

NEW ISSUE – BOOK-ENTRY-ONLY

**RATINGS: S&P: “AA” (Bonds)
“SP-1+” (Notes)
(See “RATINGS” herein)**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the City (as defined herein) with certain tax covenants described herein, under existing law, interest on the Obligations (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Obligations is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Obligations and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

**CITY OF OCEAN CITY,
IN THE COUNTY OF CAPE MAY, NEW JERSEY**

\$16,000,000*
GENERAL IMPROVEMENT BONDS, SERIES 2025
(CALLABLE)

\$43,000,000
BOND ANTICIPATION NOTES, SERIES 2025B
(NON-CALLABLE)

Dated: Date of Delivery
Due: October 1, as Shown on the Inside Front Cover Page

Dated: Date of Delivery
Due: October 8, 2026

The \$16,000,000* General Improvement Bonds, Series 2025 (the “Bonds”) of the City of Ocean City, in the County of Cape May, New Jersey (the “City”), will be issued in the form of one certificate for each maturity of the Bonds maturing in each year and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. See “THE OBLIGATIONS – Book-Entry-Only System” herein.

Interest on the Bonds will be payable semiannually on April 1 and October 1 in each year until maturity or prior redemption, commencing on April 1, 2026. Principal of and interest due on the Bonds will be paid to DTC by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 15 and September 15 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to optional redemption prior to their stated maturities. See “THE OBLIGATIONS – Redemption” herein.

The Bonds are valid and legally binding obligations of the City and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The \$43,000,000 Bond Anticipation Notes, Series 2025B (the “Notes”, and together with the Bonds, the “Obligations”) will be issued in the form of one certificate for the aggregate principal amount of the Notes and, when issued, will be registered in the name of DTC, which will act as securities depository. See “THE OBLIGATIONS – Book-Entry-Only System” herein. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes are not subject to redemption prior to their stated maturity. See “THE OBLIGATIONS – Redemption” herein.

The Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to the making of an informed investment decision.

The Obligations will be offered when, as and if issued and delivered to the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its counsel, Dorothy F. McCrosson, Esq., Ocean City, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Obligations. Delivery is anticipated to be via DTC in Brooklyn, New York, on or about October 9, 2025.

BIDS FOR THE BONDS AND NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICES OF SALE UNTIL 11:00 A.M. AND 11:30 A.M., RESPECTIVELY, ON THURSDAY, SEPTEMBER 25, 2025. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICES OF SALE POSTED AT WWW.MUNIHUB.COM.

* Preliminary, subject to change.

**CITY OF OCEAN CITY,
IN THE COUNTY OF CAPE MAY, NEW JERSEY**

\$16,000,000*
GENERAL IMPROVEMENT BONDS, SERIES 2025

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Year</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$480,000	%	%	
2027	480,000			
2028	560,000			
2029	640,000			
2030	640,000			
2031	640,000			
2032	720,000			
2033	800,000			
2034	800,000			
2035	880,000			
2036	880,000			
2037	880,000			
2038	880,000			
2039	960,000			
2040	960,000			
2041	960,000			
2042	960,000			
2043	960,000			
2044	960,000			
2045	960,000			

\$43,000,000
BOND ANTICIPATION NOTES, SERIES 2025B

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, YIELD AND CUSIP NUMBER

Maturity: October 8, 2026 **Amount:** \$43,000,000 **Interest Rate:** ____% **Yield:** ____% **CUSIP**:** _____

* Preliminary; subject to change.

** "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Obligations only at the time of issuance of the Obligations, and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Obligations as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Obligations.

**CITY OF OCEAN CITY,
IN THE COUNTY OF CAPE MAY, NEW JERSEY**

MAYOR

Jay A. Gillian

CITY COUNCIL

Terry Crowley Jr., President
Peter V. Madden, Vice President
Sean Barnes
Keith Hartzell
Jody Levchuk
Tony Polcini
Dave Winslow

DIRECTOR OF FINANCIAL MANAGEMENT/CFO

Frank Donato III

CITY CLERK

Melissa G. Rasner

CITY ATTORNEY

Dorothy F. McCrosson, Esquire
Ocean City, New Jersey

INDEPENDENT AUDITORS

Ford, Scott & Associates, LLC
Ocean City, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Obligations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Obligations in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the City and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the City. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. This Official Statement is submitted in connection with the sale of the Obligations referred to herein and may not be used, in whole or in part, for any other purpose.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the City during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the City from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Obligations described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the City.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE OBLIGATIONS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

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OFFICIAL STATEMENT
Relating to the

CITY OF OCEAN CITY,
IN THE COUNTY OF CAPE MAY, NEW JERSEY

\$16,000,000*
GENERAL IMPROVEMENT BONDS, SERIES 2025

-and-

\$43,000,000
BOND ANTICIPATION NOTES, SERIES 2025B

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the City of Ocean City (the “City”), in the County of Cape May (the “County”), New Jersey (the “State”), in connection with the sale and issuance of its (i) \$16,000,000* General Improvement Bonds, Series 2025 (the “Bonds”), and (ii) \$43,000,000 Bond Anticipation Notes, Series 2025B (the “Notes”, and together with the Bonds, the “Obligations”). This Official Statement has been executed by and on behalf of the City by its Director of Financial Management/CFO and may be distributed in connection with the sale of the Obligations described herein.

This Official Statement contains specific information relating to the Obligations, including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE OBLIGATIONS

General Description

The Bonds will be dated their date of delivery, will bear interest from their dated date and will mature on October 1 in each of the years and in the principal amounts set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on April 1 and October 1 in each year until maturity or prior redemption, commencing on April 1, 2026, at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 15 and September 15 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess

* Preliminary, subject to change.

thereof through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York (“DTC”), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the City directly to Cede & Co. (or any successor or assign), as nominee for DTC.

The Notes will be dated, will mature on the date and in the amount and will bear interest payable at the interest rate as set forth on the inside front cover page hereof. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes will be issued in the form of one certificate for the aggregate principal amount of the Notes and, when issued, shall be registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof.

Book-Entry-Only System*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Obligations, payment of principal and interest and other payments on the Obligations to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Obligations and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. DTC will act as securities depository for the Obligations. The Obligations will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of each series of the Obligations in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

* Source: The Depository Trust Company.

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the City or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE CITY MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO OBLIGATION HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE OBLIGATIONS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE OBLIGATIONS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE OBLIGATIONS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE OBLIGATIONS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE OBLIGATIONS.

Discontinuation of Book-Entry-Only System

If the City, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Obligations at any time, the City will attempt to locate another qualified securities depository. If the City fails to find such a securities depository, or if the City determines, in its sole discretion, that it is in the best interest of the City or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the City shall notify DTC of the termination of the book-entry-only system.

Redemption

The Bonds maturing prior to October 1, 2033 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after October 1, 2033 are redeemable at the option of the City, in whole or in part, on any date on or after October 1, 2032 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed bond registrar. Any failure of the securities depository to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the City. The Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City shall send redemption notices only to Cede & Co.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

The Notes are not subject to redemption prior to their stated maturity.

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

The Bonds

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the “Local Bond Law”), the bond ordinances adopted by the City Council of the City referred to in the chart below and by a resolution duly adopted by the City Council of the City on August 21, 2025 (the “Resolution”). The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

Proceeds from the sale and issuance of the Bonds, along with other available funds of the City in the amount of \$500, will be used to (i) currently refund \$6,500,000 of the City’s \$30,000,000 Bond Anticipation Note, dated and issued on October 15, 2024 and maturing on October 14, 2025; (ii) currently refund \$9,490,500 of the City’s \$13,200,000 Bond Anticipation Note, dated and issued on April 15, 2025 and maturing on October 14, 2025; (iii) provide \$10,000 in new money to permanently finance various capital improvements in and for the City; and (iv) pay costs and expenses in connection with the authorization, sale and issuance of the Bonds.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount Funded from Bond Proceeds
#20-18	Acquisition of property, finally adopted December 3, 2020.	\$305,000
#20-19	Acquisition of property, finally adopted December 3, 2020.	95,000
#20-20	Acquisition of property, finally adopted December 3, 2020.	150,000
#22-03	Acquisition and environmental remediation of property, finally adopted March 24, 2022.	3,000,000
#22-04	Acquisition and environmental remediation of property, finally adopted March 24, 2022.	2,960,000
#23-28	Acquisition of property, finally adopted January 11, 2024.	9,490,000
	TOTAL:	<u>\$16,000,000</u>

The Notes

The Notes have been authorized by and are being issued pursuant to the Local Bond Law and the bond ordinances adopted by the City Council of the City referred to in the chart below. The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

Proceeds from the sale and issuance of the Notes will be used to (i) currently refund the remaining \$3,709,500 of the City's \$13,200,000 Bond Anticipation Note, dated and issued on April 15, 2025 and maturing on October 14, 2025; (ii) currently refund the remaining \$23,500,000 of the City's \$30,000,000 Bond Anticipation Note, dated and issued on October 15, 2024 and maturing on October 14, 2025; (iii) provide \$15,790,500 in new money to temporarily finance various capital improvements in and for the City; and (iv) pay costs and expenses in connection with the authorization, sale and issuance of the Notes.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Notes to Be Issued
#23-16	Various improvements and purposes, finally adopted May 25, 2023.	\$4,000,500

Bond Ordinance Number	Description of Improvement and Date of Adoption of Bond Ordinance	Amount of Notes to Be Issued
#23-23	Various improvements and purposes, finally adopted September 28, 2023.	10,300,000
#24-08	Various improvements and purposes, finally adopted June 13, 2024.	18,200,000
#24-11	Various capital improvements, finally adopted September 26, 2024.	5,985,000
#24-21	Various capital improvements, finally adopted January 9, 2025.	709,500
#25-06	Various capital improvements, finally adopted May 8, 2025.	2,900,000
#25-09	Acquisition of property, finally adopted August 7, 2025.	905,000
	TOTAL:	<u>\$43,000,000</u>

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding obligations of the City, and the City has pledged its full faith and credit for the payment of the principal of and interest on the Bonds. The City is required by law to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

The Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since

ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the City have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the City. The City cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The City received \$7,035,892 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Cybersecurity

The City relies upon a large and complex technology environment to conduct its various operations. As a result, the City faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the City has invested in multiple forms of cybersecurity and operational safeguards. In addition, the City maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the City could cause material disruption of the City's finances and operations.

Climate Change

As a coastal community located on a barrier island, the City is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the City as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. The City has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the City.

MARKET PROTECTION

The City does not anticipate issuing any additional bonds within the next ninety (90) days. The City may issue additional bond anticipation notes, as necessary, during the remainder of calendar year 2025.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes, subject to a number of exceptions. All bonds and notes issued by the City are general full faith and credit obligations.

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The City has not exceeded its statutory debt limit.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The City may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the City may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the City to fund certain notes, to provide for self-liquidating purposes and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The City may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes’ maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year’s principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate

sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his or her approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purposes and contractually required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under legislation recently enacted to address the COVID-19 pandemic, P.L. 2020, c. 60 (A4175), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19

with approval of the Director of the Division of Local Government Services and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the Index Rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate, subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the City to levy *ad valorem* taxes upon all taxable property within the City to pay debt service on its bonds or notes, including the Obligations.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of

capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

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. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the City's local school district 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 the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time State aid is certified, by the City's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

By State statute, 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, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the City 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 Board of Taxation on or before April 1 for review. 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 his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the City is on file with the City Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Obligations From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Obligations in order to assure that interest on the Obligations will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the City to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Obligations. The City will make certain representations in its Arbitrage and Tax Certificates, each of which will be executed on the date of issuance of the Obligations, as to various tax requirements. The City has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificates and will assume continuing compliance by the City with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Obligations from gross income for federal income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

Assuming the City observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest on the Obligations is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Obligations is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Obligations from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Obligations ends with the issuance of the Obligations, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Obligations regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Obligations, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Obligations will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Obligations for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Obligations.

Payments of interest on tax-exempt obligations, including the Obligations, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Obligations is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

The Notes and certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Obligations"). The excess, if any, of the tax basis of the Premium Obligations to a purchaser (other than a purchaser who holds such Premium Obligations as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Obligations used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Obligations. Accordingly, an owner of a Premium Obligation may have taxable gain from the disposition of the Premium Obligation, even though the Premium Obligation is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Obligation. Bond premium amortizes over the term of the Premium Obligations under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Obligations should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized

for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Obligations.

Additional Federal Income Tax Consequences of Holding the Obligations

Prospective purchasers of the Obligations should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Obligations, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Obligations from gross income pursuant to Section 103 of the Code and interest on the Obligations not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Obligations should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Obligations.

Bank-Qualification

The Obligations will not be designated as qualified under Section 265 of the Code by the City for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

Changes in Federal Tax Law Regarding the Obligations

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Obligations. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Obligations will not have an adverse effect on the tax status of interest on the Obligations or the market value or marketability of the Obligations. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Obligations from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Obligations and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE OBLIGATIONS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE OBLIGATIONS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

FINANCIAL STATEMENTS

The audited financial statements of the City for the years ended December 31, 2024 and 2023 are presented in Appendix “B” to this Official Statement (the “Financial Statements”). The Financial Statements have been prepared by Ford, Scott & Associates, LLC, Ocean City, New Jersey (the “Auditor”), an independent auditor, as stated in its report appearing in Appendix “B” to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE CITY OF OCEAN CITY, IN THE COUNTY OF CAPE MAY, NEW JERSEY” herein.

LITIGATION

To the knowledge of the City Attorney, Dorothy F. McCrosson, Esq., Ocean City, New Jersey (the “City Attorney”), there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Further, to the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided.

SECONDARY MARKET DISCLOSURE

The Bonds

The City, pursuant to the Resolution, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the City shall provide:

(a) On or prior to September 30 of each year, beginning September 30, 2026, electronically to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access dataport (“EMMA”) system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial

information with respect to the City consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the City and certain financial information and operating data, consisting of (i) the City and overlapping indebtedness, including a schedule of outstanding debt issued by the City, (ii) property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds (herein “Disclosure Events”):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the City, if any such event reflects financial difficulties.

The term “Financial Obligation” as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) In a timely manner to EMMA, notice of failure of the City to provide required annual financial information on or before the date specified in the Resolution.

The Notes

The City has covenanted for the benefit of the holders and beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Rule. Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the City will provide in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any Disclosure Events with respect to the Notes.

The Obligations

In the event that the City fails to comply with the above-described undertakings and covenants, the City shall not be liable for any monetary damages, remedy of the beneficial owners of the Obligations being specifically limited in the undertakings to specific performance of the covenants.

The undertakings may be amended by the City from time to time, without the consent of the holders or beneficial owners of the Obligations, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The City has previously entered into secondary market disclosure undertakings in accordance with the Rule. The City appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. §901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in

the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Obligations are subject to the approval of Bond Counsel to the City, whose approving legal opinions will be delivered with the Obligations substantially in the forms set forth in Appendix “C” attached hereto. Certain legal matters will be passed on for the City by the City Attorney.

UNDERWRITING

The Bonds

The Bonds have been purchased from the City at a public sale by _____ (the “Bond Underwriter”) at a price of \$ _____ (consisting of the par amount of the Bonds plus [net] original issue premium in the amount of \$ _____ less underwriter’s discount in the amount of \$ _____). The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale.

The Bond Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Bond Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Bond Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Bond Underwriter without prior notice.

The Notes

The Notes have been purchased from the City at a public sale by _____ (the “Note Underwriter”, and together with the Bond Underwriter, the “Underwriters”) at a price of \$ _____ (consisting of the par amount of the Notes plus original issue premium in the amount of \$ _____ less underwriter’s discount in the amount of \$ _____). The Note Underwriter has purchased the Notes in accordance with the Notice of Sale.

The Note Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Note Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investments trusts) at a yield higher than the public offering yield set forth on the inside front cover page of this Official Statement, and such yield may be changed, from time to time, by the Note Underwriter without prior notice.

RATINGS

S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (the “Rating Agency”), has assigned ratings of “AA” to the Bonds and “SP-1+” to the Notes based upon the

creditworthiness of the City. The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The City furnished to the Rating Agency certain information and materials concerning the Obligations and the City. There can be no assurance that the ratings will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Obligations.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Obligations (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Obligations. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the Underwriters by certificates signed by the Mayor and the Director of Financial Management/CFO of the City that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Auditor takes responsibility for the audited financial statements described herein under the heading entitled "FINANCIAL STATEMENTS" and contained in Appendix "B" hereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the City and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

All other information has been obtained from sources which the City considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Frank Donato III, Director of Financial Management/CFO, City of Ocean City, 861 Asbury Avenue, Ocean City, New Jersey 08226, (609) 525-9350, or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the City, the Underwriters and the holders of any of the Obligations. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Obligations made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the City since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

CITY OF OCEAN CITY

By: _____
Frank Donato III
Director of Financial Management/CFO

Dated: September __, 2025

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF OCEAN CITY, IN THE COUNTY OF CAPE MAY, NEW JERSEY

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**GENERAL INFORMATION
ABOUT THE
CITY OF OCEAN CITY, IN THE
COUNTY OF CAPE MAY, NEW JERSEY**

General

The City of Ocean City (the “City”) is an island situated on the northern tip of Cape May County, New Jersey. It is 65 miles from Philadelphia, 130 miles from New York City and 10 miles from Atlantic City. The City is eight miles long and $\frac{3}{4}$ miles wide at its widest point.

The City was incorporated as a city in 1897. From 1911 until 1978, the City had a commission form of government. In 1977, following a comprehensive study of the City's function and government, the voters opted for a change to the mayor-council form of government with an appointed administrator. On July 1, 1978, the mayor and council members took office. Three of the Council members are elected at-large for four-year terms. The remaining four members are elected from wards. The mayor is the chief executive of the City and supervises all departments. The mayor appoints the City administrator and all other department heads subject to advice and consent of council.

Economy

The local economy consists primarily of tourism-related businesses along with retail and service sector establishments. The diversity of the local economy provides for a relatively low unemployment rate that has been consistently lower than rates in the rest of Cape May County and in many communities throughout South Jersey.

The City markets tourism to more than 70 million people in a 500-mile radius. The primary market is Pennsylvania and southern and central New Jersey. Secondary markets are northern New Jersey, New York, Maryland, Delaware and Washington, D.C. Web-based marketing has permitted the City to enter new and wider markets with advertising. Cape May County, including Ocean City, hosts an estimated 12 million visitors annually and is the second largest tourism center in New Jersey, second only to the Atlantic City/Atlantic County market. Cape May County grossed \$8.1 billion in tourism revenues in 2024, an increase of 5 percent over 2023, according to the latest data from the N.J. Division of Tourism.

In 2024, the City brought in a record \$6.2 million in beach tag revenue and \$4.1 million more in parking revenue, indications that the resort's tourism economy continues to grow steadily.

A recent market survey indicated that the City's strongest attributes are the fact that it is perceived to be a safe, clean, family-oriented community. Much effort has been taken to maintain the City's brand identity as “America's Greatest Family Resort” and to preserve these attributes in a changing society.

The City's website (www.ocnj.us) has also become an efficient and cost-effective tool for providing information regarding the City. The site served 639,000 users in 2024 and more than 1.5 million page views. The City's website has also been upgraded to automate numerous resident and visitor services, including beach tag and concert ticket purchases, in addition to being able to pay tax bills or traffic tickets online. The site also offers bid opportunities and government surplus items and allows transparency of government with project updates, online meeting agendas, minutes, ordinances and videotapes of City Council meetings. The City's Tourism

Development Commission partners with the Ocean City Regional Chamber of Commerce to manage their tourism-oriented website (www.oceancityvacation.com). The Chamber also manages a Facebook page that is followed by 254,000 people and an Instagram account with 42,000 followers. The City and Chamber maintain an OCNJ smartphone app that provides visitor information and real-time notifications on news, events and weather.

There are a number of emerging trends in tourism that will also provide for continued market growth. Eco-tourism, destination weddings, cultural tourism and experience-based vacations involving surfing, yoga and fitness are all providing for growth in the Cape May County market, along with event-based vacations such as anniversaries and family reunions. In addition, the Internet has expanded the opportunity to reach niche tourism markets that appeal to those travelers with a specific behavior or interest such as fitness and water sports enthusiasts, cultural arts and theater travelers or those seeking culinary-related vacations.

The City market is unique in that in addition to being a popular family vacation destination, it is also home to 11,229 year-round residents (U.S. Census 2020) and to a greater number of homeowners who occupy the City's 14,000 second homes. The City boasts the second largest second homeowner population in Cape May County. With the increasing trend of remote workplaces, second homeowners are spending more time throughout the year in their Ocean City homes.

New efforts have successfully marketed the “second season” in the City from New Year's Day to Memorial Day and from Labor Day to New Year's Day. The City typically hosts more than 200 annual events, and many during the shoulder seasons that attract residents of nearby communities, second homeowners and returning vacationers. The City's non-alcoholic, family friendly First Night Celebration on New Year's Eve annually attracts more than 20,000 attendees who stay, shop and dine in the City, helping the viability of the economy on a year-round basis.

Accommodations in the City range from luxurious oceanfront suites, modern condominiums, hotels, and motels to bed-and-breakfast inns. The City has developed numerous cooperative marketing partnerships with local and regional attractions that are lacking in accommodations in order to maintain occupancy levels as well as to introduce new visitors to the City.

The City continues to invest in improvements to its physical landscape and infrastructure. The City's proposed five-year capital plan exceeds \$67 million and includes comprehensive plans for maintaining and improving the beach, boardwalk, bay, downtown, City facilities and roads. A key component of the capital plan is a groundbreaking program for flood mitigation.

Another emphasis of the report is recommended improvements to the central business district known as “Downtown Ocean City.” This business district, which extends from 6th to 14th Streets along Asbury Avenue, includes more than 100 shops, restaurants and galleries. Downtown Ocean City has received numerous accolades from surrounding media and was voted best shopping district in *South Jersey Magazine*. A number of regional banks and service providers have also selected the City for their home office. The City was chosen in a popular poll as South Jersey's “Favorite Downtown,” and the resort also was named one of the top places in the nation for women-owned businesses. Brick crosswalks, improved sidewalks, a downtown park at Ninth Street and Asbury Avenue, renovated public bathrooms at City Hall, and a planned state-of-the-art street lighting system are among the improvements.

The City is also home to more than 100 eating establishments from full service, fine-dining restaurants to specialty snack shops.

A Special Improvement District (SID) supports the business community. This district, including the commercial portions of the boardwalk, Asbury Avenue and several adjoining streets, raises money through assessments, projects and special events and funds a variety of promotional activities, physical improvements and special maintenance. The SID is managed by a not-for-profit corporation, Business and Neighborhood Development (BAND).

The major attraction for the City is, of course, the beach with eight miles of sand manicured each summer day, stretching from Great Egg Harbor Inlet on the northern border to Corson's Inlet State Park at the southern border. The United States Army Corps of Engineers is working under a 50-year agreement to conduct beach and dune restoration projects to the City, bringing millions of cubic yards of new sand to protect properties at the north and south ends of the island. The federal and state governments pay approximately 90 percent of the costs of these projects. The Army Corps is scheduled to replenish again in 2026. This work has created an uninterrupted line of protective dunes from tip to tip in the City.

The City's beaches have gained statewide and national attention. In 2025, the City was named New Jersey's Favorite Beach for the 12th consecutive year (N.J. Sea Grant Consortium public poll). The City is named each year to numerous "Best Of" and "Top 10" lists recognizing its boardwalk, downtown, ecotourism, family destinations, surfing breaks, special events and more (oceancityvacation.com/about-the-island/awards.html).

Along a portion of the beach is the two-and-one-half-mile-long boardwalk. The boardwalk provides many activities for all age levels. Some of the activities include amusement parks, attractions, arcades, miniature golf courses and concert and theater events at the historic Music Pier building that is home to the Ocean City Pops Orchestra. There are many food establishments and shops throughout the entire length of the boardwalk. The Ocean City Boardwalk completed a multi-year project in 2018 to completely replace the substructure and decking between 5th Street and 12th Street. This facility is routinely maintained each year.

Population

The population statistics in the City for the 1950 to 2020 census periods are shown below. Estimates of peak summer population exceed 150,000.

1950	6,040
1960	7,618
1970	10,575
1980	13,949
1990	15,512
2000	15,378
2010	11,701
2020	11,229

Source: US Census Bureau

Government Organization

The executive branch of government, headed by the Mayor, is organized into seven departments, which are coordinated by the Business Administrator: Administration, Capital Projects and Engineering, Community Services, Finance, Law, Fire and Rescue, Police and Public Works. The director of each department meets weekly with the Mayor and Business Administrator and collectively they constitute the senior staff.

It is during these weekly meetings that the short and long-range policy decisions are formulated and it is also when the major items that will eventually come before the City Council are discussed. In addition, the Mayor, Administrator and Finance Director meet twice a month with the Council President and City Clerk to prepare the agendas for the seven-member elected City Council's twice-monthly meetings.

The **Department of Administration** is overseen by the Business Administrator and includes Construction Code, Emergency Management, Human Resources, Municipal Code, Planning, Purchasing, Public Information and Zoning.

The **Department of Police Services** is comprised of 82 full-time personnel, which includes 14 civilians. The 68-member uniformed police force is augmented by approximately 60 seasonal uniformed officers. This department is fully equipped with the appropriate vehicles to protect the citizens and guests of the City. The department is also responsible for operating a centralized 911 emergency dispatch system for the City and neighboring Upper Township. Information Technology also falls under this department.

The **Department of Fire and Rescue Services** is comprised of 66 fully trained firefighters, all of whom are certified EMTs, and 2 additional civilian emergency medical technicians, as well as 150 seasonal lifeguards. They are housed in three different locations throughout the City and provide 24-hour professional fire, rescue, water rescue and medical response for the community. Shore Medical Center, a modern health facility, is located in Somers Point, approximately two miles from the center of the City. The Fire Department maintains a variety of different types of vehicles specifically for its mission.

The **Community Services Department** is comprised of 25 full-time employees and oversees all recreation and leisure activities throughout the City, as well as special events, and neighborhood and social services. The three major leisure and recreation facilities are the Aquatic and Fitness Center, a membership-based community facility, a Civic Center complex with meeting rooms and a large indoor sports floor area, and the wonderfully successful Music Pier, a facility with state-of-the-art lighting, sound system and stage, which operates with multiple programming for 10 months each year. Located throughout the City are seven baseball fields, nine basketball courts, 22 tennis courts, 39 shuffleboard courts, three soccer fields, eight playgrounds, one all-purpose field with track and field facilities, 16 Pickleball courts, and a new multi-use artificial turf field for football and many other sports.

The **Capital Projects and Engineering Department** is dedicated to project management and oversight of the City's substantial program for capital and infrastructure improvements.

The **Public Works Department** includes 58 full-time employees and oversees the maintenance and repair of City buildings, facilities, equipment and vehicles. The division of Environmental Operations also manages all trash and recycling operations, as well as the

maintenance and cleaning of beaches. Public Works also hires dozens of seasonal employees to complement their workforce during the summer months.

The **Financial Management Department** is comprised of 13 full-time personnel, as well as 150 seasonal personnel. The department is headed by a state-certified finance officer. The department is comprised of Accounting, Tax Collection, Tax Assessment, Capital Planning, Revenue Collection, as well as the seasonal beach and parking operations.

The City has been a leader in promoting shared services as a means to reduce expenses. The City provides dispatch and fire/EMS protection services to a nearby community.

The ratable base for the City was the sixth largest in the State of New Jersey in 2024 with approximately \$12.7 billion in valuation. In 2025, this figure increases to nearly \$13.0 billion. This coupled with the fact that many of the homes are seasonally occupied requiring reduced services results in one of the lowest tax rates in the region. The City's actual tax rate for 2024 was \$1.122 cents per \$100 in assessed value. The City also benefits by managing a variety of non-tax revenues such as beach tags, parking lots and meters, a municipal golf course and airport, and an aquatic and fitness center.

Utilities

The Atlantic Electric Company provides electric services to the island, while South Jersey Natural Gas Company provides gas services. New Jersey American Water Company provides both water and sewer service. Wastewater is treated at a modern facility in the City with excess capacity and is operated by the Cape May County Municipal Utilities Authority. Trash and recycling services are provided through contracts with waste management service providers. Trash disposal is at a Cape May County Municipal Utilities Authority facility where all county municipalities have contracted for services at stabilized rates for three years.

Transportation

The City is accessible by land, air and sea. The Garden State Parkway, a major north-south artery, skirts the City and provides access to Philadelphia, New York and Atlantic City. The Parkway connects with the Cape May-Lewes ferry service, which provides a convenient, modern method of crossing the Delaware Bay to points south.

The \$500 million replacement of the Route 52 Causeway has resulted in the widening of the bridge to four lanes and allows for a steady flow of traffic into and exiting the City with the elimination of two aging draw bridges.

The Atlantic City International Airport, approximately 15 miles from the City, provides services to major Eastern cities. Philadelphia International Airport is approximately one hour away. The City's municipal airport services private planes and recently underwent a \$2 million runway and drainage improvement project funded by Federal stimulus monies from the Federal Aviation Administration.

Capital Improvement Program

The Capital Improvement Plan for 2025 through 2029 totals \$67 million. The major projects include a continuation of elevating and upgrading the City's streets and drainage system, acquisition of open space, improvement to recreational facilities, including the beach and

boardwalk, the dredging of lagoons and back bay waterways, renovations to City-owned buildings, downtown cultural and historical development, and acquisition of major capital equipment for the use of various City departments. The City has been successful in attracting a consistent flow of County, State and Federal grants over the years which in many cases will supplement the capital program.

Flood Resiliency

The City recognizes the threats of coastal flooding and rising seas, and the municipality has taken a leading role in investing in solutions. The elevation of homes and infrastructure, installation of pumping stations, replacement of bulkheads and barriers, creation of living shorelines, purchase of open space and various other ideas are all important in the City's ongoing efforts. The City has committed more than \$11 million to its five-year capital improvement program much of it dedicated to flood resiliency, paving and drainage projects, and many of its programs and partnerships are held up as models throughout coastal New Jersey.

The City's efforts are essentially three-pronged: 1) lifting homes, roads and infrastructure above flood levels, 2) using dunes, bulkheads and barriers to hold back flood waters, and 3) providing engineering and natural solutions to slow the rate of flooding and increase the rate of drainage. These initiatives have been achieved through the adoption of local ordinances, grants and incentives to private owners, partnerships with governmental and interest groups, and a substantial capital investment program.

Elevation

- New zoning and construction ordinances require all new and substantially renovated/rebuilt homes in the City to be elevated above the 100-year flood elevation defined by the Federal Emergency Management Agency (FEMA). A series of ordinances defines the lowest permissible floor elevations in relation to flood elevations.
- The City has worked in partnership with federal and state agencies to assist property owners in obtaining grant funding to elevate homes.
- Flood Mitigation Assistance (FMA) grants to date are elevating 15 homes in the City. Hazard Mitigation Grant Program (HMGP) funds are elevating another eight homes in the City. Both programs have taken a regional approach to applying for this federal funding and involve several other neighboring communities in Cape May County.
- Through various reconstruction projects, 210 of 557 homes on the City's Severe Repetitive Loss list have been elevated. 114 of 557 homes on the Repetitive Loss list have been elevated.
- The City is systematically elevating streets and infrastructure wherever possible and practical.
- The 500 block of West Avenue, where street flooding routinely required firefighters to carry Primary School students through floodwaters, was elevated by more than 18 inches, eliminating flooding in all but major flooding events.
- The stretch of Third Street between Bay Avenue and West Avenue – one of the lowest roadways on the island – was elevated by as much as two feet. The City coordinated with private owners to have grades match the new elevations.

- A stretch of Bay Avenue near Third Street (and near a gap in the otherwise continuous bayside bulkhead) was substantially elevated to prevent tidal waters from breaching the roadway.
- Acquisition of two abandoned gas stations at the foot of the Ninth Street Bridge and conversion to an elevated open space park will allow for future elevation of this emergency access route.
- The City is working in partnership with Cape May County on a major project that will elevate Roosevelt Boulevard, one of the primary evacuation routes leading to the mainland.
- West 55th Street is being elevated as part of an ongoing road improvement program at the south end that has included elevation of street ends at 45th Street, 46th Street, 47th Street and 48th Street.
- City Council in 2020 approved design contracts for new pumping station projects along the flood-prone Haven-Simpson corridor.
- A major neighborhood drainage project including pumping stations at West 17th Street is complete.
- A major neighborhood drainage project in Merion Park, including pumping stations, elevation of roadways (including gateway/evacuation route Roosevelt Boulevard), and a storm drainage system replacement, is complete.
- A major neighborhood drainage project is planned for the low-lying Haven Avenue corridor from 21st Street to 26th Street. The capital plan calls for a design study of a drainage project for the “Ocean City Homes” neighborhood along the bayfront at the southern end of the City.

Barriers

- The City has a 50-year agreement with the Army Corps of Engineers and state Department of Environmental Protection for beach and dune renourishment at 3-year intervals. This has led to an uninterrupted line of protective dunes that stretches the length of the City’s beachfront.
- Ordinance 14-09 – Requires minimum elevation of non-oceanfront bulkheads at 7’ NAVD88, and oceanfront bulkheads at 11’ NAVD88, with construction in compliance with the Flood Damage Prevention Ordinance.
- The City has completed replacement of all City-owned bulkheads along the bayfront.
- The City has installed GeoTubes along sections of their beach (e.g. Waverly Beach) and maintains, repairs and/or replaces these as needed.

Other Measures

- The City has completed major neighborhood drainage projects addressing flooding at the most vulnerable areas of town. The projects have included complete replacement of the storm drainage system with a network of stronger, straighter, and bigger drainage pipes, the regrading and repaving of streets and gutters to move storm water into the drainage system, and the addition of 10 pumping stations to increase the rate of drainage – even during high

tides. While these systems cannot prevent the biggest storm flooding events, they have largely eliminated nuisance flooding. The City utilized a \$4.9 million HMGP grant as part of this program.

- In partnership with the National Fish and Wildlife Foundation and state DEP, the City recently completed a living shoreline project, restoring Shooting Island to its historic profile from 40 years ago. The project included both rock sill and oyster habitat. The island is an important barrier to wave action on the City's bay side. The City has a pending grant application to complete phase two of this project again in partnership with the National Fish and Wildlife Foundation.
- The City has restarted its dredging program, removing more than 500,000 cubic yards of material from all channels and lagoons on the bay side.
- The City participates in the NFIP Community Rating System (CRS) and continues to work to improve their CRS rating through various CRS activities. The City is currently at Level 4 and is working to achieve Level 3. Only two other towns in New Jersey are at Level 4 or better.

Building Permits Issued

The following is a list of the number of building permits issued in the City, which includes new construction and improvements.

Year	Number of Permits	Value of Construction
2024	2,261	\$136,992,601
2023	2,163	114,727,954
2022	1,952	138,380,469
2021	2,052	115,996,728
2020	1,669	104,657,408
2019	1,970	110,356,141
2018	2,052	88,998,393
2017	2,282	89,240,537
2016	2,278	92,615,779
2015	2,325	97,086,984
2014	2,325	96,988,630
2013	3,091	91,854,525

City Employment and Pension Information

The City employs 286 full-time employees, approximately 90 permanent part-time employees and 600 seasonal employees. The staffing of the City has been reduced from a high of 297 in 2003, a 4 percent decrease in full-time staff. In addition, the number of part-time and seasonal positions has also been reduced.

Under the law of New Jersey, municipal employees have certain organizations and representational rights, which include the right to organize and bargain collectively through representatives of their choosing and to engage in certain concerted activities for bargaining. The CWA 1078, CWA 1032, PBA and IAFF labor contracts were approved by City Council and are effective January 1, 2023 through December 31, 2027, and December 31, 2028 in the case of CWA 1078. The agreements call for cost-of-living increases of 3.00% for the life of the contracts.

Those municipal employees who are eligible for pension coverage are enrolled in the State of New Jersey Pension System. City employees are largely enrolled in two main pension systems which have been established by act of the State Legislature. Benefits, contribution, means of funding and the manner of administration are defined by State legislation.

The two State administered pension funds are the Police and Fireman's Retirement System (N.J.S.A. 43:16A) and the Public Employees' Retirement System (N.J.S.A. 43:15A). The Division of Pensions & Benefits with the Treasury Department of the State of New Jersey is the administrator of the funds. This division charges municipalities and other governmental units annually for their respective contributions. The City is current in the payment of all its pension liabilities to these funds.

The following table shows the City's pension contributions:

	2025	2024	2023	2022	2021
Public Employees' Retirement System	2,135,632	2,119,257	2,064,683	1,843,642	1,734,558
Social Security	1,750,000	1,843,263	1,723,297	1,558,000	1,506,672
Police & Firemen's Retirement System	5,383,401	4,995,943	4,772,801	4,192,715	4,003,280

Education

The Board of Education of the City of Ocean City (the "Board") operates independently of the City government. It is a Type II School District with nine elected members serving staggered three-year terms. The Board also has three members appointed from the Upper Township School District due to their send/receive relationship. The Board includes non-voting members from the sending districts of Sea Isle City and Longport.

The Board adopts its own budget. There is no public vote on the budget as long as the district stays within state-mandated caps. The amounts to be raised for taxation for current expenses and capital outlay are certified directly to the Cape May County Board of Taxation and the tax rate is struck accordingly.

The aid to be provided by the state under the Quality Education Act of 1990 consists of Transportation, Special Education Categorical, Security and Debt Service Aid.

The School District also became a State School Choice District during the 2011-2012 school year. Through this program, the district accepts students from other districts on an application basis. The district saw this program as a revenue source due to the declining enrollment. It allows the district to keep seats full while maintaining programs for their students.

The Board operates on a fiscal year July 1 to June 30, but taxes are raised on a calendar year and paid to the local school by December 31.

At present, there are three (3) public schools in the City. A new high school was constructed and opened in September 2004.

In addition to the school system, Saint Joseph's Catholic School, Atlantic Christian School and Holy Spirit High School offer private school education opportunities for City families.

The City School District is also a receiving district; they receive students from Sea Isle City (K-12), Corbin City (9-12), Longport (9-12) and Upper Township (9-12). Enrollments over the past ten (10) years are as follows:

<u>As of June 30,</u>	<u>K - 3</u>	<u>4 - 8</u>	<u>9 - 12</u>	<u>Total</u>
2014	394	485	1,216	2,095
2015	394	485	1,216	2,095
2016	441	451	1,252	2,144
2017	361	533	1,235	2,129
2018	347	529	1,254	2,130
2019	321	537	1,241	2,099
2020	321	537	1,241	2,099
2021	307	470	1,268	2,045
2022	296	416	1,218	1,930
2023	299	351	1,210	1,860
2024	293	333	1,175	1,801

CITY OF OCEAN CITY
DEBT STATEMENT DECEMBER 31, 2024 (1)

Direct Debt

General Obligation Bonds:		
General Purpose	168,480,000.00	
School Purpose	0.00	
Total General Obligation Bonds		168,480,000.00
Bond Anticipation Notes:		
General Purpose	39,490,500.00	
Total Bond Anticipation Notes		39,490,500.00
Other Debt:		
General Purpose - Green Trust Loans	207,749.20	
General Purpose - Other	-	
Total Other Debt		207,749.20
Authorized but Not Issued:		
General Purpose	34,638,692.99	
Total Authorized but Unissued		34,638,692.99
Total Gross Debt		242,816,942.19
Net Direct City and School District Debt		241,401,129.14
Net Direct City Debt		241,401,129.14

(1) Source: Auditor to the City of Ocean City

CITY OF OCEAN CITY
DEBT STATEMENT DECEMBER 31, 2024 (1)

Net Direct City and School District Debt	241,401,129.14
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Indirect Debt

Cape May County (2)	91,967,535.57	
Cape May County Bridge Commission (3)	2,048,693.37	
Cape May County MUA (4)	<u>2,897,765.80</u>	
Total Indirect Debt		<u>96,913,994.74</u>
Net Direct City, School District and Indirect Debt		<u><u>338,315,123.88</u></u>

Capital Debt Ratio (5)

	<u>Amount</u>	<u>Ratio to Equalized Value (6)</u>
Net Direct Debt	241,401,129.14	1.03%
Net Direct City, School District and Indirect Debt	338,315,123.88	1.44%

	<u>Amount</u>	<u>Ratio to Net Valuation Taxable (7)</u>
Net Direct Debt	241,401,129.14	1.86%
Net Direct City, School District and Indirect Debt	338,315,123.88	2.61%

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- (1) Source: Auditor to the City of Ocean City
- (2) Represents the City's 26.7% pro rata share of Cape May County's \$344,761,536 net debt.
- (3) Represents the City's 26.7% pro rata share of Cape May County Bridge Commission's \$7,680,000 outstanding debt.
- (4) Represents the City's 26.7% pro rata share of Cape May County MUA's \$10,862,944 outstanding debt.
- (5) As of December 31, 2024.
- (6) Equalized value as of December 31, 2024 is \$23,437,505,882.
- (7) Net taxable value as of December 31, 2024 is \$12,949,222,000.

**CITY AND SCHOOL DISTRICT
DEBT INCURRING CAPACITY**

City Debt Incurring Capacity

Average three-year (2022-2024, inclusive) equalized valuation of real property with improvements plus assessed valuation of Class II Railroad property	20,857,180,628	
3 1/2 % Municipal Borrowing margin		730,001,321.98
Less: City Net Debt		<u>241,401,129.14</u>
Total remaining City debt incurring capacity		<u><u>488,600,192.84</u></u>
Percentage that the net debt bears to the equalized valuation basis equals		<u><u>1.157%</u></u>

School District Debt Incurring Capacity

Average three-year (2022-2024, inclusive) equalized valuation of real property with improvements plus assessed valuation of Class II Railroad property	20,857,180,628	
4% School Borrowing margin		834,287,225.12
Less: School District Debt		<u>-</u>
Total remaining School District debt incurring capacity		<u><u>834,287,225.12</u></u>
Percentage that the net debt bears to the equalized valuation basis equals		<u><u>0.000%</u></u>

(1) Source: Auditor to the City of Ocean City

CITY OF OCEAN CITY BONDS OUTSTANDING

The outstanding bonds of the City incurred for general capital as of December 31, 2024 are shown below:

BONDS OUTSTANDING AS OF DECEMBER 31, 2024 (1)

<u>Issued</u>	<u>Purpose</u>	<u>Principal Outstanding</u>
2014	General Capital	3,600,000.00
2016	General Capital	16,550,000.00
2019	General Capital	59,450,000.00
2020	General Capital and Housing	40,195,000.00
2024	General Capital	48,685,000.00
Total:		<u>168,480,000.00</u>

(1) Source: Auditor to the City of Ocean City

**CITY OF OCEAN CITY
DEBT SERVICE REQUIREMENTS**

Existing Long-Term Debt Service Requirements (1)

Year Ending 12/31	Outstanding Bonds as of December 31, 2024			Total Outstanding Debt Service Requirements	% Principal Retired
	Principal	Interest	Total		
2025	16,739,726.82	4,981,845.23	21,721,572.05	21,721,572.05	9.92%
2026	17,680,424.83	4,448,806.20	22,129,231.03	22,129,231.03	20.40%
2027	16,346,136.88	3,833,790.58	20,179,927.46	20,179,927.46	30.09%
2028	16,996,863.20	3,315,660.59	20,312,523.79	20,312,523.79	40.17%
2029	13,262,604.17	2,893,715.91	16,156,320.08	16,156,320.08	48.03%
2030	13,483,362.38	2,499,806.24	15,983,168.62	15,983,168.62	56.03%
2031	14,353,630.92	2,096,336.31	16,449,967.23	16,449,967.23	64.54%
2032	14,820,000.00	1,666,700.00	16,486,700.00	16,486,700.00	73.32%
2033	15,355,000.00	1,278,850.00	16,633,850.00	16,633,850.00	82.42%
2034	8,230,000.00	875,400.00	9,105,400.00	9,105,400.00	87.30%
2035	8,520,000.00	632,900.00	9,152,900.00	9,152,900.00	92.35%
2036	4,140,000.00	384,600.00	4,524,600.00	4,524,600.00	94.81%
2037	4,380,000.00	219,000.00	4,599,000.00	4,599,000.00	97.40%
2038	4,380,000.00	87,600.00	4,467,600.00	4,467,600.00	100.00%
Totals	<u>168,687,749.20</u>	<u>29,215,011.06</u>	<u>197,902,760.26</u>	<u>197,902,760.26</u>	

(1) Source: Auditor to the City of Ocean City

CITY OF OCEAN CITY
COMPARATIVE BALANCE SHEET - CURRENT FUND

For the Years Ending December 31, 2020 through December 31, 2024 (2)

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash and Investments	18,290,904	18,392,313	18,139,492	18,674,152	14,240,888
Due from State of New Jersey	210	210	960	1,460	1,084
	<u>18,291,113</u>	<u>18,392,523</u>	<u>18,140,451</u>	<u>18,675,612</u>	<u>14,241,971</u>
Receivables With Full Reserves:					
Property Taxes Receivable	877,801	796,557	661,250	587,799	787,838
Tax Title Liens Receivable	10,514	8,972	7,501	5,300	4,617
Property Acquired for Taxes -					
Assessed Valuation	244,200	244,200	244,200	244,200	244,200
Due from Federal and State Grant Fund	36,621	0	0	0	0
Interfunds	0	0	0	0	0
	<u>1,169,136</u>	<u>1,049,729</u>	<u>912,951</u>	<u>837,299</u>	<u>1,036,655</u>
Deferred Charges:					
Emergency Authorizations	0	100,000	0	0	0
Special Emergency Authorizations	0	0	0	0	0
	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>19,460,249</u>	<u>19,542,252</u>	<u>19,053,402</u>	<u>19,512,911</u>	<u>15,278,626</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Liabilities:					
Appropriation Reserves	2,923,009	2,195,967	2,485,287	3,898,027	3,358,997
Prepaid Taxes	4,145,985	3,747,773	3,581,885	3,544,209	3,548,799
Tax Overpayments	0	798	1,476	1,930	1,081
Payroll Taxes Payable	67,726	50,850	95,767	151,462	45,664
Due to County Added Taxes	403,117	399,740	489,898	292,072	330,544
Interfunds	0	0	0	0	0
Other Liabilities	387,834	669,452	413,721	322,122	385,455
	<u>7,927,671</u>	<u>7,064,580</u>	<u>7,068,033</u>	<u>8,209,823</u>	<u>7,670,539</u>
Reserve for Receivables	1,169,136	1,049,729	912,951	837,299	1,036,655
Fund Balance	<u>10,363,442</u>	<u>11,427,943</u>	<u>11,072,418</u>	<u>10,465,789</u>	<u>6,571,432</u>
	<u>19,460,249</u>	<u>19,542,252</u>	<u>19,053,402</u>	<u>19,512,911</u>	<u>15,278,626</u>

CITY OF OCEAN CITY
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the Years Ending December 31, 2020 through December 31, 2024 (2)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues and Other Income:					
Fund Balance Utilized	6,000,000	5,700,000	5,400,000	3,150,000	4,000,000
Current Taxes	143,979,760	135,202,261	127,695,932	122,471,204	117,294,504
Delinquent Tax Collections	797,282	661,986	588,657	752,196	789,991
Miscellaneous Revenues	39,130,541	28,443,251	22,292,558	24,313,435	16,443,961
Miscellaneous Revenues not Anticipated	667,252	715,722	451,103	875,581	417,526
Unexpended Prior Reserves	791,293	926,810	2,701,988	2,055,179	1,523,876
Interfunds	0	0	0	0	0
Other Revenues and Credits	36,688	0	0	1,452,756	0
	<u>191,402,816</u>	<u>171,650,031</u>	<u>159,130,238</u>	<u>155,070,351</u>	<u>140,469,858</u>
Expenditures:					
Budget and Emergency Appropriations					
Operations Within "CAPS"					
Municipal Operations					
Salaries & Wages	37,901,787	35,418,868	32,497,386	32,316,604	31,213,724
Other Expenses	25,897,104	24,229,895	23,493,850	21,037,450	20,233,050
Deferred Charges and Statutory					
Expenditures - Municipal	9,493,548	9,054,984	8,028,057	7,728,838	7,212,156
Operations Excluded From "CAPS"					
Capital Improvements	1,200,000	1,400,000	750,000	3,000,000	800,000
All Other Operations	20,986,433	10,406,326	7,540,352	5,820,532	6,076,578
Municipal Debt Service	22,383,647	19,084,626	17,069,077	16,717,445	14,836,661
Deferred Charges - Municipal	100,000	0	0	0	0
County Taxes	43,130,816	41,209,939	38,349,930	34,131,453	31,789,394
Local District School Tax	25,151,231	24,704,759	25,210,181	25,790,828	25,578,328
Special District Taxes	185,380	184,358	183,528	183,268	183,698
Other Purposes	37,371	750	1,250	1,299,576	0
	<u>186,467,317</u>	<u>165,694,506</u>	<u>153,123,610</u>	<u>148,025,993</u>	<u>137,923,589</u>

CITY OF OCEAN CITY
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

	For the Years Ending December 31, 2020 through December 31, 2024 (2)				
	2024	2023	2022	2021	2020
Excess or (Deficit) in Revenue	4,935,500	5,955,525	6,006,629	7,044,357	2,546,269
Adjustment to Income Before Fund Balance					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years	0	100,000	0	0	0
Statutory Excess to Fund Balance	4,935,500	6,055,525	6,006,629	7,044,357	2,546,269
Fund Balance January 1	11,427,942	11,072,418	10,465,789	6,571,432	8,025,163
	16,363,442	17,127,942	16,472,418	13,615,789	10,571,432
Deduct Fund Balance Utilized as Anticipated Revenue	6,000,000	5,700,000	5,400,000	3,150,000	4,000,000
Fund Balance December 31	10,363,442	11,427,942	11,072,418	10,465,789	6,571,432

(1) Source: Auditor to the City of Ocean City

(2) Audited Results for the Years 2020-2024

CITY OF OCEAN CITY
SUMMARY STATEMENT OF FINANCIAL OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Audited December 31 2024	Audited December 31 2023
Revenues		
Fund Balance Utilized	6,000,000.00	5,700,000.00
Current Property Tax Collections	143,979,760.37	135,202,261.01
Receipts from Delinquent Taxes	797,281.62	661,986.49
Miscellaneous Revenues Anticipated	39,130,541.02	28,443,250.55
Nonbudgeted Revenue	667,251.75	715,722.05
Unexpended Balance of Appropriation Reserves	791,293.45	926,810.46
Other Revenues	36,688.00	-
Total Revenues	<u>191,402,816.21</u>	<u>171,650,030.56</u>
Expenditures		
Operations:		
Salaries and Wages	37,901,787.00	35,418,868.00
Other Expenses	25,897,103.59	24,229,895.00
Deferred Charges and Statutory Expenditures	9,493,548.41	9,054,984.00
Capital Improvements	1,200,000.00	1,400,000.00
All Other Operations	20,986,433.25	10,406,326.30
Municipal Debt Service	22,383,647.04	19,084,626.47
Deferred Charges - Municipal	100,000.00	0.00
County Taxes	43,130,815.77	41,209,939.02
School Tax	25,151,231.00	24,704,759.00
Special District Taxes	185,380.00	184,358.00
Other Expenditures	37,370.50	750.00
Total Expenditures	<u>186,467,316.56</u>	<u>165,694,505.79</u>
Deferred Charges to Succeeding Budget	0.00	100,000.00
Net Expenditures	<u>186,467,316.56</u>	<u>165,594,505.79</u>
Excess in Revenues	4,935,499.65	6,055,524.77
Fund Balance January 1	<u>11,427,942.66</u>	<u>11,072,417.89</u>
	16,363,442.31	17,127,942.66
Utilized as Anticipated Revenue	<u>6,000,000.00</u>	<u>5,700,000.00</u>
Fund Balance December 31	<u><u>10,363,442.31</u></u>	<u><u>11,427,942.66</u></u>

(1) Source: Auditor to the City of Ocean City

CITY OF OCEAN CITY
2025 BUDGET
2024 BUDGET AND AUDITED RESULTS (1)

	2025 Adopted Budget (3)	2024 Adopted Budget	2024 Audited Results
Anticipated Revenues:			
Surplus Anticipated	5,500,000	6,000,000	6,000,000
Miscellaneous Revenues (2)	24,239,643	24,442,464	27,058,400
Grants	332,272	7,300,377	12,739,393
Receipts from Delinquent Taxes	700,000	700,000	797,282
Municipal Library Tax	7,707,100	7,007,662	7,007,662
Amount to be Raised by Taxation	<u>74,017,132</u>	<u>68,223,001</u>	<u>69,456,920</u>
 Total Anticipated Revenues	 <u><u>112,496,147</u></u>	 <u><u>113,673,503</u></u>	 <u><u>123,059,656</u></u>
 Appropriations:			
Municipal Operations:			
Salaries & Wages	39,617,471	38,030,137	37,629,734
Other Expenses	27,882,265	25,926,319	24,485,538
Statutory Expenditures	9,775,033	9,335,983	9,457,440
Operations Excluded from "CAPS"	1,774,030	8,539,755	13,968,385
Municipal Library	7,707,100	7,007,662	7,007,662
Capital Improvement Fund	720,000	1,200,000	1,200,000
Debt Services	23,566,508	22,383,647	22,383,647
Deferred Charges	303,740	100,000	100,000
Reserve for Uncollected Taxes	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,150,000</u>
 Total Appropriations	 <u><u>112,496,147</u></u>	 <u><u>113,673,503</u></u>	 <u><u>117,382,405</u></u>

(1) Source: Auditor to the City of Ocean City

(2) Includes, inter alia, energy receipts taxes received from the state,
beach fees, building and other permits, licenses and fines

(3) Adopted by City Council on May 8, 2025

CITY OF OCEAN CITY
TEN-YEAR REAL ESTATE TAX COLLECTION RECORD (1)

Tax Year	Tax Levy (3)	Current Year Collected	Percent of Current Levy Collected	Total Tax Collections	Percent of Total Levy Collected	Outstanding Balance December 31
2024	144,880,476	143,979,760	99.38%	144,777,042	99.93%	877,801
2023	136,009,945	135,202,261	99.41%	135,864,248	99.89%	796,557
2022	128,370,433	127,695,932	99.47%	128,284,589	99.93%	661,250
2021	123,064,468	122,471,204	99.52%	123,223,400	100.13%	587,799
2020	118,111,234	117,294,504	99.31%	118,084,494	99.98%	787,838
2019	115,295,159	114,452,165	99.27%	115,333,864	100.03%	797,349
2018	113,169,715	112,259,117	99.20%	112,904,269	99.77%	891,579
2017	110,070,172	109,323,414	99.32%	109,993,798	99.93%	724,270
2016	104,627,897	103,883,887	99.29%	104,578,946	99.95%	680,874
2015	102,163,206	101,370,335	99.22%	102,231,540	100.07%	691,033
Ten-Year Average			99.34%		99.96%	

ANALYSIS OF REAL ESTATE TAX RATE (1)

	2024	2023	2022	2021	2020
Local Municipal Tax	0.534	0.497	0.479	0.472	0.461
Local Municipal Library Tax	0.055	0.049	0.042	0.038	0.037
Local School District	0.198	0.199	0.199	0.215	0.215
County Tax	0.335	0.326	0.309	0.280	0.265
Total Rate (2)	<u>1.122</u>	<u>1.071</u>	<u>1.029</u>	<u>1.005</u>	<u>0.978</u>

(1) Source: Auditor to the City of Ocean City

(2) Original Levy per County Abstract of Ratables

(3) Original Levy Plus Added and Omitted Levies as of September 1st

CITY OF OCEAN CITY
TAX TITLE LIENS AND DELINQUENT TAXES (1)

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percent of Total Tax Levy</u>
2024	10,514	877,801	888,315	0.61%
2023	8,972	796,557	805,529	0.59%
2022	7,501	661,250	668,751	0.52%
2021	5,300	587,799	593,099	0.48%
2020	4,617	787,838	792,455	0.67%
2019	3,951	797,349	801,301	0.69%
2018	3,985	891,579	895,564	0.79%
2017	3,148	724,270	727,419	0.66%
2016	1,430	680,874	682,304	0.65%
2015	1,786	691,033	692,819	0.68%

(1) Source: Auditor to the City of Ocean City

CITY OF OCEAN CITY
TEN OF THE HIGHEST ASSESSED VALUATIONS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2025 Assessed Valuation</u>
600 Boardwalk LLC	Amusement Park	15,806,800
Raab Family LLC	Boardwalk Retail, Office	15,646,300
OC Boardwalk Holdings LLC	Boardwalk Retail	12,415,100
Port-O-Call Associates	Hotel	12,367,700
Berman H & 1200 Boardwalk Shop	Boardwalk Retail	11,806,100
Magton, Inc.	Hotel/Motel	10,216,800
Individual Taxpayer #1	Individual	10,202,800
Plymouth Holdings LLC	Boardwalk Retail	9,496,800
Individual Taxpayer #2	Individual	9,103,600
V2 Properties Entity 7 LLC	Real Estate Developer	8,957,700
Total		<u><u>116,019,700</u></u>
Percentage of Total Assessed Valuation		<u><u>0.90%</u></u>

(1) Source: City Tax Assessor

CITY OF OCEAN CITY
TREND OF CITY REAL PROPERTY VALUATIONS (1)

<u>Year</u>		<u>Net Valuation Taxable (2)</u>	<u>Net Valuation on Which County Taxes are Apportioned (3)</u>	<u>Ratio of Total Taxable Value of Land and Improvements to Net Valuation on Which County Taxes are Apportioned (4)</u>
2025	(5)	12,949,222,000	23,437,505,882	55.25%
2024		12,774,531,300	21,566,015,571	59.32%
2023		12,557,654,700	18,694,881,189	67.27%
2022		12,297,544,300	15,482,298,142	79.56%
2021		12,122,593,100	13,826,049,440	87.84%
2020		11,933,162,400	13,207,646,655	90.52%
2019		11,825,766,800	12,667,108,276	93.54%
2018		11,692,444,386	12,354,581,270	94.83%
2017		11,556,818,374	12,117,809,243	95.57%
2016		11,437,322,724	11,808,215,085	97.07%

(1) Source: Cape May County Abstract of Ratables

(2) Generally comparable to assessed value

(3) Generally comparable to market value

(4) Substantially equivalent to average ratio of assessed to market value of real property and improvements

(5) Source: Cape May County Final Equalization Table

CITY OF OCEAN CITY
TREND OF CITY REAL PROPERTY CLASSIFICATIONS (1)

Year	Vacant Land	Residential	Commercial	Industrial	Apartments	Total Assessed Value Land and Improvements	Personal Property	Total Taxable Value
2024	115,871,600	12,109,763,500	514,671,400	733,300	33,491,500	12,774,531,300	-	12,774,531,300
2023	143,371,700	11,865,566,100	514,492,100	733,300	33,491,500	12,557,654,700	-	12,557,654,700
2022	167,324,600	11,584,927,900	510,707,000	733,300	33,851,500	12,297,544,300	-	12,297,544,300
2021	133,556,000	11,444,920,600	503,059,100	733,300	40,324,100	12,122,593,100	-	12,122,593,100
2020	171,193,900	11,216,491,300	503,633,900	733,300	41,110,000	11,933,162,400	-	11,933,162,400
2019	137,565,900	11,134,348,800	512,008,800	733,300	41,110,000	11,825,766,800	-	11,825,766,800
2018	148,185,400	10,992,102,900	507,123,200	733,300	41,457,500	11,689,602,300	2,842,086	11,692,444,386
2017	162,585,800	10,848,470,000	499,578,900	733,300	42,637,800	11,554,005,800	2,812,574	11,556,818,374
2016	160,014,800	10,734,629,900	495,865,000	733,300	43,206,000	11,434,449,000	2,873,724	11,437,322,724
2015	186,321,900	10,563,070,500	499,505,300	733,300	43,872,100	11,293,503,100	3,010,198	11,296,513,298

(1) Source: City Extended Tax Duplicate

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APPENDIX B

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE CITY OF OCEAN CITY, IN THE
COUNTY OF CAPE MAY, NEW JERSEY**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Ocean City, as of December 31, 2024 and 2023, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Ocean City as of December 31, 2024 and 2023, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2024 and 2023, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

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

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

August 7, 2025

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

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

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

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

Total Miscellaneous Revenue Not Anticipated:

\$ 667,251.75

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

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

	Appropriations		Paid or		Expended		(Over expended)
	Budget	Budget After Modifications	Charged	Reserved	Encumbered	Cancelled	Unexpended Balance
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	63,956,456.00	63,798,890.59	60,922,376.05	1,683,619.07	1,192,895.47		-
Detail:							
Salaries and Wages	38,030,137.00	37,901,787.00	37,629,733.70		-	272,053.30	-
Other Expenses	25,926,319.00	25,897,103.59	23,292,642.35		1,192,895.47	1,411,565.77	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:							
Statutory Expenditures:							
Contributions to:							
Public Employees' Retirement System	2,139,850.00	2,140,580.38	2,119,256.52			21,323.86	
Social Security System (O.A.S.I.)	1,726,500.00	1,851,500.00	1,843,263.09			8,236.91	
Police and Firemen's Retirement System	4,966,633.00	4,995,943.03	4,995,943.03				
Unemployment Compensation Insurance	125,000.00	127,525.00	126,609.84			915.16	
Lifeguard Pension	310,000.00	310,000.00	310,000.00				
Defined Contribution Retirement Program	68,000.00	68,000.00	62,367.68			5,632.32	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	9,335,983.00	9,493,548.41	9,457,440.16	36,108.25	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	73,292,439.00	73,292,439.00	70,379,816.21	1,719,727.32	1,192,895.47		-
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"							
Maintenance of Free Public Library							
Other Expenses	7,007,662.00	7,007,662.00	7,007,662.00				
INSURANCE							
General Liability	299,448.00	299,448.00	299,418.52			29.48	
Workers Compensation Insurance	74,377.00	74,377.00	74,377.00				
Employee Group Health	237,890.00	237,890.00	237,890.00				
Environmental Operations							
Other Expenses	315,966.00	315,966.00	315,966.00				
Trash & Recycling							
Interlocal Municipal Service Agreements							
Police Dispatching - Upper Township	268,863.00	268,863.00	268,863.00				
Salaries and Wages	8,204,206.00	8,204,206.00	8,204,176.52		-	29.48	-

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

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

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

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

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

See accompanying Notes to Financial Statements - Regulatory Basis

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

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

See accompanying Notes to Financial Statements - Regulatory Basis

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

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

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

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

Component Units

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

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

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

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

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

Description of Funds

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

Current Fund

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Trust Funds

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

General Capital Funds

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

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

Basis of Accounting

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

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

Revenues

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

Expenditures

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

Foreclosed Property

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Charges

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

Inter-funds

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

Inventories of Supplies

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

Appropriation Reserves

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

General Fixed Assets

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Levy of Taxes

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

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

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

Interest on Delinquent Taxes

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

Capitalization of Interest

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

Use of Estimates

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

Required Financial Statements

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

Comparative Data

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

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

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

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

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

Recent Accounting Pronouncements Not Yet Effective

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

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

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

Note 2: BUDGETARY INFORMATION

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

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

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

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2024 and 2023 calendar years:

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

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

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

Note 3: INVESTMENTS

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

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

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

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

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

Note 4: CASH AND CASH EQUIVALENTS

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

Note 5: FIXED ASSETS

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

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

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

Note 6: SHORT-TERM FINANCING

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

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

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

Note 6: SHORT-TERM FINANCING (Continued)

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

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

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

Note 7: LONG-TERM DEBT

Summary of Municipal Debt

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

Summary of Statutory Debt Condition – Annual Debt Statement

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

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

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

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

Note 7: LONG-TERM DEBT - Continued

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

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

Description of Bonds and Loans Payable

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

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

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

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

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

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

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

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

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

\$222,500 Green Trust Loan dated 2012, due in semi-annual installments bearing an interest rate of 2.00%. The balance remaining as of December 31, 2024, is \$89,958.04.

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

Note 7: LONG-TERM DEBT - Continued

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

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

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

Year Ending December 31	General Capital Fund		Green Trust Loans	
	Principal	Interest	Principal	Interest
2025	\$ 16,705,000.00	4,978,037.50	34,762.82	3,982.22
2026	17,645,000.00	4,445,700.00	35,424.83	3,284.21
2027	16,310,000.00	3,831,400.00	36,136.88	2,572.16
2028	16,960,000.00	3,314,000.00	36,863.22	1,845.82
2029	13,225,000.00	2,892,800.00	37,604.17	1,104.87
2030-2034	66,215,000.00	8,416,550.00	26,957.28	678.18
2035-2039	21,420,000.00	1,324,100.00	-	-
	\$ 168,480,000.00	29,202,587.50	207,749.20	13,467.46

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

Note 8: COMPENSATED ABSENCES

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

NOTE 9: DEFERRED COMPENSATION ACCOUNT

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

Mass Mutual Financial Group

Nationwide Retirement System (PEBSCO)

Note 10: SCHOOL TAXES

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

	<u>12/31/2024</u>	<u>12/31/2023</u>
Balance of Tax	\$ 12,674,491.50	\$ 12,476,739.50
Deferred	12,674,491.50	12,476,739.50
Tax Payable	<u>\$ -</u>	<u>\$ -</u>

Note 11: TAXES COLLECTED IN ADVANCE

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

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

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

Note 12: PENSION PLANS

Plan Descriptions

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

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

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

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

Funding Policy

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

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

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

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

Note 12: PENSION PLANS – Continued

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

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

Significant Legislation

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
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Note 12: PENSION PLANS – Continued

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

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

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

Note 13: PENSION LIABILITIES

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

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

Public Employees' Retirement System

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

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

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

Discount Rate

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

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

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

Note 13: PENSION LIABILITIES (Continued)

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

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

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

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

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

Note 13: PENSION LIABILITIES (Continued)

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

Discount Rate

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

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

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

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

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

CITY OF OCEAN CITY
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Note 13: PENSION LIABILITIES (Continued)

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

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

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

Pension plan fiduciary net position.

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

Note 14: ECONOMIC DEPENDENCY

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

Note 15: FUND BALANCES APPROPRIATED

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

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

Note 16: CONTINGENT LIABILITIES

Grantor Agencies

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

CITY OF OCEAN CITY
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YEARS ENDED DECEMBER 31, 2024 AND 2023

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

Litigation

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

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

Tax Appeals

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

Note 17: RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

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

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

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

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

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

Annual OPEB Cost and Net OPEB Liability

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

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

Actuarial Methods and Assumptions

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

In the January 1, 2024, actuarial valuation, the "Entry-Age-Normal as a Percentage of Salary" method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.28% and annual dental trend rate of 0% and vision cost trend rate of 4.5%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 20 years.

Other Post-employment Benefit Costs and Obligations

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

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
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Note 18: POST- RETIREMENT BENEFITS (Other than SHBP) (Continued)

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

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

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

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

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

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

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

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

For the Year Ending December 31,

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

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

NOTE 19 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

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

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

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

Allocation Methodology:

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

Special Funding Situation:

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

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

NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

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

Net OPEB Liability:

Components of Net OPEB Liability

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

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

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

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

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

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

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

Mortality:

Pre-Retirement Healthy Mortality:

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

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

Post-Retirement Healthy Mortality

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

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

Disable Retiree Mortality:

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

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

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

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

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

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

CITY OF OCEAN CITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

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

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

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

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

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

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

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

NOTE 19 – OTHER POST-RETIREMENT BENEFITS (Continued)

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

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

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

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

Collective OPEB Expenses reported by the State of New Jersey

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

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

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

Note 20: LEASE LIABILITIES

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

Operating Lease:

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

Future minimum payments under this lease are as follows:

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

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

NOTE 21. TAX ABATEMENTS

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

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

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

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

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

Note 22: SUBSEQUENT EVENTS

Capital Ordinances

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

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

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

See table below for summary.

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

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

APPENDIX C

FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL

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_____, 2025

City Council of the
City of Ocean City, in the
County of Cape May, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of Ocean City, in the County of Cape May, New Jersey (the "City"), in connection with the issuance by the City of its \$16,000,000 General Improvement Bonds, Series 2025 (the "Bonds"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the City adopted on August 21, 2025, in all respects duly approved, and the bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the City, and the City has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the City has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the City continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the City in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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_____, 2025

City Council of the
City of Ocean City, in the
County of Cape May, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of Ocean City, in the County of Cape May, New Jersey (the "City"), in connection with the issuance by the City of its \$43,000,000 Bond Anticipation Note, Series 2025B (the "Note"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the City listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the City, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

On the date hereof, the City has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that the City continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the City in the Certificate, it is our opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Note is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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