/16/2008	425,000		23,656.08			9,416.15		14,239.93
08-24	Various Capital Improvements	12/23/2008	5,000,000			250,000.00	4,750,000.00	3,772,831.85	-	1,227,168.15
09-03	Various Capital Improvements	2/26/2009	420,000			420,000.00		205,755.43	214,244.57	-
09-12	Acquisition of Real Property	5/14/2009	3,100,000				3,100,000.00	3,052,637.35		47,362.65
09-25	Various Capital Improvements	6/25/2009	1,000,000			50,000.00	950,000.00	930,715.87		69,284.13
09-32	Various Capital Improvements	11/24/2009	4,000,000			200,000.00	3,800,000.00		200,000.00	3,800,000.00
09-33	Ambulance Repair	11/24/2009	70,248			70,248.20			70,248.20	
				\$ 1,847,586.01	\$ 5,572,851.96	\$ 990,248.20	\$ 12,600,000.00	\$ 12,891,572.29	\$ 1,348,471.24	\$ 6,770,642.64
Ref.				C	C				C	C
	Capital Improvement Fund					\$ 920,000.00	Cash Disbursed	\$ 5,477,331.81		
	Capital Fund Balance					70,248.20	Encumbrances	7,414,240.48		
						\$ 990,248.20		\$ 12,891,572.29		

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	4/1/98	\$ 13,500,000	4/1/2010	\$ 1,400,000	5.000%	\$ 2,800,000.00	\$ 1,400,000.00	\$ 1,400,000.00
General Improvements	9/1/2001	17,000,000	7/15/2010	1,350,000	4.100%	11,900,000.00	1,300,000.00	10,600,000.00
			7/15/2011	1,375,000	4.100%			
			7/15/2012	1,450,000	4.100%			
			7/15/2013	1,525,000	4.200%			
			7/15/2014	1,550,000	4.300%			
			7/15/2015	1,650,000	4.400%			
			7/15/2016	1,700,000	4.500%			
General Improvements	12/15/2002	9,325,000	12/15/2010	850,000	3.500%	5,370,000.00	800,000.00	4,570,000.00
			12/15/2011	900,000	3.600%			
			12/15/2012	920,000	3.700%			
			12/15/2013	950,000	3.800%			
			12/15/2014	950,000	4.000%			
General Improvements	1/15/2006	21,000,000	1/15/2010	1,600,000	3.50%	19,500,000.00	1,500,000.00	18,000,000.00
			1/15/2011	1,600,000	3.50%			
			1/15/2012	1,600,000	3.50%			
			1/15/2013	1,600,000	3.75%			
			1/15/2014	1,800,000	4.00%			
			1/15/2015	1,900,000	4.00%			
			1/15/2016	1,900,000	4.00%			
			1/15/2017	2,000,000	4.00%			
			1/15/2018	2,000,000	4.00%			
			1/15/2019	2,000,000	4.00%			

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	7/15/2008	\$ 14,500,000	7/15/2010	\$ 220,000	5.000%	\$ 14,500,000.00	\$ 180,000.00	\$ 14,320,000.00
			7/15/2011	650,000	4.000%			
			7/15/2012	950,000	4.000%			
			7/15/2013	1,200,000	4.000%			
			7/15/2014	1,300,000	4.000%			
			7/15/2015	1,400,000	4.000%			
			7/15/2016	1,500,000	4.250%			
			7/15/2017	1,600,000	5.000%			
			7/15/2018	1,700,000	5.250%			
			7/15/2019	1,800,000	4.000%			
			7/15/2020	2,000,000	4.125%			
Ref. \$						<u>54,070,000.00</u>	\$ <u>5,180,000.00</u>	\$ <u>48,890,000.00</u>
						C	C	C

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

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
			<u>December 31, 2009 Date</u>	<u>Amount</u>				
Beach Area Acquisition	1994	\$ 277,576	2010	\$ 29,614.21	2.000%	\$ 167,061.32	\$ 29,030.69	\$ 138,030.63
			2011	30,209.46				
			2012	30,816.67				
			2013	31,436.08				
			2014	15,954.21				
						\$ <u>167,061.32</u>	\$ <u>29,030.69</u>	\$ <u>138,030.63</u>
Ref.						C	C	C

CITY OF OCEAN CITY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
07-52	Various Capital Improvements	3/12/2009	3/12/2009	3/12/2010	3.000% \$	\$	1,088,000.00	\$	\$ 1,088,000.00
08-24	Various Capital Improvements	3/12/2009	3/12/2009	3/12/2010	3.000%		1,500,000.00		1,500,000.00
09-12	Acquisition of Real Property	6/29/2009	6/29/2010	6/29/2010	2.000%		3,100,000.00		3,100,000.00
07-52	Various Capital Improvements	8/28/2009	8/27/2009	8/27/2010	1.290%		1,050,000.00		1,050,000.00
08-32	Various Capital Improvements	8/28/2009	8/27/2009	8/27/2010	1.290%		1,500,000.00		1,500,000.00
09-25	Various Capital Improvements	8/28/2009	8/27/2009	8/27/2010	1.290%		950,000.00		950,000.00
						\$	<u> -</u>	\$	<u>9,188,000.00</u>
					Ref.		C		<u> -</u>
							<u> -</u>		<u>9,188,000.00</u>
							C		C

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

Ord. Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Bonds, Notes or Grants Issued	Funded by Budget Appropriation	Balance Dec. 31, 2009
9-92	Beach Area Acquisition	\$ 284,924.50	\$	\$	\$ 284,924.50	\$ -
06-03	Various Capital Improvements	120,457.15			50,000.00	70,457.15
06-32	Various Capital Improvements	3,500.00				3,500.00
07-04	Various Capital Improvements	6,750.00				6,750.00
07-52	Various Capital Improvements	2,288,250.00		2,138,000.00		150,250.00
08-03	Community Center Improvements	6,359,500.00				6,359,500.00
08-18	Parks & Open Space	400,000.00				400,000.00
08-24	Various Capital Improvements		4,750,000	3,000,000.00		1,750,000.00
09-12	Acquisition of Real Property		3,100,000	3,100,000.00		-
09-25	Various Capital Improvements		950,000	950,000.00		-
09-32	Various Capital Improvements		3,800,000			3,800,000.00
		<u>\$ 9,463,381.65</u>	<u>\$ 12,600,000.00</u>	<u>\$ 9,188,000.00</u>	<u>\$ 334,924.50</u>	<u>\$ 12,540,457.15</u>
	Ref. C					C

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

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Balance December 31, 2008	E	\$ -	\$ -
Increased By Receipts:			
State Aid for Public Assistance		\$ -	\$ 465,120.20
Other Receipts		-	106,769.95
		<u>-</u>	<u>571,890.15</u>
		-	<u>571,890.15</u>
Decreased By Disbursements:			
Public Assistance		-	571,890.15
SSI Payments		-	-
		<u>-</u>	<u>571,890.15</u>
Balance December 31, 2009	E	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Balance December 31, 2009	E-1	\$ -	\$ -
Increased By Receipts:			
Cash Receipts Record		\$ _____	\$ 237,449.84
		-	237,449.84
		-	237,449.84
Decreased By Disbursements:			
Cash Disbursement Record			237,449.84
		-	237,449.84
Balance May 31, 2010	E-2	\$ <u> -</u>	\$ <u> -</u>
Reconciliation May 31, 2010			
Balance on Deposit per Statement:		-	-
Book Balance		\$ <u> -</u>	\$ <u> -</u>

CITY OF OCEAN CITY
PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
State Aid Payments	\$		\$ 465,120.20
Refunds			2,476.50
Supplemental Security Income: Client Refund			104,293.45
Total Revenues (PATF)		-	571,890.15
Due to Current Fund			-
Total Receipts (PATF)	\$	-	\$ 571,890.15

SCHEDULE OF EXPENDITURES

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Current Year Assistance (State Matching):			
Maintenance Payments	\$		\$ 184,859.80
Shelter / Housing			17,636.50
Utilities			695.00
Transportation			5,235.05
Temporary Rent			315,422.80
Rent			28,399.00
Other			19,642.00
Total Reported		-	571,890.15
Due to Current Fund			-
Total Disbursements (PATF)	\$	-	\$ 571,890.15

**CITY OF OCEAN CITY
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2009**



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS – STATUTORY BASIS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements – statutory basis of the City of Ocean City, State of New Jersey (the "City"), as of and for the year ended December 31, 2009, and have issued our report thereon dated June 18, 2010. Our report disclosed that, as described in Note 1 to the financial statements, the City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

A 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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the City Council, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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



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

June 18, 2010

CITY OF OCEAN CITY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2005 the bid threshold is \$29,000.

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

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

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

- Fabrication and Supply of Welded Aluminum 2-Rail to include all Incidentals
- Spring Roadway Improvement Program of Various Roads
- Printing Services
- One 2010 or Newer Jetter/Vac Storm Sewer Cleaner
- Furnishing, Installation, and Maintenance of Leased Coin Operated Binocular Viewers
- Supply and Delivery of Nails and Bolts
- Beach Access Pedestrian Ramps at Various Locations
- Maintenance of City Owned Garden Ground and Garden Plots
- Electrical Work for Moorlyn Terrace Entrance
- Digital Recording Production Services for the City of Ocean City
- Acquisition of Boardwalk, Light Fixtures and Poles
- Boardwalk Repairs 5th to 12th St.
- Purchase and Installation of Multi-space Parking Pay Station
- Upgrade of Airport DIGIWX Weather Station to the AWOS
- 2009 ADA Concrete Sidewalk Ramp Installation at Various Locations
- Municipal Airport Drainage Improvements
- Supply of Janitorial Paper Products
- Supply of Trash Can Liners
- Professional Tennis Instructor
- A 2009 or Newer Dump Truck with Snow Plow Package
- Supply of Bituminous Concrete Materials
- Supply of Concrete and Related Materials
- Municipal Aid Road Program Asbury Ave. from 3rd St. to 5th St. and City Road Improvements 8th St. from Atlantic Avenue to the Boardwalk
- Landscaping Improvements to Gardens Parkway
- 2009 Fall Road Program; Improvements to Various Streets
- Supply and Delivery of Lumber and Piling
- Supply and Delivery of Informational Signage for Various Locations
- Acquisition of One Model Year 2009 or Newer Three Wheel Broom Sweeper with Hydraulic Sweep System
- Maintenance and Refurbishment of Two Dash Pierce Aerial Ladder Trucks

CITY OF OCEAN CITY

GENERAL COMMENTS (CONTINUED)

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

- Supply and Installation of Multi-Space Parking Systems
- City Wide Custodial Services
- Baseball Camp Program
- Basketball Camp Program
- Field Hockey Camp Program
- Soccer Camp Program
- Lacrosse Camp Program
- Replacement and Improvement of Bulkheads at Various Locations
- Supply and Delivery of Sand Fence and Posts

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 2009.

This Resolution shall take effect January 1, 2009.

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

Delinquent Taxes and Tax Title Liens

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

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

<u>Year</u>	<u>Number</u>
2009	5
2008	5
2007	5

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

CITY OF OCEAN CITY

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2009 and 2010 Taxes	25
Delinquent Taxes	25
Total	<u>50</u>

Deposit of Municipal Funds

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

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

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

Our examination revealed that except for a few isolated and immaterial instances, municipal funds were deposited within the mandated time.

FINDINGS AND RECOMMENDATIONS

None

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



Leon P. Costello
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Registered Municipal Accountant
No. 393

June 18, 2010

CITY OF OCEAN CITY
PART III
FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED
DECEMBER 31, 2009

CITY OF OCEAN CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant I.D. Number	Grant Period From	To	Program Receipts	Program Expenditures
U.S. Department of Housing and Urban Development						
Community Development Block Grant	14.219	N/A	Open		\$ 298,246.00	\$ 48,932.64
Community Development Block Grant	14.219	N/A	Open		-	485,003.09
U.S. Department of Transportation						
FAA Snow Removal Building - 2007	20.106	N/A	Open		96,744.00	11,275.12
FAA Airport Layout	20.106	N/A	Open		29,743.00	189,200.00
FAA Runway Signs Lighting	20.106	N/A	Open		1,487.00	99,110.00
FAA Pavement Study	20.106	N/A	Open		14,867.00	-
FAA Drainage	20.106	N/A	Open		178,170.00	2,095,594.90
FAA Drainage	20.106	N/A	Open		109,802.00	69,064.77
U.S. Department of Justice						
Justice Assistance Grant	16.738	N/A	Open		17,158.00	3,405.56
U.S. Department of Homeland Security						
FEMA - Fire Equipment	97.036	N/A	Open		3,676.00	44,449.57
Total Federal Awards					\$ <u>749,893.00</u>	\$ <u>3,046,035.65</u>

CITY OF OCEAN CITY
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

State Funding Department	Program	State Account Number	Grant Period		Program Receipts	Program Expenditures	Cumulative Expenditures
			From	To			
Department of Community Affairs	Neighborhood Preservation Program	8020-100-022-8020-092-F301-6020	Open		\$ 2,608.94	\$ 29,587.13	\$ 44,888.74
	Shared Services - Dispatch	N/A	Open		-	21,985.00	21,985.00
	Cool Cities Community	N/A	Open		25,000.00	-	-
Department of State	NJ Council on the Arts - POPS	732-074-2505-002-6130	Open		-	29,845.00	29,845.00
	Cooperative Marketing Grant	N/A	Open		1,760.00	1,989.26	11,000.00
	Cooperative Marketing Grant	N/A	Open		6,600.00	-	-
	Cooperative Marketing Grant	N/A	Open		7,800.00	11,117.48	11,117.48
Department of Environmental Protection	Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Open		26,842.82	15,207.90	15,207.90
	Clean Communities	4900-765-042-4900-004-V42Y-6020	01/01/08	12/31/208	-	67,469.74	67,469.74
	Clean Communities	4900-765-042-4900-004-V42Y-6020	01/01/08	12/31/208	72,796.62	25,804.63	25,804.63
	Livable Communities	N/A	Open		-	(514.99)	49,485.01
	Storm Water Management	100-042-4840-091-057500	Open		-	9,529.00	9,529.00
Department of Treasury	Municipal Alliance Program	475-995120-60	Open		-	4,120.20	4,120.20
Department of Transportation	Airport Safety Grant - 2008	N/A	Open		-	70,066.00	70,066.00
	Airport Safety Grant - 2009	N/A	Open		-	44,000.00	44,000.00
	Aiport Security Cameras	N/A	Open		-	11,650.00	11,650.00
	I Boat Trust Fund	N/A	Open		-	242,922.95	242,922.95
	2009 Grant	6320-048-078-6320	Open		120,000.00	160,000.00	160,000.00
	2008 Grant	6320-048-078-6320	Open		140,000.00	-	140,000.00
	2007 Grant	6320-048-078-6320	Open		107,250.00	-	143,000.00
Department of Law and Public Safety	DMV Inspection Fines	6400-100-078-6400	Open		-	1,192.76	1,192.76
	Body Armor Grant	1020-718-066-1020-001-01-YCJS-6120	Open		3,093.75	9,384.00	9,384.00
	Hang Up Just Drive	N/A	Open		3,600.00	3,600.00	3,600.00
	NJSP Emergency Management	1200-100-066-1200-726-YEMR-6120	Open		10,000.00	10,000.00	10,000.00
	Speed Manangement	N/A	Open		15,835.21	18,405.09	18,405.09
	Pedestrian Safety Grant	N/A	Open		150.00	217.17	217.17
	Drunk Driving Enforcement Fund	N/A	Open		7,812.66	5,162.72	5,162.72
	Emergency Management	1200-100-066-1200-726-YEMR-6120	Open		-	830.22	10,000.00
Department of Economic Assistance	Public Assistance	7550-150-158010-60	1/1/09	12/31/09	571,890.15	571,890.15	571,890.15
Total State Assistance					\$ <u>1,123,040.15</u>	\$ <u>1,365,461.41</u>	\$ <u>1,731,943.54</u>

CITY OF OCEAN CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2009

Note 1: General

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

Note 2: Basis of Accounting

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

Note 3: Relationship to General-Purpose Financial Statements

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 3,046,035.65	\$ 793,571.26	\$ 3,839,606.91
Public Assistance Fund		<u>571,890.15</u>	<u>571,890.15</u>
Total Financial Assistance	<u>\$ 3,046,035.65</u>	<u>\$ 1,365,461.41</u>	<u>\$ 4,411,497.06</u>

Note 4: Relationship to State Financial Reports

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



FORD-SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

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

Compliance

We have audited the compliance of the City of Ocean City, State of New Jersey (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and New Jersey OMB Circular 04-04* that are applicable to each of its major federal and state programs for the year ended December 31, 2009. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations and New Jersey OMB 04-04* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards, OMB A-133 and OMB 04-04 and State of New Jersey prescribed audit requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's control over compliance.

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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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.

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

This report is intended solely for the information and use management of the City, Division of Local Government Services, Department of Community Affairs, State of New Jersey (cognizant audit agency), other state awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

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



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

June 18, 2010

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2009

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Statutory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiencies identified that are not considered to be a Material Weakness? **NONE REPORTED**

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

Federal Awards

Internal control over major programs:

- 1) Material Weakness identified? **NO**
- 2) Reportable conditions identified that are not considered to be a Material Weakness? **NONE REPORTED**

Type of auditor's report issued on compliance for major programs: **An Unqualified Opinion was issued on compliance for major programs.**

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

Identification of major programs: **20.106 FAA Airport Improvement Grants**

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

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

CITY OF OCEAN CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2009
(CONTINUED)

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

State Awards

Internal control over major programs:

- | | |
|---|----------------------|
| 3) Material Weakness identified? | NO |
| 4) Significant Deficiencies identified that are not considered to be a Material Weakness? | NONE REPORTED |

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

An Unqualified Opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?

NO

Identification of major programs:

N/A	I Boat
7550-150-158010-60	Public Assistance

Dollar threshold used to distinguish between Type A and Type B Programs:

\$300,000

Auditee qualified as low-risk Auditee?

YES

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

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

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS

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

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

STATUS OF PRIOR YEAR FINDINGS

The prior year finding has been corrected.