

FROM THE PRESIDENT - Continued

paid in a down real estate market. At least they were consistent and got it all wrong.

With more good work by Pete and some decent reporting a scandal is laid bare in the Fire Department. The Fire Chief, Joe Foglio, authorized his subordinates to pay for things for the Fire Department by authorizing these subordinates to submit more overtime for themselves. Why Mr. Foglio is still employed by the City remains a mystery?

But it only gets better. At the last Council Meeting the Mayor proposed substantial raises and higher salary ranges (14-16%) for four department heads including Mr. Foglio proving crime does pay. The timing, six months prior to the expiration of the major labor contracts at best seems ill conceived. The proposal passed on first reading by a 4 to 3 vote.

So there you have it - overpayment, lack of accountability and dishonesty all in the name of "good government." They talk a good game but their actions speak louder than words. **Please call the Mayor's office and Council and voice your disapproval.**

BUDGET REVIEW COMMITTEE - Pete Guinosso

Corruption raises it's ugly head in Ocean City

A disciplinary action in 2008 against an Ocean City firefighter has come to light and we are getting information that has serious consequences for Ocean City. Documents (transcripts of court hearings and civil service decisions) obtained through the Open Public Records Act show that City officials attempted to prosecute this employee. The County Prosecutor declined to support this action and instead the City suspended the employee for 90-days.

The charges against the firefighter were: "Misconduct, disobedience of the rules and regulations of the Ocean City Fire and Rescue Services Department." Sections 3:10.5 and 3:1.1 (B) provide as follows:

- 3:1.1 (b). **Truthfulness**: Members and employees are required to be truthful at all times whether under oath or not.
- 3:10.5 **False Reports or Entries**. No member of the Fire Department shall make false official reports or knowingly enter or cause to enter in any fire Division book, record of report any inaccurate, false or improper information or other material matter.

Some facts from the Transcripts of various hearings (February-August 2010) obtained through the Open Public Records Act:

- Ø Ocean City has a defined purchasing procedure for supplies and materials. In lieu of following this established several fire employees were reimbursed for purchases of items by means of overtime pay.
- Ø The Ocean City Chief Financial Officer at the time, stated at these hearings that it is **not permissible** to purchase items and to be reimbursed with Salary or Wages.
- Ø Individuals in the Ocean City Fire Department **violated** that procedure.
- Ø Receipts and invoices for expenses **could not be produced** to back up reimbursements that were paid through overtime.
- Ø The Fire Chief **approximated** how much overtime was needed to reimburse certain firefighters by means of overtime for expenses.
- Ø The overtime account was also used to fund a newly created (OEM) Office of Emergency Management position in the amount of \$10,000.

Discussion and Decision of the Administrative Law Judge, W. Todd Miller, dated September 13, 2010.

“When money was tight, the reimbursement for out-of-pocket expenses were buried in the overtime account, rather

BUDGET REVIEW COMMITTEE - Continued

than as direct purchases. Indeed, the Chief, by his own admission, sanctioned this type of accounting practice.” “Examples of this occurred” when certain firefighters “were reimbursed for items they purchased from the overtime account in lieu of a direct reimbursement method. In other words, the department fudged” (falsify, lie, fabricate) “the records to accomplish an end run around the budget constraints... Ocean City claims these employees were actually paid for extra work done and were not reimbursed for un-reimbursed costs they incurred. But the Chief unequivocally stated they incurred out-of-pocket expenses and he approximated how much overtime was needed to reimburse them for these expenses.”

“Similarly, when the Office of Emergency Management (OEM) position was created, no funds were available for the position. Again the fire department used its overtime account to fund the newly created salaried position. About \$10,000 of overtime was charged to department's payroll to pay the OEM salary. Technically these actions are all fabrications, untruths and involve false entries. Whoever made or authorized these entries and payments was not charged with being untruthful or making false entries.”

During the time when the above mentioned Firefighter was paymaster “the regular overtime account was used to reimburse firefighters for out-of pocket expenses. “ An example of this is when firefighters “were reimbursed for items the purchased from the overtime account in lieu of a direct dollar reimbursement” ... such as purchasing leather shields, purchasing items at Home Depot for the beach patrol and a firefighter who used his personal truck and equipment to repair a fire truck. The Chief estimated how much personal money they spent and directed that overtime payments be awarded as compensation.”

“Whoever made these entries and payments was not charged with being untruthful or making false entries.” These firefighters were reimbursed for materials they previously purchased and were reimbursed from the overtime account in lieu of direct reimbursement method.

“Ocean City cannot have it both ways. When it suited their purposes the overtime account was utilized to reimburse firefighters for miscellaneous and sundry purchases. Likewise, it was utilized to pay the salary of the OEM. This firefighter cannot be held to have made false entries unless those who authorized similar entries were held to the same standard.”

The apparent singling-out of this employee for false reporting of expenses has resulted in the firefighter filing a lawsuit against the City that will affect you, the Taxpayers.

We should all be troubled that the receipts or invoices for these out of pocket expenses are not available. We the taxpayers should wonder if the Fire Department is the only Department that “fudged” the records. We, the taxpayers, should demand that the City of Ocean City have appropriate controls in place to prevent this type of a situation from happening again.

Fairness In Taxes believes that anyone who participated in violating the established Ocean City Purchasing Procedures (“fudging the records”) should be held accountable. In the private sector the individual/individuals would have been immediately discharged.

BUYING UP IN A DOWN MARKET - Pete Guinosso

Ocean City Council recently approved the purchase of a boardwalk lot and agreed to pay the seller \$2.1M. This lot is to be used for parking and will generate an estimated \$100,000 per year. Quick math will tell you that this will take approximately 21 years to break even.

The assessed value of the property set by our Tax Assessor for this parcel of land was \$1.5M. As part of the purchasing process the city acquired two (2) independent appraisals of the property. The first appraisal was \$1.5M and the second was \$2.1M. There was a difference of more that 10% but the city was fully prepared to go ahead with the

BUYING UP IN A DOWN MARKET - Pete Guinosso

purchase for \$2.1M.

Fairness In Taxes discovered the City of Ocean City NJ Policies and Procedures Section 2-25.2 requires that whenever there is a difference of more than 10% in the appraisals a third appraisal is required and the city had to delay the settlement date until the third appraisal was acquired. The third independent appraisal came in at \$1.9M. The average of the three (3) appraisals is approximately \$1.8M. The city agreed to buy the lot for \$2.1M which was the original agreed price.

Ask yourself if this is a wise investment. Why would Council agree to pay more than the assessed value especially in a down-market burdening you the taxpayer?

STOP WHINING AND BE HONEST - Jim Tweed

Public Employee Unions across the nation are acting like victims in efforts by State and Municipal Governments to rein in unsustainable spending. How many times have you read or heard Unions describing themselves as being “attacked” as if teachers, firemen, policemen or other public workers were being blamed for our financial crisis. They are being hypersensitive. Just because you recommend surgery to remove cancer does not mean you are blaming the patient for the disease.

If blame you must, then look to the Union bargaining units and complacent politicians who juiced up their high cost defined benefit pensions during the decades that private sector employees were being switched to higher risk defined contribution 401K plans. The rules negotiated by the unions allow many public employees to retire in their 50’s on more than half the highest salary. And how many of you receive lifetime health benefits for free?

While taxpayers in the private sector have been shouldering higher monthly health insurance premiums, co-pays and deductibles into the thousands of dollars public employees complain if their shared costs hit 3 digits. Obviously we live in different worlds.

And then there are the union work rules. For example, strict seniority rules about pay, school assignments, length of school days, and duties that must be performed by a union employee might serve the interests of teachers without leading to better taught students. In the private sector if work rules make a company less efficient, less competitive, or produce a poorer product, it eventually fails and goes bankrupt. In the public sector they just raise taxes.

Instead of crying victim Union members should be challenging their own leadership for making newer, younger workers bear the burden, while millions of dollars are paid out for unused sick time and automatic increases in benefits to older retirees, politicians and “double dipper” pensioners.

If Unions want to keep the respect, which they justly deserved and fought so hard to achieve during the last century, they should start by being honest about the unfair excesses that exist in this one.

EDUCATIONAL REVIEW - Vic Staniec

The voters of Ocean City approved the 2011-2012 School board budget of \$37,942,194 by over 200 votes. The 1.5% increase came in below the state mandated cap of 2.0%. The new budget will cause the tax rate to increase from 0.1857 mills to 0.1887 mils. This represents an increase of approximately \$15.00 for the average taxpayer in Ocean City.

Ocean City High School was approved as a Choice School. With decreasing enrollment, this will allow the high school to accept 10 new students from outside the district, for which the state will reimburse Ocean City \$11,400 per student. Originally, the School District wanted to accept five 9th grade students, and five 10th grade students, however, after the 21 applications were analyzed, it was decided to accept eight 9th graders, and two 10th graders. The High

EDUCATIONAL REVIEW - Continued

School anticipates accepting five (5) new 9th grades students every year for the foreseeable future. The School District will not be responsible for any transportation costs.

Because of a surplus in the 2010-2011 School District budget, \$500,000 is being transferred to the Tuition Reserve Fund, and \$945,000 is being transferred to the Capital Reserve Fund. This surplus represents (four) 4% of that budget, which is the exact amount that the budget was increased. At last year's budget hearings, your Fairness In Taxes representatives vigorously protested any increase in the budget, but the School Board approved the budget unanimously, over our objections. It now appears that Fairness In Taxes was correct in its calculations.

Thomas Grossi, the Ocean City School District Business Administrator was rehired at a total salary of \$140,490, of which Ocean City is responsible for \$126,990.

ASSESSMENT APPEALS

This year (2011) there were approximately 650 appeals by the taxpayers of Ocean City.

If you are considering an appeal of your taxes because of a decline in the market value of your property there are several factors that you need to consider before attempting an appeal. An Appeal Brochure and an Appeal Application is available on the Cape May County website @ www.capemaycountygov.net. or call 609-465-1000 for more information. Or call the Ocean City Tax Assessor's Office @ 609-399-6111.

Keep in mind that if you don't apply for a reassessment of your property you will be paying more than your fair share of the taxes. We encourage you to consider getting comparable sales and if necessary initiate inquiries to the tax assessor to get the necessary information on reducing your tax assessment.

ANNUAL MEETING - SAVE THE DATE

Our Annual Meeting is planned for Saturday, September 17, 2010. Location and speaker TO BE DETERMINED. Reminders will be sent to members when we have more information.

DUES REMINDER - PLEASE REMEMBER DUES ARE \$15.

Thanks to all of you who have paid your 2011 dues. If we have not already received your dues, on the bottom right side of your label you will see 2011 and a dues envelope is enclosed envelope.

The dues for 2012 are not due until January 2012 and a reminder will be sent at that time with our newsletter.

MEDIA OF INTEREST

Keep up to date with what is happening in Ocean City. News articles appear in the Ocean City Sentinel, the Gazette, and the Press of Atlantic City.

A new website is available to Ocean City taxpayers and in our estimation the site presents a very intelligent, up to date reporting of what is happening in Ocean City. oceancity.patch.com informs you of all the goings-on in Ocean City NJ and allows you to post your comments and opinions on the site.

FAIRNESS IN TAXES

P.O. Box 565

Ocean City, NJ 08226-0565

FAIRNESS IN TAXES

Is organized for the purpose of serving the taxpayers and residents of Ocean City, NJ as an advisory and fact finding group in areas such as city budget, school board budget, taxes and other related civic activity in the interests of owners of real estate in Ocean City.

Hotline 609 398-6411

Email www.fairnessintaxes.com and select Contact Us.

Please notify us of any address changes

FAIRNESS IN TAXES WEBSITE

www.fairnessintaxes.com
CHECK FOR UPDATED INFORMATION!!

A list of phone numbers of Council Members and the Mayor is as follows: (area code 609)

1st Ward	John Kemenosh	242 Central Ave.	399-6088	jkemenoshocc@aol.com
At-Large	Scott Ping	5415 Haven Avenue	399-0413	Scottping2006@yahoo.com
At-Large	Michael Allegretto	1423 Simpson Avenue	432-8739	Mike@michaelallegretto.com
2nd Ward	Karen Bergman	637 Asbury Avenue	703-7817	karenconnects@msn.com
Mayor	Jay Gillian	861 Asbury Avenue	525-9323	jgillian@ocnj.us
At-Large	Keith Hartzell	720 Asbury Avenue	399-5324	keithhartzell@hotmail.com
3rd Ward	John Flood	22 Arkansas Avenue	545-7058	jflood@ocnj.us
4th Ward	Roy Wagner	2824 Wesley Avenue	399-4429	edwinaroyoc@yahoo.com

Regular council meetings are held the 2nd & 4th Thursday of every month @ 7PM in Council Chambers @ City Hall.